



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/DG(LIC)/LAS-43/ 7016-37

May 23, 2025

**Chief Executive Officer**

Hazara Electric Supply Company Limited  
HAZECO Head Office, Gulistan Colony  
Opposite Govt. Post-Graduate College No. 1, Abbottabad

**Subject: Grant of Electric Power Supply Licence No. SOLR/10/2025  
Licence Application No. LAS-43  
Hazara Electric Supply Company Limited (HAZECO)**

*Reference: HAZECO letter No. HAZEO/CEO dated nil (received on 21.10.2024)*

Enclosed please find herewith Determination of the Authority in the matter of application of Hazara Electric Supply Company Limited (HAZECO) for the grant of Electric Power Supply Licence along with Electric Power Supply Licence No. SOLR/10/2025 granted by the National Electric Power Regulatory Authority (NEPRA) to HAZECO pursuant to Section-23E & 23F of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, as amended from time to time, to engage in electric power supply business as Supplier of Last Resort (SoLR).

2. Please quote above mentioned Electric Power Supply Licence No. for future correspondence.

Enclosure: As Above

(Wasim Anwar Bhinder)

**Copy to:**

1. Secretary, Power Division, Ministry of Energy, 'A' Block, Pak Secretariat, Islamabad
2. Secretary, Ministry of Planning & Development, Government of Pakistan, 'P' Block, Pak Secretariat, Islamabad
3. Secretary, Ministry of Finance, Government of Pakistan, 'Q' Block, Pak Secretariat, Islamabad
4. Secretary, Energy Department, Government of Punjab, EFU House, 8th Floor, 6-D Jail Road, Lahore
5. Secretary, Energy Department, Government of Sindh, State Life Building -3, Dr. Zia-ud-din Ahmed Road, Karachi
6. Secretary, Energy & Power Department, Government of Khyber Pakhtunkhwa, Block-A, 1<sup>st</sup> Floor, Abdul Wali Khan Multiplex, Civil Secretariat, Peshawar.
7. Secretary, Energy Department, Government of Balochistan, Block-1, Balochistan Civil Secretariat, Zarghoon Road, Quetta
8. Managing Director, National Grid Company of Pakistan Ltd 414-WAPDA House, Lahore
9. CEO, Central Power Purchasing Agency (Guarantee) Ltd, 73 East, A.K.Fazl-ul-Haq Road, Blue Area, Islamabad
10. Managing Director, Private Power & Infrastructure Board (PPIB), Ground & 2nd Floors, Emigration Tower, Plot No. 10, Mauve Area, Sector G-8/1, Islamabad
11. CEO, Independent System and Market Operator of Pakistan (Guarantee) Limited (ISMO), Faiz Ahmed Faiz Road, H-8/1, Islamabad

- |   |  |
|---|--|
| 12. Chief Executive Officer<br>Lahore Electric Supply Company (LESCO)<br>22-A, Queen Road, Lahore                         | 13. Chief Executive Officer<br>Gujranwala Electric Power Company (GEPCO)<br>565/A, Model Town, G.T Road, Gujranwala                    |
| 14. Chief Executive Officer<br>Multan Electric Power Company (MEPCO)<br>NTDC Colony, Khanewal Road, Multan                | 15. Chief Executive Officer<br>Islamabad Electric Supply Company (IESCO)<br>Street 40, Sector G-7/4, Islamabad                         |
| 16. Chief Executive Officer<br>K Electric Limited (KEL)<br>KE House, 39 B<br>Main Sunset Boulevard, DHA Phase-II, Karachi | 17. Chief Executive Officer<br>Quetta Electric Supply Company (QESCO)<br>Zarghoon Road, Quetta   |
| 18. Chief Executive Officer<br>Tribal Areas Electricity Supply Company<br>213-NTDC House<br>Shami Road, Peshawar          | 19. Chief Executive Officer<br>Faisalabad Electric Supply Company (FESCO)<br>Abdullahpur, Canal Bank Road,<br>Faisalabad               |
| 20. Chief Executive Officer<br>Sukkur Electric Supply Company (SEPCO)<br>Old Thermal Power Station, Sukkur                | 21. Chief Executive Officer<br>Hyderabad Electric Supply Company (HESCO)<br>HESCO Headquarter<br>WAPDA Complex, Hussainabad, Hyderabad |
| 22. Chief Executive Officer<br>Peshawar Electric Supply Company<br>Shami Road, Peshawar                                   |  |

**National Electric Power Regulatory Authority**  
**(NEPRA)**

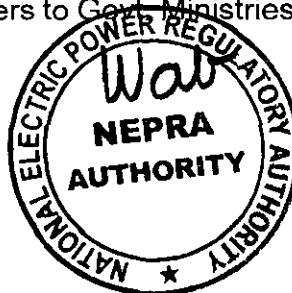
**Determination of the Authority**  
**in the Matter of Application of Hazara Electric Supply Company**  
**Limited for the Grant of Electric Power Supply Licence**

**May 23, 2025**  
**Case No. LAS-43**

Hazara Electric Supply Company Limited (HAZECO) submitted an application on October 21, 2024, for the grant of Electric Power Supply Licence/Licence for Supplier of Last Resort (SoLR) in terms of Section-23E and 23F of the NEPRA Act, read with Regulation-3 of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 (the "Licensing Regulations"). In its said application, HAZECO envisaged for providing supply of electric power services in the areas/districts of Abbottabad, Haripur, Mansehra, Battagram and Torghar, of Khyber Pakhtunkhwa (KP).

(2). The Registrar examined the application and observed that the same lacked some of the essential information/documentation in terms of the Licensing Regulations. Accordingly, HAZECO was directed to submit the missing information/documentation and the same was received on November 15, 2024. Later on, HAZECO submitted an addendum to its original application on January 23, 2025, informing that its service area will now also include three (03) more districts, including Upper and Lower Kohistan and Kolai Pallas of KP therefore, the original application may also include the same.

(3). After completion of the required information/documentation as stipulated in the Licensing Regulations, the Registrar registered the application and published a notice in the press to invite comments of stakeholders in the matter. The said notice was appeared in one (01) English and one (01) Urdu newspaper on January 25, 2025, inviting the general public, interested/affected parties and other stakeholders about the application and for seeking their comments in the matter. Apart from the above, the Registrar also sent letters to Govt Ministries/their attached departments



and other representative organizations on January 27, 2025 for seeking their views/perspective in the matter for assistance of the Authority.

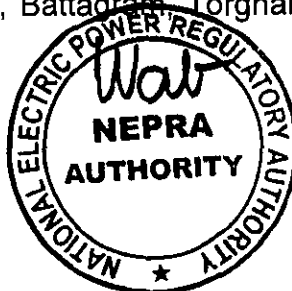
(4). In response to the above, the Authority received comments from two (02) stakeholders including Faisalabad Electric Supply Company Limited (FESCO) and the Ministry of Energy Power Division (MoEPD). The salient points of the comments offered by the said stakeholders are summarized in the following paragraphs:-

(a). FESCO submitted that the Authority may consider the application of HAZECO for the grant of Supply Licence under Regulation 3(2)(b) of the NEPRA Licensing (Electric Power Supplier) Regulations, 2022 (the Supply Regulations); and

(b). MoEPD remarked that it supports the grant of Electric Power Supplier Licence/Licence for SoLR to HAZECO as it aligns with the approval of Govt. and strategic directions for the power Sector. Further, it is consistent with the national policies aimed at enhancing the efficiency and service reliability of the distribution segment.

(5). The Authority considered the above comments of the stakeholders and found the same in favor of the request of HAZECO for the grant of the Electric Power Supply Licence/Licence for SoLR. Accordingly, the Authority considered it appropriate to process the application as stipulated in the relevant rules and regulations. In this regard, the observations and findings of the Authority in the matter are explained in the following paragraphs.

