



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-20/6967-90

May 23, 2025

Chief Executive Officer
Peshawar Electric Supply Company
Shami Road, Peshawar

Subject: Modification in Electric Power Supply Licence No. SOLR/07/2023
Licence Application No. LAS-20
Peshawar Electric Supply Company Limited

Reference: PESCO's LPM submitted vide letter No. PESCO/CEO/DG MIRAD/1488-90 dated 13.09.2024

It is intimated that the Authority has approved Modification-I in Electric Power Supply Licence No. SOLR/07/2023 dated December 27, 2023 of Peshawar Electric Supply Company Limited (PESCO) pursuant to Section 26 of the NEPRA Act read with Regulation 10 of the NEPRA Licensing Regulations.

2. Enclosed please find herewith Determination of the Authority in the matter of Licensee Proposed Modification of PESCO alongwith Modification-I in the Electric Power Supply Licence No. SOLR/07/2023, approved by the Authority.

Enclosure: As Above

Wasim Anwar Bhinder
(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, 1st 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 Transmission & Despatch Co. 414-WAPDA House, Shahrah-e-Quaid-e-Azam, 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

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|--|--|
| 12. Chief Executive Officer
Lahore Electric Supply Company (LESCO)
22-A, Queen Road, Lahore | 13. Chief Executive Officer
Gujranwala Electric Power Company (GEPCO)
565/A, Model Town, G.T Road, Gujranwala |
| 14. Chief Executive Officer
Multan Electric Power Company (MEPCO)
NTDC Colony, Khanewal Road, Multan | 15. Chief Executive Officer
Islamabad Electric Supply Company (IESCO)
Street 40, Sector G-7/4, Islamabad |
| 16. Chief Executive Officer
K Electric Limited (KEL)
KE House, 39 B
Main Sunset Boulevard, DHA Phase-II, Karachi | 17. Chief Executive Officer
Quetta Electric Supply Company (QESCO)
Zarghoon Road, Quetta |
| 18. Chief Executive Officer
Tribal Areas Electricity Supply Company
213-NTDC House
Shami Road, Peshawar | 19. Chief Executive Officer
Faisalabad Electric Supply Company (FESCO)
Abdullahpur, Canal Bank Road,
Faisalabad |
| 20. Chief Executive Officer
Sukkur Electric Supply Company (SEPCO)
Old Thermal Power Station, Sukkur | 21. Chief Executive Officer
Hyderabad Electric Supply Company (HESCO)
HESCO Headquarter
WAPDA Complex, Hussainabad, Hyderabad |
| 22. Chief Executive Officer
Hazara Electric Supply Company Limited
Hazeco Head Office, Gulistan Colony
Opposite Govt. Post-Graduate College No. 1, Abbottabad | |

National Electric Power Regulatory Authority
(NEPRA)

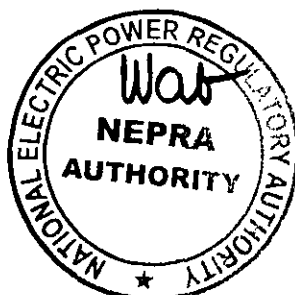
Determination of Authority in the Matter of Licensee
Proposed Modification in the Electric Power Supply Licence of
Peshawar Electric Supply Company Limited

May 23, 2025
Application No. LAS-20

The Authority in terms of Section-23E and 23F of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act") granted a Supply Licence No. SOLR/07/2023, dated December 27, 2023, to Peshawar Electric Supply Company Limited (PESCO) for providing electric power supply services in the whole province of Khyber Pakhtunkhwa (KP), except the areas served by Tribal Area Electric Supply Company Limited.

(2). In accordance with Regulation-10 of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 (the "Licensing Regulations"), PESCO communicated a Licensee Proposed Modification (LPM) on September 19, 2024. In the text of the "Proposed Modification", PESCO proposed to modify its above licence by excluding the districts of Abbottabad, Haripur, Mansehra, Battagram and Torgar in the province of KP and entrusting the same to newly incorporated entity/company in the name of Hazara Electric Supply Company Limited (HAZECO). The scheme of bifurcation of PESCO and HAZECO included the division of Human Resources, Technical Resources, Financial Resources, including debt and liabilities and division of legal cases, etc.

