



2020 | ANNUAL -21 | REPORT

NATIONAL ELECTRIC POWER
REGULATORY AUTHORITY



Annual Report 2020-21



MISSION STATEMENT

To develop and pursue a regulatory framework for safe, reliable, affordable, modern, efficient and market-driven environment for provision of electric power to consumers in Pakistan and to maintain the balance between interests of consumers and service providers in line with the broad economic and social policy objectives of the Government and best international practices of the industry.

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CHAIRMAN'S MESSAGE

Another challenging year for the power sector amidst the pandemic, taking an extraordinary effort to ensure a reliable, affordable, and environmentally sustainable supply of electricity. At present, we are striving to explore inexpensive and cleaner energy options while focusing our efforts on developing a market-oriented power sector to boost economic growth. We are vigorously pursuing a shift of regime from "Take or Pay" to "Take and Pay" basis to control price hike, forecasting Demand and Supply of energy powered by Indicative Generation Capacity Expansion Plan (IGCEP), and idyllic utilization of thermal resources while creating an optimal energy mix utilizing base-load plants efficiently and developing intermittent energy as an alternate.

During the FY 2020-21, I had the opportunity to meet with the Prime Minister, Cabinet, Provincial Chief Ministers, and the CCoE to discuss the challenges faced by the power sector and finding a way forward to transform the power sector into a viable market-oriented sector.

We have been relentlessly striving to come up with solutions to fix the power sector of Pakistan. One such attempt is a step towards an open market for power sector participants. Needless to say competitive power sector market not only helps the consumers of electricity enjoying affordable rates but it will promote efficiency by handpicking the most suitable sale and purchase options. The momentous decision on the Detailed Design and Implementation Timelines of the Competitive Trading Bilateral Contracts Market (CTBCM) will enable the competitive wholesale electricity market to trade it like any other commodity by next year, while entering the era of transparency, reliability, and credibility through competition.

After a lapse of two decades, I was able to steer the power sector reforms in the right direction, focusing the efforts into analyzing the viability of public sector Generation Companies and successfully deciding on the tariff structure of Northern Power Generation Company Limited's from "Take or Pay" basis to "Take and Pay" basis.

We have introduced two major departments at NEPRA, namely Health, Safety & Environment (HSE) and Corporate social responsibility (CSR). The HSE department is running with the vision of "Power with Safety", to ensure compliance with NEPRA Safety Code and applicable legal requirements by licensees with its commitment to achieving the zero-incident goal in Power Sector. The Corporate Social Responsibility (CSR) initiative aims at "Power with Prosperity" to implement the inclusive growth model and introduce Triple Bottom Line (people, planet, and profits) concept in the power sector through NEPRA's CSR Drive; envisioning to bring a revolutionary change for the socio-economic uplift of local communities alongside NEPRA licensees.

We have always placed a lot of focus on making room for innovation to help us in coming up with out-of-the-box solutions for fixing the power sector of Pakistan as it is one of the most critical contributors to the development of our Motherland. With a renewed approach, we have engaged with academia and some of the top international power sector players to work with us in launching the electric vehicles regulations, wheeling of electricity, micro-grids, etc.

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During the FY 2020-21, 8444 Generation Licences of cumulative capacity of 1737.224 MW were issued for Conventional Power Plants, Renewable Energy Projects, Hydropower Projects, and Net Metering. 542 Authority Regulatory Meetings and 142 Public Hearings/Consultative Sessions were conducted to ensure public participation in the decision-making process. 91.87% of consumer complaints received in NEPRA were resolved/concluded during the period. NEPRA established regional office in Gwadar during the FY 2020-21 in addition to previously established provincial offices for the facilitation of consumers.

Tauseef H. Farooqi
Chairman



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COMPOSITION AND PROFILES

As per Section 3(1) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (The NEPRA Act), the Federal Government shall, by notification in the official Gazette, establish an Authority consisting of a Chairman to be appointed by the Federal Government and four Members, one from each Province, to be appointed by the Federal Government after considering recommendations of the respective Provincial Governments.

Further, as per Section 3(2) of The NEPRA Act, there shall be a Vice Chairman, appointed from amongst the members for a period of one year, by rotation.

TAUSEEF H. FAROOQI

Chairman



Mr. Tauseef H. Farooqi joined NEPRA as Chairman on 05-08-2019. Mr. Farooqi has over 29 Years of Techno-Commercial experience with specialization of managing the Commercial/Business side of IPP/IWPP Projects. He started his career with WAPDA in 1991 and has the distinguished honour of working on both Technical and Finance sides. He then worked with global Companies in Power, Water, and Energy Sectors on Multi-billion Dollars Projects like International Power of UK from 1997 to 2000 on Pakistan's largest Kot Addu Power Plant. Since 2000, he has developed top three (3) IWPP Projects in Abu Dhabi, first with CMS Energy of USA on Taweelah A2 (710 MW and 50 MIGD, a 750 Million USD Project) and Shuweihat S1 (1500 MW and 100 MIGD, a 1.5 Billion USD Project). In 2005 he joined Marubeni of Japan on their largest investment outside Japan in Taweelah B, Abu Dhabi's largest Power Plant, (2000 MW and 160 MIGD, a 3 Billion USD Project).

Mr. Farooqi is an Electrical Engineer from University of Engineering & Technology Lahore, MBA from Lahore University of Management Sciences and a graduate in Executive Program in Management from world's renowned Columbia Business School of USA. Mr. Farooqi is a regular presenter in Power & Water Summits internationally.

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RAFIQUE AHMED SHAIKH

Vice Chairman / Member (Sindh)



Mr. Rafique Ahmed Shaikh joined NEPRA as Member (Sindh) in December, 2018. He is an engineer by profession and has more than 17 years of work experience with national and international electric power utilities. Besides degree in engineering, Mr. Shaikh has acquired Master's Degree in Business Administration. Throughout his National as well as International career, Mr. Shaikh has worked in various managerial capacities in the areas of Power Generation, Distribution and Electricity Regulations. He has demonstrated skills in leadership, strategic planning, improving operational efficiencies, team building and managing costs. He has also worked as Distribution Lead in Port Harcourt Electricity Distribution (PHED), Nigeria. Mr. Shaikh is very well versed with the regulatory regime of power sector in Pakistan as he has dealt with the issues of Regulatory compliances at various national as well as International electric power utilities.

Mr. Shaikh manifests young and energetic leadership with an impetus for change. He has flair for innovation and adaptation to the modern regulatory concepts for objective based regulations. Mr. Shaikh is keen to work with stakeholders for development of a competitive market of electricity in Pakistan. At present, Mr. Rafique A. Shaikh is serving as Vice Chairman.

REHMATULLAH BALOCH

Member (Balochistan)



Mr. Rehmatullah Baloch has graduated in Electrical Engineering from Mehran University of Engineering & Technology (MUET) Jamshoro Sindh and acquired LLB degree from University of Balochistan Quetta. He joined NEPRA as Member (Balochistan) on 21-03-2018. Before joining NEPRA, he has served in WAPDA/ NTDC/ QESCO at various positions and was also posted as Chief Executive Officer QESCO.

He has vast experience of thirty-one years in the power sector. Major achievements include considerable improvement in QESCO's revenue, contribution towards enhanced installed capacity of the Grid Stations and Transmission lines in Balochistan Province including construction of 16x132 KV New Grid Stations with around 2000 km allied Transmission Lines in the remote areas of Balochistan despite serious security issues.

In recognition of services in the power sector he has been conferred commendation certificates by Chairman WAPDA (2003), Chief Executive Officer, QESCO (2010) and Chief Minister, Balochistan (2014).

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MAQSOOD ANWAR KHAN

Member (Khyber Pakhtunkhwa)



Engr. Maqsood Anwar Khan joined NEPRA in April, 2021 as Member (Khyber Pakhtunkhwa). He did his BSc in Electrical Engineering from Manuel L. Quezon University Manila, Philippines and possesses over twenty-six years of experience in the field of power sector, especially in hydropower. Before joining NEPRA, he has served in the Pakhtunkhwa Energy Development Organization (PEDO) as Chief Engineer O&C/Chief Executive Officer of Khyber Pakhtunkhwa Transmission and Grid System Company (KPT&GSC). He has played a key role in creating/development of KPT&GSC for the first time in the province. He successfully completed electric power supply through wheeling arrangements to industrial consumers on cheaper rates through an auction for the first time in the history of Pakistan and for this achievement, he has been awarded a letter of appreciation from the advisor to the Chief Minister Khyber Pakhtunkhwa on Energy and Power. Mr. Maqsood Anwar Khan has a dynamic experience of working with all the energy stakeholders i.e. NTDC, CPPA-G, Ministry of Energy etc.

SAIF ULLAH CHATTHA

Member (Punjab)



Mr. Saif Ullah Chattha completed his four years tenure as Member (Punjab) in March 2021. Before joining NEPRA, he has served the Provincial as well as the Federal Governments on a number of high profile assignments. He joined the Civil Service of Pakistan (District Management Group) in 1983 and served in various prominent positions in Punjab, Balochistan and Gilgit Baltistan as Assistant Commissioner, Deputy Secretary, Deputy Commissioner and Chief Secretary. In Islamabad, he has served as Federal Secretary, Ministry of Water & Power and Ministry of Overseas Pakistanis & Human Resources Division and Additional Secretary, Ministry of Communications.

He has also served as Personal Staff Officer to Prime Minister of Pakistan and Counsel General/Trade Minister of Pakistan in Montreal, Canada. Mr. Saif Ullah Chattha was serving as Vice Chairman at the time of completion of his tenure. Currently the post of Member (Punjab) is lying vacant.

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POWERS AND FUNCTIONS

The National Electric Power Regulatory Authority has been established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 to exclusively regulate the provision of electric power services in Pakistan. The Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 [Act No. XII of 2018] has overhauled the role and responsibilities of NEPRA. The powers and functions of the Authority as delineated in Section 7, sub-section (2) of the Act are:

- Grant of licences under this Act;
 - a) specify procedures and standards for registration of persons providing electric power Services;
 - b) aid and advise the Federal Government, in the formulation of national electricity plan
 - c) ensure efficient tariff structures and market design for sufficient liquidity in the power Markets
- specify procedures and standards for investment programmes by generation companies and persons licenced or registered under this Act;
- specify and enforce performance standards for generation companies and persons licenced or registered under this Act;
- specify accounting standards and establish a uniform system of account by generation companies and persons licenced or registered under this Act;
- specify fees including fees for grant of licences and renewal thereof;
- review its order, decisions or determinations;
- settle disputes between licensees in accordance with the specified procedure;
- issue guidelines and standards operating procedures;
- promote the development of a market, including trading, in accordance with the national electricity policy and the national electricity plan;
- perform any other function which is incidental or consequential to any of the aforesaid functions

Further pursuant to section 7 sub section (3), Authority is also empowered to:

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- determine tariff, rates, charges and other terms and conditions for supply of electric power services by the generation, transmission and distribution companies and recommend to the Federal Government for notification;
- review organizational affairs of generation companies and persons licenced or registered under this Act to avoid any adverse effect on the operation of electric power services and for continuous and efficient supply of such services;
- encourage uniform industry standards and code of conduct for generation companies and persons licenced or registered under this Act;
- tender advice to public sector projects;
- submit reports to the Federal Government in respect of activities of generation companies and persons licenced or registered under this Act: and
- perform any other function which is incidental or consequential to any of the aforesaid functions.

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KEY HIGHLIGHTS

- a. During the challenging COVID-19 pandemic, NEPRA operations were made effective and convenient through ZOOM online meetings, hearings and consultative sessions
- b. 542 Authority Regulatory Meetings were conducted
- c. 142 Public Hearings/Consultative Sessions were conducted
- d. Social Investment Guidelines, 2021, to give a clear roadmap for the CSR performance expectations, was developed and forwarded to NEPRA licensees for comments
- e. Health and Safety Evaluation for 2020 was conducted to assess whether Licensees' systems are adequate and the risks to consumers, employees & contractors are kept low
- f. Detailed implementation design of the Competitive Trading Bilateral Contract Market (CTBCM) was approved
- g. Second Transmission licence was granted to Khyber Pakhtunkhwa Transmission & Dispatch Company (Pvt.) Limited to act as a Provincial Grid Company in Khyber Pakhtunkhwa
- h. Twenty-Seven (27) Generation Licences for accumulated generation capacity of 1591.343 MW were issued
- i. Eight thousand four hundred and seventeen (8417) Net Metering Licences for accumulated generation capacity of 145.881 MW were issued
- j. 142 Tariff Determinations / Modifications as well as decision on Review Motions were made
- k. 333 Quarterly Adjustments were made
- l. 243 Fuel Price Adjustments were made
- m. Legal proceeding initiated against Central Power Generation Company Limited Guddu, NTDC, K-Electric and concerned Power Plants for their lapses in the power system collapse on January 9th, 2021
- n. Fines were imposed on DISCOs and K-Electric on account of violations of Performance Standards, Distribution Code and other Applicable Documents as well as occurrence of fatal accidents
- o. Directed K-Electric for grounding/earthing all HT/LT poles of its distribution system to avoid accidents
- p. 91.87% of the received consumer complaints were resolved/concluded

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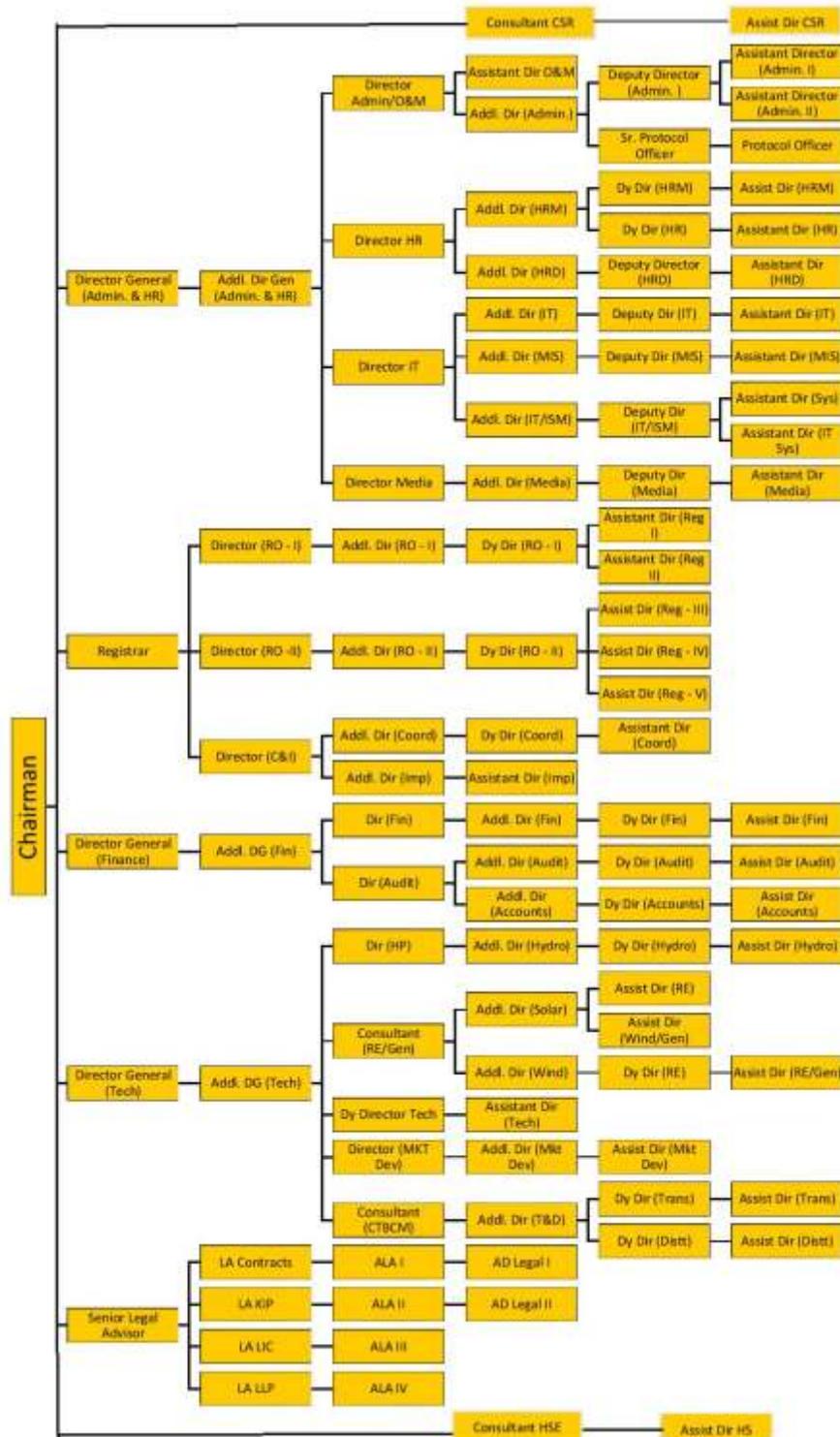
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- q. Regional office at Gwadar, Baluchistan was established
- r. Draft Safety Manual was prepared which is at advanced stage of approval
- s. Consumer Service Manual was revised
- t. Initiatives for employees career progression
- u. Technical and soft skills capacity building activities initiated
- v. Developed Data Exchange Portals for Monitoring and Enforcement, Corporate Social Responsibility and Health & Safety departments
- w. Rupees Two hundred and sixty-three million (Rs.263 Millions) were remitted to Federal Government / FBR
- x. Compliance with Federal and Provincial Tax Laws
- y. External Audit of NEPRA's Financial Statement

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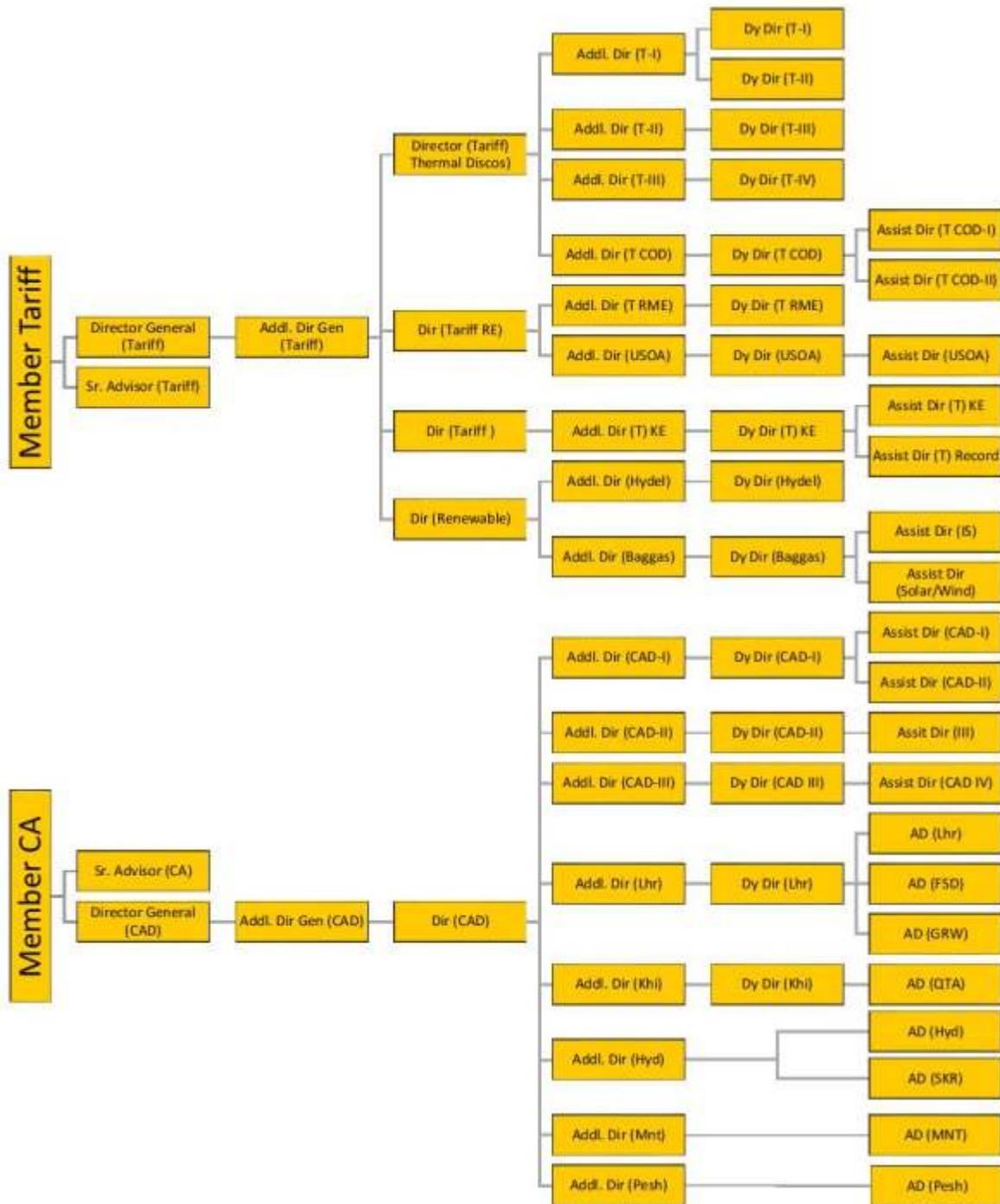
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ORGANOGRAM



