



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad  
Ph: +92-51-9206500, Fax: +92-51-2600026  
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/DL/LAT-07/10732-39

February 26, 2021

**Mr. Maqsood Anwar Khan,**  
Chief Executive Officer,  
Khyber Pakhtunkhwa Transmission and Grid System Company (Private) Limited,  
1<sup>st</sup> Floor, Block-A, Abdul Wali Khan Multiplex,  
Civil Secretariat, Peshawar.

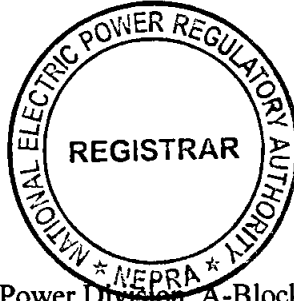
**Subject: Grant of Transmission Licence to act as Provincial Grid Company.  
Licence Application No. LAT-07  
Khyber Pakhtunkhwa Transmission and Grid System Company (Private) Limited**

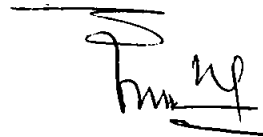
*Reference: KPKT&GSCPL's application submitted vide letter No. Nil dated Nil (received on October 14.2020)*

Enclosed please find herewith Transmission Licence No. PGCL/02/2021 granted by National Electric Power Regulatory Authority (NEPRA) to Khyber Pakhtunkhwa Transmission and Grid System Company (Private) Limited (KPKT&GSCPL) to act as Provincial Grid Company for the province of Khyber Pakhtunkhwa, pursuant to Section 18A of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997). Further, the determination of the Authority in the subject matter is also attached.

2. Please quote above mentioned Transmission Licence No. for future correspondence.

**Enclosure: As Above**



  
(Syed Safeer Hussain)

Copy to:

1. Secretary, Ministry of Energy, Power Division, A-Block, Pak Secretariat, Islamabad.
2. Managing Director, NTDC, 414-WAPDA House, Lahore.
3. Chief Executive Officer, CPPA-G, 73 East, A.K. Fazal-ul-Haq Road, G-7/2, Blue Area, Islamabad.
4. Chief Executive Officer, Peshawar Electric Supply Company Limited, PESCO 166 WAPDA House, Shami Road, Peshawar.
5. Chief Executive Officer, Tribal Areas Electricity Supply Company (TESCO), 213-WAPDA House, Shami Road, Peshawar.
6. Director General, Environmental Protection Agency (EPA), 3rd Floor, Old Courts Building, Khyber Road, Peshawar.
7. Secretary, Energy and Power Department, Government of Khyber Pakhtunkhwa, 1<sup>st</sup> Floor, A-Block, Abdul-Wali Khan Multiplex, Civil Secretariat, Peshawar.

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

**Determination of the Authority in the Matter of**  
**Application of Pakhtunkhwa Transmission & Grid System**  
**Company (Pvt.) Limited for the Grant of Licence for Provincial**  
**Grid Company**


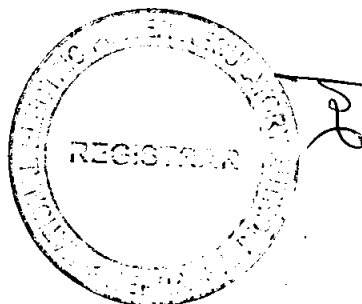
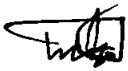
**February 26, 2021**  
**Case No. LAT-07**

**(A). Filing of Application**

(i). Khyber Pakhtunkhwa Transmission & Grid System Company (Pvt.) Limited (KPKT&GSCPL) submitted an application on October 14, 2020 for the grant of licence as a Provincial Grid Company (PGC) in terms of Section-18A of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act").

(ii). The Registrar examined the submitted application to confirm its compliance with the relevant provisions of the NEPRA Act and found the same compliant with. The Registrar submitted the application for the consideration of the Authority to decide the admission of the same or otherwise. The Authority considered the matter and found the form and content of the application in compliance with above mentioned provisions of the NEPRA Act and admitted the application on October 21, 2020 for consideration of the grant of the licence to KPKT&GSCPL as PGC. The Authority also approved a notice of admission to be published in the press for inviting comments of general public, interested and affected persons in the matter. Accordingly, the said notices were published in one (01) Urdu and one (01) English newspapers on October 22, 2020.

(iii). In addition to the above, the Authority also approved a list of stakeholders for seeking their comments for assistance of the Authority in the matter. Accordingly, letters were sent to different stakeholders as per the approved list on October 22, 2020, soliciting their comments for assistance of the Authority.

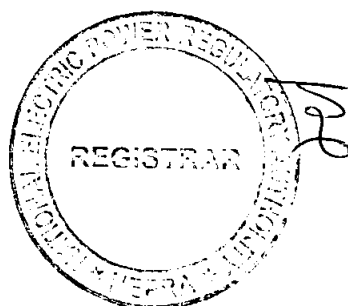


**(B). Comments of Stakeholders**

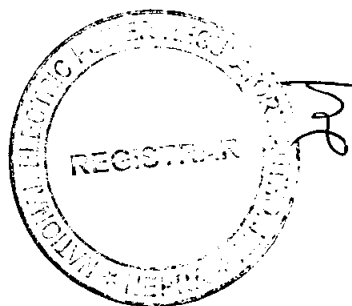
(i). In reply to the above, the Authority received comments from three (03) stakeholders which included Central Power Purchasing Agency (Guarantee) Limited (CPPAGL), National Transmission and Despatch Company Limited (NTDC) and Punjab Power Development Board (PPDB). The salient points of the comments offered by the said stakeholders are summarized below: -

- (a). CPPAGL in its comments *inter-alia* referred to Section-23G of NEPRA Act and stated that it allows only one System Operator (SO) in the country at one time. The generation facilities connected directly or indirectly to the National Grid Company (NGC) or PGC are subject to the economic dispatch under discretion of the SO. The NEPRA Act mandates SO for performing the function of System Planning including both transmission and generation capacity plans. In this regard, CPPAGL highlighted that the required rules pertaining to the "Eligibility Criteria" have not been prescribed and in the absence of the same may result in legal complications. In its detailed comments, CPPAGL submitted the following for the consideration of the Authority centering around (a). functions of SO; (b). operation of the transmission lines and dispatch of generators; (c). alignment with Indicative Generation Capacity Expansion Plan (IGCEP); (d). alignment with Transmission System Expansion Plan (TSEP); (e). Eligibility Criteria for PGC not prescribed; and (f). error in application of the relevant clauses of the Eligibility Criteria. In its application, KPKT&GSCPL has defined its principle business which includes system operations and scheduling and dispatch of the generation plants which is in contradiction to the

provisions of the NEPRA Act. In this regard, CPPAGL stated that in the amendments introduced in the NEPRA Act in the year 2018, envisages SO as an entity to perform the functions operation for the operation of the system for which obtaining a separate licence is mandatory. In addition to this, Section-23G of the NEPRA Act categorically states that *"only one such licence shall be granted at any one time"*. However, till the grant of such licence, NGC shall perform the function of SO as given in Section-18(1)(e) of the NEPRA Act. In addition to the above, it is further highlighted that generation facility connected directly or indirectly to the NGC or PGC shall be subject to the economic dispatch as directed by the SO. Therefore, the PGC will have no control over the dispatch of such generators within its territory. In this regard, reference of the provisions of the Section-14D (2) of NEPRA Act is referred which states that *"... In the case of a generation facility connecting directly or indirectly to the transmission facilities of the national grid company or a provincial grid company, the generation company shall make the generation facility available for the safe, reliable, non-discriminatory, economic dispatch and operation of the national transmission grid and connected facilities, subject to the compensation fixed by the Authority for voltage support and uneconomic dispatch directed by the system operator..."*. The Applicant/Petitioner/ KPKT&GSCPL has proposed evacuation of power to the tune of approximately 7,320 MW to be available in the next 5-10 years by various Hydro Power Projects-HPP(s). As per Grid Code (Planning Code -

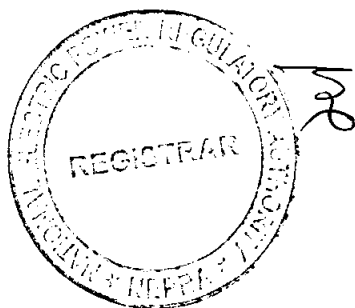


PC4), NTDC is mandated to prepare IGCEP considering the demand and supply situation of the country. Hence, prior to any commitment with the new projects, endorsement of site, size and technology and timing should be aligned with IGCEP. It is further suggested that subsequent studies should also be done to evaluate which zones are most feasible to bring the hydro power at the minimum levelized cost and maximum firm capacity. In this regard, NGC has the exclusive right for providing transmission services in the whole country as mentioned in Section-17 of the NEPRA Act which states that "...the licensee referred to in sub-section (1) shall have the exclusive right to provide transmission service in the service territory specified in such licence..." The function of centralized planning for the transmission network in the country is with NTDC as envisaged in the Grid Code PC4 (TSEP). In view of the said, the transmission business of PGC is to be limited to the development, construction and maintenance of transmission facilities under TSEP, located in its territory. However, during the preparation of the said, NTDC shall consult PGC for its input and suggestions. Further, Distribution Companies-DISCO(s) shall prepare their respective Sub-Transmission Development Plan (STDP) and PGC shall be bound to adhere to these plans. Additionally, in the future, function of system planning for long term capacity has been given to the Licensee of the SO as per the provisions of Section-23G of the NEPRA Act. Moreover, till the grant of such licence, NGC is the deemed SO. The legal implications of granting a licence in the absence of the prescribed rules for

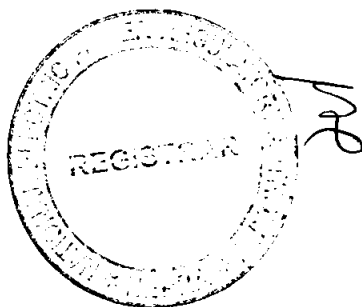
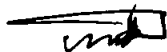


eligibility criteria as required under Section-18A of the NEPRA Act should be considered. Therefore, it is recommended that such licence may not be granted to any applicant/Petitioner until the prescribed eligibility criteria rules are in place. The Applicant/Petitioner/ KPKT&GSCPL has erroneously stated eligibility criteria for setting up of PGC to be under Section-18B of NEPRA Act. However, the eligibility criteria for the PGC is given in Section-18A of the NEPRA Act;

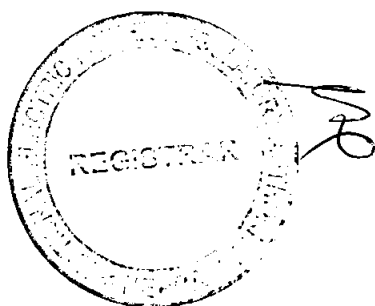
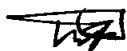
- (b). NTDC submitted that under Article 154(1) of the Constitution, the Council of Common Interests ("CCI") shall formulate and regulate policies in relation to matters in Part-II of the "Federal Legislative List" of the Constitution. In light thereof, if a matter falls within the powers of CCI under Article-154 of the Constitution, it must be placed before it. The subject of "Electricity" is listed as Entry No.4 in Part-II of the Federal Legislative List of the Constitution and therefore, the policy decisions in respect of the Electricity must be placed before the CCI. This constitutional dictate has been recognized and envisaged by the legislature in the NEPRA Act, Section-14A whereof provides *inter alia* as "...The Federal Government shall, from time to time, with the approval the Council of Common Interests, prepare and prescribe a national electricity policy for development of the power markets;...(2) The policies referred to in sub-section (1) shall provide for, *inter alia*- (c) integration of national and provincial transmission systems..." In light of the foregoing, it is submitted that the grant of licence to PGC under Section-18A of the NEPRA Act will inevitably lead to interconnection at provincial and federal levels and



has to be centrally and carefully planned. The action taken by one grid operator may contradict/overlap with the actions of any other operator, thus requiring planning and policy formulation. Similarly, either one or both operators may attribute the responsibility of partial or full grid system collapses to each other. The integration of national and provincial transmission systems under Section-14A of the NEPRA Act is a sine qua non for the operations of, and/or grant of licence to any PGC. Unless such policy framework becomes effective, no licence could have been granted to any PGC under Section-18A of the NEPRA Act. The same is also evident from the perusal of Section-18A of the NEPRA Act which provides *inter alia* that the licensee to act as a PGC may be granted "...subject to the provisions of this Act...". Consequently, any Determination contrary to the provisions of the NEPRA Act and the Constitution, will hamper the smooth functioning of the transmission sector. Further, Section-18A of the NEPRA Act, *inter alia*, provides for the grant of licence to a PGC and the perusal of Section-18A(2) of the NEPRA Act, reveals that the eligibility criteria for grant of licence as a PGC shall be prescribed, including the minimum solvency and minimum technical and human resource requirements. Further, the term "prescribed" has been defined by Section-2(xxii) of the NEPRA Act and requires such criteria to be prescribed by rules, to be made by the Federal Government. The term shall be "prescribed" indicates that the prescribing of rules in terms of Section-18(A) of the NEPRA Act is mandatory and a sine qua non for entertaining and adjudicating upon any application for the grant of

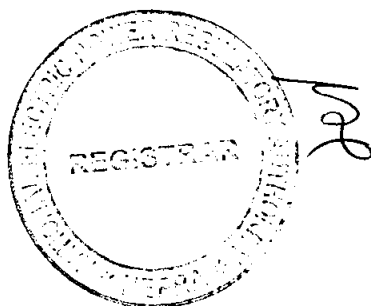


licence as PGC. The significance of a uniform, well thought-out criteria and yardstick for assessing the application and exercising discretion in this regard is also highlighted from the proviso to Section-18A(1) of the NEPRA Act, which provides that only one such licence shall be granted for each province at any one time. KPKT&GSCPL does not have the requisite experience pertaining to planning, construction and operation of the Extra High Voltage (EHV) Grids & Transmission Lines. In its application, KPKT&GSCPL has provided CV(s) of only two persons which have no relevant experience of EHV transmission system and for operation & control in a grid company as mentioned in Section-18A & 18B of the NEPRA Act i.e. "Minimum Technical & Human Resources & Responsibilities" of PGC respectively and therefore is not entitled for the requested licence. In the above backdrop, it is submitted that till date, no rules have been framed to prescribe the eligibility criteria, the minimum solvency requirements and the minimum technical human resource requirements. It is humbly submitted that in absence thereof, the discretion of the Authority to grant such licences remains unstructured, which is contrary to the law. Moreover, it is pointed out that Section-18A of the NEPRA Act is not a self-executory provision as it requires further legislation/steps to become effective and operative. Unless the rules are framed, the rights, duties or powers given under Section-18A of the NEPRA Act could not be exercised. Consequently, the Authority cannot adjudicate upon or assess any application under Section-18A of the NEPRA Act, until the requirements of Section-18A(2) are followed and