(3). Regarding the "statement of the Reasons in Support of the Modification", PESCO, inter alia, stated that the Federal Government has approved its bifurcation to establish a new company by the name of HAZECO to take over its distribution and supply business of Hazara-I and Hazara-II Circles therefore, the Electric Power Supply Licence needs to be modified to carve out the proposed services territory of HAZECO. About the statement of impact if any of the proposed modification on the "Tariff", "Quality of Service (QoS)" or the "Fulfilment of Licence Obligations", PESCO submitted that the proposed modification in the licence shall have no effect on its



tariff, quality of service, and its ability to fulfill its obligations under the Electric Power Supply Licence.

(4). After completion of all the required information as stipulated under the Regulation-10(1) and 10(2) of the Licensing Regulations, the communicated LPM was published in one (01) English and one (01) Urdu daily newspaper on November 07 2024, informing the general public, interested/affected parties and other stakeholders about the said LPM as required under the Regulation-10(3) of the Licensing Regulations. Further, the Authority also invited comments of the relevant Govt. Ministries, their attached Departments, representative organizations and individual experts etc. for the assistance by sending separate letters to the said stakeholders on November 07, 2024, in favor or against the communicated LPM.

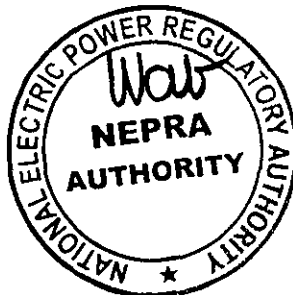
(5). In response to the above, the Authority received comments from two (02) stakeholders including Faisalabad Electric Supply Company Limited (FESCO) and Energy Department Govt. of Punjab (EDGoPb) as detailed below:-

(a). FESCO expressed its no reservation on the submitted LPM being a policy matter of the Federal Govt; and

(b). EDGoPb remarked that the proposed modification may be allowed after due diligence on its impact consumer end tariff particularly the uniform regime of tariff.

(6). The Authority considered the above comments of stakeholders and in view of the observations made, decided to seek rejoinder from PESCO. On the observations of EDGoPb, PESCO submitted that the LPM will not have any adverse impact on the consumer end tariff, particularly on the uniform regime of tariff. Later on, PESCO informed that the Ministry of Energy (Power Division) has decided to exclude three (03) more areas/districts from the service territory of PESCO including the Upper Kohistan, Lower Kohistan and Kolal Pallas and entrusting the same to HAZECO. In view of the said, PESCO submitted an addendum to the LPM on January 28, 2025, to exclude these districts from its Service Territory.

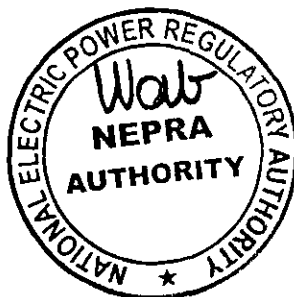




(7). In view of the submissions of PESCO, the Authority decided to publish an addendum to the original notice of LPM, which appeared in the press on February 27, 2025. In response to this notice, no comments were received therefore, the Authority deemed it appropriate to process the LPM as stipulated in the applicable documents.

(8). The Authority examined the entire case in detail, including the already granted Electric power supply licence to PESCO, the communicated LPM, addendum of PESCO, comments of stakeholders and provisions of the NEPRA Act, relevant rules and regulations in the matter. The Authority has observed that PESCO was granted a supply Licence No. SOLR/07/2023, on December 27, 2023, for providing electric power supply services in the districts of 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, Torghar, Upper and Lower Kohistan and Kolai Pallas. Now, PESCO has communicated LPM for exclusion of districts of Abbottabad, Haripur, Mansehra, Battagram, Torghar, Upper and Lower Kohistan and Kolai Pallas from its service territory for entrusting the same to HAZECO for providing the required services.