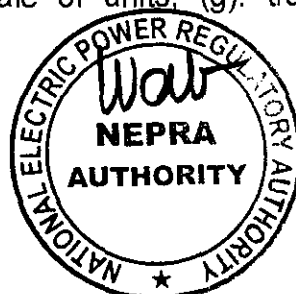
(6). In consideration of the above, the Authority observed that Peshawar Electric Supply Company Limited (PESCO) currently holds the Electric Power Supply Licence No. SOLR/07/2023 dated December 27, 2023 for providing electric power services in the districts/areas including Khyber, Sawabi, Swat, Mardan, Bannu, DI Khan, Peshawar, Charsadda, Nowshera, Tank, Karak, Lakki Marawat, Hangu, Kohat, Buner, Upper and Lower Dir, Shangla, Upper and Lower Chitral, Malakand, Abbottabad, Haripur, Mansehra, Battagram, Torgar, Upper and Lower Kohistan and Kolai Pallas.



(7). Later on, the Federal Govt. decided to bifurcate the area of PESCO to exclude the districts of Abbottabad, Haripur, Mansehra, Battagram, Torghar, Upper and Lower Kohistan and Kolai Pallas and to entrust the same to newly incorporated company/DISCO i.e. HAZECO. In consideration of the said, PESCO communicated a Licensee Proposed Modification (LPM) in its Electric Power Supply Licence/Licence for SoLR for exclusion of the above areas/districts and the Authority has duly considered the same and approved the LPM carving out the above areas.

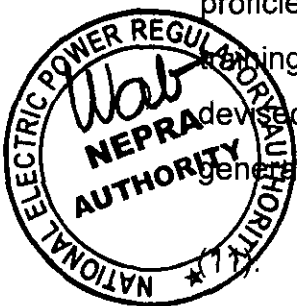
(8). The Authority has observed that HAZECO has been incorporated (having corporate identification No. 0243576) on October 31, 2023, under Section 16 of the Companies Act, 2017 (XIX of 2017) as a public limited company. The head office of the Company/HAZECO is located at Gulistan Colony, opposite to the Govt. Post Graduate College No.1 Abbottabad in the province of KP. According to the Memorandum of Association, the objectives of the company, *inter alia*, include carrying on all or any of the business of purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy and products or services associated therewith and of promoting the conservation an efficient use of electricity and all other forms of energy and all other powers necessary or incidental to the business of electricity distribution and supply. The Authority has observed that through its original application and subsequent addendum, HAZECO has requested for the grant of Electric Power Supply Licence/Licence for SoLR to undertake supply of electric power services in the areas/districts of Abbottabad, Haripur, Mansehra, Battagram, Torghar, Upper and Lower Kohistan and Kolai Pallas of the province of KP.

(9). The Authority has observed that according to Regulation-3 of the Licensing Regulations, an applicant for the grant of Electric Power Supply Licence/Licence for SoLR is required to submit mainly (a). feeder information, number of consumers and their expected load; (b). consumer information; (c). tariff categories of consumer classes; (d). demand and consumption patterns; (e). procurement plan; (f). expected sale of units; (g). training and development



procedures; (h). Consumer Service Manual (CSM) and (i). information relating to metering, billing, collection and payment, etc.

(10). In consideration of the above, HAZECO submitted that its proposed service area which it has inherited from PESCO, is about 16749 km<sup>2</sup> where around 210x11 kV feeders of High Tension (HT) exists which is adequate to supply to its consumers which are around 8 lac of various categories including residential, commercial, industrial and bulk power etc. About the demand and consumption pattern, HAZECO submitted that its peak demand in the FY-23-24 was about 712 MW which resulted in sale of energy to the tune of 2346 Gwh in the same period. Regarding the procurement plan, HAZECO submitted that suitable agreement between it and CPPA-G will be entered upon the grant of Electric Power Supply Licence/Licence for SoLR from the Authority. Regarding training and development, HAZECO submitted that it has comprehensive plans for the skill and capacity development of its professionals and field staff. There will be a separate and dedicated HR department for providing training at different level and institutes. Further, on job trainings had been part of the career development and promotion ladder from junior engineer, executive engineer and superintending engineer and so on and the same will be continued and efforts will be made to further strengthen it. Similarly, the line staff and other related workforce will be provided trainings to improve their skill sets ensuring the required technical and necessary safety proficiency in this regard. Most importantly, there will be immense emphasis on training on the use of specialized T&P, safety for which proper SOP(s) will be devised to ensure the safety of the people and property of the workforce and the general public.

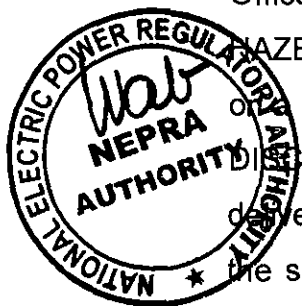


Further to the above, HAZECO submitted that delivery of service for the consumer will be the core objective of the company. In this regard, HAZECO confirmed that it will adopt the current CSM in vogue which contains the manner and procedure for obtaining the required services for a consumer. It will be the main document for facilitating the legitimate consumers in providing the services including but not limited to new connection, shifting of connection, change of name, extension of load, reduction of load, change of tariff, relocation of distribution facility and temporary connection, metering installation, security deposit, meter reading

and billing, disconnection and reconnection, complaint handling, rights and obligations vis-a-vis consumer and DISCO etc.

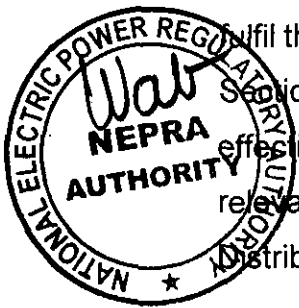
(12). About the reading of meters and billing, HAZECO submitted that the same had evolved gradually and is reaching a level to have minimum human intervention. In order to provide more transparency and comfort, it will deploy a system for reading energy meters using mobile devices ensuring not only the accuracy of consumed units and complying with the billing cycle thus avoiding any inconvenience to the consumers. HAZECO being the successor, has confirmed that the Power Information Technology Company (PITC) had carried out audit/checking of accuracy of its service area previously when it was with PESCO and it was verified that system has an accuracy level of 99% and efforts will be made to further improve the same. Further, HAZECO submitted that it has inherited various laboratories and allied infrastructure under the M&T department where data on the defective meters is retrieved which facilitates the customers/consumers to be billed according to their consumption instead of average billing thus avoiding unnecessary financial burden on them.

(13). HAZECO has reported that meter reading will be carried out each month at the sub division level in batches to record the energy consumed by each customer/consumer during the billing cycle. The meter reading programme will be adopted in a way that the meters of a batch are read on the same date each month. HAZECO has also informed that there will be a hierarchy for carrying out meter reading according to which the Meter Readers, Section Supervisor, Sub Divisional Officer and Executive Engineer will carry out readings of different loads/consumers. HAZECO has informed that along with the traditional metering system, it will embark on a programme to install Automatic Meter Reading (AMR) as being done in other DISCO(s). About the delivery of bills, HAZECO submitted that same will be delivered to the premises of consumers where their meters are installed. Further to the said, HAZECO submitted that bills may also be downloaded from its official portal/website if the same are not delivered/received for any reason. About collection and payment of bills, HAZECO informed that all branches of the commercial banks and post offices of the respective city/district where the connection exists, will be collecting electricity bills from consumers. Further, online payment and payment through ATM cards/credit cards or cross cheques will also



be possible. Further, consumers will also be able to make payments in the respective Revenue Offices of the utility through any banking instrument.