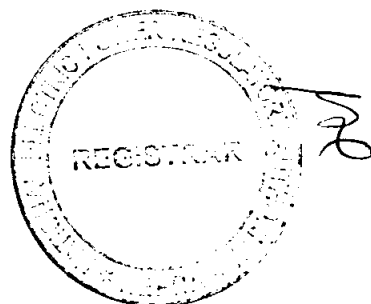




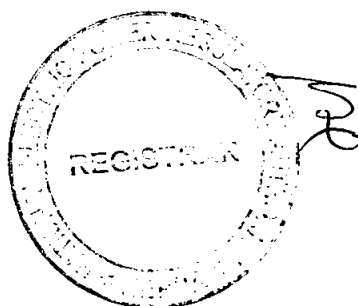
rules, as required, were prescribed as it is a settled principle of law that if something is required to be done in a manner, it shall be done in that manner alone or not at all. Without prejudice to the foregoing, it is further submitted that transmission licence to PGC cannot be granted due to reasons (a). National Electric Power Regulatory Authority (Application & Modification Procedure) Regulations, 1999 (the "Licensing Regulations") deal with, *inter alia*, the procedure for application for licences. Regulation-3(3) of the Licensing Regulations provides that the registrar shall not receive the application unless it is accompanied with the correct amount of application fee. Regulation-3(2) of the Licensing Regulations deals with the amount of the fee for application for various categories of licences and provides that such fee is prescribed under Schedule-II of the Licensing Regulations. It is pointed out that till date, no fee has been fixed or provided for an application for PGC. In absence thereof, entertaining of the application by the Authority is in non-compliance with Regulation-3(3) of the Licensing Regulations. Similarly, Regulation-3(6) of the Licensing Regulations read with Schedule-III provide for a non-exhaustive list of the documents which shall be provided in support of an application. Uptill now, the Schedule-III has not been amended to provide for any list of documents for licence of the PGC. In the generation and distribution segment, National Electric Power Regulatory Authority Licensing (Generation) Rules, 2000 (the "Generation Rules") and National Electric Power Regulatory Authority Licensing (Distribution) Rules, 1999 (the "Distribution Rules") have been framed respectively to



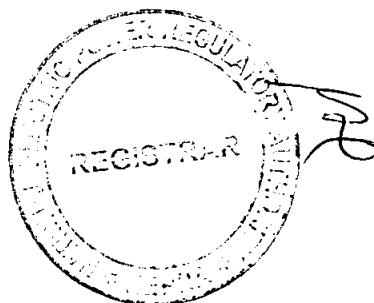
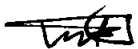
provide for, *inter alia*, the terms and conditions of a licence and rights and obligations of such licensees. It is submitted that no similar rules have been framed for the transmission segment, which acts as a backbone of the power sector. In light thereof, the application for licence for PGC cannot be entertained unless the requisite legislative framework is put into place by the appropriate bodies/authorities. The application under reply is liable to be rejected solely on the ground that the same fails to meet the basic eligibility criteria that is required under the law. Regulation-3(h) of the Licensing Regulations *inter alia*, provides as "...in case of a licence for a new facility or system, a feasibility report in respect of the project, specifying in detail..."; (i). The type, technology, model, technical details and design of the facilities proposed to be constructed, developed or installed; (ii). The expected life of the facility or the system; (iii). The location of the facility or the system, or the territory with outer boundaries within which the facilities or the system is proposed to be installed and operated by the licensee, along with maps and plans and (iv). The type and details of the services proposed to be provided..." The application under consideration does not provide the mandatory feasibility report specifying the details as required under the above mentioned Regulations. Also, the application of KPKT&GSCPL fails to comply with the criteria provided under the Licensing Regulations which requires the transmission licence applicant to provide the type, technology, model, technical details and design of the facilities proposed to be acquired, constructed, developed or installed, a territorial map of the service area proposed to be



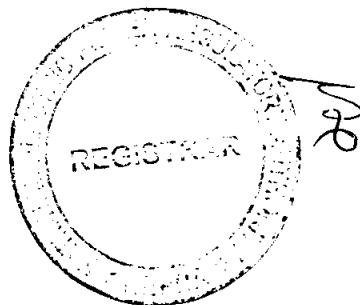
covered and particulars in respect of the availability, sources, rates and evidence of commitments from the sources of electric power. No such information and specifications have been provided by the applicant. It is apprised that by virtue of Article-142(a) of the Constitution and in context of the Eighteenth Amendment, the Parliament and Federal Government are exclusively empowered to (respectively) legislate and exercise executive authority over matters relating to "Electricity". Whereas, Article-157 of the Constitution makes specific provision with respect to "Electricity". According to the Article-157 of the Constitution which makes specific provision with respect to the authority and discretion of a Provincial Government that "*a Government of a Province may construct power houses and grid stations and lay transmission lines for use within the Province*". This infers that the construction of power infrastructure and facilities lies within the discretion of the Province until it is not connected to the National Grid. It seems obvious that the electricity through PGC will be injected into the National Grid. This calls for an interaction of the Provincial Government with the federal entities. Electricity is listed as Entry No.4 in Part-II of the Federal Legislative List and falls within the constitutional domain of the CCI. Subject to the Constitution and the law, decisions of the CCI may inform the interaction between the Federal and Provincial Governments with respect to matters relating to Electricity. The decisions of CCI of 2011 & 2016 and decisions of ECC of 2015 and Power Policy of 2015 endorse this fact. For instance, according to the Power Policy 2015, for any project that is



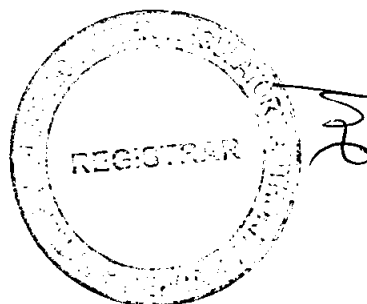
connected to the National Grid "Consent from the Power Purchaser (NTDC/CPPAGL or DISCO) shall be obtained by Provincial Authority or Project Sponsor." It could be concluded that the function of power procurement by the federal entities is regulated by, *inter alia*, standards, prescriptions and requirements of the applicable legal and regulatory framework. Power procurement by the federal entities therefore, may additionally only be undertaken upon satisfaction of such other applicable requirements. Without prejudice to the foregoing, it may not be out of place to mention here that NTDC has already been awarded the service territory of whole Pakistan except Karachi (area of K- Electric Limited) pursuant to the exclusive Transmission Licence granted by the Authority to NTDC, issued on December 31, 2002 for a period of 30 years and therefore, the same is valid upto December 30, 2032. Further, 500/220 kV network in whole of Pakistan along with Generation & Transmission System (except Karachi) is a mandate of NTDC as per the NEPRA Act, therefore sharing of this mandate with KPKT&GSCPL, may result in a major conflict among NTDC & KPKT&GSCPL regarding their role & responsibilities. The KPKT&GSCPL plans to install power plants and evacuate their power of the order of 7300 MW in the above said regions in the next 5-10 years. Keeping in view that the company is yet to be issued the licence (if applicable) and is yet to start its commercial operation with no previous hands on experience or expertise and the terrain in the province of Khyber Pakhtunkhwa (KPK), the said time line seems very unrealistic. The National Grid Planning is within the



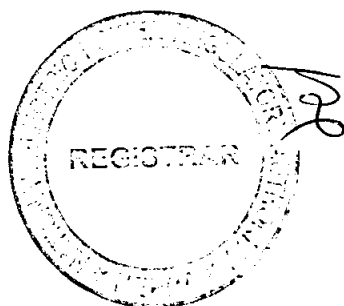
competency of NTDC and as a central planner, NTDC in coordination with DISCO(s) is responsible for carrying out in short, medium and long terms planning including transmission expansion planning. NTDC has already planned its system for the said future timeline and is also carrying out projects for the power evacuation from a number of power plants located all over the country to fulfill the national power demand for the upcoming years. The Company has identified Six Corridors for their planned generating units i.e. Chitral, Dir, Manshera, Kohistan, D.I.Khan and Swat regions. All of the said regions are located in mountainous areas where very limited corridors might be available for erection of EHV Transmission Lines. If the said scarce corridors are availed by some new company having no prior planning, operation or maintenance experience(s) then it is very much possible that the transmission line erected by the company might not ensure the most efficient use of available resources and transmission line corridors. Further, this might also limit the options of power evacuation in the said regions. The licence document has not mentioned transmission projects which are currently in the implementation stage as well as also already planned that would serve as feeding sources for the KPK, i.e. 220 kV grid stations of Swabi, Haripur, Kohat & Jamrud and 500/220 kV grid station at Nowshera (Aza Khel) etc. It has been mentioned that NTDC has contributed to 1019MW load shedding in PESCO due to its network constraints. This is not true and in fact, the load shedding is because of existing transmission network constraints of PESCO and non-completion of already planned transmission



projects in PESCO. It has also been observed that allocated power quantum quota by NPCC to PESCO network is not being fully utilized owing to higher losses on the 11 KV feeders resulting in high voltages on transmission system which may possibly hamper the operation during such High Voltage Conditions. Therefore, bringing in proposed grid company would have negative impact on their financials as well. KPKT&GSCPL has mentioned some transmission milestones. i.e., 500 kV transmission line from Chitral to Chakdara. In this regard, it is intimated that the technical feasibility of that particular line for evacuation of HPP(s) in Chitral and Dir regions upto Chakdara along has not been carried out yet. The voltage levels and number of transmission lines shall be decided after completion of the feasibility study. In fact, PEDO has launched the feasibility project to be conducted through private consulting company for the last one year and bids are under evaluation at present. The applicant is targeting the power generation in the northern region of the province i.e. Chitral, Dir, Mansehra, Kohistan and Swat. As per Grid Code (Planning Code-PC4), NTDC is mandated to prepare IGCEP considering the demand and supply position of the country. Therefore, the decision regarding induction of hydro power project in future, its quantum and timings should be strictly in line with the IGCEP. It is pertinent to mention that the IGCEP (2020-47) does not neglect the power generation in the province of KPK in which the future generation plants are selected by software (PLEXOS) on the basis of least cost principles after evaluating all the available candidate generation options. It is further highlighted



that as the generators constructed pursuant to IGCEP are subjected to central dispatch by NPCC as per the Section-14B of the NEPRA Act and the Grid Code, the operation of the line and the dispatch of the generators would be carried out by the SO. Therefore, the PGC would have no control over the dispatch of such generators within its territory. Moreover, it is pointed out that as per Section-18A of the NEPRA Act, the applicant/KPKT&GSCPL can operate only as Transmission Company whereas the dispatch function which includes stable and economic transfer of power from generator to consumer in view of reliability and economy which is a specific function of dispatch center has not been mentioned in the amendment. Hence, KPKT&GSCPL cannot be granted to operate as transmission and dispatch company. The document mentions that KPKT&GSCPL intends to propose projects of transmission for the provision of electricity to the Special Economic Zones-SEZ(s). In this regard, it is intimated that NTDC is already implementing transmission projects for the provision of electricity for SEZ(s) of Rashakai and Hattar. Currently, all the power plants to be connected to National Grid either at 132 kV voltage level or at 220 kV & 500 kV levels, are required to submit their protection system studies and proposed relay settings to NTDC for review and approval as an essential technical requirement. Hence, NTDC has devised a centralized system from where the protection system coordination and the necessary relay settings are issued, which ensure localized clearance of the power system faults and avoid travelling of faults of one voltage level to the



higher voltage levels endangering system stability and reliability. Inclusion of the company/KPKT&GSCPL as PGC will cause inefficiencies in this work and may cause improper coordination of protection system which will not only be a source of damage to the expensive power system equipment and cause loss of supply to the end consumers but will also cause major blackouts and brownouts not only in the network of the company/KPKT&GSCPL but also in National Grid throughout the country resulting in revenue loss. Furthermore, it is evident from the fact that NTDC is currently involved in relay settings and selection of relays for 11 kV feeders after fatal accidents in some DISCO(s) upon direction from the Ministry of Energy. NTDC intends to urge and submit further grounds at or before the hearing of this Application and reserves its right to such extent. The Respondent also seeks an opportunity of hearing in the subject matter which may graciously be granted by the Authority in the interest of justice. In view of the above preliminary submissions, the respondent/NTDC does not support the application of KPKT&GSCPL for issuance/grant of provincial transmission licence. Therefore, it is humbly prayed that the Application under reply may kindly be rejected; and

- (c). PPDB supported the grant of PGC Licence to KPKT&GSCPL subject to fulfilment of the criteria laid down in the NEPRA Act, allowing Open Access and participation in the Wholesale Electricity Market (WSEM).

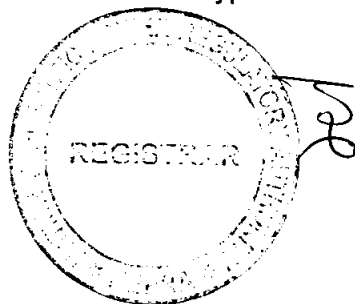


(ii). The Authority considered the above comments of the stakeholders and decided to hold a public hearing in the matter at its main/head office at Islamabad. Further, based on the observations/comments of the stakeholders and other relevant facts related to case, the Authority also formulated issues of hearing for the proposed public hearing.

**(C). Public Hearing**

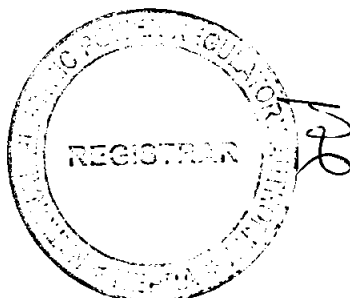
(i). In consideration of the above, a public notice was published in the press on January 23, 2021 informing the relevant stakeholders, interested, affected parties/persons and the general public about the public hearing and their participation. Further, letters were also sent on January 29, 2021 to different Ministries, their attached departments and representative organization about the public hearing and their participation thereof for the issues of hearing as detailed below:-

- (a). The eligibility criteria prescribed in the NEPRA Act for the grant of Licence to PGC includes (i). Minimum solvency requirements; and (ii). Minimum technical and human resource requirements. What is the status of the KPKT&GSCPL in terms of the said criteria/benchmarks?
- (b). What is the experience of the Applicant (i.e. KPKT&GSCPL) and it's Management in the Electric Power Sector, especially in the Transmission Line Business to justify itself as PGC?
- (c). Whether KPKT&GSCPL for its proposed scope as PGC has carried out any proper bankable feasibility study for the project to ascertain the exact scope of work being envisaged?
- (d). The proposed scope of the PGC includes laying of various type of Transmission lines of 132 kV, 220 kV



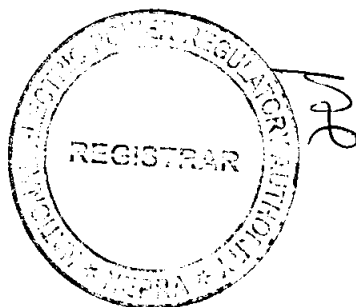
and 500 kV. Does KPKT&GSCPL possess the required capability to design, construct own and operate Transmission Lines having voltage level of 220 kV and 500 kV?

