



**NATIONAL ELECTRIC POWER
REGULATORY AUTHORITY**

VOL-III, NO. II

APRIL-JUNE 2021

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**NEPRA QUARTERLY
NEWSLETTER**





Updates **2**nd Quarter 2021

- Issued 04 Generation Licenses for Solar & Biogas projects.
- Issued 08 Licensee Proposed Modification.
- Issued Tariff Determinations of 12 IPPs, on April 2, 2021, in the matter of applications filed by Central Power Purchasing Agency (CPPA-G) for adjustment of ROE and ROEDC components of tariff pursuant to the signing of the master agreement with IPPs.
- 12 review motions were also decided by the Authority for Wind power projects.
- Pursuant to signing of Master Agreement with CPPA-G the Authority issued decisions in respect of two (02) operational Solar PV IPPs & in respect of seven (07) Bagasse IPPs, thereby adjusted their tariffs.
- NEPRA determined tariffs for seven XWDISCOs for the FY 2018-19 & FY 2019-20, individually under the Single Year Tariff Regime (SYT) for both their Distribution and Supply Business.
- The Multi Year Tariff (MYT) determination of K-Electric Limited, dated July 05, 2018, was notified by the Federal Government dated May 22, 2019.
- Five XWDISCOs filed Motion for Leave for Review against the determinations of the Authority, which were decided by the Authority on 19.04.2021.
- 2717 complaints/cases were processed by Consumer Affairs Department (CAD) at NEPRA Head Office and Regional Offices, out of which 2256 complaints/cases, 83% were resolved/disposed of.
- Chairman NEPRA, along with Authority Members visited the single largest turbine in Pakistan (1,100 MW) in the recently commissioned K2 Nuclear Power Plant, Karachi.





2. Regulatory Meetings & Hearings

- 89 Authority Regulatory Meetings
- 32 hearings were held.
- A joint session of the Authority and Senior Professionals of NEPRA and OGRA was held at NEPRA Headquarters Islamabad. Both the regulators shared their functions, operations and the way forward. In the end a productive and detailed session of questions and answers was held.
- Public Hearing in the matter of Tariff proposal of 969 MW Neelum Jhelum Hydropower Project was held at NEPRA office Islamabad.
- NEPRA 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 NEPRA Tower, Islamabad.
- Presentation by NTDC Focal Person before Member (Licensing) & Member (M&E) regarding progress of interconnection arrangements at NEPRA Tower, Islamabad.
- Public Hearing in the matter of Indicative Generation Capacity Expansion Plan 2021-2030 (IGCEP-21) submitted by NTDC was held at NEPRA Tower, Islamabad.





3. Recent Developments

3.1 Corporate Social Responsibility (CSR)

National Electric Power Regulatory Authority (NEPRA) in line with its Corporate Social Responsibility (CSR) drive of “Power with Prosperity” hosted a webinar in collaboration with Akhuwat Foundation. The main objective of the webinar was to facilitate partnership between power companies and social development organizations to help in achieving the Sustainable Development Goals (SDGs). The webinar was attended by a large number of representatives from power sector entities as well as Chairman NEPRA, Authority Members and NEPRA Professionals. Chairman Akhuwat Foundation, Dr. Amjad Saqib presented a detailed presentation about various initiatives and programs of Akhuwat Foundation. He further proposed programs like installing solar panels at homes on subsidized rates, installing RO plants to provide access to clean drinking water and a revolving fund for solar powered tube wells. He also presented a CSR proposal to the power companies and NEPRA for consideration as a way forward to achieve the collective goal of bringing power with prosperity in the country.

3.2 NEPRA HSE Data Exchange Portal

NEPRA developed HSE Data Exchange Portal for the timely submission of information by the Licensees. The objective of this initiative was to monitor Licensees HSE statistics and performance status for necessary actions and to ensure effective implementation of HSE compliances by Licensees to promote safety culture for sustainable risk reduction. 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 communicated suggestion and recommendations to Provincial Secretaries of the 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.

NEPRA also communicated suggestion and recommendations to Engineering Development Board and Pakistan Standard Quality Control Authority to establish and enforce standards for domestic and commercial electrical appliances, extension cords, cables, plugs and sockets to avoid manufacturing and import of substandard electrical products.