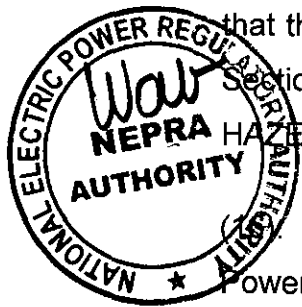
(14). The Section-23E of the NEPRA Act, envisages an eligibility criteria for the grant of licence for Electric Power Supplier/Supplier of Last Resort (SoLR) that the Federal Govt. has to prescribe including (a). minimum solvency requirements; (b). minimum technical and human resource requirements and (c). provision with respect to SoLR; and (d). public service obligations of the licensee including quality of service, transparency of transactions, timely collection and dissemination of payments, and effective collection and dissemination of any taxes and surcharges etc. In this regard, the Federal Government notified the Eligibility Criteria (Electric Power Supplier Licences) Rules, 2023, (the "Eligibility Criteria Rules"). According to Rule-3 of the said Rules, any person applying for the grant of Supplier Licence/SoLR shall fulfil the eligibility criteria including, *inter-alia*, (a). should be registered with the Securities & Exchange Commission of Pakistan (SECP); (b). shall fulfil minimum solvency requirements as provided in the above mentioned rules to ensure effective and efficient performance of its duties and responsibilities; (c). has a strategic business plan for three (03) years, demonstrating its capability to undertake electric power supply business; (d). shall fulfil minimum technical and human resource requirements as provided in Schedule II of the Eligibility Criteria Rules to perform its duties and responsibilities; (e). shall provide an affidavit in the form attached with Schedule-III declaring and affirming therein that it shall always fulfil the obligations imposed on it under the NE Policy and the NE Plan made under Section-14A of the NEPRA Act; and (f). shall have the ability to ensure prompt and effective coordination with the System Operator and the Market Operator and relevant distribution licensees to comply with the provisions of the Grid Code, Distribution Code, Commercial Code and other legal instruments.



(15). In consideration of the above, and in light of the explanation given above, it is confirmed that HAZECO is already registered as a company with the SECP. Further to the said, HAZECO submitted that in terms of the Rule 3(b) of the Eligibility Criteria Rules, any XW-DISCO or KEL as applicants proposing to supply electric power in their respective service territories as SoLR shall be deemed eligible to apply for such licence. In view of the fact that HAZECO is XW-DISCO therefore, it is deemed eligible for the grant of Licence for SoLR. Further, HAZECO submitted



that it has assumed the responsibilities for providing supply service from PESCO for which it has assumed all the required technical, administrative, manpower, and IT resources in place to effectively manage and operate in its proposed Service Territory. About the requirement of five (05) year plan, HAZECO submitted that in light of the above explanation that it inherited the system from PESCO and for the next three (03) years, it intends to substantially follow the same plan that PESCO had submitted to the Authority in 2023. Further to the said, HAZECO provided an affidavit as stipulated in the Schedule-III of the Eligibility Criteria Rules, declaring and affirming therein that it shall always fulfil the obligations imposed on it under the NE Policy and the NE Plan made under Section-14A of the NEPRA Act. Further to the said, HAZECO also confirmed that it shall have the ability to ensure prompt and effective coordination with the System Operator and the Market Operator and relevant distribution licensees to comply with the provisions of the Grid Code, Distribution Code, Commercial Code and other legal instruments. Also in compliance with the provisions of Section-23E(3) of the NEPRA Act, HAZECO provided the required details about (a). the type of service for which it has sought the licence and (b). the mode and manner in which the service is proposed to be provided. It is pertinent to mention that, Rule-4 of the Eligibility Criteria Rules provides that only an applicant holding a Distribution Licence shall be eligible to obtain a licence for SOLR from the Authority in its specified service territory as defined in the Distribution Licence. In consideration of the above, it is confirmed that the Authority has also granted a Distribution Licence to HAZECO in terms of Section-20 & 21 of the NEPRA Act, also fulfilling this requirement of said rules for HAZECO to act as SOLR.



In accordance with Rule 7 of the Eligibility Criteria Rules, the Electric Power Supply licence shall be granted for a minimum term of twenty (20) years. Accordingly, the Authority fixes the term of Electric Power Supply licence/Licence for SoLR of HAZECO to be twenty (20) years from the date of its issuance. Regarding the tariff, it is clarified that under Section-7(3)(a) of the NEPRA Act, determining of tariff, rate and charges, etc. is the sole prerogative of the Authority. In view thereof, the Authority directs HAZECO to file the required petition pursuant to and in accordance with the NEPRA (Tariff Standards and Procedure) Rules, 1998 for determining its tariff for supplying electric power to consumers as SoLR.


(17). In view of the foregoing, the Authority hereby approves the grant of Supplier Licence to HAZECO (to act as SOLR) in terms of Section-23E and 23F of the NEPRA Act on the terms and conditions as set out in the said Licence annexed to this determination. The grant of this Licence will be subject to the provisions contained in the NEPRA Act, relevant rules, regulations framed thereunder and other applicable documents.

**Authority**

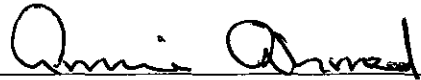
Engr. Maqsood Anwar Khan  
(Member)



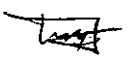
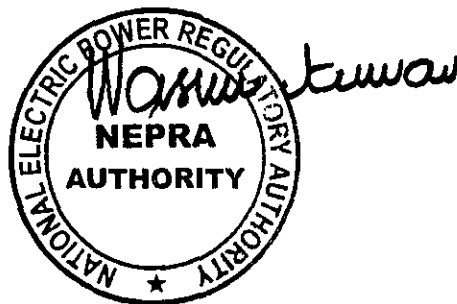

Engr. Rafique Ahmed Shaikh  
(Member)



Amina Ahmed  
(Member)



Engr. Waseem Mukhtar  
(Chairman)



**National Electric Power Regulatory Authority  
(NEPRA)  
Islamabad – Pakistan**

**ELECTRIC POWER SUPPLY LICENCE**

**No. SOLR/10/2025**

In exercise of the powers conferred under Sections-23E and 23F of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, as amended from time to time (the "Act"), the Authority hereby grants the Electric Power Supply Licence to:

**Hazara Electric Supply Company Limited**

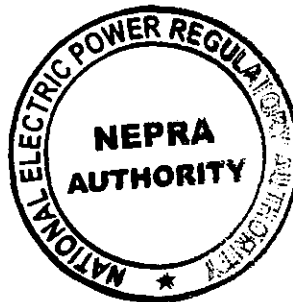
**Incorporated Under Section 16 of the Companies Act, 2017 (XIX of 2017) Incorporation No. 0243576 dated October 31, 2023**

to engage in electric power supply business as Supplier of Last Resort (SoLR) subject to and in accordance with the terms and conditions of this licence.

This Licence is given under my hand on 23rd day of May Two Thousand & Twenty Five and expires on 22nd day of May Two Thousand & Forty-Five.