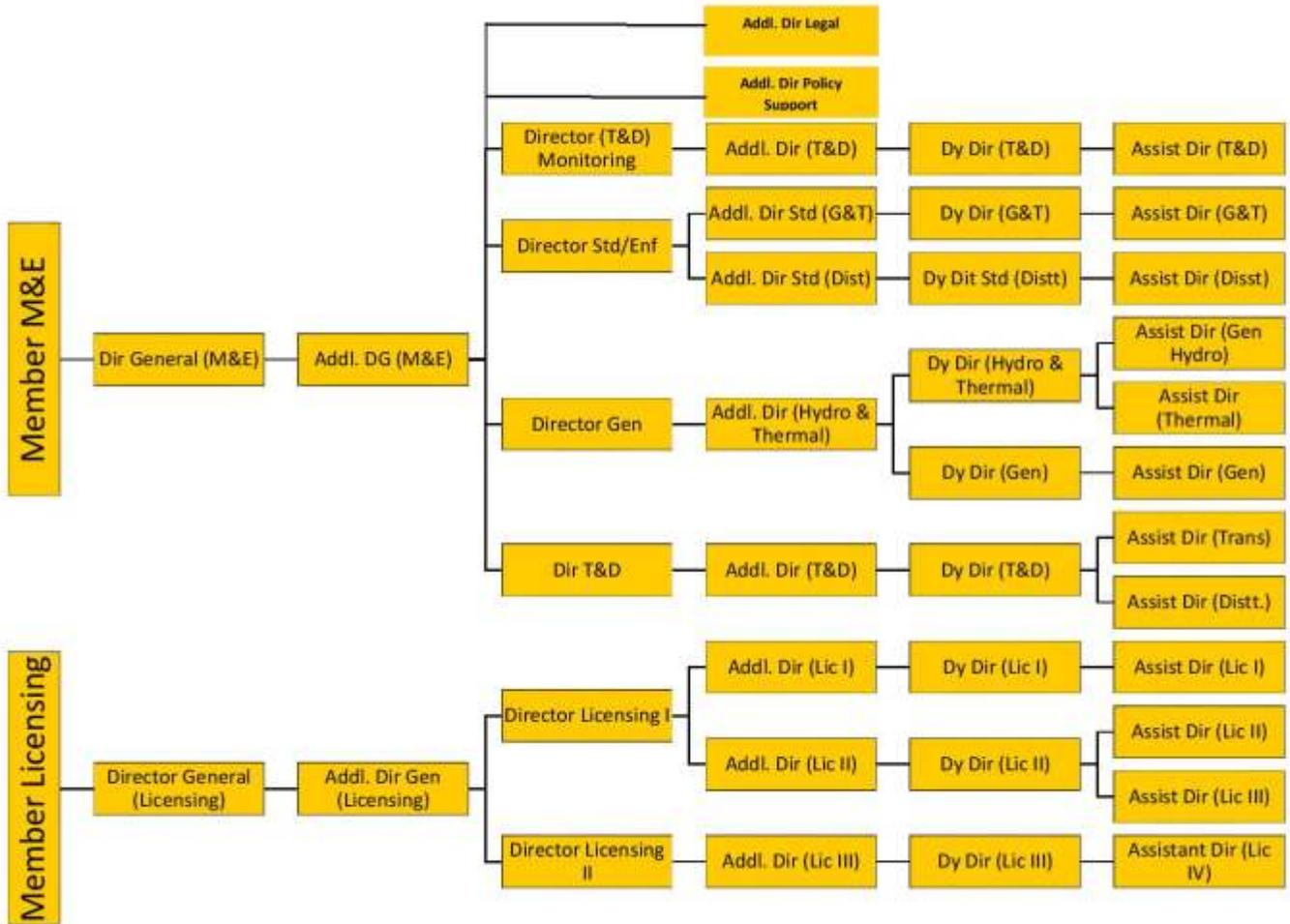
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NEPRA Regulatory Framework



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ROLE OF NEPRA IN THE POWER SECTOR

NEPRA was established in 1997, through an Act of Parliament, as a result of Government's Strategic Reforms for Privatization of the Pakistan's Power Sector in order to make it reliable, efficient and progressive. The independent Regulator was required to provide a level playing field to all stakeholders. One of the most important roles of regulator is to make a balance between the interest of consumers and the service providers in unison with the broad economic and social policy objectives of the Government of Pakistan.

REGULATORY FRAMEWORK

The powers and the functions of the Authority are stipulated in Section 7 of the Act. The mandate given to the Regulator was to develop and pursue a Regulatory framework which ensures provision of safe, reliable, efficient and affordable electricity to consumers of Pakistan. To discharge its duties given under NEPRA Act, NEPRA developed the following Rules, Regulations, Codes, Guidelines, manuals, and Standard Operating Procedures (SOPs) to regulate the power sector of Pakistan.

- i. NEPRA Competitive Bidding Tariff (Approval Procedure) Regulations, 2017
- ii. NEPRA (Import of Electric Power) Regulations, 2017
- iii. NEPRA (Selection of Engineering, Procurement and Construction Contractor by Independent Power Producers) Guidelines, 2017
- iv. NEPRA (Wheeling of Electric Power Regulations), 2016
- v. NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015
- vi. NEPRA (Supply of Electric Power) Regulations, 2015
- vii. NEPRA Standard Operating Procedures (SOPs) for Examination and Provision of Copies of Documents, 2015
- viii. NEPRA (Sale of Electric Power by Renewable Energy Companies) Guidelines, 2015
- ix. NEPRA Guidelines for determination of Consumer-end Tariff (Methodology and Process), 2015
- x. NEPRA (Interconnection for Renewable Generation Facilities) Regulations, 2015
- xi. Power Safety Code for Transmission and Distribution Licensees, 2015
- xii. Complaint Handling and Dispute Resolution (Procedure) Rules, 2015
- xiii. Market Operator Registration (Standards and Procedure) Rules, 2015
- xiv. Commercial Code 2018 of CPPA-G
- xv. NEPRA Upfront Tariff (Approval & Procedure) Regulations, 2011
- xvi. Consumer Service Manual, 2021
- xvii. Performance Standards (Generation) Rules, 2009
- xviii. Uniform System of Accounts Rules, 2009
- xix. NEPRA Review Procedure Regulations, 2009 (Amended)
- xx. NEPRA Performance Standards (Transmission) Rules, 2005
- xxi. NEPRA Performance Standards (Distribution) Rules, 2005
- xxii. Grid Code, 2005

- xxiii. Distribution Code, 2005
- xxiv. NEPRA Interim Power Procurement (Procedure & Standards) Regulations, 2005
- xxv. Eligibility Criteria for Consumers of Distribution Companies, 2003
- xxvi. NEPRA (Resolution of Disputes between Independent Power Producers and other Licensees) Regulations, 2003
- xxvii. NEPRA (Fees) Rules, 2002
- xxviii. NEPRA (Fees) Regulations, 2021
- xxix. NEPRA (Fines) Rules, 2002
- xxx. NEPRA Fees Pertaining to Tariff (Standards & Procedure) Regulations, 2002 (Amended)
- xxxi. NEPRA Licensing (Generation) Rules, 2000
- xxxii. NEPRA Licensing (Distribution) Rules, 1999
- xxxiii. NEPRA Licensing (Application, Modification, Extension and Cancellation Procedure) Regulations, 2021
- xxxiv. NEPRA Tariff (Standards & Procedure) Rules, 1998
- xxxv. NEPRA (Sale of Electric Power by Renewable Energy Companies) Guidelines, 2015
- xxxvi. NEPRA Guidelines for determination of Consumer End tariff (Methodology and Process) 2015
- xxxvii. NEPRA Guidelines to Lay Down the Methodology & Process for Determination of Revenue Requirement and Use of System Charges (UOSC) for Transmission Licensee
- xxxviii. National Electric Power Regulatory Authority (Benchmarks for Tariff Determination) Guidelines, 2018.
- xxxix. National Electric Power Regulatory Authority (Selection of Operation and Maintenance Contractors by Generation Companies) Guidelines, 2021

The NEPRA Act and all Rules, Regulations, Codes, Guidelines, SOPs made thereunder are available on NEPRA website for easy access by all concerned.

GRANT OF LICENCES

Prior to amendment in NEPRA Act, the electric power generation, transmission and distribution were licensed activities. Through NEPRA (Amendment) Act, 2018, in addition to the earlier categories, new license categories have been introduced and now the electric power supply, trade, market operations and system operations are also separate licensed activities. Under the NEPRA Act, the Authority has the exclusive power to grant licences for provision of electric power services in the country.

DETERMINATION OF TARIFF

Pursuant to Section 7 (3) of NEPRA Act, NEPRA has been expressly conferred the power to determine tariff, rates, charges and other terms and conditions for the supply of electric power services by generation, transmission, distribution and suppliers and to recommend these to the Federal Government for notification. Section 31, Sub-section (3) of NEPRA Act, provide general guidelines for determination, modification or revision of rates, charges and terms and conditions for provision of electric power services.

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A transparent procedure is followed for determination of tariff under NEPRA Tariff (Standards & Procedure) Rules, 1998 through participation of the stakeholders and due diligence is exercised for assessment of appropriate level of expenses and rate of return allowed to the licensees.

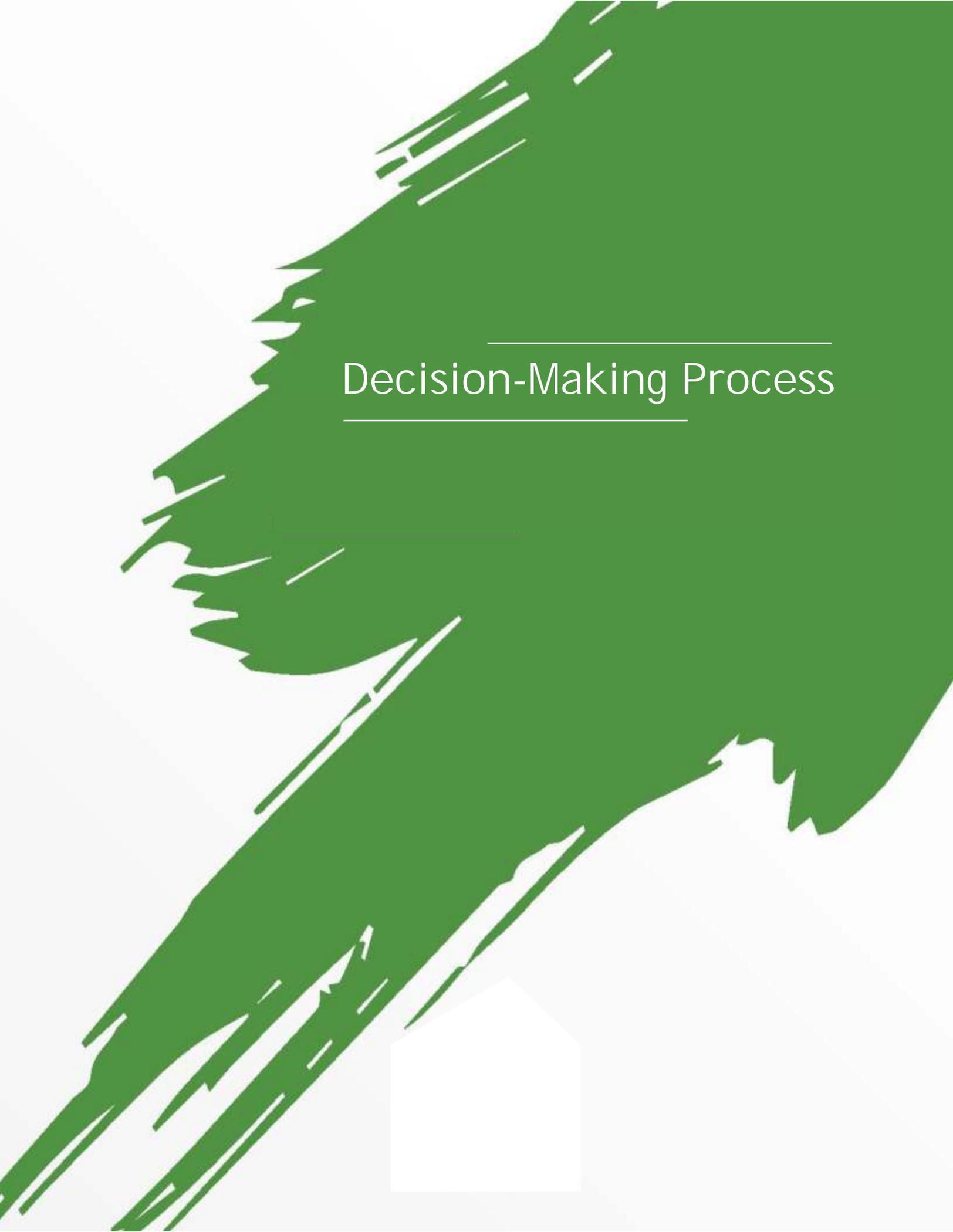
MONITORING AND ENFORCEMENT

Monitoring and Enforcement (M&E) is an important function of regulation to ensure that the licensees operate in accordance with the terms and conditions of the applicable documents including the Act, Rules, Regulations, Codes, Manuals, SOPs, Determinations and the Authority directives etc.

Performance Standards (Generation) Rules 2009, Performance Standards (Transmission) Rules 2005 and Performance Standards (Distribution) Rules 2005 have been framed to ensure provision of quality and reliable services to all consumers. These standards are to be observed by all licensees and adherence to the prescribed standards is ensured through site visits, evaluation of performance reports and legal proceedings.

TRANSPARENCY

Transparency is the essence of NEPRA's regulatory practices and a key element for trustworthiness of regulatory decisions. Transparency is ensured through public participation in the decision-making process by holding public hearings, inviting written comments of stakeholders and general public, availability of public documents including Rules, Regulations, licences, tariff determinations, petitions etc., on NEPRA website.



Decision-Making Process

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THE AUTHORITY'S REGULATORY DECISION-MAKING PROCESS

NEPRA is delegated to regulate the power sector including issuing licences, determining tariffs, monitoring for maintenance of proper standards and quality of services as well as addressing complaints of consumers. The Authority exercises its power under the NEPRA Act and Rules and Regulations made thereunder and is also empowered to review its own decisions.

All petitions are examined in the light of relevant rules, which, inter-alia, involve the process of consultation with stakeholders including consumers through public hearings and seeking comments through countrywide advertisements. This provides the Authority with a wide range of information which it evaluates before arriving at a decision.



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Regulatory Activities
in 2020-21 &
Anticipated Activities
for 2021-22



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GENERATION

NEPRA Act 1997, Section 14B (1) states that subject to sub-section 5, no person shall, except under the authority of a license issued by the Authority under this Act and subject to the conditions specified in this Act and as may be imposed by the Authority, construct, own or operate a generation facility.

Further, the Sub-section (5) of Section 14B of the Act states that the Federal Government may, after consultation with the Authority and by notification in official gazette, provide a mechanism for the gradual cessation of the generation licences for various classes of generation license holders, which shall not extend beyond a period of five years from the coming into effect of the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 (i.e. from 30-04-2018) and thereafter, any generation company may establish, operate and maintain a generation facility without obtaining a license under this Act if it complies with the technical standards relating to connectivity with the grid as may be specified.

Since the mechanism for gradual cessation of the generation licences for various classes of generation license holders has not been notified, therefore NEPRA kept on granting the generation licences during FY 2020-21. The details of various licences issued by NEPRA during FY 2020-21 are given in following paras.

GENERATION LICENCES

During the FY2020-21, twenty-seven (27) generation licences, with a cumulative installed capacity of 1591.343MW, were issued. Table 1 shows the number of licences issued during FY 2020-21 along with technology-wise cumulated generation capacity while the Table 2 shows the list of companies to whom these generation licences have been issued alongwith their technology and the installed capacity of each individual project .

Table-1: Source-wise details of Licences Granted

S. No.	Technology	Number of Licences	Capacity (MW)
1	Coal	1	55
2	Hydel	4	294.113
3	Solar (including Biogas)	19	50.0264
4	Bio-Mass / Bio Gas	2	47.6
5	Nuclear	1	1145
	Total	27	1591.343



Chairman NEPR, Authority member and Professionals visited Tarbella Dam, the largest earth-filled dam in the world, to see the operation of old and newly added T4 Extension Plant, and also to review their plan of T5 Extension.

Table-2: Licences Awarded to Generation Companies

S. No.	Name of Licensee	Installed Capacity (MW)	Technology
1	Shams Power (Pvt.) Limited	0.474	Solar
2	Solis Alpha Energy (Pvt.) Limited	1.00	Solar
3	Solis Alpha Energy (Pvt.) Limited	4.50	Solar
4	Solis Bravo Energy (Pvt.) Limited	5.00	Solar
5	Solis Charlie Energy (Pvt.) Limited	3.00	Solar
6	Solis Charlie Energy (Pvt.) Limited	3.50	Solar
7	Solis Bravo Energy (Pvt.) Limited	3.00	Solar
8	Solis Alpha Energy (Pvt.) Limited	2.50	Solar
9	Solis Delta Energy (Pvt.) Limited	6.50	Solar
10	Grid Edge (Pvt.) Limited	3.06	Solar
11	Atlas Energy Limited	0.8588	Solar
12	Atlas Energy Limited	0.6080	Solar
13	Atlas Energy Limited	0.5016	Solar
14	Atlas Energy Limited	0.6384	Solar

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S. No.	Name of Licensee	Installed Capacity (MW)	Technology
15	Atlas Energy Limited	0.9956	Solar
16	Nizam Power (Pvt.) Limited	9.5	Solar
17	PEDO (Koto Hydropower Project)	40.80	Hydel
18	Bulleh Shah Packaging (Pvt.) Limited	41.00	Bio-Mass
19	Uzghor Hydropower Company (Pvt.) Limited	82.25	Hydel
20	PEDO (Lawi Hydropower Project)	69.00	Hydel
21	Mughal Energy Limited	55.00	Coal
22	Karachi Nuclear Power Plant-3 (KANUPP-3)	1145	Nuclear
23	Master Hydro (Pvt.) Limited	102.063	Hydel
24	Govt. of Punjab (Micro Power Plant)	0.35	Solar/Bio Gas
25	Zero Carbon Power (Pvt.) Limited	3.12	Solar
26	Burj DG (Lahore)	0.92	Solar
27	Matol (Private) Limited	6.20	Bio-Mass/Bio-Gas

Net Metering Licences

During the FY 2020-21, eight thousand four hundred and seventeen (8417) Net Metering licences, with cumulated installed capacity of 145.881 MW, were issued. Table 3 is showing the details of net metering licences issued in each Distribution Company.

Table-3: DISCO wise Net Metering Licences Issued

S. No.	Name of Distribution Company	No. of Net Metering Licences Issued	Installed Capacity (MW)
1	LESCO	2,170	41.126
2	IESCO	1976	24.439
3	KEL	1,357	23.885
4	MEPCO	876	17.928
5	FESCO	564	14.879

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S. No.	Name of Distribution Company	No. of Net Metering Licences Issued	Installed Capacity (MW)
6	PESCO	525	6.064
7	GEPCO	433	11.138
8	DHA (EME)	273	3.147
9	BTPL	221	1.862
10	HESCO	11	0.951
11	QESCO	4	0.326
12	SEPCO	7	0.136
Total		8417	145.881

Modification in Existing Licences

During the FY 2020-21, NEPRA concluded twenty-six (26) cases of modifications in the existing licences which included both the Authority proposed as well as the Licensee Proposed Modifications. Table 4 is showing the list of companies whose licences were modified during FY 2020-21.