3.3 Power Safety Code (Second Edition)

NEPRA published Power Safety Code (Second Edition) with its commitment to achieve zero-incident philosophy in the Power Sector by adopting the most effective and proactive HSE practices to ensure safe, reliable, and sustainable power services in Pakistan. The requirements given in the Code when implemented by Licensees will ensure the protection and the well-being of consumers, employees, contractors and minimize the impact to the environment, interruption to the power supply and economic losses in Pakistan.



NEPRA Authority bidding farewell to Mr. Rafique Siddiqi, Director (Licensing) on his retirement



NEPRA held Public Hearing on the motion of Ministry of Energy (Power Division) for extension in abolishment of peak rates. The Authority heard the petitioner as well as the stakeholders and will announce its decision in due course of time



4- EVENTS



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



Chairman NEPRA, along with Member Balochistan, Member Sindh and DG (Admin./HR) at Khatam ul Quran Ceremony at NEPRA Mosque Islamabad



Chairman NEPRA, meeting Director Rausing Executive Development Centre (REDC), LUMS along with his HR team to finalize the Mandatory Training Programs for the NEPRA Officers





Public Hearing on the application of Ministry of Energy for Reconsideration of Quarterly Adjustment Decision of the Authority for 1st and 2nd Quarter of FY 2020-21 for XWDISCOs

Public Hearing Regarding Fuel Charges Adjustment of XWDISCOs for the Month of April 2021



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

A joint session of the Authority and Sr. Professionals of NEPRA and OGRA was held at NEPRA Headquarters Islamabad. Both the regulators shared their functions, operations and the way forward. In the end a productive and detailed session of questions and answers was held



Public Hearing in the matter of Tariff proposal of 969 MW Neelum Jhelum Hydropower Project submitted by CPPA-G at NEPRA office Islamabad.

Presentation by NTDC Focal Person before Member (Lic.) & Member (M&E) regarding progress of interconnection arrangements at NEPRA Tower, Islamabad.

NEPRA 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 NEPRA Tower, Islamabad.



5. M&E

5.1 GENERATION SEGMENT

5.1.1 NEPRA Data Exchange Portal

M&E Department developed a web interface/data exchange portal in coordination with IT Department for online acquisition of daily data pertaining to Key Performance Indicators (KPIs) from generation licensees in respect of their generation facilities. The Authority has approved the beta version/prototype of the said web interface/data exchange portal. Accordingly, the same has been launched and data is being uploaded by K-Electric Limited, Engro Energy (Pvt.) Limited, Laraib Energy Limited, Ourson Pakistan Limited, and Foundation Wind Energy-I (Pvt.) Limited on regular basis for analysis and monitoring.



5.1.2 Recovery Proceedings pertaining to Fine imposed on NTDC/NPCC

The Authority imposed fine of Rs. 1 Million on NTDC/NPCC on account of issuing unfair instructions to GENCO-I & III for putting their units/machines on standby mode for an alarming longer duration during the FY 2014-15 and 2015-16. In response, NTDC/NPCC filed review petition against this decision. However, the Authority rejected the review petition and maintained its earlier decision of imposing fine on NTDC/NPCC. Also, NTDC/NPCC was directed to deposit the fine amount in designated bank of the Authority, however, NTDC/NPCC failed to do so. Therefore, a Notice of Demand was issued to NTDC/NPCC followed by the issuance of recovery request to the District Collector Islamabad.





5.1.3 Recovery Proceedings pertaining to LD imposed on GENCOs by CPPA-G

The Authority initiated legal proceedings against CPPA-G on account of non-imposition of liquidated damages (LDs) on non-performance of GENCO-I, II & III. In response, CPPA-G raised LDs invoices amounting to Rs. 31.347 Billion to abovementioned GENCOs for the agreement years 2014-15 to 2018-19. Therefore, the Authority decided to close the proceedings and directed CPPA-G to provide quarterly update pertaining to recovery of LDs. Accordingly, CPPA-G provided quarterly updates and submitted that GENCOs have disputed the LDs invoices and resolution of dispute is being dealt with as per Article 7A.8 of PPAs. On the basis of quarterly updates submitted by CPPA-G, a letter was issued to CPPA-G in order to acquire a detailed recovery plan along with timelines pertaining to the LDs imposed on GENCOs. CPPA-G was also directed to conclude the proceedings of the Coordination Committees appointed to resolve the disputes of LDs invoices and share the progress with NEPRA.