*Wasim Khan*

Registrar

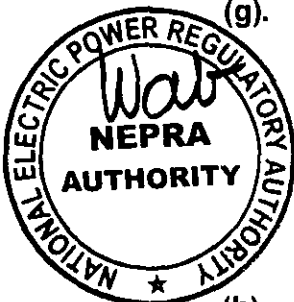


*[Signature]*

**Article-1**  
**Definitions**

1.1 In this Licence, unless there is anything repugnant in the subject or context,

- (a). "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (Act No. XL of 1997), as amended from time to time;
- (b). "Applicable Documents" means the rules, regulations, terms and conditions of any Licence, registration, authorization, determination, any codes, manuals, directions, guidelines, orders, notifications, agreements and documents issued or approved under the Act;
- (c). "Applicable Law" means the Act and the Applicable Documents;
- (d). "Authority" means the National Electric Power Regulatory Authority constituted under Section-3 of the Act;
- (e). "Commercial Code" or "Market Commercial Code" means the commercial code prepared and maintained by the Market Operator pursuant to sections 23A and 23B of the Act as amended from time to time and approved by the Authority;
- (f). "Competitive Supplier" means a person licensed under Section-23F of the Act to supply electric power to consumers who are located in the territory specified in its Licence and meet the Consumer Eligibility Criteria;
- (g). "Competitive Trading Bilateral Contract Market" or "CTBCM" means electric power market established in accordance with the high-level and detailed designs approved by the Authority vide its determinations dated December 05, 2019, and November 12, 2020, respectively, as may be amended or replaced by the Authority from time to time;
- (h). "Consumer Eligibility Criteria" means the relevant consumer eligibility criteria to obtain supply of electric power as specified by the Authority in the National Electric Power Regulatory Authority Consumer Eligibility

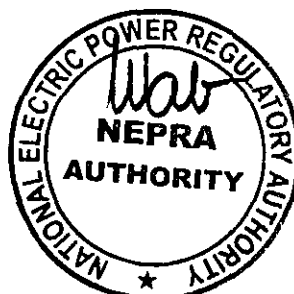


Criteria (Electric Power Suppliers) Regulations, 2022 as amended or replaced from time to time;

- (i). "Consumer Supply Manual" means the manual of instructions developed by the licensees and approved by the Authority, detailing instructions and guidance to the consumers for requesting electric power supply services, as more fully described in the Supplier Regulations;
- (j). "Distribution Licensee" means a person to whom a Licence for distribution of electric power has been granted by the Authority under the Act;
- (k). "Electric Power Supplier" shall include Competitive Supplier and Supplier of Last Resort;
- (l). "Eligibility Criteria Rules" means the Eligibility Criteria (Electric Power Supplier Licences) Rules, 2023, as amended or replaced from time to time;
- (m). "Entities" means Housing Colonies/Societies, Industrial Estates, Special Economic Zones, Shopping Malls, Plazas, Complexes or High-Rise Buildings, which have already laid Distribution Facilities for providing Electric Power Supply Services within the area owned or administered by them;
- (n). "Indicative Generation Capacity Expansion Plan" or "IGCEP" means the rolling generation capacity expansion plan prepared by the System Operator in accordance with the Grid Code and approved by the Authority;
- (o). "Licence" means this Licence granted under Sections-23E and 23F of the Act;
- (p). "Licensee" means Hazara Electric Supply Company Limited (HAZECO) or its successors or permitted assigns;



- (q). "Licensing Regulations" mean the National Electric Power Regulatory Authority Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 as amended or replaced from time to time;
- (r). "Market Operator" means a person licensed under Section-23A and 23B of the Act and responsible for the organization and administration of trade of electric power in the market and its payment and settlements among the generators, licensees and consumers;
- (s). "Performance Standards" means relevant applicable standards for the supply of electric power specified by the Authority in the National Electric Power Regulatory Authority Performance Standards (Electric Power Suppliers) Regulations, 2022 as amended or replaced from time to time;
- (t). "Power Acquisition Programme" means the electric power procurement needs and plans of the Licensee as specified in the Procurement Regulations;
- (u). "Procurement Regulations" means the National Electric Power Regulatory Authority (Electric Power Procurement) Regulations, 2022 as amended or replaced from time to time;
- (v). "Service Territory" means the area specified in Schedule-I of this Licence within which the Licensee shall act as the Supplier of Last Resort, which may overlap with the service territories of competitive suppliers but shall not overlap with the service territory of any other Supplier of Last Resort;
- (w). "Supplier of Last Resort" means a person who holds an electric power supply Licence for the Service Territory specified in its Licence and is obligated to supply electric power to all consumers located in that service territory at the rates determined by the Authority and is also obligated to provide electric power supply to the consumers of any competitive supplier who defaults on its obligations of electric power supply, located within its service territory;



- (x). "Supplier Regulations" means National Electric Power Regulatory Authority Licensing (Electric Power Supplier) Regulations, 2022, as amended or replaced from time to time;
- (y). "System Operator" means a person licensed under Section-23G and 23H of the Act to administer system operations, dispatch and power system planning.

1.2 Words and expressions used but not defined herein bear the meaning given thereto in the Act, Supplier Regulations, or any other Applicable Documents.

**Article-2**  
**Compliance with the Applicable Law**

2.1 The Licensee while performing its functions shall comply with the Applicable Law, as amended or replaced from time to time.

2.2 The Licensee shall be obligated to follow and comply with the Supplier Regulations in letter and spirit as if all provisions of the said regulations are incorporated in the terms and conditions of this Licence.

**Article-3**  
**Grant of Licence**

3.1 This Licence is granted to the Licensee to act as Supplier of Last Resort within its Service Territory, as defined in Schedule-I, to supply electric power on a non-discriminatory basis to all the consumers who meet the Consumer Eligibility Criteria and in accordance with the Act and relevant provisions of the Applicable Documents in a prudent and efficient manner:

Provided that the Authority may grant electric power supply licence to any other entity to act as a Competitive Supplier in the Service Territory of the Licensee and the Licensee shall not claim any exclusivity with respect to the Service Territory in this regard.

Provided further that the Authority may grant a licence for Supplier of Last Resort to any Entity, holding a distribution licence in the Service Territory of the Licensee and upon grant of such licence the Service Territory of the Licensee shall stand automatically modified.



**Article-4**  
**Licence Fee**

The Licensee shall pay to the Authority the Licence fee in the amount, time and manner as set out in the National Electric Power Regulatory Authority (Fees) Regulations, 2021 as amended or replaced from time to time.

**Article-5**  
**Term and Renewal**

**5.1** This Licence is granted for a term of twenty (20) years from the date of its issuance and shall remain valid for such period, subject to compliance with the Act, Rules, Regulations and other Applicable Documents.

**5.2** The Licensee shall submit, at least ninety (90) days before expiry of this Licence, an application to the Authority for renewal of the term of this Licence in accordance with the Act, rules and regulations as may be applicable at that time.

**5.3** In the event the Authority decides to renew the Licence, the Authority may renew the same on such revised terms and conditions as it deems appropriate in accordance with the Act and Applicable Documents at the time of renewal of the Licence.

**5.4** The Authority may renew or refuse an application for renewal of Licence after recording reasons in writing thereof.

**Article-6**  
**Modification of Licence**

**6.1** The Licensee may, at any time during the term of this License, communicate to the Authority a Licensee Proposed Modification in accordance with Section 26 of the Act read with relevant provisions of the Licensing Regulations.

**6.2** The Authority may, at any time during the term of a license, modify the terms and conditions of this Licence through an Authority Proposed Modification or a Modification by Operation of Law in accordance with Section 26 of the Act read with relevant provisions of the Licensing Regulations.





**Article-7**  
**Transfer and Assignment of Licence**

**7.1** The Licensee shall not, without the prior written approval of the Authority, surrender, assign or transfer this Licence to any person.

**7.2** The Licensee shall seek approval of the Authority for any surrender, assignment or transfer of the Licence to any person at least ninety (90) days prior to the envisaged date of such transfer, assignment or surrender.

**Article-8**  
**Tariff**

**8.1** The Licensee shall charge only such tariff to its consumers that has been determined and approved by the Authority from time to time.

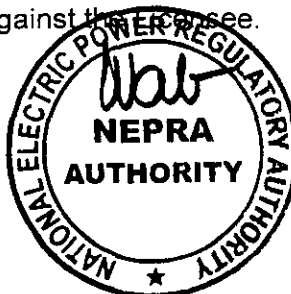
**8.2** The Licensee shall publicly make available the rates, charges and other terms and conditions for the supply/sale of electric power to consumers, as approved by the Authority.