- (e). Whether the envisaged scope of KPKT&GSCPL as PGC is consistent/in compliant with the scope of the proposed IGCEP or not?
- (f). NTDC, PESCO and TESCO have been constructing Transmission Lines in the province of KPK for dispersal of electric power from the generation facilities set up in the province. Has any coordination been made to avoid any duplication of work?
- (g). Right of Way (RoW) is a precious resource and considering the fact that most of the resources for generation of power are located in the north of the country in the province of KPK. What measures have been taken up with NTDC, PESCO and TESCO to ensure that RoW is utilized in an optimum manner?
- (h). Whether, the Applicant/KPKT&GSCPL has the required capability, expertise and other relevant skills to acquire the required RoW for the construction of the proposed Transmission Line(s) as stated above?
- (i). What is the ability of the Applicant/KPKT&GSCPL and its Management to raise the required funds for the construction of the proposed Transmission Line(s) connecting various generation facilities being constructed in the Province for wheeling the power to various locations?



- (j). In terms of Section-18B of the NEPRA Act, the PGC is required to operate and provide safe and reliable transmission services on a non-discriminatory basis. Does KPKT&GSCPL understand that it will be able to adhere to the said provision or otherwise?
- (k). According to Section-18B of the NEPRA Act, PGC is required to fulfil a number of requirements for providing transmission and inter-connection services to the NGC and to others. Does KPKT&GSCPL understands that it will be able to adhere to the various provisions or otherwise?
- (l). Whether the infrastructure to be developed by KPKT&GSCPL as PGC will be subject to non-discriminatory open access and centralized system operation and dispatch by the system operator i.e. NPCC or NTDC as NGC as the case may be?
- (m). What type of infrastructure will be deployed by KPKT&GSCPL as PGC for the purpose of coordination, interconnection services and connecting its facilities with NGC?
- (n). Will KPKT&GSCPL as PGC adhere to the performance standards laid down by the Authority for transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any Governmental agency?
- (o). Whether the grant of Licence to KPKT&GSCPL as PGC will result in infringement of the rights of NTDC under Section-17(2) of the NEPRA Act as NGC or not?



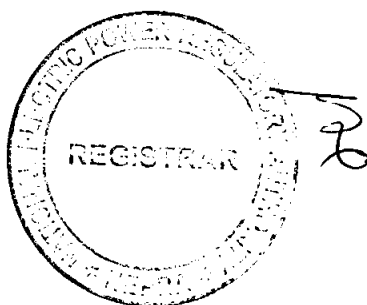


(p). If the Authority approves the grant of Licence to KPKT&GSCPL as PGC, what should be the term of the proposed Licence and its justification for the same? and

(q). Whether KPKT&GSCPL for its proposed Licence for PGC has obtained necessary/requisite authorizations from the relevant Government agencies including but not limited to Safety, Health and Environment?

(ii). The public hearing in the matter was held on February 09, 2019 wherein the stakeholders had the option to join the proceedings either through ZOOM or to participate physically at main office of the Authority at Islamabad. In this regard, the representatives of CPPAGL and NTDC joined the proceedings through ZOOM wherein the representatives of KPKT&GSCPL and Advisor to Chief Minister of KPK on Energy, joined the public hearing physically at Islamabad. The team of KPKT&GSCPL gave a detailed presentation on the background of the case and also elaborated the point of the company on different issues framed in the matter.

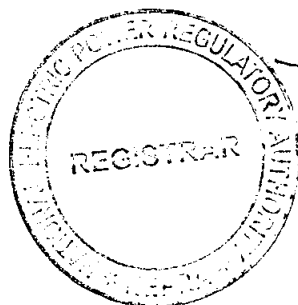
(iii). About the issue of the eligibility criteria prescribed in the NEPRA Act for the grant of Licence to act as PGC, it was submitted that the applicant/KPKT&GSCPL is a wholly owned company of the Govt. of KPK (GoKPK) and it has mandated KPKT&GSCPL to act as PGC on behalf of the Province in terms of Section-18(A) &(B) of the NEPRA Act. In view of the said, GoKPK fully supports and guarantees the KPKT&GSCPL and has provided the Letter for Guarantee of Minimum Solvency Requirements which has already been submitted with petition of PGC to the Authority. Further, KPKT&GSCPL has submitted a detailed Operations & Maintenance Manual along with the Human Resource Manual of the Company in which detailed resumes of KPKT&GSCPLs Board of Directors and its current senior and Middle Management and initial future Human Resource requirements for PGC have been foresighted and factored. Further, KPKT&GSCPL will enhance its



technical and HR capacity by hiring suitable professionals from open market to meet future infrastructure plans of KPKT&GSCPL from time to time.

(iv). About the experience of KPKT&GSCPL and its management in the electric power sector, especially in the Transmission Line(s) Business to justify itself as PGC, it was stated that the professional team of KPT&GSCPL has the competency to operate as PGC, as its professionals have the relevant experience and have served with various national and multi-national state owned and private companies. In this regard, the curriculum vitae of the senior management, technical and professional staff of KPKT&GSCPL had already been submitted with the application. Further, the Human Resource Manual has been designed to specify *inter alia*, the terms and conditions of the service of the employees whenever there is need to hire the same. It is pertinent to mention that PGC has also the option to design, engineer, procure, construct, operate and maintain the grid and transmission system through reputable duly qualified international and national contractors therefore, it can be safely assumed that company has either in-house capability or the same can be arranged through outsourcing to achieve the objectives to perform its functions as PGC. Once the licence is granted, additional highly qualified human resources with relevant industry experience will be hired. Being a self-sustained commercial entity, KPKT&GSCPL could never afford to compromise on the capabilities of its human resources. Further, KPKT&GSCPL will develop a very comprehensive Operations & Maintenance System which compliments the performance of the transmission line.

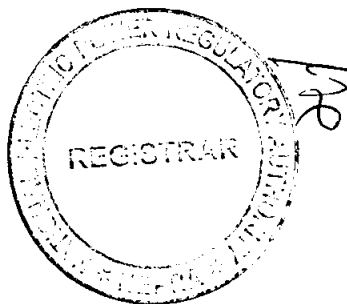
(v). Regarding carrying out any proper bankable feasibility study for the project(s) to ascertain the exact scope of work being envisaged by KPKT&GSCPL as PGC, it was stated that although proper bankable feasibility study is not a legal requirement for the grant of PGC licence under amended NEPRA Act however, KPKT&GSCPL has already carried out the detailed pre-feasibility study of the proposed project(s) to be carried out under the genesis of the scope of the PGC. Further, KPKT&GSCPL will also carry out detailed feasibility study of the projects once the scope of the projects is prioritized and firmed up. Keeping in view the potential of electricity generation through HPP(s) in the province, load requirement of the province viz-a-viz existing transmission constraints, the GoKPK under the provisions of the law has mandated the KPKT&GSCPL to construct the transmission



system in the province, not only for its own use but to help the National Grid Company and to power projects being established for the purpose of supplying electricity to the National Grid. Detailed feasibility studies on project to project basis wherever required will be carried out by PGC. In this regard, KPKT&GSCPL submitted that all the stakeholders i.e. NTDC, CPPAGL and relevant DISCO(s) etc. will be taken on board before undertaking any project.

(vi). Regarding the capability of KPKT&GSCPL to design, construct own and operate Transmission Lines having voltage level of 220 kV and 500 kV, it was submitted that KPKT&GSCPL has already initiated the process of conducting Proposed System Studies for reliable power network in the province of KPK from which the future infrastructure projects will emerge and will be identified & planned on short term and long term basis. At present, KPKT&GSCPL has successfully completed the design, construction, ownership and operation of the 11 kV feeders and few more 132 kV Transmission lines that have been completed through outsourcing as per the prescribed standards. In order to implement the projects involving 132 kV, 220 kV and 500 kV Transmission Lines the business model of outsourcing will be adopted through Consulting Engineering Firm having sufficient experience for designing rated capacity transmission line projects with accredited EPC experience for the construction of designed and rated capacity transmission facilities.

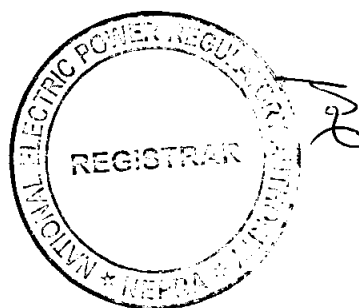
(vii). About the envisaged scope of KPKT&GSCPL as PGC to be consistent/in compliant with the scope of the proposed IGCEP, it was stated that the said plan proposed by NTDC is at the proposal stage and is to be approved from relevant government forums for it to be declared as part of the National Electricity Policy or Plan under the NEPRA Act, more particularly by the CCI. Nevertheless, the KPKT&GSCPL intends to engage with the NTDC on this account. However, if it becomes a Policy or Plan, KPKT&GSCPL is legally bound to implement and will take-up the evacuation responsibility of those generation projects which are in the scope of IGCEP in consultation with NTDC. Proposal to construct the Transmission Line(s) for the proposed hydro power projects has already been under discussion with NTDC and working level understanding is already there. It is pertinent to mention that HPP(s) are one of the cheapest sources are facing evacuation problems causing



huge losses to National Exchequer, as well as electricity consumer, which in turn is affecting the industrial development of the country in general and that of the province of KPK in particular. Therefore, KPKT&GSCPL will be helping the NGC by providing transmission facilities.

(viii). Regarding coordination with NTDC, PESCO and TESCO to avoid any duplication of work of Transmission Lines and Grid, it was submitted that PGC intends to work in collaboration with all the relevant stakeholders wherever necessary and not in isolation. PGC intends to synergize the capacity of NTDC, PESCO & TESCO wherever required. It may be relevant to highlight that power sector envisaged under the NEPRA Amendment Act, 2018, is quite liberal as on one hand it allowed PGC and on the other hand it removes the exclusivity of DISCOs. While undertaking any project that has to be connected to National Grid or distribution network of PESCO and TESCO, it cannot be done without the approval of grid interconnection by NTDC or PESCO/TESCO respectively. Hence there is no chance of any duplication of work. PGC seeks to facilitate the evacuation and transmission of power and energy from the power projects established within the Province of KPK and in this manner support the efforts of the Federal Government and the GoKPK to strengthen the transmission capacities of the transmission networks to fully utilize the generation capacities and avoid idle capacity charges. KPKT&GSCPL through various newspaper advertisements/written media has always communicated to the stakeholders/general public to work in collaborative mode with NTDC.

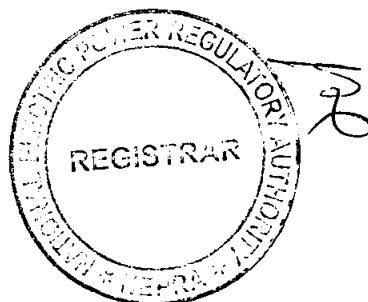
(ix). Regarding the issue of optimum utilization of RoW and coordination with stakeholders including NTDC, PESCO and TESCO, it was submitted that the issue will emerge once the project is conceived and entered into planning phase. As already intimated that the PGC intends to work in collaborative mode with all stakeholders' viz a viz government land as well as private land, therefore the RoW issue for any particular project can only be finalized once the project location is identified. KPKT&GSCPL, NTDC, PESCO and TESCO shall work in tandem and support each other efforts for resolving the RoW issues since KPKT&GSCPL has more effective outreach and local influence being a provincial entity. The PGC will have an advantage wherever Transmission Line facilities are to be provided for



industrial growth projects to implement projects that are part of provincial development plans.

(x). With regards to the required capability, expertise and other relevant skills to acquire the required RoW for the construction of the proposed Transmission Lines and raising funds for the projects, it was explained that KPKT&GSCPL being a commercial entity has the capability to raise the required funds from various commercial banks, loans from GoKPK or can also opt for Joint Venture (JV) where the private investor will be the equity partner of KPKT&GSCPL. All these models have been approved by the NEPRA Authority from time to time in respect of various projects. Further, it was submitted that the first two projects of 500 kV & 220 kV lines envisaged are included in CPEC package. It was clarified that the management of the company has already worked in past with donor and investment agencies to facilitate investment for the projects and raising of funds for these commercially viable projects should not be a problem. Grant of PGC Licence to KPKT&GSCPL shall enhance the business confidence & interest of the potential parties and financiers. KPKT&GSCPL is always fully supported by GoKPK for all its funding needs. Moreover, as and when business of KPKT&GSCPL expands as PGC, it can also arrange funding as is done by NTDC and other power sector entities.

(xi). About the adherence to the provisions of Section-18B of the NEPRA Act, it was stated that KPKT&GSCPL is fully aware of Section-18B of NEPRA Act and will adhere to the following responsibilities as PGC on a non-discriminatory basis, provide transmission and inter-connection services to the NGC and to others, wherever necessary, at such rates, charges and terms and conditions as the Authority may determine; purchase inter-connection service from the NGC as may be necessary and to connect its facilities to the National Grid at the rates, charges and terms and conditions determined by the Authority; follow the performance standards laid down by the Authority for transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any governmental agency; make available to general public the tariff specifying the Authority's approved rates, charges and other terms and conditions for transmission services; not levy any rate or charge or impose any condition for transmission of electric power which has not been approved by the Authority as a tariff; not cause a

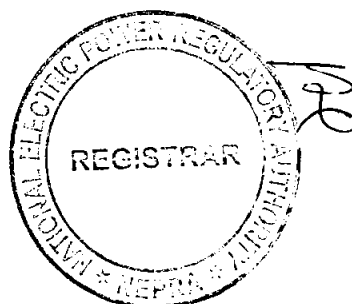




division or any associated undertaking to engage in generation and distribution; and develop, maintain and publicly make available, with prior approval of the Authority, an investment program for satisfying its service obligations and acquiring and selling its assets. Non-discriminatory open access is mandatory as per NEPRA (Wheeling of Electric Power) Regulations, 2016 which KPKT&GSCPL has to comply in anyway. KPKT&GSCPL will adhere to all the necessary requirements for providing transmission and interconnection services to the NGC and others.

(xii). The PGC will follow the policy of open access subject to the condition that it shall be technically and commercially viable. KPKT&GSCPL has already a SCADA engineer resource on board keeping in view the future requirements of the centralized system operation as its network will grow further. Wherever required, PGC will work in coordination with the NGC and the NPCC. In order to harmonize with the National Grid System, KPKT&GSCPL will strictly adhere to the approved Grid Code and complete NTDC specifications, wherever necessary. KPKT&GSCPL intends to work in coordination with NGC to support the power projects move on fast track as the NGC is already constrained and facing impediments leading to delays in evacuation of power from power projects in the Province of KPK which is cause of major concern for the Federal Government and the GoKPK. The same has been identified by the Authority in its State of Industry Report, 2017. About the compliance of the various standards, it was explained that KPKT&GSCPL as PGC will strictly comply with the performance standards laid down by the Authority or any Governmental Agency.