(9). In terms Section-26 of the NEPRA Act read with Regulation-9(2) of the Licensing Regulations, the Authority is empowered to modify an existing licence of a licensee subject to and in accordance with such further changes as the Authority may deem fit, if in the opinion of the Authority such modification (a). does not adversely affect the performance by the licensee of its obligations; (b). does not cause the Authority to act or acquiesce in any act or omission of the licensee in a manner contrary to the provisions of the NEPRA Act or the rules or regulations made pursuant to it; (c). is or is likely to be beneficial to the consumers; (d). is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the licence; and (e). is reasonably necessary to ensure the continuous, safe and reliable supply of electric power to the consumers keeping in view the financial and technical viability of the licensee.



(10). The Authority considers that the proposed LPM which is meant to exclude the above districts will not have any adverse impact on the performance of the licensee of its obligations under its distribution licence as HAZECO will assume the responsibility to provide the required service. Further, the LPM will not cause the Authority to act or acquiesce in any act or omission of the licensee in a manner contrary to the provisions of the NEPRA Act or the rules or regulations made pursuant to it. The LPM is likely to be beneficial to the consumers considering the fact that the aforementioned areas will now be served by HAZECO, making the service territory of PESCO better manageable. Moreover, the LPM is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the licence and is reasonably necessary to ensure the continuous, safe and reliable supply of electric power to the consumers, keeping in view the financial and technical viability of the licensee. In view of the above, the Authority is satisfied that the Licensee has complied with all the requirements of the Licensing Regulations pertaining to the modification. Therefore, it has a case for modification in terms of Section-26 of the NEPRA Act read with Regulation-10 of the Licensing Regulations.

(11). It is pertinent to mention that earlier, the Authority had granted PESCO a Supply Licence No. SOLR/07/2023 dated December 27, 2023, setting out various terms and conditions as given in its Articles of its Licence. Later on, Govt. of Pakistan notified the Eligibility Criteria (Electric Power Supplier Licences) Rules, 2023 (the "Eligibility Criteria Rules"), and subsequently, different DISCO(s) pointed out certain inconsistencies in the terms and conditions of the Supply Licence and accordingly filed review motions. The Authority considered the same and has decided to amend the Articles inconsistent with the Eligibility Criteria Rules. In order to have uniformity/consistency in the terms and conditions of the Supply Licence, the Authority hereby approves the communicated LPM of PESCO not only to amend the Service Territory as explained above by excluding the areas to be served by HAZECO but also the terms and conditions of its various Articles i.e. with changes as stipulated in Regulation 10(4) of the Licensing Regulations.



(12). The changes made in the Supply Licence are attached as annexure to this determination pertaining to the LPM of PESCO. The approval of the LPM is subject to the provisions contained in the NEPRA Act, relevant rules framed thereunder, terms & conditions of the Supply Licence, and other applicable documents.

Authority:

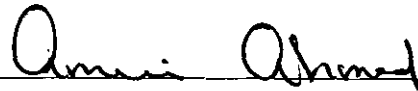
Maqsood Anwar Khan
(Member)



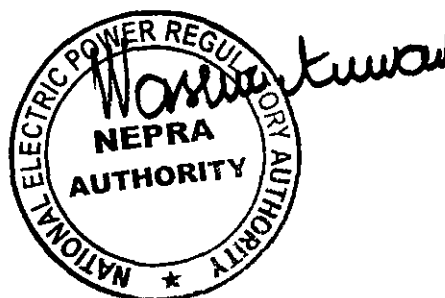
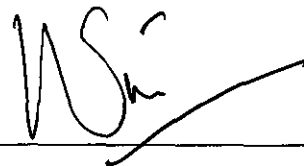
Rafique Ahmed Shaikh
(Member)



Amina Ahmed
(Member)



Waseem Mukhtar
(Chairman)