**Article-9**  
**Obligation to Supply Electric Power**

**9.1** The Licensee shall be responsible for the supply of electric power within its Service Territory on a non-discriminatory and non-exclusive basis to all the consumers who meet the Consumer Eligibility Criteria at the rates and charges determined and approved by the Authority and shall also be obligated to provide electric power supply to the bulk power consumers in its Service Territory after default of their competitive supplier.

**9.2** The Licensee shall comply with the applicable Performance Standards to ensure the quality of supply and service by establishing and maintaining standardized and non-discriminatory procedures for the timely provision of supply, redressal of complaints, and effective customer services.

**9.3** Under the circumstances where the Licensee does not supply electric power to any person who fulfils the Consumer Eligibility Criteria within the time limit provided in the Consumer Supply Manual, the Authority may initiate legal proceedings under the Act, and Applicable Documents against the Licensee.



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**9.4** The Licensee may request the concerned Distribution Licensee for disconnection of any consumer, including a bulk power consumer, for default in payment of power charges or for involvement in theft of electric power in accordance with the Applicable Law.

**Article-10**  
**Obligation to Plan in Advance**

**10.1** The Licensee shall be responsible for ensuring the security of supply for its consumers by planning electric power procurement in advance in adequate quantity. In this regard, the Licensee is responsible for ensuring adequate electric power procurement to meet capacity obligations and avoid under or over-contracting while ensuring compliance with the least-cost procurement of generation in accordance with the Procurement Regulations. This includes adopting efficient power procurement strategies and risk mitigation mechanisms and maintaining creditworthiness while complying with payment obligations.

**10.2** Every year, the Licensee shall prepare and submit to the Authority, for information, an updated five-year business plan covering all the major aspects of its licensed activities as laid down in the Procurement Regulations and other Applicable Documents.

**10.3** The Licensee shall have the right to purchase electric power through bilateral contracts from the generation companies and shall also participate in the wholesale electricity market to settle any imbalances or purchase ancillary services, if applicable, in accordance with the Procurement Regulations, Market Commercial Code and other Applicable Documents.

**Article-11**  
**Commercial Agreements**

The Licensee shall ensure that any contract it enters, or offers to enter, into with a consumer for the supply of electricity contains provisions which are in clear and comprehensible language, and which incorporate all relevant information so as to enable a consumer or potential consumer to understand the terms under which the supply of electricity is, or is to be, made.



**Article-12**  
**Power Acquisition Programme**

**12.1** The Licensee shall prepare its Power Acquisition Programme in a manner specified in the Procurement Regulations and other Applicable Documents, and submit it for review and approval by the Authority.

**12.2** The Licensee shall prepare a demand forecast to be incorporated in the Power Acquisition Programme using appropriate models or algorithms and by considering the latest available information on bulk power consumers or eligible consumers, distributed generation and the demand growth trends in its Service Territory in accordance with the Applicable Documents.

**12.3** The Licensee shall take all reasonable measures to procure adequate power of appropriate quality ensuring least-cost and competitive procurement for supply to its consumers, subject to its obligations in accordance with the Procurement Regulations and other Applicable Documents.

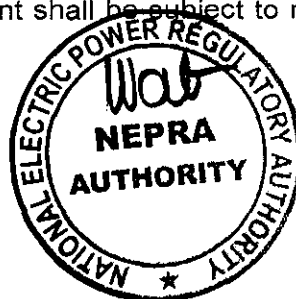
**Article-13**  
**Consumer Supply Manual**

The Licensee shall submit within ninety (90) days of the issuance of this Licence for approval of the Authority and thereafter make available to the public the Consumer Supply Manual as approved by the Authority in accordance with Section 23F of the Act, read with the relevant provisions of the Supplier Regulations:

Provided further that till such time the Authority approves the Consumer Supply Manual, the existing Consumer Service Manual shall continue to apply.

**Article-14**  
**Obligations with respect to the CTBCM**

**14.1** The Licensee is required to participate in the development and evolution of the CTBCM and work towards its desired implementation and participate in its operations as a Market Participant as per the Applicable Documents. The Licensee shall enter into necessary agreements/contracts and fulfil its obligations under the same in good faith, ensuring non-discriminatory and fair treatment with all consumers, generation companies, and other licensees. Any variation in agreements for participation in the competitive trading arrangement shall be subject to mutual agreement and approval



by the Authority.

**14.2** The Licensee shall establish and maintain an independent and fully functional Market Implementation and Regulatory Affairs Department or MIRAD having dedicated resources to deal with planning, contract management, legal, regulatory affairs headed by a senior officer of Grade-20, reporting directly to the Chief Executive Officer. The Licensee shall ensure that all its departments, including MIRAD, are fully equipped with the necessary resources to perform their functions in an efficient, effective, and timely manner. The Licensee, as part of its tariff petition, shall submit to the Authority a detailed budgetary estimate for each of its departments, including MIRAD, for approval.

**14.3** The Licensee shall not abuse its dominant position or engage in discriminatory or anti-competitive practices and shall always comply with the directions of the Authority and, if applicable, comply with the laws of the Competition Commission of Pakistan. Further, the Licensee shall not impede or prevent any other Licensee or market participant from engaging in their respective activities.

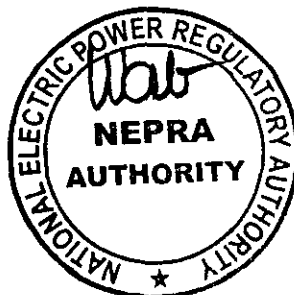
**Article-15**  
**Compliance with Performance Standards**

**15.1** The Licensee shall conform to the relevant applicable standards for the supply of electric power specified in the National Electric Power Regulatory Authority Performance Standards (Electric Power Suppliers) Regulations, 2022, as amended from time to time.

**15.2** The Licensee shall participate in such measures and activities as may be initiated by the Authority for the development of uniform industry standards and codes of conduct in accordance with the Act and the Applicable Documents.

**Article-16**  
**Complaints and Dispute Resolution**

**16.1** The Licensee shall develop a process for resolving disputes with consumers in a fair, reasonable, and timely manner in accordance with the Act read with the relevant Supplier Regulations and other Applicable Documents.



**16.2** The Licensee shall make available a complaint-handling mechanism that provides consumers with expeditious, fair, transparent, inexpensive, accessible, speedy and effective dispute resolution related to power supply services in accordance with the Supplier Regulations and other Applicable Documents.

**16.3** The Licensee shall maintain daily, weekly, monthly, quarterly and yearly data of all the complaints received, resolved and pending with the Licensee for resolution. The Licensee shall submit an annual report to the Authority regarding the complaints received, resolved and pending resolution.

**16.4** The Licensee shall develop and maintain an online complaint handling and tracking system that shall be updated in real-time to inform the complainant regarding the current status of its complaint in accordance with the Applicable Documents.

**Article-17**  
**Investigation and proceedings by the Authority**

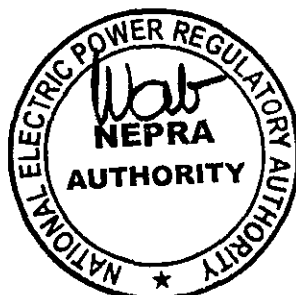
**17.1** In case of any non-compliance with the terms and conditions of this Licence or any other Applicable Document by the Licensee, the Authority may conduct investigations and proceedings in the manner specified under Section 27A of the Act read with relevant regulations specified by the Authority.

**17.2** Where it comes to the attention of the Licensee that another licensee or person has breached its Licence or the provisions of any other Applicable Document, the Licensee shall report such suspected non-compliance to the Authority.

**17.3** Any fines or penalties imposed by the Authority under the Act and Applicable Documents shall be promptly paid by the Licensee.

