

Electric Forum NEPRA NEWSLETTER

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

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The Quarter April-June 2020 coincided with the pandemic of Covid-19 whereby professional activities were affected to a great extent. However, with the untiring efforts of NEPRA Authority as well as professionals, NEPRA's operations and functions were made effective and convenient through ZOOM online meetings and hearings which enabled easy public participation. During the pandemic, 163 Regulatory Meetings of the Authority, 16 Hearings and a number of presentations on different subjects were conducted.

Consequently, 7 Generation Licenses and 688 Net Metering licenses were issued. Regarding generation tariff 15 decisions pertaining to Solar, 4 to Wind, 1 to Bagasse and 5 to Thermal and Nuclear were issued during this period. Two decisions pertaining to Transmission tariff were also issued. In addition, 198 tariff adjustments were finalized.



The Authority during public hearing held through Zoom

Competitive Trading Bilateral Contract Model (CTBCM)

CTBCM is a stride towards market orientation of the power sector. With its implementation, power sector is expected to see increased demand creation, transparency and expansion of the transmission network. In addition to opening the possibility of electricity export, the reform will also aid in depoliticization of the power sector while giving private oriented strategic guidance.

CTBCM rules carry appropriate mechanisms for timely expansion of the transmission network. Under the current regime, low recoveries often translate into underinvestment in the Transmission system. With CTBCM this bottleneck will be obviated. However, benefits can only be realized once CTBCM implementation road map can address potential challenges.



Presentation by CPPA-G on Implementation of CTBCM

Transparency will help in de-risking of the power sector via provision of information to current and future potential entrants into the market. Efficiency of industry leaders such as HUBCO is expected to spill over into performance benchmarks of other IPPs.

Similarly, complete implementation of CTBCM will reduce direct role of Government in the power sector and ensure a level playing infield Competitive Trading Bilateral Contract Model which will help bolster investor confidence that is expected to translate into lower risk premium in the long run.

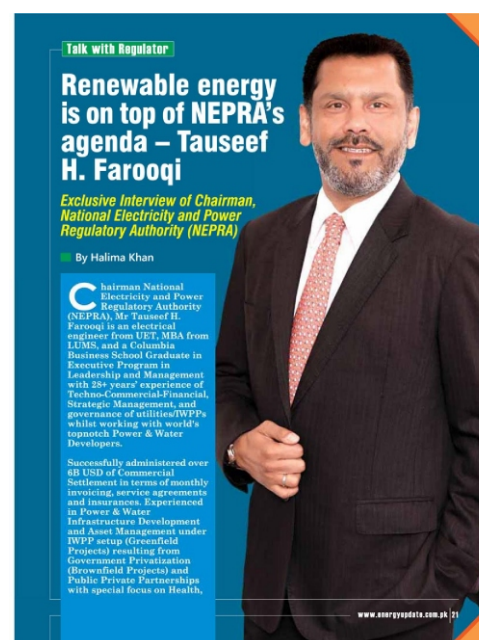
Going forward, a number of meetings were held in connection with the implementation procedures of the approved Competitive Trading Bilateral Contract Model.

Indicative Generation Capacity Expansion Plan (IGCEP) 2047

IGCEP is a 28-year Generation Expansion Plan with objective to increasing local indigenization and reducing cost and will be updated annually. Major share is of the local coal and hydro power. Before approving Indicative Generation Capacity Expansion Plan 2047 (IGCEP), submitted by NTDC, NEPRA sought comments from all stakeholders, interested/affected parties and general public and also conducted various consultative sessions. NEPRA also plans to conduct a public hearing of all stakeholders.

Interview with Energy Update Magazine

During an interview with Energy Update, the Chairman apprised of the mechanism applied to ensure interest of end consumers, maximum transparency of Tariff Determination process as well as reliability and sustainability of electricity supply system to ensure due representation of all Provinces in the electricity supply chain business. He also briefed on excessive IPPs profits, circular debt, inefficiencies, roadmap for sustainability and affordability, structural safeguards in future deals, demand side management mechanisms, achievement of targets for renewables in near future.



Webinar on the "Impact of COVID-19 on the Electricity Distribution Sector in Pakistan and the Way Forward"

The webinar was organized by Women in Energy Pakistan (WIE), a professional network for female professionals in the energy sector of Pakistan and a strategic partner of the World Bank's WePOWER

regional network. Impact of global pandemic on the electricity distribution sector in Pakistan and solutions to ensure sectoral sustainability during and after COVID-19 were discussed.