Table-4: List of License Modifications issued during the FY 2020-21

S. No.	Name of Licensee	License No.	Modification Decision Issued on
1	Jilani Energy (Pvt.) Limited	SGC/127/2018	31-May-21
2	International Industries Limited	SGC/60/2010	28-May-21
3	Reshma Power Generation (Private) Limited	IGSPL/58/2015	5-May-21
4	Gulf Powergen (Private) Limited	IGSPL/57/2015	5-May-21
5	PAEC for KANUPP	GL/022/2005	5-May-21
6	Finergy Private Limited	WPGL/21/2013	22-Apr-21
7	Jamshoro Power Co. Ltd. (JPCL) GENCO -I	GL/01/2002	21-Apr-21
8	K-Electric Limited	09/DL/2003	21-Apr-21
9	Buksh Solar Pvt. Limited	SPGL/06/2014	4-Mar-21
10	K-Electric Limited	GL/04/2002	19-Feb-21

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S. No.	Name of Licensee	License No.	Modification Decision Issued
11	Siachen Energy Limited	SPGL/24/2017	27-Jan-21
12	Zhenfa Pakistan New Energy Company (Pvt.) Limited	SPGL/19/2017	30-Dec-20
13	Pakistan Atomic Energy Commission (PAEC) for its CPP at KPC Complex)	SGC/120/2017	8-Dec-20
14	K-Electric Limited	GL/04/2002	7-Dec-20
15	Engro Polymer & Chemicals Ltd	SGC/026/2004	17-Nov-20
16	Safe Solar Power (Private) Limited	SPGL/07/2014	17-Nov-20
17	Habibullah Coastal Power (Pvt.) Limited	IPGL/012/2004	5-Nov-20
18	Fimcotex Industries (Pvt.) Limited	SGC/98/2014	23-Oct-20
19	Jamshoro Power Co. Ltd. (JPCL) GENCO ⁻¹	GL/01/2002	1-Oct-20
20	Access Electric (Private) Limited	SPGL/05/2014	9-Sep-20
21	Access Solar (Private) Limited	SPGL/03/2013	7-Sep-20
22	NASDA Green Energy (Pvt.) Limited	WPGL/49/2017	13-Aug-20
23	Liberty Wind Power 2 (Pvt.) Limited.	WPGL/46/2018	30-Jul-20
24	Act2 Wind (Pvt.) Limited	WPGL/42/2017	30-Jul-20
25	Artistic Wind Power (Pvt.) Limited	WPGL/41/2017	30-Jul-20
26	Liberty Wind Power 1 (Pvt.) Limited.	WPGL/39/2017	15-Jul-20

Miscellaneous Licensing Activities

NEPRA initiated legal proceedings, in terms of relevant provisions of NEPRA (Fines) Rules, 2002, against twenty (21) licensees on account of non-payment of annual license fee. Table 5 is showing the list of companies against whom legal proceedings were initiated on account of non-payment of annual license fee.

Table-5: List of Licensees with Pending Legal Proceedings

S. No.	Company/Licensee
1	Grange Power Limited
2	DACC Power Generation Limited

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S. No.	Company/Licensee
3	Rasul Hydropower (Private) Limited
4	Punjnad Hydropower (Private) Limited
5	Pakistan Wind Energy Generation
6	Alka Power (Private) Limited
7	Brothers Sugar Mills Limited
8	Hytex Energy (Private) Limited
9	DHA Cogen Limited
10	Genertech Pakistan (Private) Limited
11	Gulistan Power Generation Limited
12	Kamalia Sugar Mills Limited
13	Galaxy Textile Mills Limited
14	Lumen Energia (Private) Limited
15	Buksh Solar (Private) Limited
16	Din Textile Mills Limited
17	Frontier Mega Structure & Power (Private) Limited
18	ALKA Power (Private) Limited
19	SAR Energy (Private) Limited
20	Gulistan Power Generation Limited (Distribution)
21	Colony Mills Limited

Cancellation and Revocation of Licences

During the FY 2020-21, the Authority received requests from various Licensees for cancellation of their licences. During the year under consideration, eight (08) generation and one (01) distribution license were cancelled after due processing. Table 6 is showing the list of licences cancelled during the year.

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Table-6: List of Cancelled / Revoked Licences

S. No.	Name of Licensee	Licence No.	Category	Cancelled on
1	Shaheen Renewable Energy-1 (Pvt.) Limited	WPGL/44/2017	IPP-RE 2006	April 26, 2021
2	Sadiqabad Power (Pvt.) Limited	IGSPL/99/2018 dated July 17, 2018	IPP-RE 2006	Feb 24, 2021
3	Ghotki Power (Pvt.) Limited	IGSPL/96/2017 dated November 27, 2017	IPP-RE 2006	Feb 23, 2021
4	Colony Mills Limited	SGC/43/2008 dated November 13, 2008	CPPs	Jan 29, 2021
5	The Thal Industries Corporation Limited	SGC/59/2010 dated June 02, 2010	CPPs	Nov 11, 2020
6	Almoiz Industries Limited	SGC/37/2008 dated August 13, 2008	CPPs	Nov 11, 2020
7	Bahria Town (Pvt.) Limited	20/DL/2010	Distribution	Oct. 20, 2020
8	Deharki Sugar Mills (Pvt.) Limited	SGC/74/2011 dated June 29, 2011	CPPs	Oct 16, 2020
9	JDW Sugar Mills Limited	SGC/45/2008 dated December 31, 2008	CPPs	Oct 16, 2020

INDICATIVE GENERATION CAPACITY EXPANSION PLAN (IGCEP)

The process of electric power demand forecasting and subsequent expansion of electric power generation capacity & dispatch optimization involves complex statistical and computation efforts. Also, the development of generation facilities is capital intensive and requires significant gestation period based on different type of technologies. Therefore, to maintain the balance between demand and supply of electric power, a comprehensive plan for induction, retirement and replacement of generation capacity is required.

Pursuant to the provisions of the NEPRA Grid Code i.e., Planning Code (PC)-4 and PC-4.1, NTDC is required to prepare an IGCEP for a period of 0-10 years, while identifying new generation requirements by capacity, location and commissioning dates etc. and submit the same for approval of the Authority. The IGCEP is also required to satisfy inter-alia, Loss of Load Probability Criteria (LOLP), load growth forecast, operating reserve requirements and other related generation capacity planning criterion.

Pursuant to the provision of the Grid Code, NTDC prepared the IGCEP and submitted the same to NEPRA for review and approval of the Authority. The submitted IGCEP was initially evaluated and a public hearing was held on June 15, 2021 for consultation with all the relevant stakeholders. While evaluating the submitted IGCEP, it was decided that the assumptions for first iteration of the IGCEP shall be approved by the CCI. Therefore, the Authority returned the IGCEP to NTDC with the directions to submit the revised IGCEP in light of the assumptions as approved by the CCI. The IGCEP, once approved by the regulator, will give a clear picture of power generation outlook of the country and provide clarity for decision makers at all levels. It is anticipated that the revised IGCEP will be

submitted by NTDC for consideration of the Authority in first quarter of the FY (2021-22).



Public Hearing in the matter of Indicative Generation Expansion Plan 2021-2030 (IGCEP-21) submitted by NTDC at NEPRA Tower, Islamabad

GENERATION TARIFF

Pursuant to Rule 6 of the NEPRA Licensing (Generation) Rules, 2000 the licensee shall charge only such tariff for the provision of electric power or the ancillary services as may be approved or specified by the Authority.

Under Section 7(3) of the NEPRA Act, NEPRA is exclusively empowered to determine tariff, rates, charges and other terms and conditions for the supply of electric power services by generation, transmission, distribution and suppliers and to recommend these to the Federal Government for notification.



Pursuant to Rule 18(2) of NEPRA (Tariff, Standards and Procedures) Rule 1998, a tariff determined by Authority shall not become effective until such time it is published in the official gazette in accordance with relevant provisions of NEPRA Act.

Furthermore, Section 12 of the NEPRA Act provides that the powers to determine or modify the tariff, cannot be delegated by the Authority.

NEPRA determines the Generation, Transmission, Distribution and Supply tariff for different categories of licensees. The comprehensive process of determination of tariff is given under NEPRA (Tariff Standards & Procedure) Rules, 1998. During the FY 2020-21, NEPRA determined tariff for various generation technologies as well as distribution and supply of electric power. The details of the determined tariff are given in following paras:

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Hydropower

During the FY 2020-21, Tariff Determinations in respect of following hydropower projects were issued:

- i. Jabori Hydropower (10.2 MW)
- ii. Karora Hydropower (11.8 MW)
- iii. Koto Hydropower (40.8 MW)
- iv. Lawi Hydropower (69 MW)
- v. Turtonas-Uzghor Hydropower (82.25 MW)
- vi. WAPDA (8420 MW)

The Determinations of the Authority in all above cases are available on NEPRA website.



Visit of the NEPRA Authority to Mohmand dam project in Khyber Pakhtunkhwa

Nuclear Power

During the FY 2020-21, the Tariff Determinations of Chashma Nuclear Power Plants Unit-2, Unit-3 and Unit-4 were modified to the extent of Return on Equity (RoE) component. Further, the Authority started proceedings on the tariff petition of Karachi Nuclear Power Plant (K-2). While the proceedings were pending, the Authority allowed immediate application of tariff equivalent to the tariff of C4, except for O&M and fuel, with effect from COD of K-2 subject to the refund/ adjustment of any difference in tariff so collected by the petitioner as compared to the tariff which will subsequently be determined by the Authority.



NEPRA Authority visited the single largest turbine in Pakistan in the recently commissioned K2 Nuclear Power Plant, Karachi

Solar Power

During the FY 2020-21, Tariff Determinations were issued in respect of the following solar power plants:

- (a) P&G Energy (Pvt.) Limited (62.20 MW)
- (b) Asia Energy (Pvt.) Limited (30 MW)
- (c) Access Electric (Pvt.) Limited (10 MW)
- (d) Access Solar (Pvt.) Limited (11.52 MW)
- (e) Safe Solar Power (Pvt.) Limited (10.2816 MW)



In addition to above, the Authority gave its decision on the following:

- i. Tariff of Harappa Solar (Pvt.) Ltd. and AJ Power (Pvt.) Ltd., were adjusted downwards, subsequent to the signing of Master Agreement with the Central Power Purchasing Agency Guarantee Limited
- ii. Tariff Determination of Quaid-e-Azam Solar Power (Pvt.) Limited was modified to the extent of Return on Equity (RoE) component; RoE was adjusted downward.
- iii. Tariff petitions of three (03) Solar PV projects namely, K1 Solar Power Lahore (Pvt.) Limited, CTGI-WK Cholistan Solar Power Project (Pvt.) Limited and F1 Solar PK (Pvt.) Limited were returned by NEPRA, pursuant to the notification of Alternative and Renewable Energy Policy, 2019.
- iv. Review motion of 100 MW Solar PV project Zorlu Solar Pakistan Ltd

The Determinations of the Authority in all above cases are available on NEPRA website.

Wind Power

During the FY 2020-21, Tariff Determinations were issued in respect of following Wind power plants:

- (a) Sino Well (Pvt.) Limited (50.00 MW)
- (b) Shafi Energy (Pvt.) Limited (50.00 MW)
- (c) Moro Power Company (Pvt.) Limited (24.90 MW)
- (d) Norinco International Thatta Power (Pvt.) Limited (100.00 MW)
- (e) Iran-Pak Wind Power (Pvt.) Limited (49.50 MW)



In addition to above, the Authority gave its decision on the following:

- a. Tariff of three (03) Wind IPPs namely, Act Wind (Pvt.) Limited, Artistic Energy (Pvt.) Limited and FFC Energy Limited were adjusted downward, pursuant to signing of Master Agreement with the CPPA-G
- b. Modification Petitions and Review Motions filed by following Twelve (12) Wind Power companies were decided by the Authority:

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- | | | | |
|-----|-------------------------------------|------|-------------------------------------|
| i | Master Green Energy Limited | ii | Tricom Wind Power (Pvt.) Limited |
| iii | Gul Ahmed Electric Limited | iv | Din Energy Limited |
| v | Act 2 Wind (Pvt.) Limited | vi | Artistic Wind Power (Pvt.) Limited |
| vii | Metro Wind Power Limited | viii | NASDA Green Energy (Pvt.) Limited |
| ix | Liberty Wind Power 1 (Pvt.) Limited | x | Liberty Wind Power 2 (Pvt.) Limited |
| xi | Lakeside Energy (Pvt.) Limited | xii | Indus Wind Energy Limited |
- c. Review Motions of Burj Wind Energy (Pvt.) Ltd. and Trans-Atlantic Energy (Pvt.) Ltd. requesting to extend the time of financial close was decided by the Authority
- d. Review Motion of Zephyr Power (Pvt.) Limited (ZPPL) was finalized for correction of typographic error in the COD Decision
- e. Tariff petition of Finergy (Pvt.) Limited was returned by NEPRA, pursuant to the notification of Alternative and Renewable Energy Policy, 2019

In addition to above, the Authority, through a single decision issued on February 16th 2021, approved two Request for Proposal ("RFP") documents, each for solar and wind power projects, submitted by AEDB to carry out competitive bidding for the procurement of electricity from the companies that hold Letters of Intent ("LOIs") and fall under Category-III of the Cabinet Committee on Energy's ("CCoE") decision. The approval was granted under NEPRA Competitive Bidding Tariff (Approval Procedure) Regulations, 2017.

The Determinations of the Authority in all above cases are available on NEPRA website.

Bagasse

During the FY 2020-21, the Authority decided the review motions filed by CPPAG in respect of following bagasse-based power plants pursuant to signing of Master Agreement with CPPA-G:

- | | | | |
|------|------------------------------|-----|--------------------------------|
| i. | Hamza Sugar Mills (30.00 MW) | ii. | The Thal Industries (20.00 MW) |
| iii. | JDW Unit-II (26.36 MW) | iv. | JDW Unit-III (26.36 MW) |
| v. | Al-Moiz, | vi. | Chanar Energy (22.00 MW) |
| vii. | RYK Mills (36.00 MW) | | |

The Determinations of the Authority in all above cases are available on NEPRA website.

RLNG

During the FY 2020-21, the Tariff of following RLNG based thermal power projects were modified;

- i. Tariff modification of NPGCL for reduction in RoE of CCPP Nandipur
- ii. Tariff modification of Punjab Thermal Power (Pvt.) Limited for reduction of RoE Component
- iii. Tariff modification of Quaid-e-Azam Thermal Power (Pvt.) Limited for reduction of RoE Component
- iv. Tariff modification of National Power Parks Management Company (Private) Limited (NPPMCL) in respect of its two power plants at Haveli Bahadur Shah (HBS) and Balloki for reduction of RoE component.

The tariffs of following RLNG based projects were adjusted downwards pursuant to signing of Master Agreements with CPPA-G.

- i. Halmore Power Generation Company (Pvt.) Limited
- ii. Liberty Power Tech Limited
- iii. Orient Power Company (Pvt.) Limited
- iv. Saif Power Limited
- v. Sapphire Electric Company Limited

The Determinations of the Authority in all above cases are available on NEPRA website.

Gas

During the FY 2020-21, the Authority decided on the following Petitions in respect of Gas based plants:

- i. Tariff Modification petition filed by CPGCL to include open cycle tariff for the 747 MW Combined Cycle Power Plant at Guddu in the CPGCL
- ii. Tariff Modification Petition filed by CPGCL for Modification/Revision of earlier Tariff Determination dated February 24th, 2006

During the FY 2020-21, the Tariff of following GAS based thermal power projects were adjusted downwards, pursuant to signing of Master Agreement with the CPPA-G:

- i. Engro Powergen Qadirpur Limited
- ii. Foundation Power Company (Deharki) Limited

RFO

During the FY 2020-21, the Authority gave its Determination / Decision on the following:

- i. Tariff petition filed by NPGCL for its old blocks. Tariff was revised from "Take or Pay" basis to "Take and Pay" basis
- ii. Tariff petition filed by JPCL for revision of its tariff downward on account of reduction in RoE component
- iii. Review applications filed by CPPA-G in respect of following companies for downward adjustment of tariff pursuant to the signing of Master Agreement:

- Atlas Power Limited
- Attock Gen limited
- Narowal Energy Limited
- Nishat Chunian Power Limited
- Nishat Power Limited



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Coal

During the FY 2020-21, the Authority decided on the following petition / applications of coal-based power plants:

- i. Application of Indexation/Adjustment of Sinosure Component of Capacity Charge part for tariff of Port Qasim Electric Power Company (Private) Limited (POEPCL). The Authority also decided the review motion against the said decision
- ii. Application of Annual Adjustment of Sinosure Component of Capacity Charge Part of Tariff for POEPCL (Period November, 2020 to November, 2021)
- iii. Motion for Leave for Review filed by POEPCL in the matter of adjustment of Insurance Component of Capacity Charge part of Tariff
- iv. Motion for Leave for Review filed by China Power Hub Generation Company (Pvt) Limited against Authority's decision pertaining to approval of Jetty O&M Tariff



Adjustment of Reference Generation Tariff at Commercial Operation Date

During the FY 2020-21, COD adjustments were made for the following projects:

- i. 150 MW Patrind Hydropower Project of Star Hydro Power Limited (SHPL)
- ii. 50 MW Solar power project of Gharo Solar Limited (GSL)

K-Electric

- i. The Multi Year Tariff (MYT) determination of K-Electric provides mechanism for certain adjustments to be made in the allowed tariff on monthly, quarterly/annual basis. During the FY 2020-21, the Authority decided in the matter of monthly FCA requests filed by K-Electric for the period from July, 2019 to May 2020 and June, 2020 to December, 2020. Also, the quarterly adjustment requests of K-Electric for the period April 2019 to March 2020 were decided by the Authority.



Chairman NEPRA,
Mr. Tauseef H. Farooqi along with
the Authority Members visited K-
Electric 900 MW under
construction Bin Qasim Power
Station (BQPS-III)

- ii. The Authority issued its decision in the matter of Review Motion filed by Anoud Power Generation Ltd. (APGL) regarding Monthly Fuel Charges and Quarterly Adjustments of K-Electric Limited for the period from July, 2016 to June 2019
- iii. Approval of Power Acquisition Request filed by K-Electric Limited was granted for Purchase of 1-6 MW (Gas based) power from Lucky Cement Limited under NEPRA Interim Power Procurement (Procedures & Standards) Regulations, 2005
- iv. Approval of Power Acquisition Request Filed by K-Electric was granted for Purchase of up to 4 MW Power from gas based Captive Power Plant of International Industries Limited (IIL)

Indexation/Adjustment of Tariffs

During the FY 2020-21, the following adjustments on account of quarterly indexation/adjustments of US CPI, exchange rate, fuel price variation, withholding tax, turnover tax, calorific value and insurance component etc. were decided:

- i. 333 Quarterly Adjustments
- ii. 243 Fuel Price Adjustments

STANDARDS AND CODES

Draft Performance Standards (Generation) Regulations

Pursuant to amendments in the NEPRA Act in 2018, the Performance Standards (Generation) Rules are required to be replaced with the Performance Standards (Generation) Regulations. Therefore, a comprehensive gap analysis of the existing Performance Standards (Generation) Rules, 2009 was carried out and the draft Performance Standards (Generation) Regulations was prepared.

Performance Evaluation Report of WAPDA for the FY 2018-19

The revised Performance Evaluation Report of Tarbela, Mangla, Ghazi Barotha, Warsak and Chashma hydel power stations of WAPDA for the FY 2018-19 on account of availing higher outages than allowed in Power Purchase Agreement was presented before the Authority. With the further probe in the matter, it was observed that CPPA-G did not raise LD invoices to WAPDA. CPPA G was directed to look into the matter and impose due LDs.

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TRANSMISSION

Section 16 of NEPRA (Amendment) Act, 2018 provides that subject to the conditions laid down under the Act, no person shall engage in the transmission of electric power without obtaining a license issued by the Authority. Further, Section 18 of the Act states that the Authority may, subject to the provisions of this Act and after such enquiry as it may deem appropriate, grant a license to National Grid Company authorizing the licensee to engage in the transmission of electric power, provided that only one such license shall be granted at any one time.

In addition, the Section 18(A) of the Act states that Authority subject to the provisions, after such enquiry as it may deem appropriate, grant a license authorizing a company owned by a Provincial Government to engage in the transmission of electric power within the territorial limits of such Province as Provincial Grid Company, provided that only one such license shall be granted for each Province at any one time.

TRANSMISSION LICENCE

During the FY 2020-21, Authority received the application of Khyber Pakhtunkhwa Transmission & Grid System Company (Private) Limited (KPKT&GSCPL) for the grant of licence as Provincial Grid Company. Application was processed and the transmission licence was issued to KPKT & GSCPL to act as Provincial Grid Company for the Province of Khyber Pakhtunkhwa. Detailed Determination of the Authority is available on NEPRA website

During the FY 2020-21, the Authority decided in the matter of Modification Petitions of Sindh Transmission and Dispatch Company (STDC) regarding the invoicing mechanism, allowing STDC to directly raise invoice to K-Electric. Further, the review petition pertaining to Transmission & Transformation losses was also decided during the year. Detailed Determination/Decision of the Authority in the matter is available on NEPRA website.



NTDC apprising NEPRA's Authority via video link regarding its ongoing and upcoming projects and utilization of investment and system constraints



Public Hearing Regarding Fuel Charges Adjustment of XWDISCOs for the Month of December 2020 held at NEPRA Tower, Islamabad

STANDARDS AND CODES

Draft Performance Standards (Transmission) Regulations 2021

During the FY 2020-21, the first draft of Performance Standards (Transmission) Regulations, 2021 with additional parameters in light of the best regional and international practices was prepared and shared with all relevant professionals for their input/comments.

Performance Evaluation Report

The Annual Performance Reports submitted by NTDC & K-Electric for the FY 2019-20 under Performance Standards (Transmission) Rules 2005 (PSTR) were reviewed and a comprehensive Performance Evaluation Report was approved by the Authority and same was uploaded on NEPRA website.