**Article-18**  
**Corporate Social Responsibility**

The Licensee shall comply with the NEPRA Social Investment Guidelines 2021 and provide the descriptive as well as monetary disclosure of its activities pertaining to Corporate Social Responsibility (CSR) on an annual basis.



**Article-19**  
**Accounting Practices and Audit**

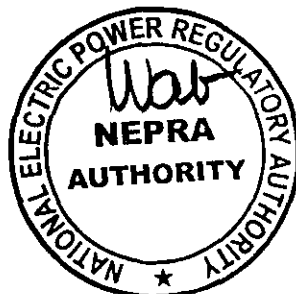
**19.1** The Licensee shall maintain accounts in the manner laid down by the Authority in the National Electric Power Regulatory Authority (Uniform System of Accounts) Regulations, 2022, as well as in accordance with relevant provisions of the Supplier Regulations and other Applicable Documents.

**19.2** Without prejudice to the provisions of the Applicable Documents regarding the audit of the accounts of the Licensee, the Authority may, after giving the Licensee an opportunity to be heard in this regard, appoint independent auditors of national/international repute from amongst a panel of auditors decided in this regard by the Authority, for the audit of the accounts of the Licensee, where the Authority has reason to believe that the accounts provided to the Authority by the Licensee do not provide a complete, true and fair view of the business of the Licensee, provided that such audit shall be restricted to accounting matters under question and shall not be carried out more than once in a financial year. The costs of such audit shall be borne by the Licensee.

**Article-20**  
**Maintenance of Record**

**20.1** The Licensee shall keep complete and accurate record and other data relating to the licensed activity including any contractual arrangements, agreements, and any other information as may be specifically required by the Authority in accordance with the Supplier Regulations and other Applicable Documents. In addition to maintaining the data in hard form, the Licensee shall also maintain the abovementioned record in electronic form as well.

**20.2** The Licensee shall maintain the above-referred record in good order and condition by taking reasonable measures ensuring the security of the data for a minimum period of five (05) years after the expiry of such record, arrangement or agreement or for such further extended period as the Authority may specifically require. The Licensee shall not dispose of or destroy any record or data which the Authority directs the Licensee to preserve under the Applicable Documents.



**20.3** All record and data maintained in an electronic form shall, subject to just claims of confidentiality, be accessible by staff authorized by the Authority. The Authority shall have the right, upon forty-eight (48) hours prior written notice to the Licensee, to examine the records and data of the Licensee at any time during normal office hours.

**Article-21**  
**Provision of Information**

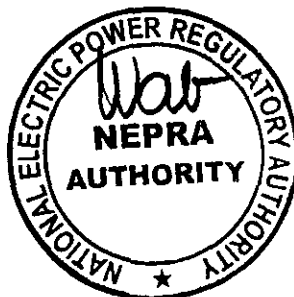
**21.1** The Licensee shall submit to the Authority the required information in the form and manner as the Authority may require. The information as required shall be provided in good faith, ensuring that it is accurate, up-to-date and presented in a manner that is easily understandable and in accordance with Section-44 of the Act. The Licensee shall ensure that the correspondence with the Authority is made by a duly authorized person.

**21.2** The Licensee shall establish information exchange system for communications and transactions with the Market Operator, System Operator, distribution licensees, market participants and other service provider, as applicable.

**21.3** The Licensee shall provide complete and accurate information regarding the terms and conditions for supply of electric power, applicable or mutually agreed rates, charges, and final costs to enable consumers to take informed decisions and also ensure easy access to this information especially to the key terms and conditions.

**21.4** The Licensee shall protect consumers' privacy through a combination of appropriate controls, security, transparency, and consent mechanisms relating to the collection and use of their personal data.

**21.5** The Licensee shall be subject to such penalties as may be specified in the relevant regulations made by the Authority, for failure to furnish such information as may be required from time to time by the Authority and which is or has been in the control or possession of the Licensee.



**Article-22**  
**Communication**

**22.1** The Licensee shall designate a person not below the rank of Chief Engineer or equivalent, preferably from MIRAD, who will act as a primary contact with the Authority on the matters related to this Licence. The Licensee shall notify the Authority promptly should the contact details change.

**22.2** All communication with the Authority must be done in writing unless otherwise directed by the Authority by facsimile transmission or by other electronic sources.

**Article-23**  
**Compliance with the Eligibility Criteria Rules**

The Licensee shall ensure and comply with the Eligibility Criteria (Electric Power Supplier Licences) Rules, 2023, in true letter and spirit.

**Article-24**  
**Effective Coordination**

The Licensee shall have the ability to ensure prompt and effective coordination with the System Operator, Market Operator and other relevant Entities to comply with the provisions of relevant rules, regulations, Grid Code, Market Commercial Code and other Applicable Documents.

**Article-25**  
**Information and Operational Technology Infrastructure and Security**

**25.1** The Licensee shall develop a robust information and operational technology strategy outlining the planning and execution roadmap for ensuring transparency, effectiveness, efficiency and security in all operations of the supply business in accordance with the relevant provisions of the National Electric Power Regulatory Authority (Security of Information Technology and Operational Technology) Regulations, 2022, as amended or replaced from time to time and other Applicable Documents.

**25.2** In order to provide improved/enhanced services to consumers, the Licensee shall deploy state-of-the-art software/IT infrastructure relating to operations, in consultation with independent technical experts after carrying out a detailed cost-benefit analysis.





**25.3** All computer programs or systems used by the Licensees shall be adequately secured as per the requirements of the Applicable Documents and the relevant information and operational technology standards. In this regard, the Licensee shall develop a cyber-security protection system for its power supply arrangement with well-defined communication and reporting channels.

**Article 26**  
**Preparation for Emergencies and Security Arrangements**

**26.1** The Licensee shall, as soon as reasonably practical, inform its consumers of any emergencies or security issue of which it may be aware which may arise in association with, or which may be relevant to its obligations.

**26.2** The Licensee shall take such actions as the Authority may reasonably require to plan and prepare for emergencies, including taking part in necessary tests and exercises.

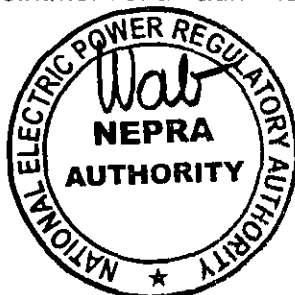
**Article-27**  
**General Obligations of the Licensee**

The Licensee shall, at all times during the term of the Licence, be obliged, to carry out the functions specified in the relevant provisions of the Act, Supplier Eligibility Criteria Rules, Supplier Regulations, Procurement Regulations and other Applicable Documents.

**Article-28**  
**Functional and Legal Separation**

**28.1** The functional and legal separation of the distribution and supply business of the Licensee shall be undertaken in accordance with the provisions of this Licence, determinations and directions of the Authority, as issued from time to time.

**28.2** The Licensee shall, at the earliest but not later than two (02) years from the date of grant of this Licence, ensure functional separation of distribution and supply business. In the event of non-compliance, the Authority shall initiate legal proceedings against the Licensee accordingly, and also issue such directions as may be deemed appropriate that may include appointment of an administrator in respect of functions of the Licensee.



**Article-29**  
**Financial and Organizational Affairs of the Licensee**

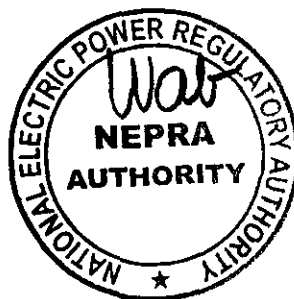
**29.1** The Licensee, without authorization from the Authority, shall not stand surety, give guarantee, or provide security for the indebtedness or obligations of any other person in a cumulative amount greater than 10% of the equity of its shareholders. The Licensee is also restricted from merging with, acquiring or offering to acquire shares or other securities or participating interests in any person after the issuance of this Licence, except as required to satisfy obligations under the Applicable Law, to avoid dilution of the shareholding or participating interest, or in a person which was an associated undertaking of the Licensee on the date of issuance of this License.