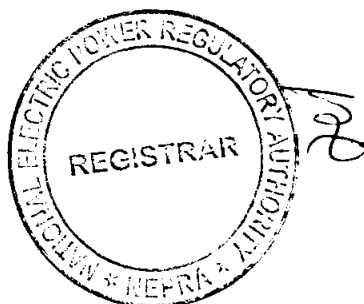
(xiii). After amendment of NEPRA Act and the proposed electricity competitive market, all the existing applicable documents of the Authority/Regulator require review. The PGC will actively participate in the development of subordinate documents and follow the approved documents. The senior professionals of KPKT&GSCPL possess diploma in Health, Safety & Environment (HSE) awarded by Pakistan Institute of Management (PIM) and a course of Institution of Occupational Safety & Health (IOSH). The said professionals conduct periodic training of Operations & Maintenance staff of KPKT&GSCPL to ensure health & safety at all levels. Zero fatalities/ injuries throughout the current 132 kV Transmission Line project during the execution and operation and maintenance of the transmission line



till date due to stringent monitoring of health & safety of the O&M staff. KPKT&GSCPL being PGC seeks its first right to establish new transmission line network in the jurisdiction of KPK in collaboration with NTDC to avoid duplication and overlapping of network. KPKT&GSCPL is very well cognizant with the importance of National Grid. Each project will be planned and executed in coordination with NTDC, wherever required. Section-18A of the NEPRA Act enables, entitles and permits establishment of PGC and grant of licence thereto. KPKT&GSCPL as PGC will focus on new/distressed transmission line projects and therefore, rights of NTDC as per Section-17(2) of the NEPRA Act will remain the same. The PGC does not intend to interfere the current infrastructure of NGC. It is pertinent to mention that under Article-157(2) of the Constitution of Islamic Republic of Pakistan, the Government of a province may—(a). to the extent electricity is supplied to that province from the National Grid, require supply to be made in bulk for transmission and distribution within the province; (b). levy tax on consumption of electricity within the province; (c). construct power houses and grid stations and lay transmission lines for use within the Province; and (d). determine the tariff for distribution of electricity within the Province. Hence, a province enjoys constitutional right of construction, operation and wheeling of transmission and distribution facilities and electric power services as the case may be, within its territorial jurisdiction.

(xiv). About the term of the proposed licence, it was submitted that generally the Transmission Line projects feasible lifecycle is 25-30 years therefore the initial term of PGC should be at-least of 30 years which is also at par with the current transmission licence of NTDC, PGC of Govt. of Sindh and SPTL(s) granted to other companies.

(xv). Regarding, health and safety concerns if any as well as environmental reviews are addressed when the detailed studies are carried from project to project and no general authorization is required. However, individually companies opt for Health & Safety trainings for their individual staff. Likewise, periodic trainings are being provided to KPKT&GSCPL staff as well. GoKPK has already mandated KPKT&GSCPL to act as PGC for the province of KPK which has also been ratified by the Cabinet of KPK, subject to the grant of PGC licence by the Authority. It was also stated that once the project(s) is identified and finalized, authorization of



Environmental Protection Agency, Govt. of KPK (EPAGoKPK) for environmental impact assessment will be conducted and the required approval/no objection certificate will be obtained from EPAGoKPK on project to project basis.

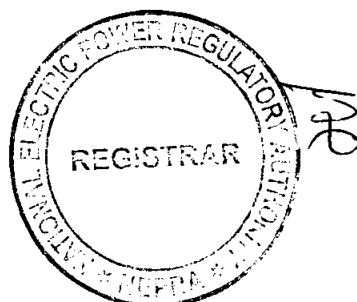
(xvi). The Authority considered the above submissions of the KPKT&GSCPL and found the same plausible and accordingly, considered it appropriate to proceed in the matter as stipulated in the NEPRA Act and regulation.

#### **(D). Findings & Analysis of the Authority**

(i). The Authority considered and examined the submissions of KPKT&GSCPL including the information provided with its application, comments of the stakeholders, rejoinder submitted, the relevant regulation(s) in the matter. The observations and findings of the Authority in the matter are explained in the following paragraphs.

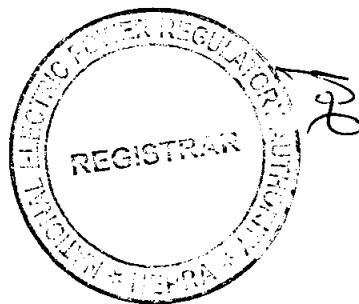
(ii). The applicant i.e. KPKT&GSCPL is an entity incorporated under Section-16 of the Companies Act, 2017 (XIX of 2017), having Corporate Universal Identification No. 0149274, dated March 13, 2020. It is a private limited company owned by the GoKPK having its registered/business office at 1<sup>st</sup> floor, Block-A, Abdul Wali Khan Multiplex, Civil Secretariat Peshawar. According to the Memorandum of Association of the company, its main objectives, *inter alia*, includes the business of laying of transmission lines as envisaged under the NEPRA Act.

(iii). In this regard, Section-18A of the NEPRA Act, *inter alia*, stipulates that the Authority may grant a licence authorizing a company owned by a Provincial Government to engage in the transmission of electric power within the territorial limits of such Province, provided that only one such licence shall be granted for each Province at any one time. In this regard, the said Section prescribes the eligibility criteria for grant of such licence which includes (a). minimum solvency requirements; and (b). minimum technical and human resource requirements. In terms of Section-2 (xxii) of the NEPRA Act, the said criteria is to be prescribed by the Federal Govt. through rules which are not in place at moment. The said eligibility criteria have been fulfilled and the relevant documents have been provided by the applicant. Notwithstanding what has been stated hereinabove, the clause (c) of Article 157 (2)



of the Constitution of Pakistan confers constitutional right to the provincial governments to carry out transmission business in their respective provinces. Further, the provision of setting up of PGC i.e. Section-18A was incorporated in the NEPRA Act through amendments dated May 02, 2018. According to the said, the Federal Government was required to frame the rules prescribing the "Eligibility Criteria" for the PGC(s) which once prescribed shall be applicable to all the PGC(s) including the Applicant/KPKT&GSCPL. In this regard, the Authority refers to the pronouncements of the Superior Courts of Pakistan, wherein it has been determined that absence of the rules or inaction of the government functionaries to frame rules cannot be held to be prejudicial to the rights of the other party. In view of the said, the Authority is of the considered opinion that the Applicant/KPKT&GSCPL cannot be refused the licence of PGC in absence of the required rules. The said determination of the Authority is strengthened from the fact that the GoKPK has confirmed to undertake that it will comply with the requirement of the "Eligibility Criteria" without any exception once it is prescribed by the Federal Govt.

(iv). Further to the above, Section-18B of the NEPRA Act, prescribes various responsibilities of PGC including (a). to operate and provide safe and reliable transmission services on a non-discriminatory basis, including to a Bulk-Power Consumer which proposes to become directly connected to its facilities; (b). providing transmission and inter-connection services to the NGC and to others, wherever necessary, at such rates, charges and terms and conditions as the Authority may determine; (c). purchasing inter-connection service from the NGC as may be necessary and to connect its facilities to the national transmission grid at the rates, charges and terms and conditions determined by the Authority; (d). follow the performance standards laid down by the Authority for transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any Governmental agency; (e). make available to the general public the tariff specifying the rates, charges and other terms and conditions for transmission services approved by the Authority; (f). not levy any rate or charge or impose any condition for the transmission of electric power which has not been approved by the Authority as a tariff; (g). not cause a division or any associated undertaking to engage in generation and distribution; and (h). develop, maintain and publicly make available,

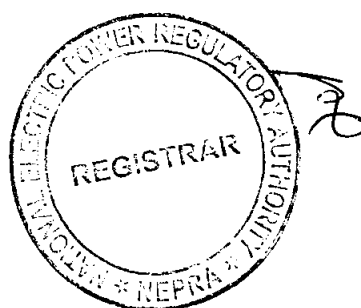


with the prior approval of the Authority, an investment program for satisfying its service obligations and acquiring and selling its assets. In this regard, KPKT&GSCPL has confirmed that all the above provisions shall be complied with, without any exception.

(v). The Authority has observed that CCI has been established under Article-153 of the Constitution whereas its functions and powers are provided in Article-154 of the Constitution. Legislative subjects under Part-II of the Federal Legislative List require a coordinated and intergovernmental policy. CCI is empowered to formulate and regulate policies in relation to matters enumerated in Part-II of the Federal Legislative List and to exercise supervision and control over related institutions. Electricity is listed at Serial No. 4 of Part-II of the Federal Legislative List. Importantly, Article 70 of the Constitution confers absolute right to Parliament to legislate freely on matters in its domain. The same article is neither subject to any other Article of the Constitution nor is it subservient to any other article in the Constitution. Keeping in view, this supreme and unfettered power to legislate enabled the Parliament to pass an amendment in the NEPRA Act in the year 2018. Pursuant to such amendment Section-18A&B were included in the NEPRA Act, which permitted the establishment of PGC and also empowered the Authority to issue a licence in this regard.

(vi). According to the information provided by the company, the scope for the PGC include will include construction of various transmission lines of different voltage level for evacuating electric power from the proposed HPP(s) (a). Chitral region (of 2964 MW); (b). Dir region (508 MW); (c). Kohistan region (2054 MW); (d). Swat Region (1076 MW) and (e). Manshera region (736 MW). In this regard, KPKT&GSCPL has confirmed that proper feasibility study for each project will be carried out in consultation with all the relevant stakeholders. In view of the said, the Authority decides to include the said provision pertaining to carrying out of the feasibility study of each and every project, in the proposed terms and condition of the licence.







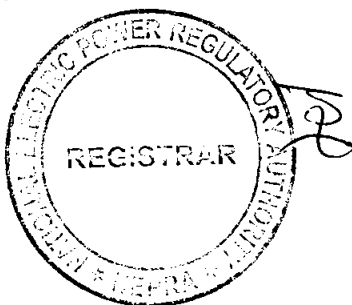
(vii). KPKT&GSCPL has also confirmed that the Initial Environmental Examination (IEE)/Environmental Impact Assessment (EIA) for each of the project will be carried out, once any of the project as explained above is initiated and necessary approval will also be obtained. About the term of the proposed Transmission Licence of KPKT&GSCPL as PGC, the Authority considers that transmission lines and other related infrastructure have a useful life of more than thirty (30) years and accordingly the same may be considered as a benchmark for setting the term of the proposed licence.

(viii). Regarding the tariff/Use of System Charges (UoSC) of KPKT&GSCPL as PGC, it is hereby clarified that under Section-7(3)(a) of the NEPRA Act, determining tariff, rate and charges etc. is the sole prerogative of the Authority. In this regard, PGC will be required to submit a petition for tariff under the NEPRA Act, relevant rules and regulation, for determination of its tariff/UoSC.

#### **(E). Grant of Licence for PGC**

(i). The sustainable and affordable energy/electricity is a key prerequisite for socio-economic development of any country. In fact, the economic growth of any country is directly linked with the availability of safe, secure, reliable and cheaper supply of energy/electricity. In view of the said reasons, the Authority is of the considered opinion that for sustainable development, all types of resources especially the indigenous should be utilized for generation of electric power and the required infrastructure for transmission and distribution must also be developed to utilize the generated/available electric power.

(ii). The Authority also considers that the ultimate dream of safe, secure, reliable and cheaper supply of energy/electricity for the end consumer can only be realized if the complete supply chain of electric power including generation, transmission, distribution and supply is complete and robust. In this regard, the Authority is of the considered opinion that in the previous years a lot of investment has been made in the generation segment of the supply chain of electric power however, the required level of investment in the remaining segments of transmission, distribution and supply could not be made. Resultantly, the full benefits of the addition

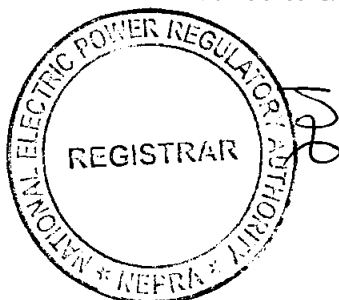


in capacity in the generation segment has not been achieved. This is primarily due to the fact that transmission, distribution and supply segments are mainly controlled by the public sector entities and have their limitation to arrange the required amount of funds to carry out the expansion(s) required in this regard. Lately, there has been a few instants whereby private sector entities and provincial Govt. have entered into these segments specially transmission business for which the Authority has granted Special Purpose Transmission Licences.

(iii). As explained in the preceding paras, in the last decade a considerable investment has been made in the generation segment of the country especially in the Renewable Energy (RE) sector of the country including Hydel resources. In this regard, a significant potential of the hydel resources are located in northern part of the country in the province of KPK. Although significant efforts are being made to enhance the share of hydel in the overall energy mix of the country but availability of the required transmission and grid is proving to be a handicap for addition of more such resources. In this regard, the Authority has observed that even the existing HPP(s) based generation facilities are facing numerous issues pertaining to dispersal of electric power due to relatively weak infrastructure in the north of the country including curtailment of power during peak season. In view of the said, the Authority is of the considered opinion that there is huge scope for investment in the transmission segment of the electric power sector of the country.

(iv). The latest amendments in the NEPRA Act visualize development of a competitive and sustainable electric power market with special emphasis on the development of renewable energy. The said amendments envisage a number of new concepts/licences including Captive Generation, PGC, Market Operator Licence, Electric Power Trader, Electric Power Supplier, System Operator licence and Registration etc. In terms of Section-18A of the NEPRA Act, the Authority may grant a licence authorizing a company owned by a Provincial Government to engage in the transmission of electric power within the territorial limits of such Province.

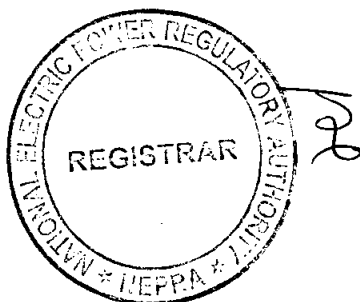
(v). In accordance with the provisions of Section-18A, GoKPK through its 100% owned subsidiary in the name of KPKT&GSCPL has approached the Authority for the grant of a Transmission Licence to act as PGC. In this regard, the Authority



has considered the submissions made by KPKT&GSCPL in its application and comments of the stakeholders received in this regard. In view of the importance of the matter, the Authority conducted a public hearing in the matter duly discussing the various issues arising out of the application. The determination of the Authority on the various issues has been given in the following paragraphs.

(vi). The Authority has considered the comments of the stakeholders and has observed that PPDB has supported the grant of licence to KPKT&GSCPL as PGC whereas, CPPAGL and NTDC have raised various observations as explained in the preceding paragraphs. It is pertinent to mention that during the course of public hearing both CPPAGL and NTDC conceded that PGC can be granted as the same is permissible/allowed under the NEPRA Act subject to fulfilment of the "Eligibility Criteria". In this regard, the preliminary concern raised by CPPAGL and NTDC in their comments was the lack of the "Eligibility Criteria" which according to NEPRA Act is to be prescribed by the Federal Govt. for the grant of PGC licence and includes (a). Minimum solvency requirements; and (b). Minimum technical and human resource requirements. In this regard, the Authority considers that although Federal Govt. has not prescribed the said eligibility criteria but at the same time the concerned provincial Govt. has agreed that whatever the criteria will be prescribed, it shall be followed in letter and spirit. In view of the said, the Authority despite the absence of the eligibility criteria does not consider it as a prohibition for the grant of licence to KPKT&GSCPL to act as PGC.