5.1.4 Show Cause Notice issued to NPGCL

The Authority initiated legal proceedings against Northern Power Generation Company Limited (NPGCL) on account of non-operation of Nandipur Power Plant w.e.f. 10.08.2015 to 25.10.2015 and issued an Explanation. NPGCL submitted its reply which was presented before the Authority. The Authority rejected the Explanation of NPGCL and directed to issue a Show Cause Notice which was issued on 18.05.2021. NPGCL has submitted its reply which is being reviewed.

5.1.5 Settlement of LDs due to Non-Supply Events in case of Three RLNG Projects

The issue for reimbursement of capacity payments made to Haveli Bahadur Shah, Balloki, and Bhikki by CPPA-G despite their non-availability (due to non-supply event) during the period October 2018 to February 2019 was also undertaken by M&E Department. The aforesaid amount is in the process of adjustment on part of CPPA-G and once the settlements are made would directly benefit the electricity consumers.

5.1.6 Analysis of Generation Data submitted by NPCC

M&E Department analyzed the generation data on hourly basis submitted by NPCC to check for any deviations to the Economic Merit Order. Accordingly, the financial impact of generation taken in deviation of Economic Merit Order by NPCC was withheld from the claim of CPPA-G for the subsequent months.

5.1.7 Analysis of Generation Dispatch of K-Electric

M&E Department has also started monitoring the generation dispatch of K-Electric, on the lines of NPCC, to check for its generation dispatch to be according to the Economic Merit Order. Accordingly, for June 2021, a financial impact in terms of EMO violation was withheld from the claim of K-Electric.





5.2 DISTRIBUTION SEGMENT

5.2.1 Fine on MEPCO

The Authority vide decision dated 01.04.2021 declared MEPCO delinquent for violating Performance Standards, Distribution Code, and other applicable documents and imposed a fine of Rs. 6 Million under NEPRA (Fines) Rules, 2002. Notice of Demand was issued to MEPCO on 21.05.2021 which remained unsatisfied to date. In this regard, NEPRA vide letter dated 29.06.2021 sent a recovery request to the District Collector/Add. DC (Revenue), Islamabad for recovery of the fine amount from MEPCO under NEPRA (Fines) Rules, 2002.

5.2.2 Investigation against K-Electric on account of Excessive Load Shedding

The Authority vide Order dated 26.08.2020 decided imposed a fine of Rs.200,000,000/-(two hundred million) on K-Electric on account of excessive load shedding and failing to provide the continuous and reliable supply to its consumers. Against the above decision, K-Electric filed a review petition. The Authority reviewed the response of K-Electric and reduced the amount of fine from Rs.200,000,000/-(two hundred million) to Rs.160,000,000/-(one sixty million) which has been deposited by K-Electric in April 2021.

5.2.3 Investigations on account of Fatal Accidents

a) MEPCO

The Authority vide decision dated 01.10.2020 imposed a fine amounting to Rs.10,000,000/-(ten million) on MEPCO on account of fatal accidents against which a review petition was filed by MEPCO which was rejected by the Authority. Notice of demand under Rule 7 was issued to MEPCO on 26.05.2021 which remained unsatisfied to date. In this regard, NEPRA vide letter dated 29.06.2021 sent a recovery request to the District Collector/Add. DC (Revenue), Islamabad for recovery of the fine amount from MEPCO.

b) K-Electric

The Authority vide decision dated 09.04.2021 imposed a fine of Rs.36 Million on K-Electric due to non-compliance of applicable documents. The Authority further directed K-Electric to compensate the families of 14 victims, who were electrocuted due to K-Electric's negligence. K-Electric was further directed to conduct a survey of 132 KV lines and submit a viable proposal to reduce such safety hazards in future.

c) SEPCO

The Authority issued Show Cause Notice to SEPCO on account of 20 fatal accidents. SEPCO submitted its reply vide letter dated 08.06.2021. Keeping in view the submissions of SEPCO against show-cause notice, a hearing was held on 08.07.2021.





d) FESCO

The Authority took serious notice of 17 fatal accidents that occurred during the period July 2019 to January 2021 and constituted an investigation committee under Section 27-A of NEPRA Act 1997, which conducted investigation. The Authority decided to issue Show Cause Notice to FESCO on account of failure to comply with NEPRA laws.