**29.2** The Licensee may under the relevant provisions of the Supplier Regulations request dispensation from the Authority for change in shareholding, and the Authority shall consider such request in light of competition promotion in the electric power market and the change, if any, in the control or management of the licensee likely to result from the authorization, if granted. The requirements to seek permission from the Authority shall be without prejudice to the obligations of the Licensee to seek necessary approval for any merger under the Competition Act, 2010, or any other law for the time being in force.

**Article-30**  
**Credit Rating & Financial Health**

**30.1** The Licensee shall, every two (02) years, get itself credit rated through a credit rating agency licensed by the Securities and Exchange Commission of Pakistan, and which is on the panel of the State Bank of Pakistan.

**30.2** The credit rating report of the Licensee shall be submitted to the Authority for its information, along with corrective measures being taken and/or to be taken to improve the financial health and credit worthiness of the Licensee. The Authority may, if deemed necessary, issue directives to the Licensee for taking measures in order to improve the financial health and credit rating.



**Article-31**  
**Interpretation of the Licence Provisions**

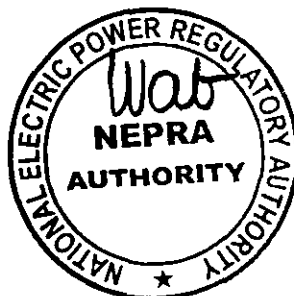
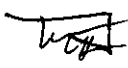
**31.1** In accordance with the provisions of the Act, the Authority shall make the interpretation of any or all of the provisions of this Licence. The decision of the Authority in this regard shall be final.

**31.2** Where any obligation under this Licence is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable even after that time limit, if the Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of failure of the Licensee to perform within the specified time limit).

**Article-32**  
**Revocation, Suspension and Cancellation of Licence**

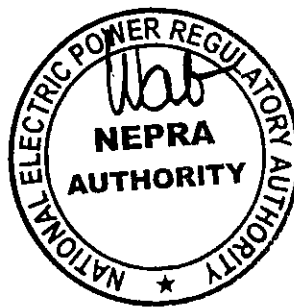
**32.1** Without prejudice to the powers of the Authority under the Act, upon being satisfied that the Licensee is not discharging its functions in accordance with the Act and Applicable Documents including terms and conditions of the Licence, or otherwise fails to carry on its business in the interests of the electric power market, the Authority may, after providing an opportunity to show cause, take such measures as it deems expedient including, but not limited to, revocation, suspension or cancellation of the Licence and take such other action as may be necessary to safeguard the interests of all stakeholders and the power industry as a whole.

**32.2** Where the Authority revokes or suspends the Licence of the Licensee, it may appoint an administrator to take over its functions and management.



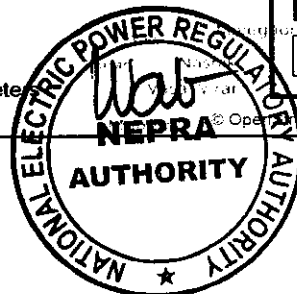
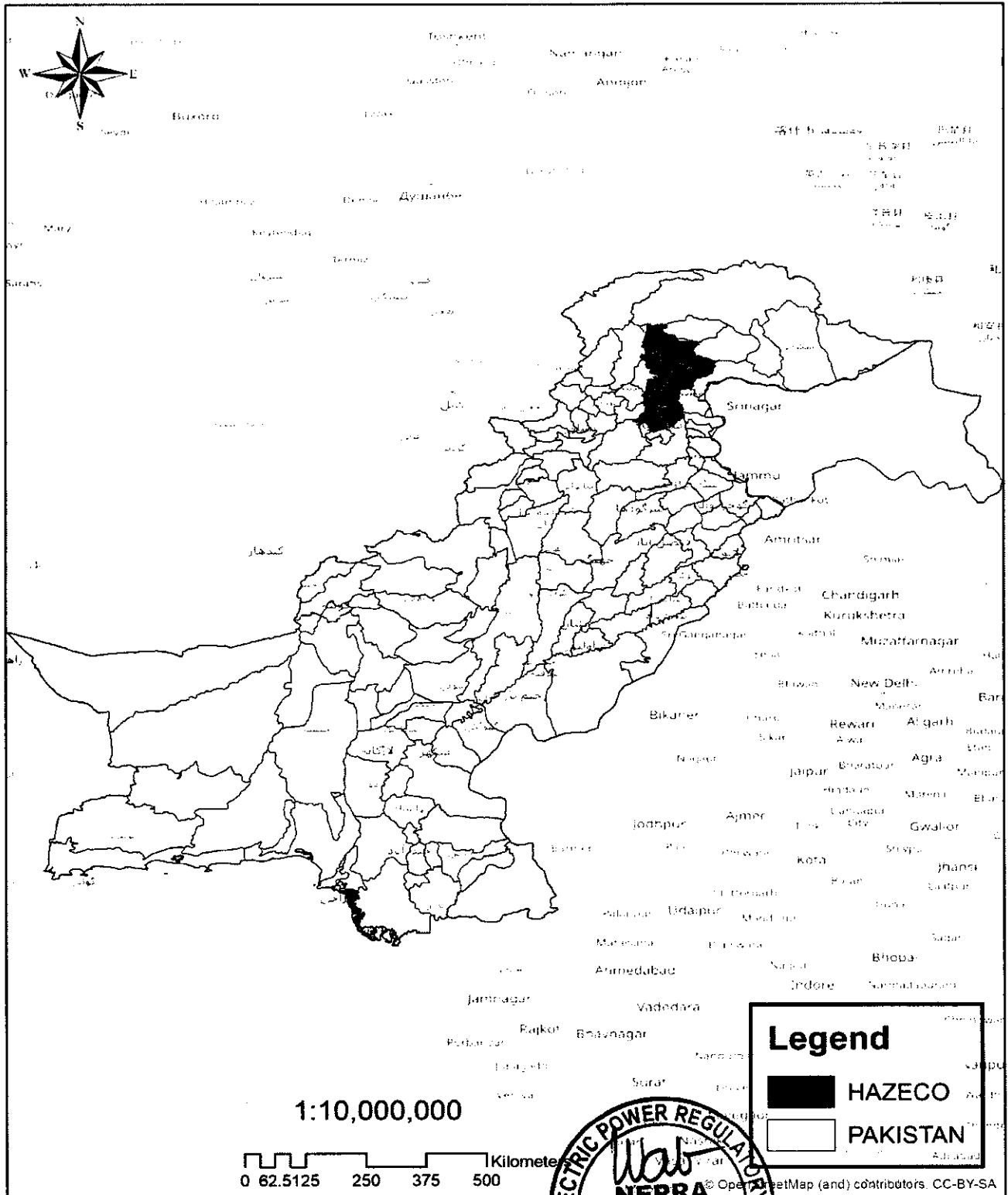
## **SCHEDULE-I**

**The Details of Territory (i.e. Geographical Boundaries) within which the Licensee/Hazara Electric Supply Company Limited is Authorized to Carry out the Supply of Electric Power Business/Activities/Services.**