(vii). Moreover, NTDC has raised objection that until the policy under Section-14A(1) & 2(c) of the NEPRA Act is formulated, the licence to KPKT&GSCPL as PGC cannot be issued. According to the said sections of NEPRA Act, the Federal Government to formulate a policy for integration of the national and provincial transmission systems subsequent to consultation of the CCI. The Authority is of the view that by imposing this condition and waiting until such policy is made, the operation of Section-18A of the NEPRA Act cannot be made redundant. Therefore, the functionality of Section-18A of the NEPRA Act cannot be estopped by creating any hindrances. Further, in case the Parliament intended that Section-18A of the NEPRA Act, shall be operational due to any contingency contained in Section-14A (1) and 2(c) of the NEPRA Act or any other section for that matter, then the Parliament

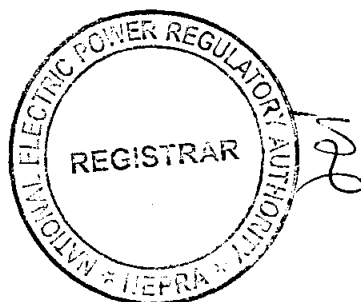




could have incorporated a sunset clause or provision to that effect. The Applicant/ KPKT&GSCPL during the processing of this application has categorically submitted that if such a policy is formulated by the Federal Government at a later stage then it shall fulfil the requirements contained in prospective policy formulated under Section-14A(1) and 2 (c) of the NEPRA Act.

(viii). About the experience of the applicant/KPKT&GSCPL and its management in the Electric Power Sector, especially in the Transmission Line Business to justify itself as PGC, the Authority has observed that the current experience of KPKT&GSCPL is restricted only to the owning, construction, operation and management of a few 11 kV and 132 kV Transmission lines constructed through outsourcing. The Authority has observed that the scope of PGC is much wider as compared to the work already executed by the provincial Govt. however, GoKPK through its Advisor to Chief Minister on Energy who participated in the public hearing has confirmed that for the future projects, services of reputable local and international consultants will be engaged at all levels to make up for any lack of experience. In this regard, the Authority considers that deployment/hiring of consultants for the implementation of the large infrastructure projects is an industry norm which not only result in acquisition of required expertise but enhances the probability of the success of the projects. In view of the said, the Authority directs KPKT&GSCPL to engage the services of the reputable consultants through a competitive and transparent process for the proposed scope being envisaged as PGC.

(ix). Regarding the bankable feasibility study for the projects envisaged to be carried out as PGC, the representatives of KPKT&GSCPL during the public hearing, conceded that at present only the general scope has been identified and proper feasibility studies in this regard are still to be carried out. The Authority considers that before carrying out any project, a proper bankable feasibility study is a pre-requisite. Accordingly, the Authority directs KPKT&GSCPL to prepare bankable feasibility study of each project through reputable consultants before taking any project in hand as PGC.

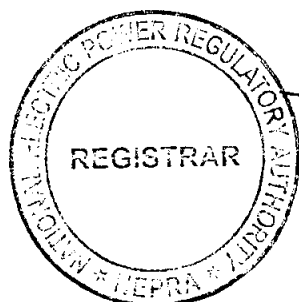


(x). On the capability to design, construct own and operate Transmission Lines having voltage level of 220 kV and 500 kV, it was submitted that KPKT&GSCPL does not possess the required capability but the same will be acquired by hiring suitable consultants and contractors as was done in the case of its earlier project of 11 KV and 132 kV transmission lines. In this regard, the Authority considers it appropriate directing KPKT&GSCPL that before embarking on any project of 220 kV or 500 kV to not only engage experienced and reputable consultant but also to have close liaison with NTDC so that the equipment of suitable specification are selected and the same are integrated with system of National Grid without causing any problem.

(xi). About the envisaged scope of KPKT&GSCPL as PGC and its integration with the scope of the proposed IGCEP, KPKT&GSCPL confirmed if the said plan is approved by the competent forum and becomes a binding document, it will be followed in letter and spirit. In this regard, the Authority considers that IGCEP is an offshoot of the Grid Code and is a binding document for KPKT&GSCPL. Therefore, once the Authority approves it will be obligatory on the part of KPKT&GSCPL to comply with the same without any exception.

(xii). Regarding coordination with NTDC, PESCO and TESCO, the company/KPKT&GSCPL confirmed that before carrying out any work of construction of any Transmission Line or grid station as envisaged in the scope of the PGC, proper coordination will be made to avoid any duplication of work. The Authority considers that coordination between all the above mentioned entities is very important and therefore directs KPKT&GSCPL to have a proper coordination so that there is no duplication of effort and wastage of resources including best utilization of ROW for the future project(s) in the province as well as in the country.

(xiii). As regards the capability, expertise and other relevant skills to acquire the required RoW and arranging of funds for the construction of the proposed Transmission Lines, KPKT&GSCPL confirmed that it has all the requisite capability and expertise to arrange the RoW and approach commercial banks to arrange the necessary funds as had been done for its project already operational. The Authority



considers that the submissions made are plausible and the company has the requisite capability and experience to acquire RoW and arranging funds for the proposed project(s).

(xiv). On the issue of the terms and condition prescribed in Section-18B of the NEPRA Act for PGC, the company/KPKT&GSCPL has confirmed that all the said provisions will be adhered to. The Authority considers that submission of the KPKT&GSCPL are plausible however, the company is directed to follow provisions of Section-18B of the NEPRA Act.

(xv). As explained in the preceding paragraphs, KPKT&GSCPL has confirmed that as PGC it will adhere to the performance standards laid down by the Authority for transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any Governmental agency. Further, KPKT&GSCPL also confirmed that it will obtain necessary/requisite authorizations from the relevant Government agencies including but not limited to safety, health and environment for any of the project that will be initiated. The Authority hereby directs KPKT&GSCPL to follow the standard norms and good utility practices and seek proper approval from the relevant agencies when initiating any of the project envisaged in the scope of the PGC.

(xvi). About the term of the proposed licence, as explained in the preceding paragraphs, the infrastructures pertaining to transmission lines and grid station normally have a useful life of more than thirty (30) years. The Authority has considered the same benchmark while granting licences for NGC, PGC and SPTLs. In this regard, KPKT&GSCPL has confirmed that infrastructure to be laid under the proposed scheme of arrangement will have a useful life of 30-50 years but has consented that the term of the proposed licence for PGC may be fixed to thirty (30) years. In view of the consent of the KPKT&GSCPL and previous determinations made for similar cases, the Authority hereby fixes the term of the licence of KPKT&GSCPL as PGC to thirty (30) years.




(xvii). Regarding the tariff, it is hereby clarified that under Section-7(3)(a) of the NEPRA Act, determining tariff, rate and charges etc. is the sole prerogative of the Authority. Accordingly, the Authority directs KPKT&GSCPL to file a petition for determining of Use of System Charge of its Transmission Line project(s) as stipulated in the relevant rules.


(xviii). In view of the above, the Authority hereby approves the grant of Transmission Licence to KPKT&GSCPL to act as PGC for the province of Khyber Pakhtunkhwa, on the terms and conditions set out in the 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. Rafique Ahmed Shaikh  
(Member)

  
26/2/21


Engr. Rehmatullah Baloch  
(Member)

  
26/2/21

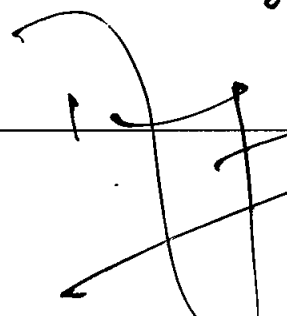
Engr. Bahadur Shah  
(Member)

  
26/2/21

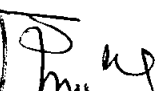
Saif Ullah Chattha  
(Member/Vice Chairman)

  
26.2.2021  
SF

Engr. Tauseef H. Farooqi  
(Chairman)

  
26/2/2021



  
0.

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

**TRANSMISSION LICENCE  
PROVINCIAL GRID COMPANY**

**No. PGCL/02/2021**

In exercise of the powers conferred under Section-18A of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, the Authority hereby grants Transmission Licence as Provincial Grid Company to the company having particulars as follows:-

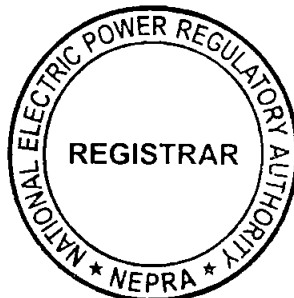
**KHYBER PAKHTUNKHWA TRANSMISSION & GRID SYSTEM  
COMPANY (PVT.) LIMITED**

Incorporated under Section-16 of  
the Companies Act, 2017 (XIX of 2017) Having Corporate Universal  
Identification No. 0149274, dated March 13, 2020

to engage in Transmission Business for its Different Projects to be Executed as a Provincial Grid Company in the Province of Khyber Pakhtunkhwa subject to and in accordance with the Articles of this Licence.

Given under my hand on 26<sup>th</sup> day of February Two Thousand & Twenty-One and expires on 25<sup>th</sup> day of February Two Thousand & Fifty-One.

  
Registrar

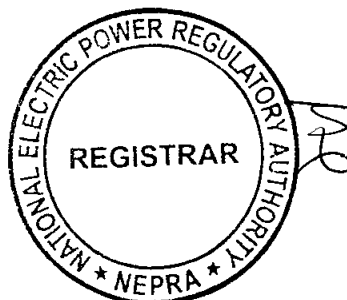




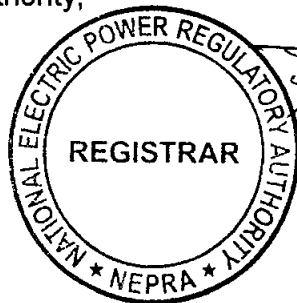
**Article-1**  
**Definitions**

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

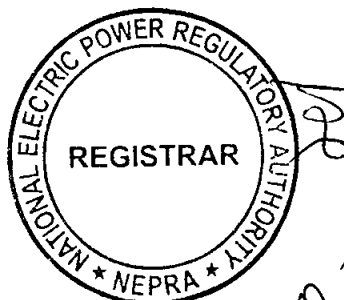
- (a). **"Act"** means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) as amended from time to time;
- (b). **"Affiliate"** in relation to any person, means any person who owns or controls, or is owned or controlled by, or is under common ownership or control with, that person, and for the purpose of this definition: -
- (i). **"control"** means the right, power or ability to influence or determine any decision in respect of the conduct of affairs of the person under control; and
- (ii). **"ownership"** means the ownership or the right to own the shares or voting securities of the person owned;
- (c). **"Ancillary Services"** means the services ancillary or incidental to the safe, reliable, stable and efficient availability and utilization of electrical energy and net capacity and include without limitation, the following, namely: -
- (i). energy imbalance service;
- (ii). spinning reserve service;
- (iii). supplemental reserve service;
- (iv). reactive supply and voltage control service; and
- (v). regulation and frequency response service;



- (d). **"Applicable Documents"** mean the Act, the rules and regulations framed by the Authority under the Act, any documents or instruments issued or determinations made by the Authority under any of the foregoing or pursuant to the exercise of its powers under the Act, the Grid Code, the applicable Distribution Code, the Commercial Code if any, or the documents or instruments made by the Licensee pursuant to its generation licence, in each case of a binding nature applicable to the Licensee or, where applicable, to its affiliates and to which the Licensee or any of its affiliates may be subject;
- (e). **"Authority"** means the National Electric Power Regulatory Authority constituted under Section-3 of the Act;
- (f). **"Commercial Code"** means the commercial code prepared CPPAGL in terms of National Electric Power Regulatory Authority (Market Operator, Registration, Standards and Procedure) Rules, 2015 as amended or replaced from time to time;
- (g). **"Commercial Operations Date (COD)"** means the day immediately following the date on which the transmission facility of the Licensee is commissioned;
- (h). **"CPPAGL"** means the Central Power Purchasing Agency (Guarantee) Limited or any other entity created for the like purpose;
- (i). **"Distribution Code"** means the distribution code prepared by the concerned XW-DISCO and approved by the Authority, as it may be revised from time to time with necessary approval of the Authority;



- (j). **"Grid Code"** means the grid code prepared and revised from time to time by NTDC with necessary approval of the Authority;
- (k). **"Laws"** include all statutes, rules and regulations made pursuant thereto, judicial decisions, in each case as may be notified to the Licensee or its Affiliates;
- (l). **"Licence"** means this transmission licence granted to the Licensee to act as Provincial Grid Company (PGC);
- (m). **"Licensee"** means Khyber Pakhtunkhwa Transmission & Grid System Company (Pvt.) Limited or its successors or permitted assigns;
- (n). **"NTDC"** means National Transmission and Despatch Company Limited and its successors or permitted assigns which has granted a Transmission Licence (No. TL/01/2002, dated December 31, 2002 and amended/modified from time to time) under Section-17 and Section-7(4) of the Act;
- (o). **"PESCO"** means Peshawar Electric Supply Company Limited or its successors or permitted assigns;
- (p). **"Public Sector Entity"** means any authority, agency, division or instrumentality of the Federal or Provincial Government or a local authority but does not include the Authority;
- (q). **"Regulations"** means the National Electric Power Regulatory Authority regulations made under Section-47 of the Act;
- (r). **"Rules"** means the National Electric Power Regulatory Authority rules made under Section-46 of the Act;





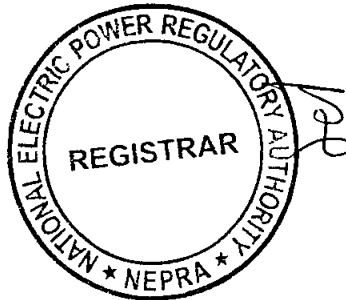
- (s). "TESCO" means Tribal Areas Electricity Supply Company Limited or its successors or permitted assigns;
- (t). "Transmission Business" means the business of transmission of electric power carried on or to be carried on by the Licensee pursuant to and in accordance with the terms of this Licence in planning, development, construction and maintenance of the transmission facilities of the Licensee and operation of such facilities for the transmission of electric power including the inter-connection services;
- (u). "XW-DISCO" means "an Ex-WAPDA distribution company engaged in the distribution of electric power".

1.2 The words and expressions used but not defined herein bear the meaning given thereto in the Act or in the Rules.

**Article-2**  
**Grant of Licence**

2.1 This Licence is granted to the Licensee in terms of Section-18A of the Act and the Applicable Documents to engage in the transmission of electric power within the territorial limits of the province of Khyber Pakhtunkhwa, as set out in Schedule-I to this Licence.

2.2 The details specific to the transmission facilities of the Licensee, including length of line, transmission line type (underground/overhead), connecting grids, technical limits, technical functional specifications and other information are set out in Schedule-II of this Licence.