Monitoring Progress on Removal of System Constraints by NTDC

Monthly reports were solicited from NTDC regarding progress on projects intended to eliminate overloading/constraints of various 500 kV, 220 kV grid stations and transmission lines. NTDC gave detailed presentation in the matter on 25th August, 2020, 8th September, 2020 and 8th June, 2021. NTDC's plans are being monitored on monthly basis.

Grid Code Revision

The revision of Grid Code was required in the light of NEPRA (Amendment) Act, 2018 aiming at market transformation via Provincial Grid Companies, System Operator, Market operator, Trader(s) & Supplier(s). The technological advancements like HVDC, Hybrid power generation etc. also necessitated for revision of the existing Grid Code. In this regard, NTDC has hired M/s DNV (Det Norske Veritas) GL, (B.V) Netherlands for consultancy services to review and update the infield Grid Code as per latest international practices. This project is being carried out under NTDC's National Power Transmission Modernization Project Phase-1 (NPTM-1). NEPRA is closely monitoring this project.

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DISTRIBUTION AND SUPPLY OF ELECTRICITY

Section 20 of NEPRA Act provides that no person shall, except under the authority of a licence issued by the Authority under the Act and subject to the conditions specified, engage in the distribution of electric power. Furthermore, Section 21 sub section (1)(b) & (f) of the NEPRA Act also provide that DISCOs will be responsible to provide distribution service within their service territory on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority; and to follow the performance standards laid down by the Authority for distribution and transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any Governmental agency or Provincial Government.



Public Hearings on the adjustment requests of FESCO and LESCO for Adjustment in Tariff for the FY 2020-21

TARIFF FOR DISTRIBUTION COMPANIES (DISCOS)

- i. Tariff Determinations as well as Review Motions in respect of following seven DISCOs for the FY 2018-19 & FY 2019-20, for both Distribution and Supply businesses, were decided by the Authority:
 - a. Quetta Electric Supply Company Ltd. (QESCO)
 - Determination i.r.o Supply of Power Tariff for the FY 2018-19
 - Determination i.r.o Supply of Power Tariff for the FY 2019-20
 - Review against Determination of Supply of Power Tariff for the FY 2019-20
 - Determination i.r.o Distribution Tariff for the FY 2018-19
 - Determination i.r.o Distribution Tariff for the FY 2019-20
 - b. Peshawar Electric Supply Company Ltd. (PESCO)
 - Determination i.r.o Supply of Power Tariff for the FY 2018-19 & FY 2019-20
 - Review against Determination of Supply of Power Tariff for the FY 2018-19 & FY 2019-20
 - Determination i.r.o Distribution Tariff for the FY 2018-19 & FY 2019-20
 - Review against Determination of Distribution Tariff for the FY 2018-19 & FY 2019-20.

- c. Tribal Areas Electricity Supply Company Ltd. (TESCO)
 - Determination i.r.o Supply of Power Tariff for the FY 2018-19
 - Determination i.r.o Supply of Power Tariff for the FY 2019-20
 - Determination i.r.o Distribution Tariff for the FY 2018-19
 - Determination i.r.o Distribution Tariff for the FY 2019-20
- d. Gujranwala Electric Power Company Ltd. (GEPCO)
 - Determination i.r.o Supply of Power Tariff for the FY 2018-19
 - Determination i.r.o Supply of Power Tariff for the FY 2019-20
 - Determination i.r.o Distribution Tariff for the FY 2018-19
 - Determination i.r.o Distribution Tariff for the FY 2019-20
- e. Multan Electric Power Company Ltd. (MEPCO)
 - Determination i.r.o Supply of Power Tariff for the FY 2018-19 & FY 2019-20
 - Review against Determination of Supply of Power Tariff for the FY 2018-19 & FY 2019-20
 - Determination i.r.o Distribution Tariff for the FY 2018-19 & FY 2019-20
 - Review against Determination of Distribution Tariff for the FY 2018-19 & FY 2019-20
- f. Sukkur Electric Power Company Ltd. (SEPCO)
 - Determination i.r.o Supply of Power Tariff for the FY 2018-19 & 2019-20
 - Determination i.r.o Distribution Tariff for the FY 2018-19 & FY 2019-20
- g. Hyderabad Electric Supply Company Ltd. (HESCO)
 - Determination i.r.o Supply of Electric Power Tariff for the FY 2018-19
 - Determination i.r.o Supply of Electric Power Tariff for the FY 2019-20
 - Determination i.r.o Distribution Tariff for the FY 2018-19
 - Determination i.r.o Distribution Tariff for the FY 2019-20
 - Review against Determination of Distribution Tariff for the FY 2018-19



NEPA held two consecutive Public Hearings on the applications/petitions of CPPA-G on Fuel Charges Adjustment for the Month of May and 3rd Quarterly Adjustments of XWDISCOs at NEPA Tower, Islamabad.

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- ii. Authority gave its decision in the matter of adjustment in tariff components of those DISCOs which have been granted Multi-year Tariff i.e. FESCO, LESCO and IESCO; details of such adjustment are given hereunder:
- Decision of the Authority in the matter of Request filed by FESCO for Adjustment of Tariff for the FY 2019-20 under Multi Year Tariff (MYT)
 - Decision of the Authority in the matter of Request filed by LESCO for Adjustment of Tariff for the FY 2019-20 under Multi Year Tariff (MYT)
 - Decision of the Authority in the matter of Request filed by IESCO for Adjustment of Tariff for the FY 2019-20 under Multi Year Tariff (MYT).
 - The Authority also decided the Review Motion filed by IESCO against the Adjustment of Tariff for the FY 2019-20 under Multi Year Tariff (MYT)
- iii. During the FY 2020-21, Authority gave its decision on the Motion filed by the Federal Government for determination of uniform Consumer-end Tariff for XWDISCOs under Section 31(4) of NEPRA Act.
- iv. During the FY 2020-21, the Authority also decided the following:
- Motion filed by Federal Government for industrial support package for incremental consumption and abolishment of Time of Use Tariff.
 - Request filed by EX-WAPDA DISCOs for periodic Adjustments in tariff for the 2nd and 3rd quarter of FY 2019-20.
 - Request filed by EX-WAPDA DISCOs for periodic Adjustments in tariff for the 4th quarter of FY 2019-20.
 - Request filed by EX-WAPDA DISCOs for periodic Adjustments in tariff for the 1st and 2nd quarters of FY 2020-21.

Fuel Charges Adjustment

In terms of proviso (iv) to section 31(7) of the NEPRA Act, the Authority may, on monthly basis and not later than a period of seven days, make adjustments in the approved tariff on account of any variations in the fuel charges and policy guidelines as the Federal Government may issue and notify the tariff so adjusted in the official Gazette. The Authority decided monthly Fuel Charges Adjustments of DISCOs for the FY 2020-21 as given below:

Months	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Variation (Rs./KWh)	0.8376	0.4828	1.1138	0.2925	0.7696	1.5359
Months	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Variation (Rs./KWh)	0.8954	0.6416	(0.6434)	(0.4371)	(0.2644)	(0.1930)

ENERGY DRAWN BY DISCOS AGAINST THEIR ALLOCATED QUOTA

Daily data of energy drawn by DISCOs against their allocated quota was analysed and report was presented to the Authority. It was observed that most of the DISCOs had drawn less energy as against the allocated quota despite the fact that at same time load shedding was being carried out by these DISCOs. The poor performance of DISCOs is not only resulting in excessive load shedding but also badly affecting the economy. DISCOs were directed to improve their distribution system as well as governance in their area to minimize the load shedding.

In view of the poor performance of DISCOs, the Authority directed to issue an advisory to Power Division with copy to Prime Minister Office and Cabinet Division. Pursuant to the directions of the Authority, an advisory dated 23rd November, 2020 was issued wherein poor performance of DISCOs was highlighted for taking necessary action.

STANDARDS AND CODES

Performance Evaluation Report of DISCOs & K-Electric

According to Performance Standards (Distribution) Rules (PSDR), each distribution company is bound to submit an Annual Performance Report (APR) to NEPRA before August 31st of the succeeding year. Accordingly, the APRs submitted by all DISCOs and K-Electric for the FY 2019-20 were reviewed on the basis of parameters namely, Transmission and Distribution Losses, Recovery, System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI), Time Frame for new connections, Load Shedding, Nominal Voltage, Consumer Complaints, Safety & Fault Rate etc. Final Report in the matter was uploaded on NEPRA website.

Pending Applications for New Connections

NEPRA's Performance Standards Rules-2005 (PSDR-2005) read with clause 2.7 of Consumer Service Manual 2010, require the distribution company to provide electric power services to at least 95% of new connections to its eligible consumers within the stipulated time limit which is 20 days for residential consumers after payment of demand notice. The Authority took a serious notice of the volume of pending applications for new connections with DISCOs and directed all DISCOs to fulfil their obligations. The compliance of DISCOs in this regard is being monitored on monthly basis.

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CONSUMER AFFAIRS & COMPLAINTS MANAGEMENT

Consumer Affairs Department (CAD) of NEPA receives and processes complaints of electricity consumers against Distribution Companies. For consumer facilitation, NEPA has established regional offices in different cities for receiving and processing of consumer complaints. Also, a number of complaints were received via Pakistan's Citizens Portal. In addition to already established 09 Regional Offices, NEPA has established Regional Office in Gwadar during FY 2020-21.



Chairman NEPA and Authority Members Inaugurated NEPA Regional Office at Gwadar, Balochistan

Below given table-7 shows the DISCO wise status of complaints received, processed and concluded in NEPA during the FY 2020-21:

Table-7: Status of Consumer Complaints (Head Office & Regional Offices)
(July 2020 - June 2021)

DISCO	Total Complaints received / processed	Total Complaints disposed off	Under process
KE	5,213	5,056	157
HESCO	1,323	1,106	217
LESCO	883	812	71
SEPCO	783	615	168
MEPCO	546	503	43
PESCO	418	330	88

DISCO	Total Complaints received / processed	Total Complaints disposed off	Under process
FESCO	412	372	40
GEPCO	305	273	32
IESCO	169	158	11
QESCO	105	57	48
BTPL	5	2	3
TESCO	2	1	1
NTDC	1	0	1
Pakistan Citizens Portal	702	699	3
Total	10,867	9,984	883

CONSUMER SERVICE MANUAL

Consumer Service Manual pertaining to the procedure for obtaining new connection and other allied issues, was revised for compliance of the DISCOs and K-Electric. Subsequent to the revision of CSM and complaint filed by Association of Builders and Developers of Pakistan (ABAD), NEPRA has been able to introduce uniform rate of connection charges across all DISCOs and K-Electric.

Also, the industrial consumers have been allowed provision of connection for load above 5MW upto 7.5 MW on 11kV feeder, subject to meeting certain conditions instead of independent Grid Stations. The requirement of land for grid stations have been reduced for Gas Insulated Grid Station from 32 kanals to 12 kanals and for Air Insulated Grid Station from 32 kanals to 20 kanals. Earlier, only one industrial connection was allowed by DISCOs at any premises. On suggestion of the industrialists, more than one industrial connection have been allowed by NEPRA with the condition that another connection at the same premises will be allowed in case of different nature of industries.

For residential consumers NEPRA has allowed more than one domestic connection at the same premises subject to certain conditions, not applicable where applicant requests for separate connection under ToU tariff (5kW & above) for separate portions of the premises.

In light of the suggestions of the Board of Investment, the time period for provision of electricity connection (Category III), i.e. for load above 70 kW to 5000 kW upto 400 Volts, has been reduced from 73 to 58 days and procedures / steps have been reduced from 6 to 4 steps. Online submission of application for connection and payment of demand notice has been introduced, which has resulted in improvement in the ranking of Pakistan w.r.t Ease of Doing Business.

Highlights of some of major activities of Consumer Affairs Department during the year are given below:

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- i. Directions issued to all DISCOs including K-Electric regarding installation of bi-directional meter at the premises directly where the consumer intends to apply for a net-metering facility to avoid un-necessary costs involving installation of 3-phase meter, these directions have resulted in saving of Rs. 15,000/- each for such net metering consumers.



Public Hearing in the Matter of Authority Proposed Modification (APM) in the Distribution Licence of K-Electric Limited (KEL) at Marriot Hotel, Karachi

- ii. Recommendations / suggestions have been issued to the Provincial Governments for strengthening the role of Electric Inspectors / Provincial Offices of Inspection who are performing their duties under the applicable law to minimize the recurrence of accidents, incidents, fire, safety hazard, short circuit, etc.
- iii. Complaints against all DISCOs including K-Electric are also being processed online through NEPRA Online Complaint Management System.

MONITORING AND ENFORCEMENT

COMMERCIAL VIABILITY OF GENCOS

A comprehensive study on the commercial viability of public sector GENCOs was conducted and it was observed that operations of a number of units / machines of GENCO-I & III are neither technically feasible nor commercially viable. Accordingly, the Authority decided to initiate Authority Proposed Modification for immediate decommissioning of Units 5 & 6 of Thermal Power Station (TPS) Muzaffargarh. Authority also decided to carry out decommissioning of Unit 1 of TPS Jamshoro and Unit 4 of TPS Muzaffargarh by the year 2022. It was also decided to decommission Units 5 to 9 of GTPS Faisalabad upon commissioning of Trimmu Power Plant.

MONITORING OF GENERATION DISPATCH AS PER THE GRID CODE AND ECONOMIC MERIT ORDER

The generation data submitted by NPCC is analysed and any deviations that are found with regard to the provisions of Grid Code and Economic Merit Order are highlighted during the Fuel Charge Adjustment mechanism carried out on a monthly basis. In this regard, CPPA-G was guided to develop a mechanism for effective monitoring of monthly generation data as submitted by NPCC. Another major outcome of the analysis is the identification of NTDC's System Constraints. The impact of Transmission System constraints on the System Operations in terms of underutilization of efficient plants and operation of expensive / inefficient plants were being monitored during the year and same was being shared with NTDC. NTDC is submitting the monthly progress report regarding removal of its system constraints.

ANALYSIS OF PUBLIC SECTOR POWER PLANTS

A comprehensive study was conducted on Power Plants operating under the Public Sector. The recommendations made for each segment of Public Sector plants is as follows:

a. WAPDA Hydropower Station

Analysis of WAPDA Hydropower Plants revealed that the electricity generation from some old Hydro power plants were quite low and thus due to capacity-based tariff, the per unit cost of electricity was high. The Authority therefore decided to engage WAPDA to revise the tariff of their old hydropower station from "Take or Pay" to "Take and Pay" basis.



Authority Members visited the 84 MW Gorkin Matiltan Hydropower Project which is located in Kalam Valley, Swat, KPK.



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b. RLNG Power Plants

An analysis of the RLNG plants was carried out to identify the reasons for their underutilization as compared to its full-capacity. It was revealed that at various instances the plant could not be operated either due to non-availability of the RLNG or due to system constraints. Both issues were taken up with NTDC/NPCC who were directed to make all out efforts to ensure that the cheaper RLNG generation could be utilized to its maximum.

c. Public Sector GOENCOS

The study of GENCOs revealed that certain 'Take or Pay' power plants were either unutilized or underutilized during the FY 2020-21. Further, it was also noted that some of the combined cycle power plants of CPGCL were operating in open cycle mode. Operation of all these plants was affecting the power sector adversely. Therefore, the Authority decided to convert the tariff of all old blocks of GENCOs from 'Take or Pay' to 'Take and Pay' basis. Further, the Authority also took up the matter of operation of combined cycle power plants in open cycle mode with CPGCL.

FUEL STOCK SHORTAGE

After the shortfall of RFO fuel at power plants in the summer of FY 2019-20, Authority took up the issue with CPPA-G and directed to regularly monitor the fuel stock position of all the power plants and take necessary steps to ensure that the fuel stock is available as per the PPAs of the respective plants.

Settlement of Claims due to Non-Supply Events in case of 03 RLNG Projects

Under the "Reimbursement Agreements" executed between CPPA-G and the SNGPL in respect of three public sector RLNG projects at Balloki, Bhikki and Haveli Bahadur Shah, CPPA-G, has raised the claims amounting to Rs. 4.173 billion and Rs. 0.527 billion for different periods against SNGPL on account of 'Non-Supply Event' in respect of the said three RLNG based power plants. However, the reimbursement claims are under dispute between CPPA-G and SNGPL. The Authority has been emphasising to expedite the settlement claims.

Resident Engineer (RE) Golan Gol
Hydropower Project, Chitral
Presenting Shield to NEPRA
Authority



DATA EXCHANGE PORTAL

During the FY 2020-21, the Authority directed to upgrade the reporting frequency and reporting mechanism of KPIs. Accordingly, in consultation with the licensees, web interface / data exchange portal was finalized. The Authority approved the beta version / prototype of the web interface / data exchange portal for online acquisition of daily data pertaining to KPIs from K-Electric Limited, Engro Energy (Pvt.) Limited, Laraib Energy Limited, Ourson Pakistan Limited and Foundation Wind Energy-I (Pvt.) Limited in respect of their generation facilities on regular basis. Upon successful demonstration, all licensees will require to submit daily data through the data exchange portal.

TRANSMISSION AND DISTRIBUTION

Request of HESCO for Rationalization of Jhimpir Wind Cluster CDPs

NEPRA team visited HESCO head office and site of Common Delivery Points (CDPs) between NTDC, Wind Power Plants (WPPs) and HESCO in Jhimpir Wind Cluster. During the visit, the issues relating to relocation of CDPs was discussed in detail and accordingly, comprehensive report in the matter of relocation of CDP was placed before the Authority. The Authority after considering the report decided not to accede the request of HESCO with regard to shifting/relocation of existing CDPs. Furthermore, the Authority directed HESCO to take over the operation and maintenance of 132 kV assets/ transmission lines in Jhimpir Wind corridor as per its obligations under Grid Code 2005.

Review of Progress of Interconnection Arrangements for Hydel Power Projects

Member (M&E) NEPRA reviews progress of power evacuation projects on monthly basis. Member (M&E) has directed NTDC team to ensure that all interconnection arrangements for power plants are completed as per the schedule so that energy loss and penalties can be avoided.

Chairman NEPRA visited 72 MW Khan Khwar Hydropower Project, Besham Dist. Shangla, KPK.



SAFETY MANUAL FOR DISCOS

Pursuant to the instructions of the Authority, the draft Safety Manual was prepared jointly with

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LESCO and MEPCO and the same was shared with all other DISCOs for their comments. Subsequently, a workshop was also held at LESCO's Head Quarters at Lahore for finalization of draft Safety Manual. The Authority has approved the Draft Safety Manual as a 'Master Document' for all DISCOs and forwarded to all the DISCOs with the direction to submit their Safety Manuals after incorporating requisite changes (guidelines provided) in the 'Master Document' for Authority's approval.

Power Safety Code (Second Edition)

NEPRA Authority in the year 2015, had published Power Safety Code (the "Code 2015") to ensure that the transmission & distribution licensees' networks are planned, developed, operated and maintained in an efficient way without compromising on safety of the systems, personnel and others. In order to avoid any fatalities / incidents w.r.t generation licensees and registered persons / entities, the Authority has revised the Power Safety Code 2015 and framed second edition of the Power Safety Code (the "Code 2021") after due consultation with the stakeholders.

Disciplinary and Legal Proceedings during the FY 2020-21

S. No.	Disciplinary and Legal Proceedings
1	Recovery Proceedings pertaining to Fine imposed on GENCOs Imposed a fine of Rs. 1,000,000/- in case of GENCO-I & II and Rs. 500,000/- in case of GENCO-I on account of excess auxiliary consumption and availing higher outages
2	Recovery Proceedings pertaining to Fine imposed on NTDC/NPCC Imposed a fine of Rs. 1,000,000/- (One million) on NTDC/NPCC for putting GENCO-I & GENCO-III on standby mode during the FY 2014-15 and 2015-16.
3	Recovery of Liquidated Damages imposed on GENCOs by CPPA-G CPPA-G raised LD invoices amounting to Rs. 31.347 Billion on GENCO-I, II and III for the agreement years 2014 -15 to 2018 -19 which CPPA-G could not recover. Thus, CPPA-G was directed to furnish a detailed recovery plan along with timelines pertaining to the LDs imposed on GENCOs.
4	Show Cause Notice Issued to NPGCL Issued a Show Cause Notice to Chief Executive Officer (GHCL) upon non-submission of requisite information as sought by NEPRA regarding non-operation of Nandipur Power Plant (GENCO-III) after achieving its Commercial Operation Date (COD).
5	Fine on MEPCO on breach of the Performance Standards Distribution Code Imposed a fine of Rs. 6,000,000/- (Six million) on MEPCO under NEPRA (Fines) Rules, 2002 for violating Performance Standards, Distribution Code, and other applicable documents .
6	Investigation against K-Electric on account of Excessive Load Shedding: Imposed a fine of Rs. 160,000,000/- (One sixty million) on K-Electric on account of, inter alia, load shedding at large scale in its service territory.