The webinar gathered a distinguished panel of notable minds from Pakistan power sector including Chairman NEPRA who emphasized that reducing cost of power was critical in any effort to limit the impact of the current crisis and suggested that increasing competition in the sector, while doing away with centralized governance, was the best way forward. The Chairman highlighted the importance of deregulation in the power sector and stated that industrial recovery is a central pillar which can only be made possible by reducing the cost of doing business through reducing the cost of power.

Ease of doing Business



The Chairman, on request of BOI, was pleased to apprise in the media of the measures NEPRA had taken for Ease of Doing Business. The Chairman highlighted that connection time had been reduced from 73 days to 58 days and reduction in various procedures from 6 to 4. Further, it has been made easier to get an industrial electricity connection as well as demand notices can be served online.

Renewable Energy

World market prices for renewable energy technologies has seen a sharp downward trend, making these technologies cost-effective for power generation. Lower tariffs will result in reduction of the overall basket price. Developments in



The Authority during a Consultative Session held through Zoom

the sector are paving the way to address intermittency issues of these technologies. Transparency will be ensured by introduction of competitive bidding regime. The proposed Solar and Wind power projects would result in optimum utilization of untapped renewable energy.

Monitoring and Enforcement

Initial report on comprehensive audit regarding commercial viability of public sector GENCOs for the period from FY 2014-15 to FY 2018-19 was presented based on analysis of unit wise data pertaining to technical and financial parameters. Review petitions filed by GENCO-I and II against decisions of imposing a fine of Rs. 1 Million each on account of excess auxiliary consumption and availing higher outages during FY 2014-15 and FY 2015-16 were decided upon with fine being maintained. NTDC/NPCC was imposed a fine of Rs. 1 Million on account of issuing unfair instructions to GENCO-I and III for putting their units/machines on standby mode for an alarming longer duration during FY 2014-15 and FY 2015-16.



Chairman WAPDA Presenting Shield to NEPRAs Chairman/ Vice Chairman after a meeting in Islamabad on June 25, 2020 at WAPDA Mega Hydel Projects Complex

Review petition filed by K-Electric against decision of imposing a fine of Rs. 50 Million on account of fatal accidents in Karachi and claim of Force Majeure was rejected. Also the Review motion filed by K-Electric against decision of imposing fine of Rs. 3 Million on account of non-utilization of alternate fuel when primary fuel was not available to cope up with emergency situation, underutilization of BQPS-I and carrying out unannounced load shedding was also rejected.

Actions were taken against concerned DISCOs who failed to draw full allocated quota of power against demand due to system constraints.

Hearing regarding issues of power evacuation and frequent load curtailment as raised by various Wind Power Plants was held on 24th June, 2020.

Input on Audited Report of IPPs

NEPRA provided Techno-Commercial and Legal support to facilitate the process regarding audit of IPPs to ensure that consumers' as well as investor's interest was not compromised.

Infrastructure for Information Technology (IT) at New Regional Offices

Work commenced to build IT infrastructure like Security Cameras, LAN, Biometric system, WAN and internet connectivity in New Regional offices of NEPRA established in regions of Gujranwala, Multan, Hyderabad, Sukkur and Faisalabad.

Administration and Human Resource

Newly hired interns were attached to the relevant Departments for a period of six months.

Two online training/workshop programs for employees in NPG-1 & NPG-2 were arranged. Webinar on Cyber Security and measures to avoid any untoward situation was arranged through USAID and National Renewable Energy Laboratory US. These webinars included sessions on Tracking Utility Digitalization Progress, Strategies and Roadmaps, Cyber Security and Distributed Energy Resources, Corporate Culture and Importance of Cyber Hygiene.



Chairman addressing newly inducted interns in NEPRA

An online meeting was arranged with ERRAs on 6th-7th April, 2020 regarding Covid-19 situation, protective measures being taken and sharing experience and challenges regarding work from home.

The 3rd Renpower Pakistan Investor conference was conducted upon Invitation of Euro-convention Global, Brussels, Belgium on June 24th- 25th, 2020 through online streaming which was attended by companies and senior business executives from Europe, Middle East and Asia.

NEPRA's Health and Fitness Centre was upgraded and has attained the status of a Professional Gym.