**Article-3**  
**Licence fee**

The Licensee shall pay to the Authority the Licence fee, in the amount, manner and time specified in the relevant rules or regulations as amended or replaced from time to time.

**Article-4**  
**Term and Renewal of Licence**

4.1 This Licence shall become effective from the date of its issuance and will have a term of thirty (30) years from the said date. The Authority may renew this Licence for such further term as deemed appropriate subject to the provisions of the relevant regulations.

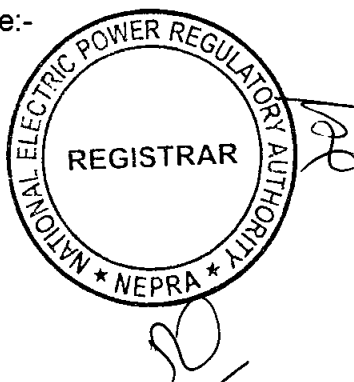
4.2 While considering renewal of Licence the Authority may keep in view the performance of the Licensee during the then expiring term and the interests of consumers and the electric power industry as a whole.

**Article-5**  
**Revocation and Suspension**

5.1 The Authority may suspend or revoke this Licence upon the persistent failure of the Licensee to comply with the terms and conditions of the Licence as stipulated in Section-28 of the Act.

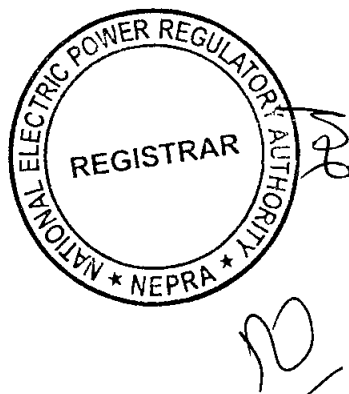
5.2 The Authority shall determine, on a case to case basis, the degree of recurrence of a specific breach of any term or condition of this Licence, provided that a breach shall be deemed to be recurring on a daily basis where the effects of breach are continuing beyond the time of breach and no measures for rectification thereof are undertaken by the Licensee to the satisfaction of the Authority.

5.3 Subject to the provisions of Sub Article-5.2 and 5.4, the occurrence of the following events shall constitute failure of the Licensee to comply with the terms and conditions of this Licence:-

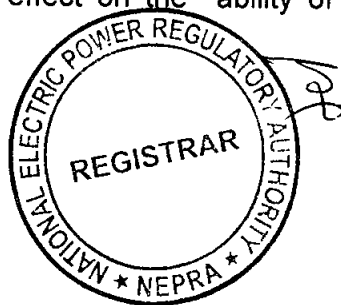


- (a). failure of the Licensee to pay the Licence fee when due;
- (b). a breach by the Licensee of any of the provisions of the Applicable Documents which materially and adversely affects the standards, price and quality of service, the reliability and integrity of the transmission facilities, distribution systems or any generation facility, or the safe and efficient operation of the electric power industry, save where such breach occurs without the willful or negligent default of the Licensee;
- (c). failure of the Licensee to prepare or adhere to any codes, programmes or manuals required to be prepared by the Licensee and, where applicable, obtain approval of the Authority, where such failure has a material adverse effect on the performance by the Licensee of its obligations under the Applicable Documents;
- (d). except for the purposes of an amalgamation, reconstruction or re-organisation of the Licensee approved by the Authority, the occurrence of any of the following events:-
  - (i). the passing of a resolution by the shareholders for the winding-up of the Licensee, with the majority required under the Companies Act, 2017 (XIX of 2017), as amended or replaced from time to time, to give effect to such resolution;
  - (ii). the appointment of a receiver, official assignee or administrator of the affairs of the Licensee which appointment has not been set aside or stayed within ninety (90) days of the date of such appointment; or



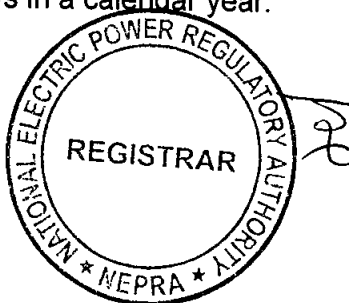


- (iii). the making by a court of competent jurisdiction of an order for the winding-up of the Licensee that has not been stayed or set aside within thirty (30) days of the date of the order;
- (e). abandonment by the Licensee of the operation of the Transmission Business or any part thereof;
- (f). the incurring by the Licensee of cumulative operating losses in an amount which materially and adversely affects, or is likely to affect, the financial viability of the Licensee and which disables or is likely to disable the Licensee from carrying out its Transmission Business and the failure of the Licensee to implement measures for improvement of its financial position within the time limit and with the results specified in this behalf by the Authority;
- (g). the assignment or transfer of this Licence or the transfer, conveyance, loss or relinquishment by the Licensee of the ownership or control or the right to own, control or operate the Transmission Business or any material part thereof without an authorization in accordance with the provisions of the Act or this Licence, except where such transfer, conveyance, loss or relinquishment is effected pursuant to a contract approved by the Authority for the management or operation of the transmission facilities by a person other than the Licensee;
- (h). any statement or representation made or information provided by the Licensee in the application for this Licence or subsequently on the directions of the Authority or pursuant to any Applicable Documents proving to have been incorrect, inaccurate or misleading in any material aspect and having a material adverse effect on the ability of the Licensee to perform its obligations



under this Licence or causing the Authority to issue or renew this Licence in the belief of the accuracy and correctness of such statement, representation or information irrespective of whether or not the Authority would have issued this Licence if it had knowledge of the inaccuracy of such statement, representation or information;

- (i). the exercise by the lenders, if any, of the Licensee of their remedies under the documentation relating to loans by such lenders in respect of the Transmission Business, where the exercise of the remedies renders the Licensee incapable of performing its obligations in its own right under this Licence or the Applicable Documents including, without limitation, the removal of the management of the Licensee from the control of the Transmission Business and the failure of the Licensee to obtain approval of the Authority for the appointment of the successor management within one hundred and twenty (120) days after such removal;
- (j). any default by the Licensee in the making of any payment, other than the Licence fee, required to be made by it under the Applicable Documents within ninety (90) days of the due date thereof; or
- (k). failure of the Licensee to comply with the objects, terms and articles of this Licence due to supervening impossibility notwithstanding the best efforts of the Licensee to comply, where such non-compliance continues for a period of ninety (90) days consecutively or for a cumulative period of one hundred and twenty (120) days in a calendar year.



**5.4** Notwithstanding the provisions of this Article, the Authority shall not revoke or suspend this Licence where the Licensee demonstrates to the satisfaction of the Authority that the breach of the terms of the Licence is a direct result of the failure of the Licensee to obtain consent or its renewal except where such consent is not granted or renewed because of the failure or inability of the Licensee to comply with the laws in relation to such consent or renewal and without providing an opportunity of hearing.

**5.5** Any decision to suspend or revoke this Licence shall be taken in accordance with the Act and the Applicable Documents.

**Article-6**  
**Procurement of Electric Power**

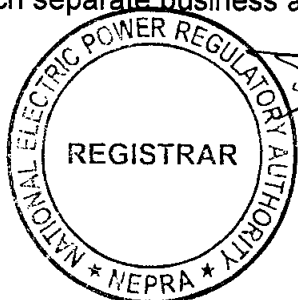
**6.1** The Licensee shall ensure that neither it nor any of its Affiliates or related undertakings on its own or in concert with others purchases electric power for the purpose of sale to a third party.

**6.2** The Licensee shall not take any measure to prevent or unduly delay changes to Applicable Documents to which it is a party and are required for the development of competitive electricity market and complete and timely enforcement and operation of competitive electricity market.

**Article-7**  
**Accounting Practices and Audit**

**7.1** Subject to and in accordance with the terms of this Licence, the Licensee shall prepare the accounts of its business and other businesses, if any, in accordance with the Act and the Applicable Documents.

**7.2** The Licensee shall ensure that the Licensee and each of its Affiliates maintains accounting and financial reporting arrangements which enable separate accounts to be prepared for each separate business and showing the financial affairs of each such separate business as if it was a separate company so that the

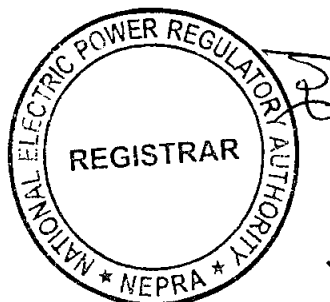


revenues, costs, assets, liabilities, capital, reserves and provisions of or reasonably attributed to, each separate business are separately identifiable in the books of the Licensee and its Affiliates from those of any other business, in sufficient detail.

**7.3 The Licensee and any of its Affiliates shall:-**

- (a). maintain and preserve the books of account and accounting records in respect of each financial year for a period of five(5) years; and
- (b). prepare on a consistent basis for such financial records in respect of each financial year, accounting statement comprising of a profit and loss account, balance sheet and a statement of source and application of funds, together with notes thereto, and showing separately in respect of each separate business and in appropriate detail the amounts of any revenue, costs, assets, liability, reserve or provision which has been either:-
  - (i). charged from or to any other business, whether or not a separate business, together with a description of the basis of that charge; or
  - (ii). determined by apportionment or allocation between any separate business together with a description of the basis of the apportionment or allocation.

**7.4** 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 specified in this behalf by the Authority through a notification in the official Gazette, for the audit of the accounts of the Licensee, where the Authority has reason(s) to believe that the accounts provided to the Authority by the Licensee do not provide a complete, true



and fair view of the Transmission Business or any separate 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.

**7.5** The costs of audit as referred to in Sub Article-7.4 shall be borne by the Licensee.

**7.6** The Licensee shall ensure that the accounting statements in respect of each financial year prepared under Sub Article-7.3 (b) and report of the Auditor in respect of each financial year are made available to any person requesting them at a price not exceeding fair copying charges.

#### **Article-8** **Open Access**

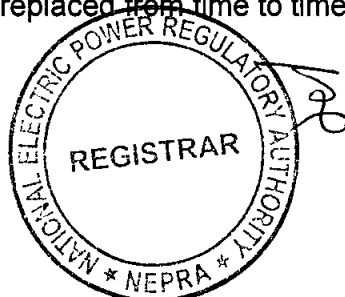
**8.1** Subject to Section-18B of the Act, the Licensee shall offer its transmission and inter-connection services to NTDC and others on such terms and conditions as may be determined by the Authority.

**8.2** The Licensee in consultation with NTDC shall administer access (offer to connect) to its transmission facilities in a fair, transparent and open manner setting out rules, policies, procedures and charges as described in this Licence or Applicable Documents to be developed by the Licensee and approved by the Authority.

#### **Article-9** **Tariff**

**9.1** The Licensee shall submit to the Authority a petition for determination of tariff/use of system charge in respect of its transmission business at least one hundred and eighty (180) days before starting any project.

**9.2** The Authority shall determine tariff in respect of the transmission business of the Licensee pursuant to NEPRA (Tariff Standards and Procedure) Rules, 1998 (as amended or replaced from time to time).





**9.3** The Licensee shall make available to general public the tariff specifying the rates, charges and other terms and conditions for transmission and inter-connection services determined/approved by the Authority.

**Article-10**  
**Grid Code**

The Licensee shall comply with the provisions, terms & conditions of the Grid Code (as amended from time to time), prepared by the NTDC and approved by the Authority.

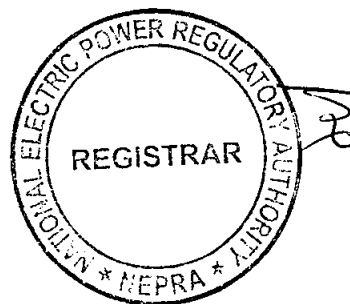
**Article-11**  
**Compliance with Distribution Codes**

**11.1** The Licensee shall comply with the relevant provisions of the Distribution Code of the concerned distribution licensee to the extent applicable to the Licensee in the discharge of its obligations under this Licence.

**11.2** The Licensee shall comply with any request of a distribution company with respect to its obligations to comply with the Distribution Code as long as such compliance by the Licensee is not in violation of the Grid Code.

**Article-12**  
**Commercial Code**

The Licensee shall comply with all relevant provisions in the Commercial Code approved by the Authority relevant to transmission, reliable operation, balancing and Ancillary Services and provision of information to CPPAGL.



**Article-13**  
**Acquisition and Disposal of Assets**

The Licensee shall not, except under prior authorisation of the Authority, sell or dispose in any manner any tangible assets comprised in the transmission facilities or any intangible assets accruing or likely to accrue to the Licensee from the Transmission Business.

**Article-14**  
**Compliance with Performance Standards**

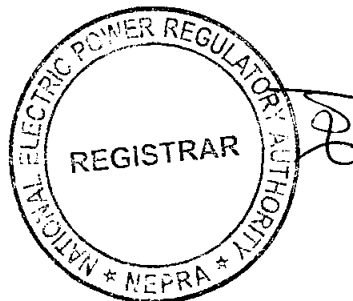
The Licensee shall comply with the relevant provisions of the National Electric Power Regulatory Authority Performance Standards (Transmission) Rules, 2005, as amended or replaced from time to time.

**Article-15**  
**Security Standard and Quality of Service**

**15.1** The Licensee shall plan, construct, own, operate and maintain its transmission facilities in accordance with the Grid Code and subject to the approval of the Authority.

**15.2** Within three (03) months after the end of each financial year the Licensee shall submit to the Authority a report providing details of the performance of the Licensee during the previous financial year in maintaining the security, availability and quality of service of its transmission facilities.

**15.3** The criteria referred to in the Sub Article-15.2, against which the performance of the Licensee will be measured will be set out in a statement drawn up consistent with the NEPRA Performance Standards (Transmission) Rules, 2005 and approved by the Authority in consultation with the Licensee.



**15.4** The Authority may following consultation with the Licensee and, where appropriate with other licensees, issue directions relieving the Licensee of its obligations under Sub Article-15.1 in respect of certain parts of the transmission facilities of the Licensee.

**Article-16**  
**Compliance with Environmental Standards**

The Licensee shall conform to the environmental standards as may be prescribed by the relevant competent authority from time to time.

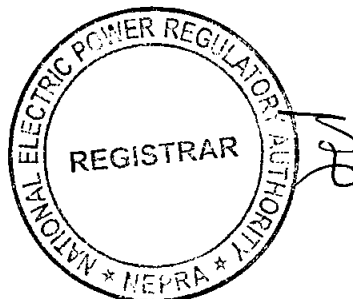
**Article-17**  
**Availability of Resources**

**17.1** The Licensee shall at all times act in a manner to ensure that it has sufficient management and financial resources to enable it to:

- (a). carry out the Transmission Businesses; and
- (b). comply with its obligations under this Licence, the Act and the Applicable Documents.

**17.2** Not later than two (02) calendar months following the beginning of each financial year, the Licensee shall submit a statement in writing to the Authority informing the Authority of its ability (or inability as the case may be) to fulfill its obligations under the Sub Article-17.1.

**17.3** The Licensee shall, as soon as it becomes aware, notify the Authority of any circumstances that may prevent it from fulfilling its obligations under the Sub Article-17.1.