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S.No.	Investigations on account of Fatal Accidents under Section 27 -A of NEPRA Act
1	MEPCO: Imposed a fine of Rs. 10,000,000/- (Ten million) on MEPCO on account of fatal accident
2	PESCO: Imposed a fine amounting to Rs. 13,000,000/- (Thirteen million) on PESCO on account of fatal accidents during the period from July 2019 to December 2019
3	HESCO: Legal proceedings initiated on account of fatal accidents during the period of July 2019 to October 2020 in the service territory of HESCO.
4	K-Electric: Imposed a fine of Rs. 36,000,000/- (Thirty-Six million) on K-Electric on account of fatal accidents in the K-Electric from July 7, 2020 to August 8, 2020. K-Electric was further directed to compensate the families of victims who were electrocuted and directed to conduct a survey of 132 KV lines and submit a viable proposal to reduce such safety hazards.
5	SEPCO: Legal proceedings initiated on account of fatal accidents during the period of July 2019 to November 2020 in the service territory of SEPCO
6	FESCO: Legal proceedings initiated on account of fatal accidents during the period of July 2019 to January 2021 in the service territory of FESCO
7	GEPCO: Legal proceedings initiated on account of fatal accidents in the service territory of GEPCO



Briefing by HESCOs Officials to NEPRA Authority at HESCO's Head quarter, Hyderabad

Regular Monitoring and Collecting Information / Data

As a part of monitoring activities, data was collected from Transmission & Distribution companies in respect of:

- Transmission & distribution losses of DISCO's

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- b. Loading position of 500 kV, 220 kV and 132 kV grid stations and power transformers
- c. Loading position of Distribution transformers and feeders
- d. Load shedding carried out by DISCOs
- e. Installation of Time of Use (ToU) Meters

Major observations and discrepancies noted during the analysis of data were conveyed to the management of DISCOs along with proposed measures to improve their performance.

Inquiry Report of Total Power System Collapse on January 9, 2021

On January 9, 2021 at 11:40 pm, the power system collapsed and the whole country suddenly plunged into darkness. The Authority took serious notice of this incident and constituted an Inquiry Committee. The Inquiry Committee after due diligence in the matter, submitted its report before NEPRA. Based on findings / recommendations of inquiry report, the Authority gave directions to the concerned entities vide decision dated February 17, 2021. The directions of the Authority given to the concerned entities are briefly given below:

- i. NTDC was directed to arrange a comprehensive study from a reputed international firm to mitigate the adverse effects of Power Swing and suggest Out of Step (OOS) Protection in order to avoid major power breakdown and blackouts. NEPRA shall be taken on board for framing of TORs, bidding process and final selection of the consultant in due course.
- ii. NTDC & DISCOs were directed to conduct a study of 500kV/220kV and 132kV systems respectively to find out the defects & deficiencies and suggest remedies for prevention of faults and timely system recovery in case of partial and total breakdowns.
- iii. Legal actions have been initiated against CPGCL, Guddu, NTDC, K-Electric, and concerned Power Plants for their lapses, deficiencies and failure in the said breakdown.
- iv. CEO CPGCL Guddu was directed to take remedial measures in line with the findings and recommendations of the Inquiry Report.
- v. Ministry of Energy (Power Division) was forwarded a copy of the Inquiry Report for taking appropriate actions as per findings/recommendations of the Inquiry report.

LEGAL

A summary of cases pending before the Honorable Courts of Pakistan till June 30th, 2021 is as under. These are the cases, wherein either the decision of the Authority is being challenged or NEPRA is party to the case:

Table-10: Summary of Cases Pending and Decided

Court	Pending on 30th June, 2020	Filed in FY 2020-21	Total (No.)	Decided/Disposed in FY 2020-21	Pending on 30th June, 2021
Supreme Court of Pakistan	271	31	302	33	269
Islamabad High Court	125	24	149	27	122
Lahore High Court	547	150	697	183	514
Peshawar High Court	100	30	130	31	99
High Court of Sindh	233	130	363	107	256
Balochistan High Court	1	2	3	0	3
Civil Courts	27	5	32	2	30
Total	1,304	372	1676	383	1293

Development of new Rules and Regulations:

Subsequent to the amendment in Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 made in 2018, significant changes were required to be made in the existing Rules and Regulations. Under the NEPRA (Amendment) Act, 2018, certain Rules have to be converted into Regulations and also some new regulations need to be developed.

Regulations made and amended during 2020-21:

- i. NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 were developed and notified.
- ii. NEPRA (Fees) Regulations, 2021 were developed and notified.
- iii. Amendment to the National Electric Power Regulatory Authority (Review Procedure) Regulations, 2009 were made and notified.
- iv. Amendment to the NEPRA (Fees Pertaining to the Tariff Standards and Procedure) Regulations, 2002 were made and notified.

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COMPETITIVE TRADING BILATERAL CONTRACT MARKET (CTBCM)

Consistent with the objectives of the Federal Government and NEPRA Act 2018, a market-based regime is being introduced in the power sector of Pakistan. CPPA-G was registered as Market Operator by NEPRA and was mandated with the responsibility to design a wholesale Competitive Market Model for the country. CPPA-G submitted a High-Level Conceptual Design followed by Detailed Design of the CTBCM Model for review and approval of the Authority. After detailed deliberations and consultation process, the Authority approved the design which will provide the foundation for the market to be operationalized by April, 2022. Along with the design, the Authority also approved the list of associated activities and timelines to be performed by different power sector entities in this regard. CPPA-G has been mandated with the role of Central Coordinator by the Authority to facilitate the implementation of the CTBCM to ensure timely completion of the associated group of actions by relevant entities.

CTBCM envisages, inter-alia, to (i) improve market conditions to attract investments based on credit covers provided by participants and move away from sovereign guarantees; (ii) provide a trading environment that seamlessly transits into retail market; (iii) contribute in improving power sector security of supply; (iv) improve efficiency and payment discipline in wholesale market with much needed transparency and predictability in the market for the disciplined and sustainable power sector of the country.

Post approval of design, various steps are being taken to develop and align the legal, policy, structural, behavioral and regulatory frameworks along with the strengthening skills set, processes and technology interventions by the entities concerned for the development and implementation of the market. The Authority is actively monitoring the implementation and progress of the approved group of actions by the power sector entities to review and assess their performance on the relevant actions as per the approved timelines and highlight the gap analysis and any delays for necessary corrective measures.

NEPRA is also in the process of formulating market-based regulations pertaining to the CTBCM. In the first phase, Licensing (Electric Power Supplier) Regulations, and Licensing (Distribution) Regulations have almost been finalized after consultation with the stakeholders. However, the development and notification of respective rules are awaited.

Under the CTBCM assigned actions, DISCOs have to establish Market Implementation & Regulatory Affairs Department (MIRAD), conduct the Financial Health Assessment (FHA) study to ascertain their credit worthiness for bilateral contracts, prepare Connections Agreements and propose the market-based amendments in the Distribution Code. K-Electric is required to prepare and submit its integration plan into the CTBCM. NTDC has to prepare and propose market-based amendments in the Grid Code, ensure the installation of Secured Metering System (SMS) Project, and complete data institutionalization project to streamline data for long term planning, forecast purposes along with automation of metering data transfer. Further NPCC has to deploy the tools for enhancement of demand forecasting and undertake restructuring for its capacity building to perform its system operator functions efficiently in the market.

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PPIB/AEDB had to support the review and revision of the Power Policy, 2015 and the ARE Policy 2019 and initiate the merger plan of AEDB into PPIB and prepare the commercial part of market PPAs/EPAs and consolidate the overall security package for the future market-based power procurements.

CPPA-G has to be restructured into agent function to deal with legacy contacts and creation of Market Operator (MO) to undertake market operations. In this regard, the legal drafting of the Commercial Codes is in progress and has started preparing MO License Application and CPPA-G Registration Application. On the direction of the Authority, CPPAG has taken the initiatives for the information dissemination about CTBCM among stakeholders.

The Authority considers that although each entity is working on its assigned actions as per the approved scope of work but there are certain delays from the approved timelines and the ownership at highest level of each entity to fast-track the implementation of respective actions is required for the CTBCM implementation by April, 2022.

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CORPORATE SOCIAL RESPONSIBILITY (CSR)

NEPRA's Corporate Social Responsibility Department

During the FY 2020-2021, NEPRA established CSR department with a vision of “Power with Prosperity” to envisage model of inclusive development and impact investments in power sector. Chairman NEPRA, after his joining in 2019 observed a huge gap in the sector as far as monitoring of environmental and social compliance is concerned. He envisioned Corporate Social Responsibility from regulator's platform to act as catalyst to develop the culture of inclusiveness and holistic sustainable development where underserved and unserved host communities at the sites of power plants are included in the socio economic opportunities generating due to mega power business projects in their vicinities. It was also assessed that the IPPs, public sector power producers and other licensees are making pledges with different local & federal bodies, foreign investors and lenders to comply with the national and international environmental and social standards. However, the efforts were in bits and pieces and there was no real mechanism or platform that could provide an enabling environment to all such stakeholders who were putting lots of efforts to uplift host communities to ensure sustainable development and to bring environmental sustainability. Lack of regular reporting and monitoring from power regulator had created a clear divide among the stakeholders in terms of social and environmental performance. Few were doing more than just mere compliance and many were doing either haphazard initiatives due to external pressures by lenders and few were totally ignorant of the importance and need of adopting inclusive sustainable development model which can improve the rating of Pakistan on human development index and save its environment by mitigating negative impact, preserving and protecting environment through more green initiatives and investments.

The mission to introduce the concept of Triple Bottom Line (people, planet & profits) in the power sector was realized through following steps taken by NEPRA's CSR Department.

NEPRA CSR VISION AND MISSION WEBINAR

To spread awareness about the NEPRA's CSR vision, NEPRA held its 1st Webinar-cum- Seminar on January 18, 2021; duly attended by all major power sector stakeholders. The initiative was lauded by all Stakeholders and they showed immense interest to adopt NEPRA's CSR Policy on a war footing basis and ensured their commitment to improve social and environmental status under NEPRA's patronage.

NEPRA CSR ASSESSMENT AND RANKING

NEPRA's CSR strategy was designed to be more results oriented which is different from the traditional approach towards developmental challenges. For that, the process started with the CSR assessment of all licensees (Generation, transmission and Distribution) to know who stands where in terms of social & environmental compliance and what are the standards of corporate governance as well as the community-led interventions of licensees in their areas of operations. The exercise continued from January to July 2021 and NEPRA CSR Department successfully ranked all licensees in Category A, B and C based on the social environmental and governance (ESG) performance. The

ranking will help to identify the good and bad performers with help of which best performers will be given NEPRA CSR Best performer Awards and ones with low performance will be given guidance and directives to improve their performance by setting KPIs and yearly targets.

NEPRA CSR Data Portal (Reporting & Monitoring App)

A CSR monitoring and reporting data portal/application with the support of ENGRO Energy, has been developed which will serve as CSR dashboard to monitor CSR performance of power companies. It will show the audience overall CSR performance of power companies' just on one click. Public can see power companies CSR projects, their ranking, financial commitments for CSR, beneficiaries number, jobs created and impact of projects to implement Sustainable Development Goals – SDGs. It will also report any other special commitments made by licensees with regard to social & environmental compliance and community development initiatives.

NEPRA CSR PULL AND PUSH STRATEGY

The NEPRA CSR (Power with Prosperity) strategy for the current year has been carefully crafted to be more encouraging and enabling than setting up any command & control system. It clearly supports more voluntary CSR interventions by Licensees than putting any obligation by the regulator to do it. The purpose behind is to sensitize the sector about the spirit behind CSR implementation which has to be backed by passion than pressure.

NEPRA SOCIAL INVESTMENT GUIDELINES, 2021

In line with NEPRA's pull strategy and to complement NEPRA's CSR vision, NEPRA designed Social Investment Guidelines, 2021, which is a comprehensive document designed for the stakeholders to give them a clear roadmap for the CSR performance expectations of the regulator. The guidelines are aligned with the United Nations' Sustainable Development Goals, 2030 Agenda and also in line with other international social and environmental standards and CSR policies given by international electricity regulators. NEPRA Social Investment Guidelines, 2021 were framed by the CSR Department after due deliberations and inviting comments from all the stakeholders of the power sector industry.

NEPRA CSR WEB PAGE

NEPRA has integrated a new CSR webpage on its official website to showcase CSR dairies to keep all updated about the new CSR interventions, upcoming events, share reports and performance of power sector in respective domain.

NEPRA CSR MASS COVID VACCINATION DRIVE (NCOC)

In pursuance of NCOC's Mass Vaccination Drive, NEPRA issued directives to all the licensees to make efforts to combat Covid-19 from Pakistan by ensuring 100% vaccination of the adopted community as well as their workforce along with families under intimation to NEPRA. It resulted in

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activating power companies and total population of more than 5,535,536 were reported to be vaccinated by companies till 7th September, 2021.

- 1- K –Electric became best performer on vaccinating maximum number of employees with 10,058
- 2- Pakistan Atomic Energy Commission became best performer on vaccinating maximum number of families of employees with 5,130
- 3- HUBCO Narowal Energy Ltd, became best performer on vaccinating maximum number of people from local communities with 342,757

NEPRA CSR – POWER WITH PROSPERITY (PWP) INITIATIVES

In less than 4 months, NEPRA CSR's initiative positioned itself in the sector and was able to gain full support from all stakeholders across the board and started following initiatives:

- i. PWP Initiative – Roshni Baji – Women Ambassador Program by K-Electric
- ii. PWP Initiative - HUBCO School Campus Pirkus
- iii. PWP Initiative - HUBCO Women Empowerment Project – Hunarmand
- iv. PWP Initiative - Research Project on Asset Performance Monitoring of WPPs – Mehran University & Act Wind Power Plant
- v. PWP Initiative - PAEC (Pakistan Atomic Energy Commission) new CSR Policy
- vi. PWP Initiative - PAEC special jobs quota for Baluchistan's People
- vii. PWP Initiative - Vocational Training School by Master Wind Energy Ltd in Jhimpir, Thatta
- viii. PWP Initiative - Community Hospital by Tricon Boston (wind power plant) in Jhimpir, Thatta
- ix. PWP Initiative - Solar powered Water Pumps for locals by Gul Ahmed in Jhimpir, Thatta
- x. PWP Initiative – Solar Kits and Sewing Machines Distribution by MetroPower in Jhimpir, Thatta
- xi. PWP Initiative - 1st 40 Graduated Women Electricians in Pakistan by K-Electric
- xii. PWP Initiative - Free Covid Mobile Vaccinations for Karachi's and Baluchistan's communities by K-Electric
- xiii. PWP Initiative – NEPRA Akhuwat PwP Fund for execution of bilateral CSR agreements between Akhuwat and IPPs.

By consistent progress through CSR interventions under the “Power with Prosperity” banner NEPRA aims to improve the socio-economic outlook of the country which shall resultantly improve the Human Development Index (HDI) of Pakistan.

Pictures: NEPRA's CSR drive of “Power With Prosperity” aligned with UN Sustainable Development Goals (2030)

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POWER WITH PROSPERITY Corporate Social Responsibility



Power with Prosperity – Master Wind Energy Ltd's CSR Initiative – Woman Vocational Training Center, Jhimpir-Thatta Honourable Authority & Chairman, NEPRA inaugurating VTC to support PwP through implementation of SDG- 5 Gender Equality & SDG - 8 Decent Work & Economic Growth.



Power with Prosperity – HUBCO CSR Project- Hunarmand - To support PwP through implementation of SDG-5 Gender Equality and SDG 8 Decent Work and Economic growth



Power with Prosperity – Chairman NEPRA Mr. Tauseef H. Farooqi participated as Chief Guest and NEPRA CSR Consultant Ms. Huma Zafar participated in panel discussion in NFEH's 13th Annual International CSR Summit.

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Power with Prosperity – HJBCO CSR Project- Primary School, Pirkus Hub - To support PwP through implementation of SDG -5 Gender Equality and SDG 8 Decent Work and Economic growth



Power with Prosperity – Chairman NEPRA, Mr. Tauseef H. Farooqi visited Akhuwat College and University Lahore in line with NEPRA's Corporate Social Responsibility (CSR) drive of "Power with Prosperity" to facilitate partnership between power sector and social development organizations.



Power with Prosperity – Gul Ahmed & Metro Wind Power's CSR Initiative – Solar powered Water pumps for local community, Jhimpir-Thatta inaugurated by Honourable Authority & Chairman NEPRA to support PwP through implementation of SDG- 3 Good Health & SDG- 6 Clean Water & Sanitation.



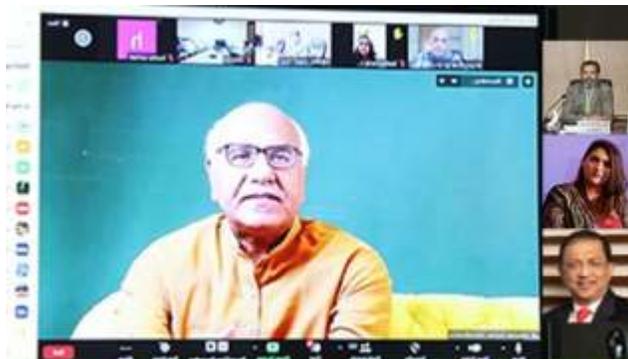
Power with Prosperity – Laraib Energy Power Plant's CSR Initiative – ICU at DHQ Hospital, Mirpur, AJK – Chairman NEPRA Mr. Tauseef H. Farooqi visited to support PwP through Implementation of SDG- 3 Good Health and Wellbeing

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Power with Prosperity – KE CSR Project - Roshni Bajli – To support PwP through implementation of SDG -5 Gender Equality and SDG 8 Decent Work and Economic growth



Power with Prosperity – Akhuwat and Power Sector Webinar on CSR PwP Fund for Solar Business and implementation of SDG - 7 Access to Clean and Affordable Energy



Power with Prosperity –NEPRA CSR Team visited Jhimpir Power Plants – Stakeholders Engagement – To support PwP through implementation of SDG 17 Partnerships for the Goals



Power with Prosperity –Mehran University and Act Wind CSR Project – Research on Condition Monitoring – NEPRA Vice Chairman Engr. Raffique Ahmed participated as Chief Guest



Power with Prosperity – Vision & Mission Webinar



Power with Prosperity – NEPRA CSR Consultant, Ms. Huma Zafar meeting with local children studying in Public Primary School supported by Metro Power Company Ltd to implement PwP through SDG -4 Quality Education & SDG - 17 Partnerships for the goals

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HEALTH, SAFETY AND ENVIRONMENT (HSE)

NEPRA initiated and introduced Occupational Health, Safety & Environment (HSE) with the vision of "Power with Safety", to ensure compliance of NEPRA Safety Code and applicable legal requirements by licensees with its commitment to achieve zero incident goal in Power Sector. This is only possible by adopting the most effective and proactive HSE practices which ensure safe, reliable, and sustainable power services in Pakistan. Over the period, the electricity demand in our country has increased exponentially but unfortunately safety incidents have also increased at Licensee's work place which has affected the masses.

NEPRA HSE Data Exchange Portal & Web page

NEPRA has developed HSE Data Exchange Portal for the timely submission of Licensees' reports such as HSE Team Contact Details, Incident Notifications, and Annual HSE Performance Evaluation. The objective of this initiative was to monitor Licensees HSE statistics and performance status for necessary actions and to ensure effective implementation of HSE by Licensees to promote safety culture for sustainable risk reduction. The HSE page has information regarding Occupational Health, Safety & Environment (HSE), awareness, initiatives and incident alerts for lessons learned.



Visit of Chairman NEPRA at Tarbela Dam

Annual Licensee HSE Performance Evaluation

In order to ensure that the Licensees maintain an acceptable level of HSE Management system, NEPRA conducted HSE performance evaluation for 2020 to assess whether Licensees' HSE Management systems are adequate, well balanced, the requirement have been addressed and

potential risks to consumers, employees, and contractors are controlled and kept as low as reasonably practicable. A strong HSE Management system will provide layers of protections to mitigate significant incidents. Incidents are the consequences/outcomes of safety management system failure which is either not available or not implemented. The purpose of HSE performance evaluation initiative is to create an HSE baseline for power sector, identify top HSE performers for benchmarking and provide an opportunity for further improvement. The assessment will be used in future to compare the Licensees performance with previous year's performance for continuous improvement. The significant risks associated with power sector must be assessed and controlled without unduly limiting the contribution of power industry for sustainable development in Pakistan.