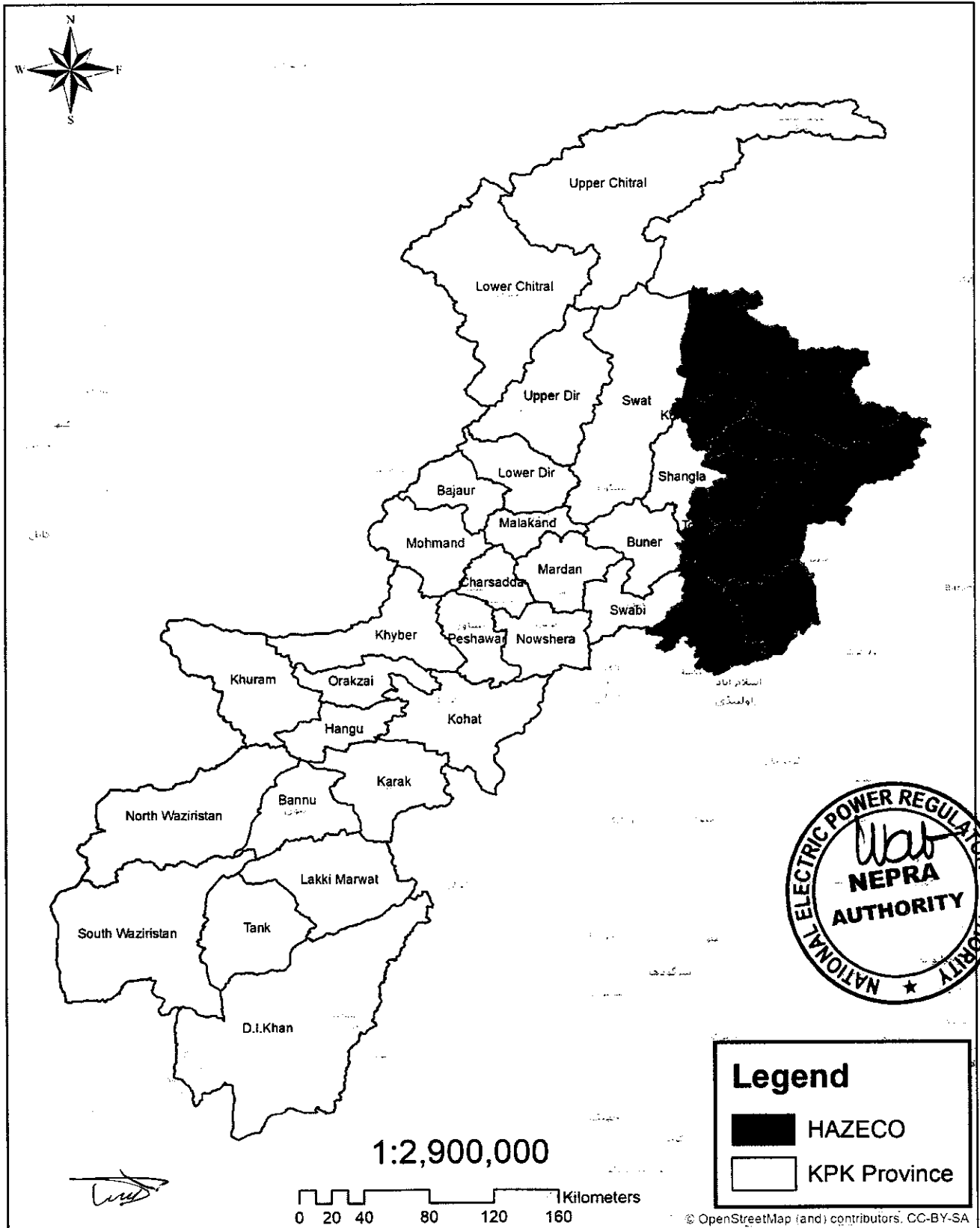


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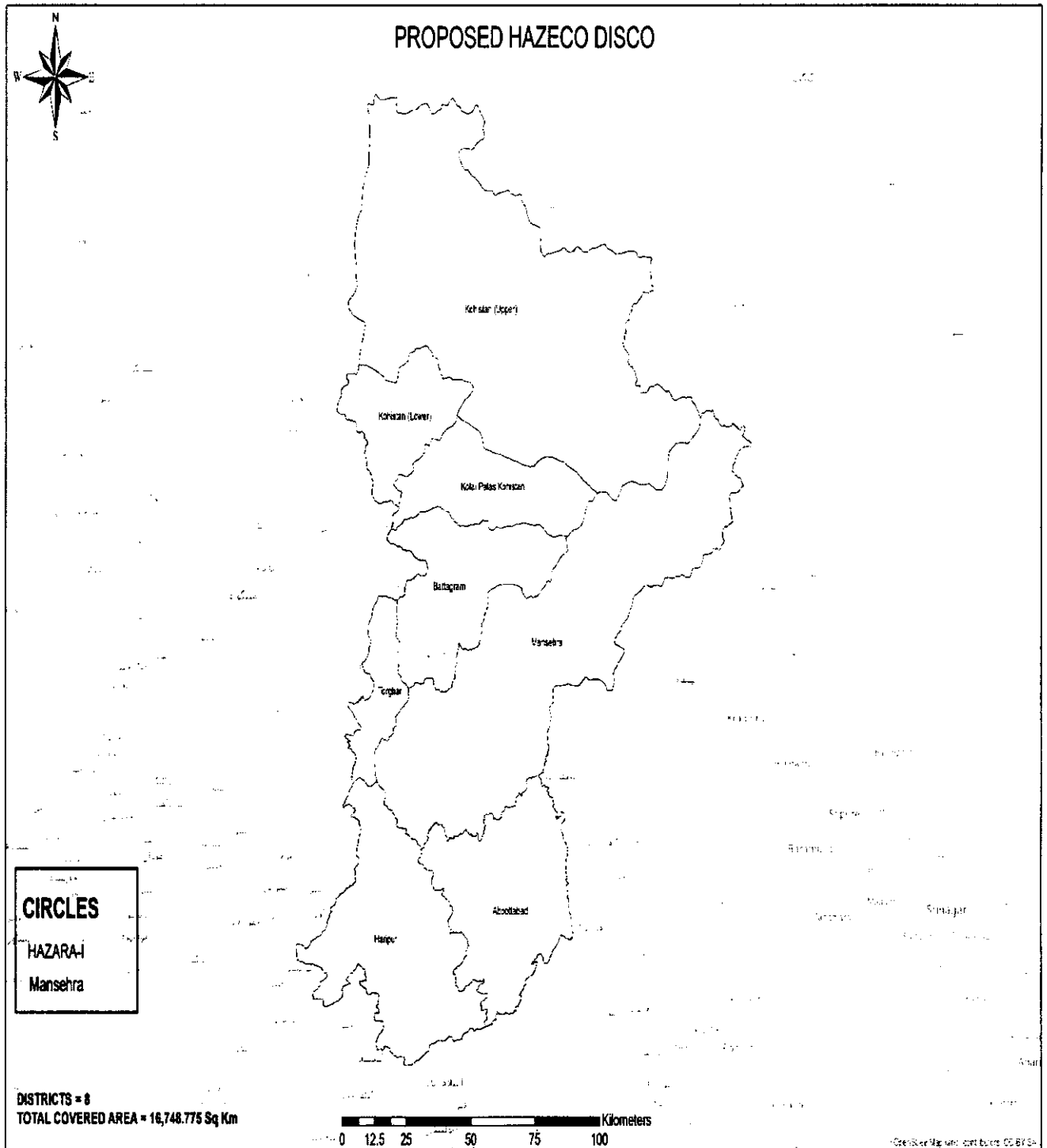
## Location Of the Licensee/HAZEKO on the Map of Pakistan



## Location of the Licensee/HAZEKO on the Province of Khyber Pakhtunkhwa



**Detail of Territory (Geographical Boundaries, Districts)**  
**Within which the Licensee/HAZECO is Authorized to Conduct**  
**Supply of Electric Power Business/Activities/Services**



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