**Article-18**  
**Industry Standards and Codes of Conduct**

**18.1** The Licensee shall participate in such measures and activities as may be initiated by the Authority for the development of industry standards and uniform codes of conduct.

**18.2** The Licensee shall be obliged to comply with such industry standards and uniform codes of conduct which may be specified by the Authority as having a bearing on the safety, reliability, stability, integrated operability and efficiency of the whole or a material part of the electric power system.

**Article-19**  
**Insurance**

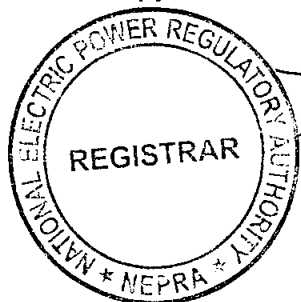
The Licensee may obtain and maintain such policies of insurance as deemed fit and appropriate in accordance with the prudent utility practices.

**Article-20**  
**Maintenance of Records**

**20.1** The Licensee shall keep complete and accurate records and data in respect of all aspects of each of its separate businesses. All such records and data shall, unless provided otherwise under the Laws or the Applicable Documents, be maintained for a period of five (05) years after the creation of such record or data.

**20.2** The Authority may authorize any of its officer/professional staff to inspect documents, record and data as may be necessary to carry out the purposes of the Act and the Applicable Documents, at any time without prior notice to the Licensee.

**20.3** For the purposes of Sub Article-20.2, the authorized officer/professional staff shall have full and free access to any premises, place, documents or work station and may make copy of relevant record, information and data as may be



necessary for the purposes of the Act and the Applicable Documents. The Licensee shall provide all reasonable facilities and assistance to ensure the effective exercise of the right of inspection.

**Article-21**  
**Safety to Public**

The Licensee shall plan, design, operate and maintain its transmission facilities in such a manner so as not to endanger public life or property.

**Article-22**  
**Health and Safety of Employees**

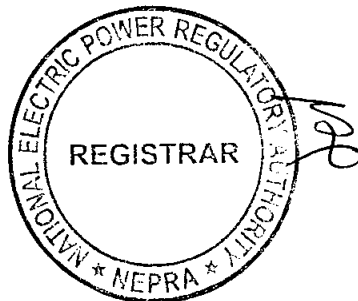
The Licensee shall arrange and maintain appropriate machinery in respect of the health and safety of the employees of Licensee at work.

**Article-23**  
**Provision of Information to the Authority and General Public**

Pursuant to Section-44 of the Act, the Licensee shall furnish to the Authority, in such manner and at such times as the Authority may require, such information and shall procure and furnish such reports, as the Authority may require and deem necessary.

**Article-24**  
**Eligibility Criteria**

The Licensee shall, in accordance with the provisions of the Section-18A of the Act, follow the provisions of eligibility criteria including (a). minimum solvency requirements; and (b). minimum technical and human resource requirements, without any exception. The decision of the Authority in this regard shall be final.



**Article-25**  
**Responsibilities of the Licensee as Provincial Grid Company**

In accordance with the provisions of the Section-18B of the Act, the Licensee shall adhere to the provisions relating to its responsibilities as provincial grid company, without any exception. The decision of the Authority in this regard shall be final.

**Article-26**  
**Bankable Feasibility Studies**

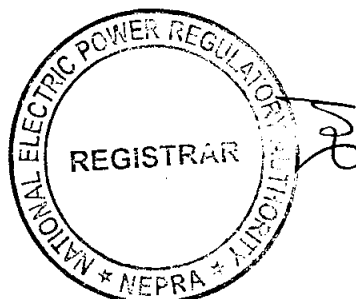
The Licensee shall, carry out bankable feasibility study through renowned consultant(s) for each of its project relating to its transmission business, without any exception. The decision of the Authority in this regard shall be final.

**Article-27**  
**Scope of the Projects**

The Licensee shall consult all the relevant stakeholders including but not limited to NTDC, PESCO, TESCO and CPPAGL to firm up the scope of its various projects relating to its Transmission Business, without any exception. The decision of the Authority in this regard shall be final.

**Article-28**  
**Adherence to Integrated Generation Capacity Expansion Plan**

The Licensee shall adhere to the Integrated Generation Capacity Expansion Plan prepared by NTDC and approved by the Authority, without any exception. The decision of the Authority in this regard shall be final.



**Article-29**  
**Right of Way**

The Licensee shall coordinate with NTDC, PESCO, TESCO or any other related entity to best utilize the available right of way so that it is utilized in an optimum way without affecting the overall planning being carried out in the country. Any dispute relating to the right of way shall be adjudicated by the Authority and decision in this regard will be final and binding on all the stakeholders.

**Article-30**  
**Safety, Health and Environment**

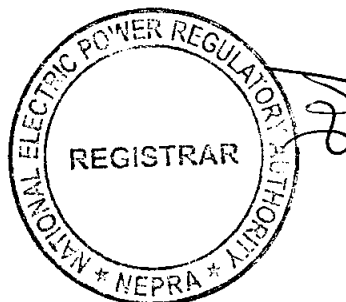
The Licensee shall adhere to the relevant safety, health and environment standards without any exception.

**Article-31**  
**Compliance of Commercial Code**

The Licensee shall comply with the relevant provisions of the Commercial Code without any exception.

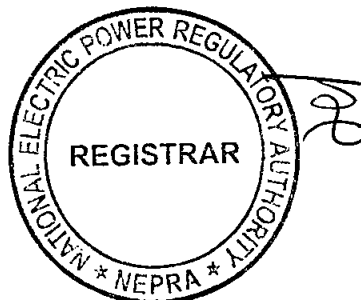
**Article-32**  
**Interpretation of the Licence Provisions**

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



## **SCHEDULE-I**

The Specified Transmission Facilities the Licensee (is allowed to construct, own, maintain and operate in the province of Khyber Pakhtunkhwa) are set out in this Schedule





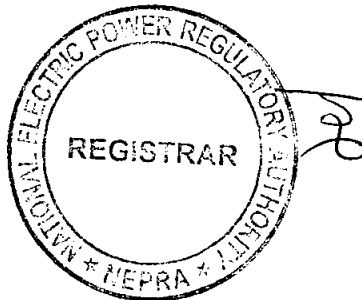
Description of  
the Proposed Transmission Facilities  
of the Licensee as PGC

The province of Khyber Pakhtunkhwa comprises of mountainous terrain and vast sweeps of barren land where the renewable sources for generation of electric power are located. The population of the province is also sparsely located in the mountains and remote villages for which supplying electric power through the National Grid is difficult.

(2). The above situation is not only depriving the province from realizing its full potential for generation of electric power but also denying the people of the province from access to electricity. In consideration of the said, the Govt. of Khyber Pakhtunkhwa has embarked on an ambitious plan to tap the potential of hydroelectric power, solar and wind power renewables as well as indigenously produced gas based power generation.

(3). In this regard, initially six corridors have been identified in regions of Chitral, Dir, Mansehra, Kohistan, DI Khan and Swat (the "Transmission Corridors") for the transmission of electric power services and provision of the grid related activities. The proposed strategy is envisaged for power evacuation of about 7320 MW which will be available in the province of Khyber Pakhtunkhwa (KPK) in the next 5-10 years from various Hydro Power Projects-HPP(s) located at Chitral, Dir, Swat, Kohistan and Mansehra regions.

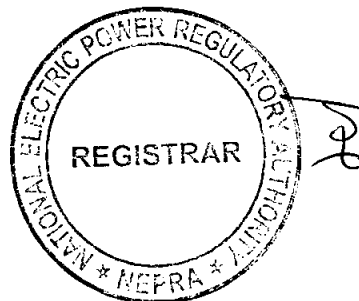
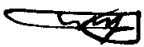
(4). The available power from various HPP(s) under Pakhtunkhwa Energy Development Organization ("PEDO") in the next 5-10 years will include (a). Chitral Region (2946 MW); (b). Dir region (508 MW); (c). Kohistan Region (2054 MW); (d). Swat Region (1076 MW); and (e). Mansehra Region (736 MW).



(5). The dispersal of the above mentioned capacity of electric power requires network of 500 KV, 220 KV and 132 KV transmission lines to connect these HPP(s) in the most optimal and integrated fashion to transport this power to reach the potential load centers. The evacuation strategy has been divided into three (03) stages and each stage further divided into various phases, which will be planned, designed and executed accordingly and under a priority list contemplated to meet needs and requirements of various stack holders.

(6). As explained above, a total of around 3,454 MW will be available from the regions of DIR and Chitral which according to the transmission capacity acquired through various voltage levels will require two Double Circuit 500 KV Transmission lines including requirements of contingency plans running in parallel. It is forecasted that One Double Circuit 500 KV Transmission Line will be required immediately from Chitral to Chakdara to evacuate a part of the available power along with two (2) 500/220/132 KV grid stations at each end of Chitral and Chakdara.

(7). In order to connect the proposed HPP(s) being planned in the region of Swat, a 220/132 KV Grid station is proposed in the area with a 220 KV transmission link both to Chakdara (500/220/132 KV) Grid station and Kohistan (220/132 KV) Grid Station. The 220 KV transmission lines will be adequate enough to handle for 1076 MW available from the region of Swat. Furthermore, the electric power available from various HPP(s) in the region of Swat will be linked through a sub transmission system of 132 KV to be connected to the main 220/132 KV Grid Station. The projects of Transmission lines and Grids are planned to be executed under Phase-I with a timeline falling under 1-5 years.



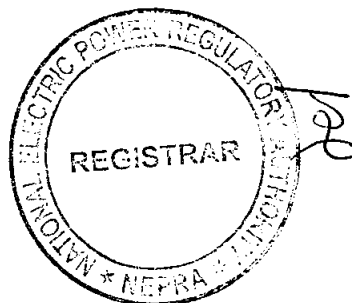
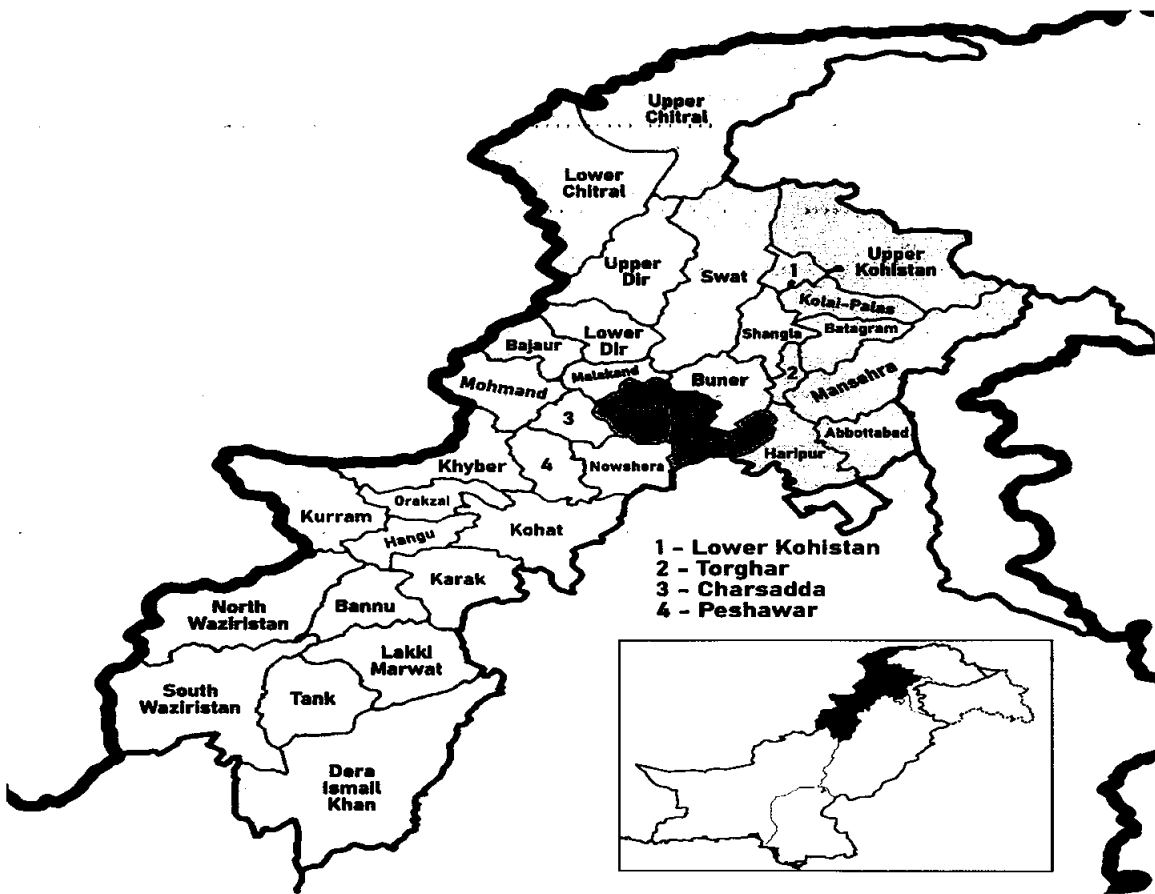
(8). Regarding the dispersal of electric power from the HPP(s) planned to be developed in the region of Kohistan, a 220/132 KV Grid station is proposed with a 220 KV transmission line linking to Swat (220/132 KV) Grid station and Mansehra (220/132 KV) Grid Station. In order to handle around 2054 MW of power, from various HPP(s) in Region, the HPP(s) will be linked through a sub transmission system of 132 KV to the main 220/132 KV Grid Station of Kohistan. The 220 KV Transmission line(s) will establish the required link between Mansehra Region and Swat Region. The Transmission and Grid Projects are planned to be executed under Stage-01, Phase-II with a time line falling under 5-10 years.

(9). About the transportation of electricity from the HPP(s) planned to be developed in the region of Mansehra, a 220/132 KV Grid station is proposed with a 220 KV transmission line linking to Kohistan (220/132 KV) grid station. It is anticipated that approximately 736 MW of electricity will be available from different HPP(s) in the region. The region will be linked through a sub transmission system of 132 KV to the main Mansehra 220/132 KV Grid Station. The 220/132 KV Grid Station at Mansehra can also be linked to the 220/132 KV Grid Station of National Transmission and Despatch Company Limited (NTDC) in the vicinity. The Transmission and Grid Projects are planned to be executed under Phase-II with a timeline falling under 5-10 years.

(10). A number of Special Economic Zones-SEZ(s) are being developed in the province of KPK which include; (a) Chitral SEZ; (b). Lower Dir SEZ; (c). Dargai SEZ; (d). Swat SEZ; (e). Rashakai SEZ; (f). Ghazi SEZ; (g). Jaloza SEZ; (h). Buner Marble City; (i). Daraband D.I.K. SEZ; (j). Hattar SEZ; (k). Nowshera Industrial Estate Extension; and (l). Mohmand Marble City. The present network of NTDC and PESCO is not up to the mark and needs huge investment and time to upgrade the same to meet the new load patterns of the above SEZ(s). In view of the said, it has been proposed that inter-connection and transmission facilities shall be provided to the proposed SEZ(s).