Safety Awareness Campaign

NEPRA conducted incident analysis to identify major causes and launched a safety awareness campaign for Private Electricians, General Public, and Distribution Companies in order to ensure safety in DISCOs as well as among general public. NEPRA used its digital as well as print media for safety awareness. NEPRA communicated suggestion and recommendations to Provincial Secretaries of Energy Departments, Provincial Office of Inspection (POI)/ Regional Electric Inspector Offices, Provincial Local Governments/Building Control Authorities, Engineering Development Board and Pakistan Standard Quality Control Authority (PSQCA) for their consideration and implementation for;

- Electrical Inspectors
- Private Electricians
- Random checking and testing of distribution/ transmission networks and premises of commercial/industrial consumers for hazardous condition
- Development and enforcement a law for physical verification of house/building clearance from the power lines before building plan approval



Chairman NEPRA being briefed about the operations of old and newly added Tarebla Extension-4 and the plan of Tarebela Extension-5 power plants

NEPRA also communicated suggestions and recommendations to Engineering Development Board and PSQCA to establish and enforce standards for domestic and commercial electrical appliances, extension cords, cables, plugs and sockets to avoid manufacturing and import of substandard

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electrical products.

Emergency Drills

A simulated emergency drill was conducted at NEPRA building with collaboration of Directorate of Emergency & Disaster Management (E&DM), CDA, Islamabad on 23rd December, 2020. Neighbouring offices were notified about emergency drill in advance. The drill scenario was a fire in HVAC system panel room at 7th floor with one burn injury case. Drill observers and security staff were deployed at emergency site, traffic control, staging area, medical triage, and command post. All personnel evacuated the area within 2 minutes and assemble at the designated "Assembly Point" for the headcount. The objective of the drill was to test in-house readiness and resources, emergency reporting & command system, communication protocol, evacuation plan, and emergency responders time objective (civil defense, fire team, medical team). The drill critique meeting was conducted after the drill at the site for improvement.



Emergency drill at NEPRA Tower with coordination of the Directorate of Emergency & Disaster Management, CDA.

COORDINATION & IMPLEMENTATION

The Coordination & Implementation Department manages the conduct of Authority Regulatory Meetings, Hearings, recording of minutes/decisions and their issuance. C&I Department ensures internal compliance of Authority decisions through a process of implementation/monitoring in addition to facilitating the Case Officers/Sponsors of Meetings/Hearing in timely disposal of the Authority Decisions.

Periodical reports are submitted to the Authority on the Implementation status of the decisions. During the period under review, a total of 542 Authority Regulatory Meetings and 142 Public Hearings were held; details of which are given hereunder:

Table-11. Details of Authority Regulatory Meetings & Hearings

Month	Hearings	Regulatory Meetings	Total
July, 2020	21	53	74
August, 2020	8	39	47
September, 2020	17	59	76
October, 2020	10	47	57
November, 2020	7	60	67
December, 2020	10	42	52
January, 2021	9	60	69
February, 2021	11	41	52
March, 2021	17	52	69
April, 2021	5	21	26
May, 2021	9	32	41
June, 2021	18	36	54
Total	142	542	684

During the period, Enterprise Content Management Module (ECM) which has a continuous (24x7) paperless access to repository of Authority Meetings / Hearing Schedules and Minutes / Decisions was implemented successfully. Also, go-live of the online implementation module was made to capture and report the updated status of internal compliances of the Authority decisions.

During the period, smooth and safe online meetings and hearings were also started with the help of IT team through Zoom due to continued Covid-19 pandemic. Publication of NEPRA Quarterly Newsletter was also resumed during the period.

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NEPRA held Public Hearing on the motion of Ministry of Energy (Power Division) for extension in abolishment of peak rates.

FINANCE

Section 13 of the NEPRA Act, requires that operations of the Authority shall be funded from grants from Federal Government and fees & fines collected by NEPRA. Further, any surplus of receipts over expenditure after payment of tax shall be remitted to the Federal Consolidation Fund and in case of any deficit, shall be made up by the Federal Government. Furthermore, Section 14 of the Act requires that the Authority shall maintain books of accounts and the same shall be audited by the Auditor General of Pakistan (AGP).

In 2007, all regulatory authorities including NEPRA were brought under the tax net, since then the compliance to Federal Board of Revenue (FBR) for filing of annual return of income tax accompanied by audited financial statements became obligatory under the corporate taxation framework. Moreover, the implementation of Oracle R12 E-business Suite (Financials & Payroll) played pivotal role in transition from legacy single-entry book keeping to accrual-based double-entry book keeping system leading to International Accounting & Financial Reporting Standards' compliance reporting. Owing to above developments, the annual accounts of NEPRA have been regularly audited by external audit firms of chartered accountants. Furthermore, the Auditors' Report and Audited Financial Statements are regularly published as major content of the Annual Reports of NEPRA.

During the financial year ended 30 June, 2021, Finance department extended continued support towards achievements of organizational goals in performing its entrusted functions; a few are highlighted in ensuing paras.

Annual License Fee

NEPRA issues annual license fee notices in accordance with the base rates (as defined in NEPRA (Fees) Rules, 2002 computed/indexed with most recent Consumer Price Index (CPI) published every month by Pakistan Bureau of Statistics (PBS).

Being major source of income, the Annual License Fee notices effective 01 July, 2020 were sent to the licensees for FY 2020-21 summarized as under:

Major Segments of License	Base Rates Effective 01 July, 2020 S.R.O.577(I)/2020	Effective 01 July, 2020 Indexed Rates June, 2020 (CPI 269.27)	Number of Licences	Annual License Fee FY 2020-21 Rupees in Million
Generation (Rs. per MW)	4,283	18,646	326	1,164
Transmission (Rs. fixed)	1,389,000	6,047,150	2	12
Distribution (Rs. per kWh)	867	3,775	16	406
		Total	344	1,582

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Contributions to Government

NEPRA continued to actively fulfil its statutory obligations and remitted following contributions to Federal Consolidated Fund:

Nature of Contributions	Rupees in Million	
Payment of surplus to Federal Consolidation Fund, as required under section 13 of NEPRA Act, 1997		134.37
Tax payments to Federal Board of Revenue:		
Quarterly instalments paid by NEPRA	40.97	
Tax deducted & deposited by Licensees on fee income	73.95	
Tax deducted & deposited by other agents on various transactions	13.66	128.58
	Total	262.95

Compliance of Tax Laws

Finance Department represented NEPRA as a withholding agent of Federal & Provincial Tax Authorities/Boards and ensured accurate collection & timely deposit of taxes summarized in the below table and followed by electronic filing of period statements relating income tax / sales tax on goods & services.

Tax Authority / Board	Nature of Withheld & Deposited	Rupees
Federal Board of Revenue	Income Tax on Goods & Services	10,823,614
Federal Board of Revenue	Sales Tax on Goods & Services	2,356,432
Punjab Revenue Authority	Sales Tax on Services	77,328
Sindh Revenue Board	Sales Tax on Services	59,262
	Total	13,316,636

In compliance of section 114(1) of the Income Tax Ordinance, 2001, the annual corporate tax return of NEPRA for the tax year ended 30 June, 2020 (TY 2019-20) was electronically filed to Federal Board of Revenue's online portal well before the due date.

External Audit of NEPRA Accounts

During first quarter of FY 2021-22, M/s Ilyas Saeed & Company, Chartered Accountants, carried out the external audit of annual accounts of NEPRA for FY 2020-21, which were subsequently approved by the Authority. The Auditors' Report and the Audited Financial Statements for the year ended 30 June, 2021 are annexed with the Annual Report.

ADMINISTRATION AND HUMAN RESOURCE

The Administration and HR Department of NEPRA, provides administrative support and carries out the tasks of recruitment, training and development of manpower. During the year 2020-21, Human Resource & Administration Department performed the following activities:

Work Strategies Adopted By NEPRA during COVID

FY 2020-21 has been another challenging year to work with pandemic. The HR& Administration Department took the following proactive and precautionary measures to minimize the chances of spread of Covid-19:

- a. Devised flexible timings and encouraged women & employees over the age of 50 to work from home using video link/calls
- b. Rotational attendance mechanism was also framed for all other employees who would visit office on alternate days or as advised by their respective Head of Departments
- c. Procured face masks, hand sanitizers, floor disinfectants, radioactive thermometers, hand gloves, protective suits for security team etc. in advance to avoid any untoward situation
- d. Carried out detailed disinfection of the building thrice each week to fight the deadly outbreak as a whole
- e. Installed sanitizer gate along with periodic disinfection of the entire NEPRA in accordance to the guidelines issued by the GOP
- f. Procured RFID Active Cards for employees to mark attendance at the biometric attendance system on daily basis to avoid touching the biometric devices
- g. Ensured that no infected individual irrespective of their age or designation can enter the NEPRA Tower

Recruitment Process

In light of the guidelines conveyed by Federal Government /Establishment Division, NEPRA HR Department has prepared & implemented a peculiar "15 step Recruitment process system" using multiple tools & techniques to make the selection & Hiring process fair, transparent & specific to the maximum extent.

During the FY 2020-21, NEPRA recruited new talented employees by following the detailed merit-based recruitment process while hiring the services of third-party recruitment i.e., M/S Open testing service.

Succession Plan of FY (2020-21)

NEPRA established its 11 steps succession process with an aim to identify necessary competencies of NEPRA employees to prepare successors for the employees retiring and retaining critical resource.

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Internship Opportunities

NEPRA offers internship opportunities for young and talented professionals of reputable local/foreign educational institutions. In order to comply with the corporate social responsibility, a platform of 'NEPRA Internship Programme' to students & fresh graduates to provide hands on experience of power sector has been introduced. During the year, 25 fresh graduates were provided internship opportunities in NEPRA to provide them experience of regulatory oversight of the power sector.

Training and Development

Training & Development programmes were undertaken by Professionals and Support staff for the following trainings:

- Auditing System in Pakistan
- Building Self Confidence & Assertive Skills
- Best Maintenance Practices-Compressors
- Data Analysis-Techniques for Effective Decision Making
- Effective Letters, Reports & Presentation Leader as a Coach
- Management Course for Junior Executives Microsoft Excel: Intermediate to Advance
- Personal Development Plan
- Skills in Supervision
- Skills in Goal Setting and Work Planning
- Stress Management
- Train your Think Positively
- Understanding PPRA Rules

During the FY 2020-21, NEPRA established mandatory training program with an aim to develop and enhance knowledge, skills, learn latest market practices. NEPRA Chairman attended a meeting with REDC, LUMs along with HR Team leaders to finalize the mandatory training programs for the NEPRA officers.

Development of Key Performance Indicators

NEPRA made departmental KPI's to measure success based on specific goals and targets for both the Departments as well as Individuals to demonstrate the effectiveness of their performance for achieving their departmental objectives.

Webinars/Interactive Sessions

During the FY 2020-21, NEPRA had the honour of hosting webinars cum seminars at NEPRA Tower, Islamabad. On-line training programs and webinars were developed in collaborations with various departments of NEPRA.

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Dr. Gulfaraz Ahmed, the founding Chairman of NEPRA, delivering a lecture to the NEPRA's Authority & Professionals on "Dynamics of NEPRA's Evolution & Present Challenges Facing the Power Sector in Pakistan."



NEPRA Authority and Employees at NEPRA Headquarter showing solidarity with the Palestinians against Israeli aggression

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Bidding farewell to Engr. Bahadur Shah, Member (KPK) upon attaining the age of superannuation.

NEPRA arranged an interactive session with Mr. Kamran Ahmed Siddique, a Motivational Speaker on December 4, 2020 on the science of anxiety and the specific impact that Covid-19 pandemic is having on our ability to manage stress.



Following Webinars/interactive session were arranged by NEPRA during FY 2020-21:

S. No.	Webinars/Interactive Sessions
1	Electricity Market webinar-CTBCM
2	CSR Strategy "Power with prosperity" - Mapping possibilities for delivering power with prosperity
3	Economic Merit Order (EMO) in system operations
4	Industrial cyber security webinars - The modern threat landscape on industrial control system"
5	Barriers & Drivers of solar prosumage

S. No.	Webinars/Interactive Sessions
6	Green energy Dialogue- "Pakistan energy transition-the road ahead"
7	Interactive session- "Powerful insight on how to strive & thrive during challenging times by Mr. Kamran Siddiqui)
8	Unlock your own Magic within by Mr. Kamran Siddiqui.

Promotion & Change of Nomenclature

During the FY 2020-21, ninety eight (98) NEPRA employees (executives, professionals and staff) were promoted in recognition of their commendable performance. As per new NSR, changes were also made in the hierarchy by eliminating many middle management roles as a result of which nomenclature of 39 employees were changed.

NEPRA Events (FY 2020-21)

a. International Women's Day

NEPRA celebrated International Women's Day on 8th of March 2021 at NEPRA Head office, Islamabad with an aim to empower women and celebrate their achievements. The day was dedicated to NEPRA's female employees, all of them being equal partakers in the success and progress of NEPRA.

Mrs. Erum Tauseef, Chief Guest & Chairman NEPRA, addressing the International Women's Day Event.



This International women's day 2021 in NEPRA serves as a reminder for all the female employees of NEPRA to encourage one another and find inspiration in each other's successes.

b. Think pink day

NEPRA organized Breast Cancer Awareness session on 26th of October, 2020 with an aim to create awareness and educate female employees of NEPRA about risks of breast cancer, its early detection and possible treatment. NEPRA invited Dr. Shaista Zafar to inspire hope to protect the most vulnerable.

c. Christmas eve Celebration

This fiscal year (2020-21), NEPRA celebrated with great religious fervour, the festival of 'Christmas'

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with their Christian community on 23 of December 2020.

Successful Vaccination of NEPRA Employees

As mandated by the GOP, the NEPRA worked actively and efficiently to get its employees registered and vaccinated within the period of a month to safeguard the NEPRA employees against deadly Corona Virus (Covid-19).

Matching Targets on Performance Agreement for FY 2020-21 (Key Highlights)

NEPRA prepared a presentation on the performance agreement for FY 2020-21 to be presented before the Prime Minister. The presentation comprised of following topics:

- a. Competitive Bidding of Solar PV/Wind Power Projects
- b. Regulations for Micro Grids
- c. Pricing Mechanism for EV Charging Services
- d. Competitive Trading Bilateral Contract Market
- e. Indicative Generation Capacity Expansion Plan-IGCEP

Digitization/ Scanning of Files & Records

NEPRA is adopting digitizing process by scanning all its data, document and processes during the year to upgrade its reporting processes, collecting and analysing data in real time and to achieve efficiency.

Insurance of NEPRA's Tangible Assets

The upkeep of the building and its assets had been a priority; hence all the tangible assets will be insured through the National Insurance Company Limited in line with the directives of the Ministry of Commerce.

Media Activities

NEPRA keeps the media and all stakeholders including the general public informed about the important developments, decisions and enforced actions of paramount importance like imposition of fine/penalties on Licensees for the inefficiencies, violations and non-compliance of NEPRA rules and standards, Suo-moto notices etc. through its Media team.

During this financial year, NEPRA Media Department published a total of 163 advertisements in accordance with the Press Information Department (PID)'s Standing Operating Procedures (SOPs) and guidelines with subsequent uploading of the same on NEPRA website. Similarly, 49 Press Releases and briefs were also shared with the external media personnel of print and electronic media. Furthermore, an Interactive session of the Chairman and Senior Professionals of NEPRA with the journalists was also arranged.

INFORMATION TECHNOLOGY

Website Up-dation

NEPRA website was made more dynamic and existing portals available in it were upgraded as well as new portals were added.

E-Licensing

NEPRA updated the e-Licensing Portal on its Website to submit online application filing for New Licence applications as well as cancellation of the already issued Licence.

CAD-CMS

Consumer Affairs Department portal for online complaints i.e., CAD-CMS was upgraded to connect with four DISCO's.

Data Exchange Portal

Data Exchange Portal aims at gathering regulatory data from the power sector. Data Exchange Portal (DxP) Development started with prototype for 03 Departments i.e., Monitoring and Enforcement, Corporate Social Responsibility and Health & Safety. Other portals for Tariff and Uniform Systems of Accounts will be included in future.

Table-12: Summary of User/Visitor of NEPRA Website during FY 2020-21

Month	Number of Visits	Unique Visitors	Files Downloaded	Hits	Bandwidth GB
Jul-20	35,278	15,166	118,987	1,065,468	752
Aug-20	33,594	11,989	105,157	1,043,191	681
Sep-20	36,231	12,148	101,224	1,012,501	711
Oct-20	32,777	18,154	99,978	1,002,131	599
Nov-20	34,325	22,398	89,694	1,009,856	647
Dec-20	26,932	10,978	107,588	875,952	599
Jan-21	31,644	19,141	103,666	968,452	684
Feb-21	22,789	11,457	77,281	729,008	582
Mar-21	25,111	13,652	91,749	889,753	395
Apr-21	29,357	19,777	112,179	996,473	544
May-21	18,196	5,337	88,117	774,917	599
Jun-21	28,244	15,924	118,145	993,887	646
Total	354,478	176,121	1,213,765	11,361,589	7,439

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Information Security Webinar

A webinar was conducted by NEPRA Information Technology Department with collaboration of M/S Trillium Information Security for the Power Sector stakeholders to spread awareness of traditional and latest threats of Cyber Security which affects the Power Sector.

Bandwidth Upgrade for Primary Internet Connection

NEPRA Internet connections were upgraded to increase the bandwidth available to the employees to meet the growing need for access to media and resources available on the Internet. The 32Mbps connection was upgraded to 50Mbps.

ANTICIPATED ACTIVITIES

It is anticipated that the following regulations will be finalized / processed in the year 2021-22:

- i. New Performance Standards Regulations to be Developed in FY 2021-22
 - Electric Power Supplier
 - Trader
 - System Operator
 - Market Operator
- ii. Regulations to be Amended in FY 2021-2022
 - Licensing (Application & Modification Procedure) Regulations (AMPR)
 - Consumer Eligibility Criteria (Supplier & Distribution)
 - Fee pertaining to Tariff Standards & Procedures Regulations, 2002
- iii. Regulations to be Developed in FY2021-22
 - NEPRA Licensing (Electric Power Supplier) Regulations
 - NEPRA Licensing (Electric Power Distribution) Regulations
 - Tariff (Standards and Procedures) Rules, 1998
 - Trader Regulations
 - System Operator Regulations
 - Market Operator Regulations
 - Registration
 - Power Procurement Regulations
 - Provincial Grid Company
 - National Grid Company
 - Transmission
- iv. Conversion of the existing Rules into Regulations in FY 2021-22
 - NEPRA Licensing (Generation) Rules, 2000
 - NEPRA Performance Standards (Transmission) Rules, 2005
 - NEPRA Performance Standards (Distribution) Rules, 2005

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KEY RECOMMENDATIONS

Some key recommendations in the areas of Generation, Transmission, Distribution and Innovations segments are given below:

Area	Recommendations
General	<ul style="list-style-type: none"> (a) Use of technological solutions and innovations in all segments of electric power services. (b) Ensure implementation of codes and measures of health, safety and environment in overall power sector. (c) The Licensees must ensure sharing benefits of their returns with local communities under the ambit of CSR. (d) Overall governance of the power sector must be improved for better delivery. (e) With automation and digitalization in the electricity sector, it is crucial to ensure high level of cyber security provision to avoid any mis-hap.
Generation	<ul style="list-style-type: none"> (a) Renegotiation of long-term expensive PPAs/EPAs and LNG Contracts. (b) No more Take or Pay Agreements in future. (c) Feasibility Studies for hybrid and floating solar projects. (d) Project financing in PKR for local investors. (e) Surplus and affordable grid power to displace inefficient captive plants. (f) Targeted price incentives to quickly increase base load and bring captive consumers back on grid. (g) Exploring newer cost effective indigenous generation technologies (impoundment of water, pumped storage hydel plants and floating solar PV Projects, hydrogen).
Innovation	<ul style="list-style-type: none"> (a) Optimizing Coal Procurement through Competitive Pricing Mechanism. (b) Wind and Solar Hybrid System. (c) Development of Mini/Micro Grids for harnessing the RE resources to provide access to clean and affordable electricity. (d) Strategic Alignment of Power Sector Stakeholders. (e) Energy Storage with Li Batteries, hydrogen, pump storage hydro and etc. (f) Timely implementation of IGCEP, CTBCM, Power Policy, Rules and Regulations etc.
Transmission	<ul style="list-style-type: none"> (a) Identification of sites for private transmission lines & grids and preparation of RFP in the given timelines. (b) Implementation of SCADA-III at NPCC. (c) Competition in the transmission sector: More Provincial Grid Companies. (d) Addition of relevant provisions for HVDC facilities in the Grid Code. (e) Accurate demand projections and preparation of priority investment plans by NTDC. (f) Chalking out the terms and conditions for land acquisition and Right of Way by NTDC. (g) Special laws for procurement of land for timely completion of transmission lines and grids. (h) Best operational practices and development of an advanced and automated monitoring tool to generate periodic performance reports. (i) Wheeling of Power.