6. CONSUMER AFFAIR DEPARTMENT

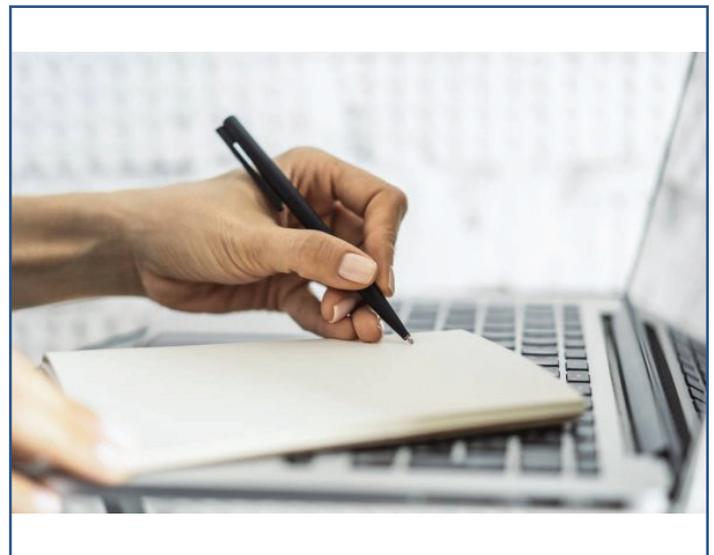
The Authority inaugurated NEPRA Regional Office, at Gwadar, in addition to already established 09 regional offices.

The Consumer Service Manual (CSM), which includes procedure for obtaining new connection and other allied issues, was revised and issued on 13th January 2021 for compliance. Moreover, a meeting was held on 16th June 2021 with all Distribution Companies (including K-Electric) regarding clarification w.r.t CSM and insertion of Net Metering chapter in CSM.

Directions have been issued to all Distribution Companies (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.

e) GEPCO

The Authority took serious notice of 13 fatal accidents and constituted an investigation committee under Section 27-A of NEPRA Act 1997, which visited GEPCO for investigation from 22.06.2021 to 25.06.2021. Investigation report in this regard is under process.





7. LICENSING

7.1 Competitive Trading Bilateral Contract Market (CTBCM)

The Licensing Department is actively engaged in monitoring of the Implementation of the CTBCM. Quarterly Meetings were held with the implementing entities and directions were conveyed to fast-track the completion of the relevant actions for timely completion of the CTBCM. In addition, the Licensing Department also remained involved in formulation of Electric Power Supply and Distribution of Electric Power Regulations.

7.2 Indicative Generation Capacity Expansion Plan (IGCEP):

NTDC prepared the IGCEP 2021-30 covering 0 –10 years timeframe i.e., from 2021 to 2030 and submitted it for approval of the Authority. Public hearing was conducted on June 15, 2021 for consultation with all the relevant stakeholders in the matter. Meanwhile, the Council of Common Interest (CCI) in its meeting held on June 21, 2021, inter alia, decided that the assumptions for first iteration of the IGCEP shall be approved by the CCI. Accordingly, 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, within thirty (30) days of CCI approval for IGCEP assumptions.

8. CHAIRMAN'S MEETINGS



Mr. Markus Strohmeier, Managing Director of Siemens called on Chairman NEPRA.





Chairman Senate, Muhammad Sadiq Sanjrani exchanging views with Chairman NEPRA and Member Balochistan.



Ex - Chairman CPEC Authority, Mr. Asim Saleem Bajwa called on Chairman NEPRA and had a detailed discussion with him and Member Balochistan.



Ambassador of China to Pakistan, His Excellency Mr. Nong Rong called on Chairman NEPRA. NEPRA arranged a reception in his honour to celebrate 70 years of friendship between Pakistan and China and the support extended by the Government of China in bolstering the Power Industry of Pakistan





9. Authority Visits



Chairman NEPRA, 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 organiza-

Chairman NEPRA, along with Authority Members visited the 84 MW Gorkin Matiltan Hydropower Project.



Chairman NEPRA, along with Authority Members visited the 81 MW Malakand-III Hydropower Project.

Chairman NEPRA, addressed the 1st International Conference and Showcase on Solar Clean Energy Pakistan 2021.



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