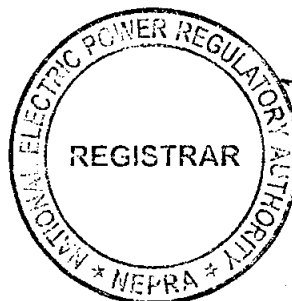
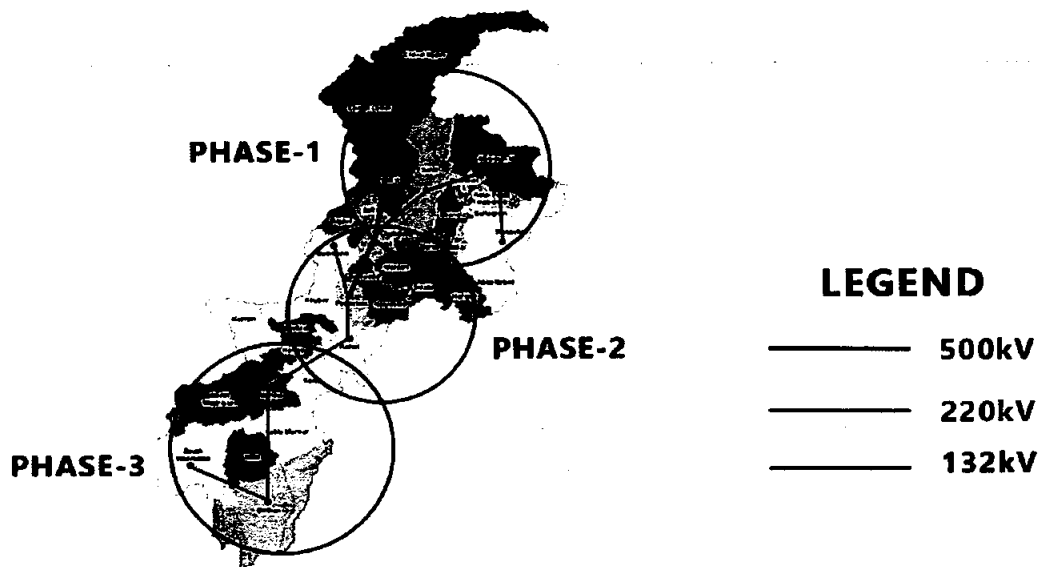


Map of the Province of Khyber Pakhtunkhwa  
Where the Licensee is Allowed to Work as a Provincial Grid  
Company

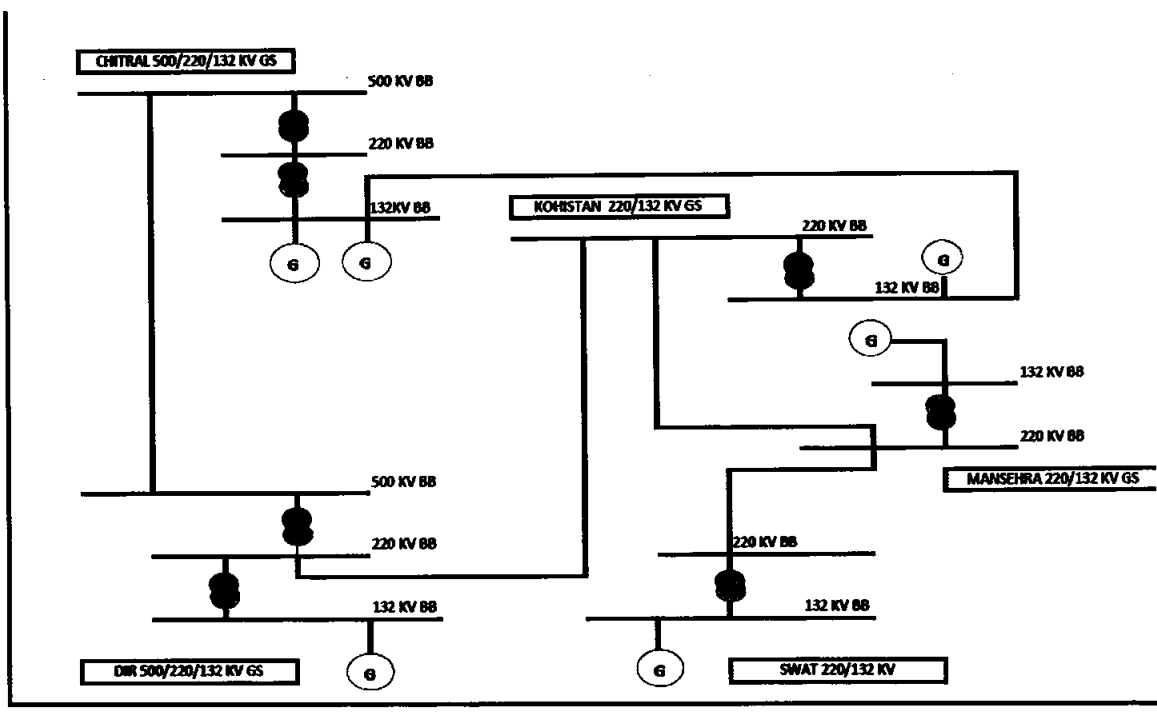


Transmission Licence  
as Provincial Grid Company  
Khyber Pakhtunkhwa Transmission & Grid System  
Company (Pvt.) Limited  
1<sup>st</sup> floor, Block-A, Abdul Wali Khan Multiplex  
Civil Secretariat Peshawar  
in the Province of Khyber Pakhtunkhwa

Route of the  
Transmission Facilities of the Licensee  
as PGC

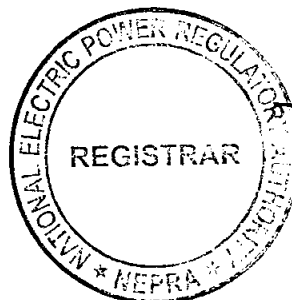


Integrated Scheme  
for Interconnection/Evacuation of Electric Power from Various  
Regions for Dispersal of Electric Power from Different HPP(S) &  
Transmission Facilities of the Licensee as PGC



## **SCHEDULE-II**

The details specific to the Transmission Facilities of the Licensee, including length of line, transmission line type (underground/overhead), connecting grids, technical limits, technical functional specifications and other information are described in this Schedule.

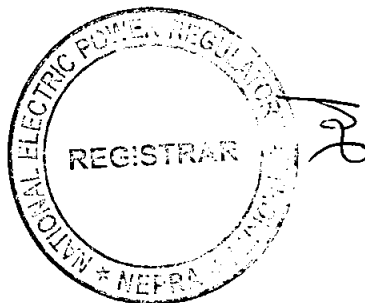


**Detail of  
Transmission Facilities  
of the Licensee**

**(A). General Information**

(i).	Name of Company/ Licensee	Khyber Pakhtunkhwa Transmission & Grid System Company (Pvt.) Limited
(ii).	Registered/Business Office of the Company/Licensee	1 <sup>st</sup> floor, Block-A, Abdul Wali Khan Multiplex, Civil Secretariat Peshawar in the Province of Khyber Pakhtunkhwa
(iii).	Type of Transmission Facilities	Overhead Transmission Lines-T/L(s)



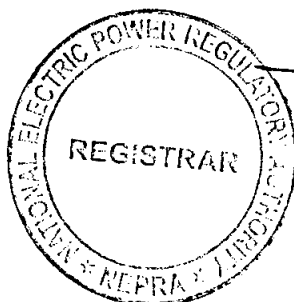






**(B). List of Potential Projects**

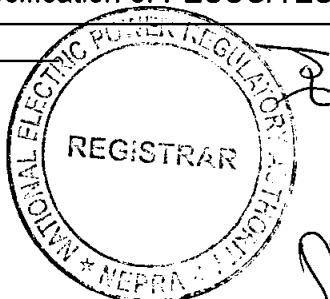
<b><u>Sr. No.</u></b>	<b><u>Name of Project</u></b>
(1).	Construction of new Transmission Lines of 500 KV, 220 KV and 132KV in the regions of Dir and Chitral for evacuation of power from different HPP(s) being developed in the said regions;
(2).	Construction of new Grid Stations of 500/220/132 KV in the regions of Dir and Chitral for connecting different Transmission Lines planned to be constructed for evacuation of power from different HPP(s) being developed in the said regions;
(3).	Construction of new Transmission Lines of 220 KV and 132 KV in the region of Swat for evacuation of power from different HPP(s) being developed in the said region;
(4).	Construction of new Grid Station of 220/132 KV in the region of Swat for connecting different Transmission Lines planned to be constructed for evacuation of power from different HPP(s) being developed in the said region;
(5).	Construction of new Transmission Lines of 220 KV and 132 KV in the region of Kohistan for evacuation of power from different HPP(s) being developed in the said region;
(6).	Construction of new Grid Station of 220/132 KV in the region of Kohistan for connecting different Transmission Lines planned to be constructed for evacuation of power from different HPP(s) being developed in the said region;
(7).	Construction of new Transmission Lines of 220 KV and 132 KV in the region of Manshera for evacuation of power from different HPP(s) being developed in the said region;
(8).	Construction of new Grid Station of 220/132 KV in the region of Mansehra for connecting different Transmission Lines planned to be constructed for evacuation of power from different HPP(s) being developed in the said region;
(9).	Construction of new Transmission Lines of 220 KV and 132 KV for different SEZ(s) being set up in the province of KPK as given in Schedule-I of this licence:
(10)	Construction of new Grid Stations of 220 KV and 132 KV for different SEZ(s) being set up in the province of KPK as given in Schedule-I of this licence:



**(C). Material for 132 KV Transmission Lines**

<b><u>Sr. No.</u></b>	<b><u>Type of Material*</u></b>	<b><u>Quantity/Bill of Quantities</u></b>
(1).	Suspension/Normal Towers (ZM-1° or Equivalent as per specification of PESCO/TESCO/NTDC)	As per Actual Survey/decided route/The quantities will be firmed after actual survey and related activities
(2).	Light Angle Towers (ZM-30° or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(3).	Heavy Angle Towers (ZM-60° or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(4).	ACSR/AASC Conductor for Transmission Line(s) (LYNX/RAIL/GREELY/CAIRO or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(4).	Single Suspension Strings for above type of conductor(s) for Suspension/Normal Towers (ZM-1° or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(5).	Single Tension Strings for Angle Towers (ZM-30°/ZM-60° or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(6).	Mid Span Joints for above type of conductor(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(7).	Repair Sleeve Joints for above type of conductor(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(8).	Stock Bridge Dampers for above type of conductor(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(9).	Earth Wire for above (as per specification of PESCO/TESCO/NTDC)	-Do-
(10).	Single Suspension Strings for above type of Earth wire(s) for Suspension/Normal Towers (ZM-1° or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(11).	Single Tension Strings for above type of Earth wire(s) for Angle Towers (ZM-30°/ZM-60° or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(12).	Mid Span Joints for above type of Earth wire(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(13).	Repair Sleeve Joints for above type of Earth wire (s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(14).	Stock Bridge Dampers for above type of Earth wire (s) (as per specification of PESCO/TESCO/NTDC)	-Do-

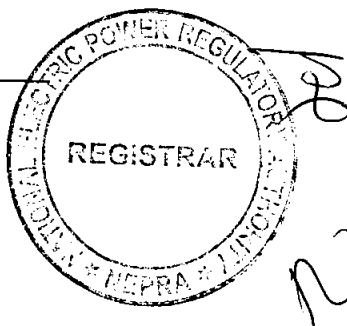
\* Indicative detail only



**(D). Material for 220 KV Transmission Lines**

<u>Sr. No.</u>	<u>Type of Material<sup>†</sup></u>	<u>Quantity/Bill of Quantities</u>
(1).	Suspension/Normal Towers (EA° or Equivalent as per specification of PESCO/TESCO/NTDC)	As per Actual Survey/decided route/The quantities will be firm after actual survey and related activities
(2).	Light Angle Towers (ED/EG or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(3).	Heavy Angle Towers (JKD or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(4).	ACSR/AASC Conductor for Transmission Line(s) (RAIL/GREELY or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(4).	Single/Double Suspension Strings for above type of conductor(s) for Suspension/Normal Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(5).	Single/Double Tension Strings for Angle Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(6).	Mid Span Joints for above type of conductor(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(7).	Repair Sleeve Joints for above type of conductor(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(8).	Stock Bridge Dampers/Spacer Dampers for above type of conductor(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(9).	Earth Wire for above (as per specification of PESCO/TESCO/NTDC)	-Do-
(10).	Single Suspension Strings for above type of Earth wire(s) for Suspension/Normal Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(11).	Single Tension Strings for above type of Earth wire(s) for Angle Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(12).	Mid Span Joints for above type of Earth wire(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(13).	Repair Sleeve Joints for above type of Earth wire (s) (as per specification of PESCO/TESCO/NTDC)	-Do-

<sup>†</sup> Indicative detail only

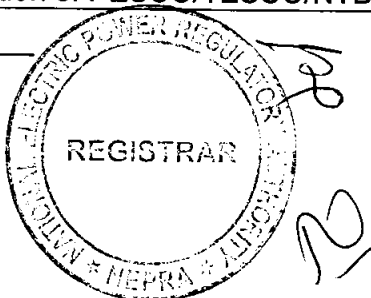


(14).	Stock Bridge Dampers for above type of Earth wire (s) (as per specification of PESCO/TESCO/NTDC)	-Do-
-------	---	------

**(E). Material for 500 KV Transmission Lines**

<u>Sr. No.</u>	<u>Type of Material*</u>	<u>Quantity/Bill of Quantities</u>
(1).	Suspension/Normal Towers (as per specification of PESCO/TESCO/NTDC)	As per Actual Survey/decided route/The quantities will be firmed after actual survey and related activities
(2).	Light Angle Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(3).	Heavy Angle Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(4).	ACSR/AASC Conductor for Transmission Line(s) (RAIL/GREELY or Equivalent as per specification of PESCO/TESCO/NTDC)	-Do-
(4).	Single/Double Suspension Strings for above type of conductor(s) for Suspension/Normal Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(5).	Single/Double Tension Strings for Angle Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(6).	Mid Span Joints for above type of conductor(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(7).	Repair Sleeve Joints for above type of conductor(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(8).	Spacer Dampers for above type of conductor(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(9).	Earth Wire for above (as per specification of PESCO/TESCO/NTDC)	-Do-
(10).	Single Suspension Strings for above type of Earth wire(s) for Suspension/Normal Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(11).	Single Tension Strings for above type of Earth wire(s) for Angle Towers (as per specification of PESCO/TESCO/NTDC)	-Do-
(12).	Mid Span Joints for above type of Earth wire(s) (as per specification of PESCO/TESCO/NTDC)	-Do-
(13).	Repair Sleeve Joints for above type of Earth wire (s) (as per specification of PESCO/TESCO/NTDC)	-Do-

\* Indicative detail only



(14).	Stock Bridge Dampers for above type of Earth wire (s) (as per specification of PESCO/TESCO/NTDC)	-Do-
-------	---	------