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Area	Recommendations
Distribution	<ul style="list-style-type: none">(a) Roadmap for improving commercial and operational performance of DISCOs.(b) Strict monitoring of investment for loss reduction.(c) Unbundling of large/huge DISCOs in terms of area i.e. PESCO, QESCO, MEPCO, SEPCO and HESCO.(d) Automation in DISCOs for effective and timely planning, procurement, operation & maintenance, technical and financial audits, load planning, load analysis and disposal of complaints.(e) Breaking DISCOs into retail and wire businesses.(f) Mechanism for transferring committed PPAs into market domain.(g) Privatization of the DISCOs.(h) Third party checking of meters.(i) Zero tolerance policy on safety violations and Demand Side Management (DSM).

A large, expressive green brushstroke graphic that starts from the top left and sweeps across the page towards the bottom right. The stroke is thick and textured, with visible bristles and varying shades of green. It partially obscures the text and the house icon.

ANNEXURES



A large, expressive green brushstroke graphic that starts from the top left and sweeps across the page towards the bottom right. The stroke is thick and textured, with visible bristles and varying shades of green. It partially obscures the text and the house icon.

ANNEXURE-I

Financial Audited
Report

A simple white outline of a house with a gabled roof, positioned at the bottom center of the page. The house is partially overlaid by the green brushstroke graphic.

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Ilyas Saeed & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE AUTHORITY

Opinion

We have audited the annexed financial statements of **NATIONAL ELECTRIC POWER REGULATORY AUTHORITY** ("the Authority") which comprise the statement of financial position as at June 30, 2021 and the related income & expenditure account, statement of other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects the financial position of the Authority as at June 30, 2021 and its financial performance, its cash flows and its changes in funds for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

- a) As explained in note 7.1, the provision has not been made against long outstanding fee receivables of Rs.130.20 million (2020: Rs.138.47 million). Had the full amount of provision been made against this balance, the outstanding balance of fee receivable at the year end would have decreased by Rs.130.20 million (2020: Rs.138.47 million) with corresponding decrease in profit with the same amount as well as amounts payable to / receivable from Federal Consolidation Fund be increased / reduced by Rs.92.44 million (2020: Rs.98.31 million) and increase / decrease in deferred tax asset / liability by Rs.37.76 million (2020: Rs.40.16 million).

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

ISD

Other Offices: Lahore - Karachi - Gujranwala
A member firm of MGI, a network of independent accounting, audit, tax and consulting firms worldwide

A member of
mgi worldwide

Ilyas Saeed & Co.

Chartered Accountants

Auditors' Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report related to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence up to the date of our auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ilyas Saeed & Co.

CHARTERED ACCOUNTANTS

Engagement Partner: IMRAN ILYAS

ISLAMABAD: 20/09/2021.

ISCO

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

		2021	2020
	Note	Rupees	Rupees
NET ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	527,923,583	546,178,981
Intangible assets	5	70,923	-
Advances to employees	6	638,919,853	147,453,156
		<u>1,166,914,359</u>	<u>693,632,137</u>
CURRENT ASSETS			
Current portion of advances to employees	6	63,932,259	51,240,884
Fee receivable	7	181,598,863	171,468,795
Advances, deposits, prepayments and other receivables	8	30,005,974	47,750,439
Tax refund due from government	9	485,717,622	481,148,440
Deferred tax asset	11	-	2,867,899
Cash and bank balances	12	411,145,137	532,915,645
		<u>1,172,399,855</u>	<u>1,287,392,102</u>
CURRENT LIABILITIES			
Accrued and other liabilities	13	(519,790,614)	(559,224,655)
Provision for taxation	14	(166,698,601)	(124,014,649)
Payable to Federal Consolidation Fund (FCF)	10	(461,369,386)	(134,365,528)
Current portion of long term loans	15	(750,592)	(750,592)
		<u>(1,148,609,193)</u>	<u>(818,355,424)</u>
NON-CURRENT LIABILITIES			
Long term loan	15	(24,019,159)	(24,769,751)
Deferred liabilities	16	(8,262,824)	(6,612,974)
Deferred tax liability	11	(27,136,948)	-
		<u>(59,418,931)</u>	<u>(31,382,725)</u>
		<u>1,131,286,090</u>	<u>1,131,286,090</u>
REPRESENTED BY:			
Capital contribution by Government of Pakistan	17	131,286,090	131,286,090
Building Reserve	18	1,000,000,000	1,000,000,000
CONTINGENCIES AND COMMITMENTS			
	19	-	-
		<u>1,131,286,090</u>	<u>1,131,286,090</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

MEMBER



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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED JUNE 30, 2021

PARTICULARS	Note	2021	2020
		Rupees	Rupees
Fee income	20	1,880,278,231	1,405,026,860
Administrative expenses	21	(1,335,189,668)	(1,157,196,758)
Finance cost	22	(2,859,273)	(3,663,370)
Other income	23	67,179,689	115,468,668
Surplus for the year before tax		609,408,979	359,635,400
Taxation	24	(182,590,930)	(123,900,871)
Surplus for the year after tax		426,818,049	235,734,529

The annexed notes 1 to 31 form an integral part of these financial statements.


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**NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

PARTICULARS	2021	2020
	<u>Rupees</u>	<u>Rupees</u>
Surplus for the year after tax	426,818,049	235,734,529
Other comprehensive income / (loss) for the year		
Experience adjustment - Defined Benefit Obligation	48,663,855	(67,630,535)
Tax effect of remeasurement (gain) / loss	(14,112,518)	19,612,855
	34,551,337	(48,017,680)
Total comprehensive income for the year	461,369,386	187,716,849

The annexed notes 1 to 31 form an integral part of these financial statements.


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CASH FLOW FROM OPERATING ACTIVITIES

Surplus for the year before tax	609,408,979	359,635,400
Adjustments for:		
- Provision for gratuity and earned leaves	113,029,189	101,541,778
- Depreciation	64,245,302	65,684,324
- Finance cost	2,859,273	3,663,370
- Mark up income	(66,152,243)	(114,051,603)
- Gain on sale of fixed assets	(1,027,446)	(1,417,065)
	112,954,075	55,420,804
Working capital changes:		
(Increase) in advances to employees	(504,158,072)	(93,592,969)
Decrease / (Increase) in advances, deposits and other receivables	7,614,397	(37,728,141)
Decrease / (Increase) in tax refund due from government	(4,569,182)	38,247,896
Increase in accrued and other liabilities	69,697,713	47,381,489
	(431,415,144)	(45,693,725)
Net cash generated from operations	290,947,910	369,362,479
Payments made:		
Earned leaves and gratuity fund	(171,847,237)	(118,009,457)
Markup on long term loan	(2,859,273)	(3,663,370)
Income taxes	(124,014,649)	(159,475,335)
	(298,721,159)	(281,148,162)
Net cash generated from operating activities	(7,773,249)	88,214,317
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure during the year	(48,513,804)	(35,957,841)
Cash received against sale of fixed assets	3,480,422	4,017,835
Investments made during the year	-	(953,128,500)
Proceeds from encashment of investments	-	953,128,500
Markup received during the year	66,152,243	114,051,603
Net cash generated from investing activities	21,118,861	82,111,597
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans	(750,592)	(750,592)
Amount paid to Federal Consolidation Fund	(134,365,528)	(45,000,000)
Net cash (used in) financing activities	(135,116,120)	(45,750,592)
Net cash & cash equivalents during the year	(121,770,508)	124,575,322
Cash and cash equivalents at beginning of the year	532,915,645	408,340,323
Cash and cash equivalents at end of the year	411,145,137	532,915,645

The annexed notes 1 to 31 form an integral part of these financial statements.


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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED JUNE 30, 2021

PARTICULARS	Note	Rupees		
		Capital contribution by Government of Pakistan	Building Reserve Fund	Accumulated Surplus
Balance as at July 01, 2019		131,286,090	1,000,000,000	-
Total comprehensive income for the year		-	-	187,716,849
Allocated to Federal Consolidation Fund	10	-	-	(187,716,849)
Balance as at June 30, 2020		131,286,090	1,000,000,000	-
Total comprehensive income for the year		-	-	461,369,386
Allocated to Federal Consolidation Fund	10	-	-	(461,369,386)
Balance as at June 30, 2021		131,286,090	1,000,000,000	-

The annexed notes 1 to 31 form an integral part of these financial statements.


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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1 NATURE AND STATUS OF OPERATIONS

National Electric Power Regulatory Authority (the Authority) was established as a body corporate under Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 for the regulation of power sector in the Country. The Authority operates through Head Office located in NEPRA Tower, Attaturk Avenue (East), Sector G-5/1, Islamabad and ten provincial and regional offices across Pakistan.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as adopted by the Institute of Chartered Accountants of Pakistan. Although, the Authority is not required to comply with the requirements of IFRS, nevertheless, to follow the best practices, the Authority has adopted most of the approved accounting standards as applicable in Pakistan as framework for preparation of financial statements.

2.1 Basis of preparation

These financial statements have been prepared under historical cost convention except for certain financial instruments which are measured at fair value and employee retirement benefits including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits".

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Authority's functional and presentation currency. Amounts presented in Pakistani Rupees have been rounded off to the nearest rupee, unless otherwise indicated.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost comprises purchase price and other directly attributable costs. Capital work-in-progress is stated at cost less impairment, if any. Depreciation is charged on straight line method to write off the depreciable amount of each asset over its estimated useful life. Rates are specified in note 4 to the financial statements. Depreciation on additions is charged from the day on which the asset is put to use and on disposals up to the date of disposal. Normal repairs and maintenance are charged to income and expenditure account as and when incurred, whereas major improvements and modifications are capitalized. Gains and losses on disposal of property, plant and equipment are taken to the income and expenditure account.

The Authority reviews the useful lives and residual values of property plant and equipment on a regular basis.



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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment except for intangible assets under development which are stated at cost less impairment, if any. Amortization on intangible assets having finite useful life is calculated on straight-line basis at rates specified in note 5 to the financial statements.

3.3 Loans and advances

Loans and advances are classified as long term and / or short term based on the repayment terms and / or recoverability period. These are measured at cost less any provision for doubtful recoverables.

3.4 Investments - Held to maturity investments

The Authority classifies financial assets as held to maturity when it has positive intent and ability to hold the investments to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest rate method less any impairment losses.

3.5 Staff benefits

(i) Defined contribution plan - on retirement

The Authority operates a contributory provident fund in which equal contributions are made by eligible employees and the Authority. The contributions are made at the rate of 5% or 10% (at the option of each employee) of basic salary plus utilities allowance. The Authority's contribution is charged to income and expenditure account currently.

(ii) Earned leaves

The Authority has a policy to provide for encashable leaves to its eligible employees in accordance with respective entitlement on cessation of service or on request of employee(s) during the service period. Related expected cost has been included in the financial statements.

(iii) Defined benefit plan - on retirement

The Authority operates funded and unfunded gratuity schemes in respect of all eligible employees. Provision is made annually for funded and unfunded gratuity schemes to cover the Authority's obligations by way of charge to the income and expenditure account.

3.6 Revenue recognition

License fee is recognized on accrual basis. Interest income on investments / deposits is recognized on a time proportion basis. Income from generation and transmission companies is recognized when fee notice is raised whereas, the income from distribution companies is recognized when units sold are confirmed by the distribution companies.



NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3.7 Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are included in income and expenditure account.

3.8 Taxation

(i) Current

Provision for current taxation is based on taxable income at the current rate of tax, after taking into account the applicable tax credits, rebates and exemptions available, if any, and any adjustments to the tax payable in respect of previous years.

(ii) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted or substantially enacted by the date of issue of financial statements.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

3.9 Receivables

Receivables are initially recognized at fair value and subsequently stated at amortized cost. Known impaired receivables are written off while receivables considered doubtful of recovery are fully provided for.

3.10 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortized cost.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and bank balances and are stated at cost which approximates to their fair value.

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3.12 Interest bearing borrowing

Interest bearing borrowings are recognized initially at cost being the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowing are stated at original cost less subsequent repayments. Interest expense for the current year is included in income and expenditure account.

3.13 Provisions

A provision is recognized in the statement of financial position when the Authority has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the same can be made. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognized as finance cost.

3.14 Impairment

The carrying amounts of the Authority's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. An impairment loss is recognized for the amount by which the asset's fair value less cost to sell and value in use. An impairment loss or reversal of impairment loss is recognized in the statement of comprehensive income.

3.15 Off-setting of financial assets and liabilities

A financial asset and a financial liability is set off and the net amount is reported in the financial statements if the Authority has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.16 Financial Instruments

Financial assets and financial liabilities are recognized when the Authority becomes a party to the contractual provisions of the instruments. These are initially measured at cost, which is the fair value of the consideration given or received. These financial assets and liabilities are subsequently measured at fair value and amortized cost as the case may be. The Authority derecognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4 PROPERTY, PLANT & EQUIPMENT

PARTICULARS	C O S T			D E P R E C I A T I O N				W.D.V. AS AT JUNE 30, 2021		
	AS AT JULY 01, 2020	ADDITIONS	(DELETION)	AS AT JUNE 30, 2021	RATE	AS AT JULY 01, 2020	FOR THE YEAR		ACCUMULATED DEPRECIATION	AS AT JUNE 30, 2021
Leasehold Land	16,555,500	-	-	16,555,500	1%	2,297,280	163,899	-	2,461,179	14,094,321
Office Building	591,835,424	11,816,793	-	603,652,217	3%-20%	191,012,768	18,458,155	-	209,470,923	394,181,294
Machinery & Equipment	204,719,416	1,422,859	-	206,142,275	10%	131,835,512	20,768,159	-	152,603,671	53,538,604
Office Equipment	19,451,890	2,630,965	-	22,142,855	20%	11,942,693	2,377,557	-	14,320,250	7,822,605
Computer & Accessories	44,288,077	11,040,736	-	55,328,813	33%	36,106,422	5,493,044	-	41,599,466	13,729,347
Furniture & Fixtures	18,065,886	2,800,949	-	20,866,835	20%	8,172,170	2,605,168	-	10,777,338	10,089,497
Vehicles	114,969,809	18,637,400	(8,976,103)	124,631,106	20%	82,480,250	14,234,813	(6,523,127)	90,191,936	34,439,170
Others	3,500,300	-	-	3,500,300	20%	3,360,226	111,327	-	3,471,553	28,747
TOTAL 2021 (Rs.)	1,013,386,302	48,409,702	(8,976,103)	1,052,819,901		467,207,321	64,212,122	(6,523,127)	524,896,316	527,923,583

PARTICULARS	C O S T			D E P R E C I A T I O N				W.D.V. AS AT JUNE 30, 2020		
	AS AT JULY 01, 2019	ADDITIONS	(DELETION)	AS AT JUNE 30, 2020	RATE	AS AT JULY 01, 2019	FOR THE YEAR		DEPRECIATION OF DISPOSAL	AS AT JUNE 30, 2020
Leasehold Land	16,555,500	-	-	16,555,500	1%	2,133,381	163,899	-	2,297,280	14,258,220
Office Building	591,835,424	-	-	591,835,424	3%-20%	175,390,643	15,622,125	-	191,012,768	400,822,656
Machinery & Equipment	204,694,612	24,804	-	204,719,416	10%	108,755,721	23,079,791	-	131,835,512	72,883,904
Office Equipment	15,068,509	4,383,381	-	19,451,890	20%	9,965,165	1,977,528	-	11,942,693	7,509,197
Computer & Accessories	42,864,826	1,423,251	-	44,288,077	33%	31,948,787	4,157,635	-	36,106,422	8,181,655
Furniture & Fixtures	9,539,261	8,526,625	-	18,065,886	20%	7,061,949	1,110,221	-	8,172,170	9,893,716
Vehicles	116,150,501	21,587,280	(22,767,972)	114,969,809	20%	83,255,093	19,392,359	(20,167,202)	82,480,250	32,489,559
Others	3,487,800	12,500	-	3,500,300	20%	3,179,460	180,766	-	3,360,226	140,074
TOTAL 2020 (Rs.)	1,000,196,433	35,957,841	(22,767,972)	1,013,386,302		421,690,199	65,684,324	(20,167,202)	467,207,321	546,178,981

4.1 In respect of building, different rates are being used for different components / elements of building such as furnishing, consultancy fee and etc.

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
5 INTANGIBLE ASSETS - Computer software			
Opening balance - cost		21,629,859	21,629,859
Additions during the year		104,102	-
Closing balance - cost		21,733,961	21,629,859
Accumulated Amortization		(21,663,038)	(21,629,859)
Closing balance		70,923	-
Amortization rate		33%	33%
6 ADVANCE TO EMPLOYEES			
Opening balance		198,694,040	105,101,071
Advance given during the year	6.1	649,289,752	179,968,304
Advance recovered during the year		(145,131,680)	(86,375,335)
		702,852,112	198,694,040
Current portion of loan to employees		(63,932,259)	(51,240,884)
		638,919,853	147,453,156
6.1 These represent salary advance, advances given to employees for purchase of vehicles (i.e. car / motorbike) and owning land/house. These are interest free and are given for a period of more than one year.			
7 FEE RECEIVABLE			
Fee receivable - considered good	7.1	181,598,863	171,468,795
		181,598,863	171,468,795
7.1 This includes Rs. 130.20 million (2020: Rs. 138.47 million) which is outstanding for a significant period of time. The management is confident of the recovery of these amounts and accordingly, no provision has been made against these receivables.			
8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to staff		7,267,859	6,480,188
Advances to suppliers		10,000	11,826,793
Security deposits		2,138,388	2,138,388
Prepaid rent		4,316,062	5,536,560
Other Prepayments		3,669,467	2,654,351
Accrued interest		8,455,268	16,650,347
Advances against medical bills		1,838,260	1,271,551
Advance to provident fund		-	107,761
Other receivables		1,084,500	1,084,500
Due from funded gratuity fund	13.2	1,226,170	-
		30,005,974	47,750,439

8.1 All of the above are unsecured but are considered good.

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
9 TAX REFUND DUE FROM GOVERNMENT			
Opening balance	9.1	481,148,440	519,394,336
Advance tax deducted during the year		128,583,831	121,229,599
Tax adjusted against liability of previous years		<u>(124,014,649)</u>	<u>(159,475,495)</u>
		<u>485,717,622</u>	<u>481,148,440</u>
9.1 The tax authorities issued notices to the Authority for filing of return of total income for the Tax Years 2003 to 2007. The management of the Authority communicated its legal stance through correspondence with the tax authorities. However, to comply with the requirements of statutory notices, returns for the aforesaid Tax Years were filed claiming the net income of the Authority being exempt from tax. However, the tax authorities amended the assessments of all the aforesaid Tax Years by rejecting the stance taken by the Authority and raised a net tax demand of Rs. 290 million. The Commissioner Inland Revenue (Appeals) also upheld these amendments. The appeals filed with Appellate Tribunal Inland Revenue against the orders of Commissioner Inland Revenue (Appeals) were also rejected by the Appellate Tribunal Inland Revenue by placing reliance on the judgment of the High Court in the matter of Pakistan Telecommunication Authority. Whereas amendment for the Tax Year 2003 were annulled by the Appellate Tribunal Inland Revenue on legal grounds. The Authority had filed references before the High Court. The Islamabad High Court in its decision dated January 14, 2019 has declared that the Authority is not exempt from tax. Meanwhile, The Court has given the ruling that the provisions of Section 49 (4) of the Income Tax Ordinance, 2001 could not be given retrospective effect. In light of the above decision, the Authority is subject to tax w.e.f. Year 2007.			
10 ADVANCE / (PAYABLE) TO FEDERAL CONSOLIDATION FUND			
Opening balance - advance / (payable)		(134,365,528)	8,351,321
Add: Total comprehensive income for the year		461,369,386	187,716,849
Less: Transferred during the year	10.1	<u>(134,365,528)</u>	<u>(45,000,000)</u>
		<u>(461,369,386)</u>	<u>(134,365,528)</u>
10.1 According to NEPRA ACT, 1997 (Act No. XL of 1997), any surplus, after payment of taxes, shall be remitted to Federal Consolidation Fund.			
11 Deferred tax (asset) / liability			
Opening deferred tax (asset) / liability		(2,867,899)	21,792,427
Charged to income & expenditure account		15,892,329	(5,047,471)
Credit recognised in other comprehensive income		<u>14,112,518</u>	<u>(19,612,855)</u>
Closing deferred tax liability / (asset)		<u>27,136,948</u>	<u>(2,867,899)</u>
12 CASH AND BANK BALANCES			
Cash in hand		724,383	533,047
Cash at bank:			
Current accounts - Local currency		-	-
Current accounts - Foreign currency		-	-
Saving accounts	12.1	<u>410,420,754</u>	<u>532,382,598</u>
		<u>410,420,754</u>	<u>532,382,598</u>
		<u>411,145,137</u>	<u>532,915,645</u>