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

ELECTRIC POWER SUPPLY LICENCE

No. SOLR/07/2023

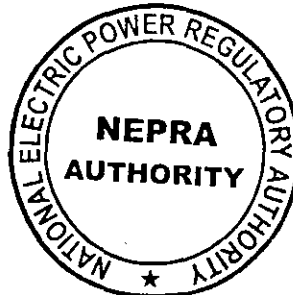
In exercise of the Powers conferred upon under Section-26 of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, the Authority hereby modifies the Electric Power Supply Licence No. SOLR/07/2023 dated December 27, 2023, granted to Peshawar Electric Supply Company Limited (PESCO) to the extent of changes mentioned as hereunder:-

- (a). Changes in **Articles of the Electric Power Supply Licence** attached as **Revised/Modified Articles** of the Electric Power Supply Licence;
- (b). Changes in **Schedule-I** attached as **Revised/Modified Schedule-I**.

This Modification-I is Given under my hand on 23rd day of May Two Thousand & Twenty-Five.

Wasim Jinnah

Registrar

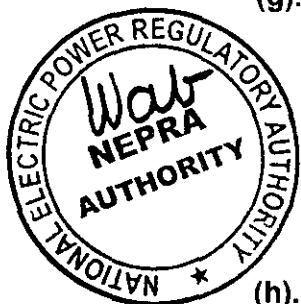


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Article-1
Definitions

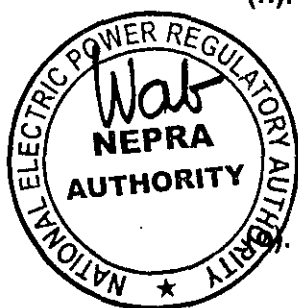
1.1 In this Licence, unless there is anything repugnant in the subject or context,

- (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 5th day of December 2019 and 12th day of November 2020 as may be amended 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;
"Licence" means this Licence granted under Sections-23E and 23F of the Act;
- (p). "Licensee" means Peshawar Electric Supply Company Limited (PESCO) or its successors or permitted assigns;
- (q). "Licensing Regulations" mean the National Electric Power Regulatory Authority Licensing (Application, Modification, Extension and



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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 In terms of provisions of Section-23E of the Act, PESCO had the status of deemed licensee for electric power supplier for a period of five (05) years which expired on April 26, 2023. Therefore, this Licence is granted for a term of twenty (20) years commencing from April 27, 2023, up to April 26, 2043, subject to compliance with the Act, rules, regulations and other Applicable Documents.

5.2 Further, unless suspended or revoked earlier, the Licensee shall within ninety (90) days prior to the expiry of the term of this Licence, apply for renewal of this Licence in accordance with the Licensing Regulations. 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. 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.

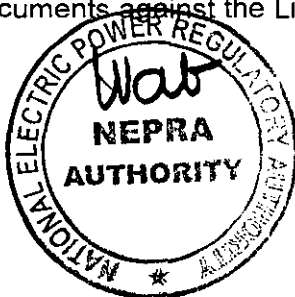
8.2 The Licensee shall publicly make available the rates, charges and other terms and conditions for the supply/sale of electric power to consumers, as approved by the Authority.

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.



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

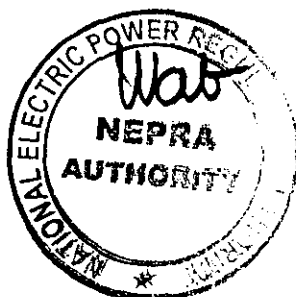
10.1 The Licensee shall be responsible for ensuring the security of supply for its consumers by planning electric power procurement in advance in adequate quantity. In this regard, the Licensee is responsible for ensuring adequate electric power procurement to meet capacity obligations and avoid under 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.