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
12.1 These carry markup ranging from 4% to 6% (2020: 3.75% to 4.5%) per annum.			
13 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		350,489,106	295,040,370
Payable to funded gratuity fund	13.1	-	113,867,043
Provision for earned leaves	13.3	121,469,953	115,508,493
Accrued interest and other charges		248,948	1,046,459
Payable to provident fund		-	107,761
Withholding tax payable		1,652,279	318,768
Other payables		45,930,328	33,335,761
		<u>519,790,614</u>	<u>559,224,655</u>
13.1 Payable to funded gratuity fund			
Management has conducted an Actuarial Valuations for its Gratuity Fund and Earned Leaves on June 30, 2021. Provision has been made under the light of the reports of the actuary. Details as enumerated below;			
13.2 Changes in net liability			
Opening balance		113,867,043	85,063,807
Charge during the year	13.2.4	47,437,685	46,236,508
Other comprehensive income		(48,663,855)	67,630,535
Payments made during the year		(113,867,043)	(85,063,807)
Closing balance	13.2.1	<u>(1,226,170)</u>	<u>113,867,043</u>
13.2.1 Reconciliation of amounts recognized as liability			
Present value of defined obligations	13.2.2	527,295,089	594,923,516
Fair value of plan assets	13.2.3	(528,521,258)	(481,056,472)
		<u>(1,226,169)</u>	<u>113,867,044</u>
13.2.2 Movement in present value of defined obligation			
Present value of defined obligations at start of the year		594,923,516	393,135,972
Current service cost		42,313,668	37,730,127
Interest cost		51,103,813	39,313,597
Benefit paid		(54,206,741)	(5,135,272)
Experience adjustment		(106,839,167)	129,879,092
Obligation at the end of the year		<u>527,295,089</u>	<u>594,923,516</u>
13.2.3 Movement in fair value of plan assets			
Fair value of plan assets at start of the year		481,056,472	308,072,164
Contribution during the year		113,867,043	85,063,807
Expected return on plan assets		45,979,796	30,807,216
Benefit paid		(54,206,741)	(5,135,272)
Experience adjustment		(58,175,312)	62,248,557
		<u>528,521,258</u>	<u>481,056,472</u>

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Note</u>	2021 Rupees	2020 Rupees
13.2.4 Charge during the year			
Transitional liability recognized during the year:			
Current service cost		42,313,668	37,730,127
Interest cost		51,103,813	59,492,352
Expected return on plan assets		(45,979,796)	(48,105,647)
		<u>47,437,685</u>	<u>49,116,832</u>
13.2.5 Principal actuarial assumptions used in the actuarial valuation carried out as at June 30, 2021 are			
Discount rate		10.00%	9.00%
Expected rate of salary growth		10.00%	8.00%
Mortality rate		SLIC-2001-2005	SLIC-2001-2005
Withdrawal factor		Low	Low
Average duration of defined benefit obligation		9 years	10 years
13.2.6 Sensitivity analysis			
The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The			
		Defined benefit obligation	
Effect in Rupees due to:		1 percent increase	1 percent decrease
Discount rate		482,132,822	576,700,541
Salary increase rate		576,687,789	482,126,899
13.3 Changes in net liability - earned leaves			
Opening balance		115,508,493	97,828,047
Charge during the year		63,124,754	50,626,096
Payments made during the year		(57,163,294)	(32,945,650)
Closing balance		<u>121,469,953</u>	<u>115,508,493</u>
14 PROVISION FOR TAXATION			
Opening balance		124,014,649	154,541,642
Charge during the year		166,698,601	128,948,342
Adjustment / payment during the year		(124,014,649)	(159,475,335)
Closing balance		<u>166,698,601</u>	<u>124,014,649</u>
15 LONG TERM LOAN			
Loan from GoP through IDA		24,769,751	25,520,343
Current portion of long term loan		(750,592)	(750,592)
Non-current portion of long term loan		<u>24,019,159</u>	<u>24,769,751</u>

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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FOR THE YEAR ENDED JUNE 30, 2021

	<u>Note</u>	<u>2021</u> <u>Rupees</u>	<u>2020</u> <u>Rupees</u>
15.1			
The Authority entered into a subsidiary Loan Agreement ("Agreement") with Government of Pakistan (GoP) in respect of loan from International Development Association (IDA). Under the Agreement, the Authority got a loan of US\$ 1 million (equivalent to PKRs. 58 million) from GoP for capacity building project focused on both the employees and the institutional development.			
15.2			
As per Agreement, loan from GoP is repayable from September 15, 2014 to March 15, 2039 semi-annually in PKRs. The loan carries interest at 14% per annum. However, the Authority has requested GoP for premature repayment/settlement of loan obligation and is waiting for the outcome/approval from GoP.			
16 DEFERRED LIABILITIES			
Provision for gratuity - unfunded	16.1	8,262,824	6,612,974
		<u>8,262,824</u>	<u>6,612,974</u>
16.1 Changes in net liability - gratuity unfunded			
Opening balance		6,612,974	1,933,800
Charge during the year		2,466,750	4,679,174
Payments during the year		(816,900)	-
Closing balance		<u>8,262,824</u>	<u>6,612,974</u>
17 CAPITAL CONTRIBUTION BY GOVERNMENT OF PAKISTAN			
This represents grant received from Federal Government on non-repayment basis for establishment of the Authority.			
18 BUILDING RESERVE			
This represents unfunded reserve created in prior years pursuant to the approval of the Authority for the purpose of the NEPRA building.			
19 CONTINGENCIES AND COMMITMENTS			
19.1 Contingencies			
(i) There are no other contingencies as at June 30, 2021 (2020: Nil). However, the Authority has been made party in various legal cases and the Authority believes that the outcome of these cases would not result in any financial exposure to the Authority.			
19.2 Commitments			
There is no material commitments as at June 30, 2021 (2020 : Nil).			

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	<u>Note</u>	<u>2021</u> <u>Rupees</u>	<u>2020</u> <u>Rupees</u>
20 FEE INCOME			
License fee		1,568,487,966	1,367,560,504
Application and modification fee		142,125,153	22,031,966
Tariff petition and others		228,693,195	58,888,829
Gross fee income		<u>1,939,306,314</u>	<u>1,448,481,299</u>
Less: Fee and levies	20.1	<u>(59,028,083)</u>	<u>(43,454,439)</u>
Net fee income		<u>1,880,278,231</u>	<u>1,405,026,860</u>

20.1 This represents an amount payable to Competitive Commission of Pakistan under the CCP Act whereby five Authorities are required to pay an amount equal to 3% of the income collected to CCP every year. The above provision has been calculated on the basis of income booked during the year, whereas, actual payment would be made on income collected.

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	2021 Rupees	2020 Rupees
21 ADMINISTRATIVE EXPENSES		
Salaries, benefits and allowances	1,116,209,639	930,520,461
Repairs and maintenance	23,830,056	19,179,034
Travelling expenses	17,777,529	22,807,050
Communication	12,427,056	8,553,207
Utilities	18,535,810	16,266,357
Rent expense	14,470,442	14,450,976
Printing and stationery	12,744,273	9,779,695
Training and development	3,679,857	8,980,038
Promotions and ceremonies	276,769	833,646
Advertisement	18,684,743	20,266,441
Insurance expense	5,880,378	5,820,576
Legal and professional	9,588,082	15,024,030
Audit fee	250,560	208,800
Vehicle running cost	8,963,330	8,291,505
Depreciation and amortization	64,245,302	65,684,324
Staff Uniform	1,141,353	863,444
Entertainment expenses	6,484,489	9,667,174
	<u>1,335,189,668</u>	<u>1,157,196,758</u>
22 FINANCE COST		
Bank charges	110,209	37,983
Markup on long term loan	2,749,064	3,625,387
	<u>2,859,273</u>	<u>3,663,370</u>
23 OTHER INCOME		
Markup on investments	-	46,871,500
Markup on bank accounts	66,152,243	67,180,103
Gain on sale of fixed assets	23.1 1,027,446	1,417,065
	<u>67,179,689</u>	<u>115,468,668</u>
23.1 Gain on sale of fixed assets		
Proceeds from sale of assets		
Cost of asset disposed off	8,976,103	22,767,972
Accumulated depreciation on disposal	(6,523,127)	(20,167,202)
Net book value of asset disposed off	<u>2,452,976</u>	<u>2,600,770</u>
Sales proceeds	3,480,422	4,017,835
Net gain on sale of assets	<u>1,027,446</u>	<u>1,417,065</u>

These represent vehicles sold to the employees of the Authority under its approved policy.

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	2021 Rupees	2020 Rupees
24 TAXATION		
Current tax		
- for the year	166,698,601	124,014,649
-prior years	-	4,933,693
	166,698,601	128,948,342
Deferred tax		
-for the year	15,892,329	(5,047,471)
-due to change in tax rate	-	-
	15,892,329	(5,047,471)
	182,590,930	123,900,871
24.1 Relationship between accounting profit and tax expense		
Accounting profit before tax	609,408,979	359,635,400
Tax rate	29%	29%
Tax on accounting profit	176,728,604	104,294,266
Tax effect of amount not admissible for tax purposes	37,652,673	44,293,006
Tax effect of depreciation & other admissible for tax	(47,682,676)	(25,650,629)
Tax effect of other items fall under final tax regime	-	1,078,006
Prior years	-	4,933,693
Temporary difference	15,892,329	(5,047,471)
Rate change	-	-
	182,590,930	123,900,871

25 FINANCIAL INSTRUMENTS

The Authority has exposure to the following risks from its use of financial instruments:

- * Credit risk;
- * Liquidity risk; and
- * Market risk.

The Authority members have overall responsibility for the establishment and oversight of the Authority's risk management framework.

The Authority's risk management policies are established to identify and analyze the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities. The Authority, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Members oversee how management monitors compliance with the Authority's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Authority.

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2021
Rupees

2020
Rupees

25.1 Credit risk

Credit risk is the risk of financial loss to the Authority if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Authority's receivables from financial institutions.

The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each counter party including the default risk of the industry and country in which the counter party works. The Authority regularly monitors the status of receivables. Cash at bank is placed with financial institutions with high credit ratings. The Authority assesses the credit quality of the counter parties as satisfactory.

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The maximum exposure to credit risk at the reporting date is as follows:

Advances to employees	702,852,112	198,694,040
Deposits and other receivables	3,222,888	3,222,888
Fee receivable	181,598,863	171,468,795
Bank balances	410,420,754	532,382,598
	<u>1,298,094,617</u>	<u>905,768,321</u>

25.2 Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

The Authority ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Authority monitors rolling forecasts of cash and cash equivalents on the basis of budgets.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2021 (Rupees)				
	Carrying	Contractual	With in 1 year	1 to 5 year	Over 5 years
Accrued liabilities	519,541,666	519,541,666	519,541,666	-	-
Long term loans	25,018,699	59,110,928	2,082,908	19,077,765	37,950,255
	<u>544,560,365</u>	<u>578,652,594</u>	<u>521,624,574</u>	<u>19,077,765</u>	<u>37,950,255</u>
	2020 (Rupees)				
	Carrying	Contractual	With in 1 year	1 to 5 year	Over 5 years
Accrued liabilities	558,178,196	558,178,196	558,178,196	-	-
Long term loans	26,566,802	63,408,099	2,135,450	18,983,940	42,288,709
	<u>584,744,998</u>	<u>621,586,295</u>	<u>560,313,646</u>	<u>18,983,940</u>	<u>42,288,709</u>

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
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25.3 Market risk

Market risk is the risk of changes in market prices such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest rates. At the reporting date, the interest rate profile is as follows:

Fixed rate instruments

Cash at bank	410,420,754	532,382,598
Long term loan	<u>(24,769,751)</u>	<u>(25,520,343)</u>
	<u>385,651,003</u>	<u>506,862,255</u>

The Authority does not account for any fixed rate financial assets and liabilities at fair value through Income and expenditure. Therefore, a change in interest rate at the reporting date would not affect Income and expenditure.

b) Currency risk

The Authority is not significantly exposed to currency risk.

25.4 Fund management

The Authority's fund management is primarily devised under Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 which requires the Authority to remit any surplus of receipts over expenditure in a year to Federal Consolidation Fund. The members of the Authority monitor the movements in the Federal Consolidation Fund.

25.5 Fair value of financial instruments

The carrying value of financial assets and liabilities reflected in the financial statements approximate their fair values.

25.6 Determination of fair values

A number of the Authority's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on following methods:

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS
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2021
Rupees

2020
Rupees

26 TRANSACTIONS WITH RELATED PARTIES

The Authority is a statutory body and is a public sector entity. It is a regulatory body of power sector entities and is getting license fee from other government owned power sector entities. Apart from that, it has obtained loan from Government of Pakistan. Except for being a regulatory body, there are no transactions with these related parties.

Apart from the aforesaid, the staff retirement funds also fall in the category of related parties and the transactions with such staff retirement funds are as follows:-

Other related party transactions

Contribution made to Gratuity fund	113,867,043	85,063,807
Contribution made to Provident fund	31,047,360	26,827,317

Balances outstanding at the year end

Payable to / (due from) Gratuity fund	-	113,867,043
(Due from) Provident fund	-	(107,761)

27 REMUNERATION OF CHAIRMAN AND MEMBERS

The aggregate amounts charged in the financial statements in respect of remuneration including benefits applicable to the chairman and the members are given below:

	2021		2020	
	Chairman	Members	Chairman	Members
Basic pay	6,395,400	20,382,876	5,793,682	23,205,600
Allowances	3,146,520	10,092,780	2,850,477	11,490,480
	<u>9,541,920</u>	<u>30,475,656</u>	<u>8,644,159</u>	<u>34,696,080</u>
Number of Person(s)	<u>1</u>	<u>4</u>	<u>1</u>	<u>4</u>

28 NUMBER OF EMPLOYEES

Number of employees	461	350
Average number of employees during the year	455	346

29 RE-ARRANGMENTS AND RE-CLASSIFICATION

The comparative figures have been re-arranged and / or re-classified, wherever necessary, for the purpose of better comparison in the financial statements. However, such re-arrangements and / or re-classifications, wherever done, do not have any impact on the previously reported figures.

30 DATE OF AUTHORIZATION

The financial statements were approved by the Authority in its meeting held on 24/6/2021. 

31 GENERAL

Figures have been rounded off to the nearest rupee.


MEMBER


CHAIRMAN

ANNEXURE-II

Senior Management Key Contacts



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SENIOR MANAGEMENT & KEY CONTACTS

Name & Designation	Department	Telephone No.	Email
Tauseef H. Farooqi Chairman	Chairman	051-9220902	chairman@nepra.org.pk
Rafique Ahmed Shaikh Member	Vice Chairman / M & E	051-9206797	rafique.ahmed@nepra.org.pk
Rehmatullah Baloch Member	CAD / Tariff	051-9206887	rehmat1959@gmail.com
Maqsood Anwar Khan Member	Licensing	051-9210209	maqsoodanwarkhan@hotmail.com
Member (Punjab)	Vacant	051-9207300	
Anwar Malik Director General	HR & Admin	051-9205004	anwar.malik@nepra.org.pk
Syed Safeer Hussain Registrar	Registrar	051-9206500	safeer@nepra.org.pk
Naweed Illahi Shaikh Director General	CAD	051-9217673	naweedshaikh@nepra.org.pk
Imtiaz Hussain Baloch Director General	Licensing	051-9206527	ihussain@nepra.org.pk
Wasim Anwar Bhinder Addl. Director General	HR & Admin	051-2600061	bhinder@nepra.org.pk
Sajid Akram Addl. Director General	Tariff	051-9203163	sajid.akram@nepra.org.pk
Engr. Bahadur Shah Sr. Advisor	Hydropower	051-9210943	bshah786@hotmail.com
Kazi Imran Sr. Advisor	M&E/ Standards	051-9207754	kazi.imran@nepra.org.pk
Nadir Ali Khoso Sr. Advisor	Consumer Affairs / Appellate Board	051-2600039	nadir@nepra.org.pk
Jamil Akhtar Director	C&I	051-2600053	jamil.akhtar@nepra.org.pk
Irfan Saeed Director	Finance	051-9244765	irfan.saeed@nepra.org.pk
Maria Rafique Legal Advisor	Contracts	051-2600055	maria.rafiq@nepra.org.pk
Irfan Gill Legal Advisor	KIP	051-2600036	i.gill@nepra.org.pk
Muddasar Naqvi Legal Advisor	Govt. Affairs	051-9203680	bmnaqvi@nepra.org.pk
Irfan Yousuf Consultant	Technical	051-2600047	irfan.yousaf@nepra.org.pk
Gul Hassan Bhutto Consultant	CTBCM	051-9208045	bhutto.gulhassan@nepra.org.pk
Huma Zafar Consultant	Corporate Social Responsibility	051-9205052	humazafar@nepra.org.pk
Sohail Ahmed Consultant	Health Safety & Environment	051-9205045	sohailahmad@nepra.org.pk

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NEPRA'S PROVINCIAL/REGIONAL OFFICES

<p>KARACHI</p> <p>1st Floor, Office No. 101 Balad Trade Center Plot No. 15/118, Block No.3 Bahar Muslim Housing Society Karachi.</p> <p>Ph: 021-34893001 cadkarachi@nepra.org.pk</p>	<p>LAHORE</p> <p>2nd Floor, Office No. 212 National Tower, Opposite LDA Plaza Edgerton Road, Lahore.</p> <p>Ph: 042-99203483 cadlahore@nepra.org.pk</p>
<p>PESHAWAR</p> <p>6th Saddar Road, 2nd Floor Room No. 3 & 4, Tasneem Plaza, 6th Saddar Road Peshawar Cantt Peshawar.</p> <p>Ph: 091-5271238-39 cadpeshawar@nepra.org.pk</p>	<p>QUETTA</p> <p>Room No. 1, 2nd Floor, Rehman Center, 7 -A, Opposite NADRA Office, Model Town, Hali Riad, Quetta</p> <p>Ph: 081-2822035-36 cadquetta@nepra.org.pk</p>
<p>SUKKUR</p> <p>House No. D-10, Hamdard Housing Society, Airport Road, Sukkur</p> <p>Ph : 071-5804563 cadsukkur@nepra.org.pk</p>	<p>HYDERABAD</p> <p>C-64, Phase-1, Near Post Office, Qasimabad, Hyderabad.</p> <p>Ph : 022-2672538 cadhyderabad@nepra.org.pk</p>
<p>MULTAN</p> <p>Office No 39, 1st Floor, Orient Mall Khanewal road near Chowk Kumharanwala, Multan.</p> <p>Ph: 061-6784537 cadmultan@nepra.org.pk</p>	<p>FAISALABAD</p> <p>1st floor, Plaza No. C-6B, Opposite National Bank, College (Hockey Stadium) Road, Kohinoor City, Faisalabad</p> <p>Ph : 041-8727800 cadfaisalabad@nepra.org.pk</p>
<p>GUJRANWALA</p> <p>Office # 87, Block M, Trust Plaza, Gujranwala</p> <p>Ph : 055-3822766 cadgujranwala@nepra.org.pk</p>	<p>GWADAR</p> <p>Gwadar Port Authority's Old Office Building, GPA Housing Complex, Gwadar</p>

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GLOSSARY OF ACRONYMS USED

ASR	Aggregated Service Router
BPC	Bulk Power Consumer
CAD	Consumer Affairs Division
CCI	Council of Common Interests
CCTV	Closed Circuit Television
CDA	Capital Development Authority
CEO	Chief Executive Officer
CIR	Committed Information Rate
COD	Commercial Operation Date
CPEC	China Pakistan Economic Corridor
CPPA-G	Central Power Purchasing Agency Guarantee Limited
DCRP	Distribution Code Review Panel
DG	Distributed Generation
DHCP	Dynamic Host Configuration Protocol
DISCO	Ex WAPDA Distribution Company
ECC	Economic Coordination Committee
ERP	Enterprise Resource Planning
FESCO	Faisalabad Electric Supply Company Limited
GENCO	Public Sector Generation Company
GEPCO	Gujranwala Electric Power Company Limited
HESCO	Hyderabad Electric Supply Company Limited
HVDC	High Voltage Direct Current
IESCO	Islamabad Electric Supply Company Limited
LESCO	Lahore Electric Supply Company Limited
MEPCO	Multan Electric Power Company Limited
MW	Megawatt
MYT	Multi-Year Tariff
NPCC	National Power Control Centre
NEPRA	National Electric Power Regulatory Authority
NTDC	National Transmission and Despatch Company
PESCO	Peshawar Electric Supply Company Limited
PPP	Power Purchase Price
PSDR	Performance Standards (Distribution) Rules
PSGR	Performance Standards (Generation) Rules
PSTR	Performance Standards (Transmission) Rules
PTPL	Punjab Thermal Power (Private) Limited
QESCO	Quetta Electric Supply Company Limited
RLNG	Re-Gasified Liquefied Natural Gas
SAIFI	System Average Interruption Frequency Index
SAIDI	System Average Interruption Duration Index
SEPCO	Sukkur Electric Power Company Limited
SCADA	Supervisory Control And Data Acquisition
SOP	Standard Operating Procedure
T&D	Transmission and Distribution
TESCO	Tribal Areas Electric Supply Company
USAID	United State Agency for International Development
UOSC	Use of System Charges
USOA	Uniform System of Accounts