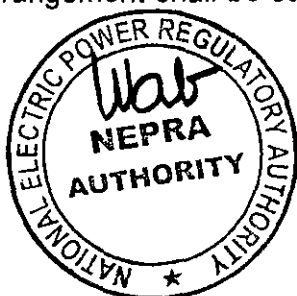
Article-13
Consumer Supply Manual

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**

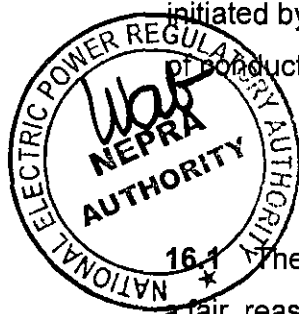
15.1 The Licensee shall conform to the relevant applicable standards for the supply of electric power specified in the National Electric Power Regulatory Authority Performance Standards (Electric Power Suppliers) Regulations, 2022, as amended from time to time.

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



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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.

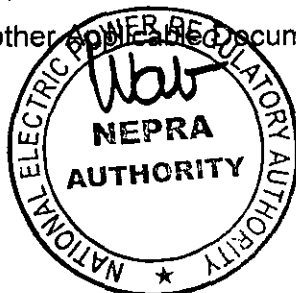
17.3 Any fines or penalties imposed by the Authority under the Act and Applicable Documents shall be promptly paid by the Licensee.

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.



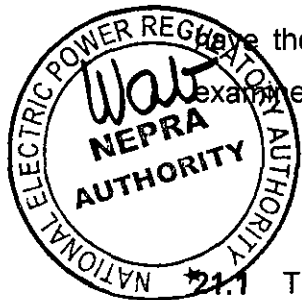
19.2 Without prejudice to the provisions of the Applicable Documents regarding the audit of the accounts of the Licensee, the Authority may, after giving the Licensee an opportunity to be heard in this regard, appoint independent auditors of national/international repute from amongst a panel of auditors 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 providers , 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.

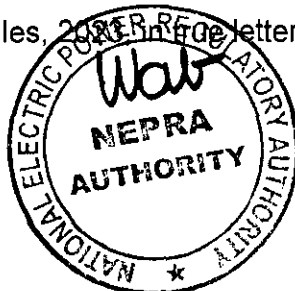
Article-22 **Communication**

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, 2018 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

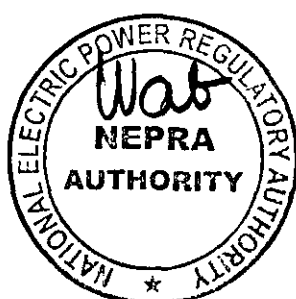
25.1 The Licensee shall develop a robust information and operational technology strategy outlining the planning and execution roadmap for ensuring transparency, effectiveness, efficiency and security in all operations of the supply business in accordance with the relevant provisions of the National Electric 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

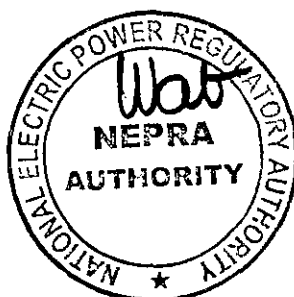
30.1 The Licensee shall, every two (02) years, get itself credit rated through a credit rating agency licensed by the Securities and Exchange Commission of Pakistan, and which is on the panel of the State Bank of Pakistan.

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

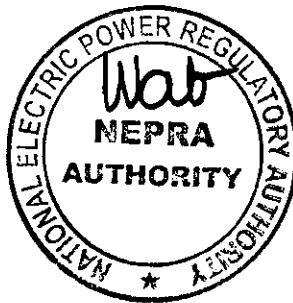
32.1 Without prejudice to the powers of the Authority under the Act, upon being satisfied that the Licensee is not discharging its functions in accordance with the Act and Applicable Documents including terms and conditions of the Licence, or otherwise fails to carry on its business in the interests 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
(Revised/Modified)
Modification-I

The Details of the Territory (i.e. Geographical Boundaries) within which the Licensee/Peshawar Electric Supply Company Limited is authorized to conduct Supply of Electric Power Activities/Services.



[Handwritten signature]

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

