

# ANNUAL REPORT 2016-17



NATIONAL ELECTRIC POWER  
REGULATORY AUTHORITY

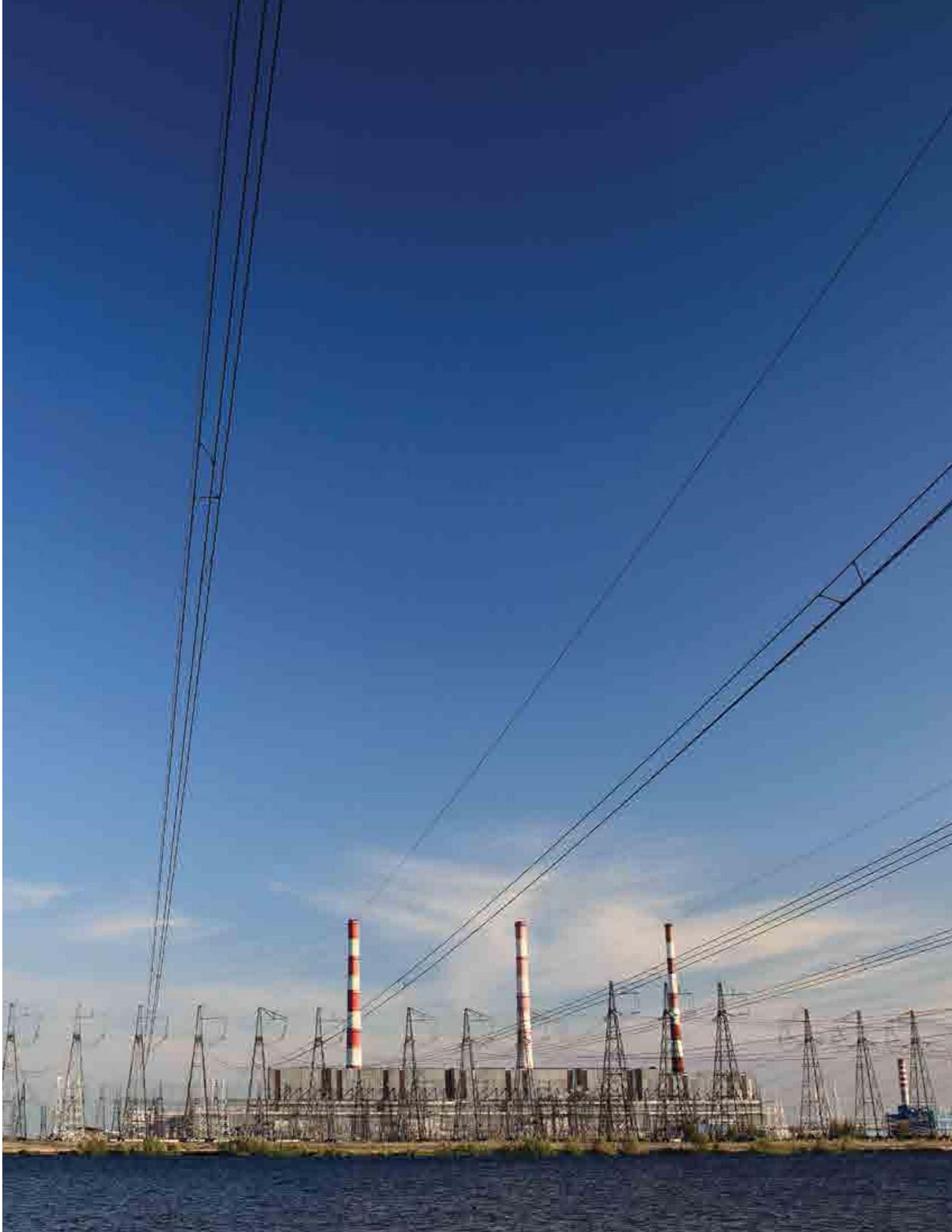






# ANNUAL REPORT 2016-17

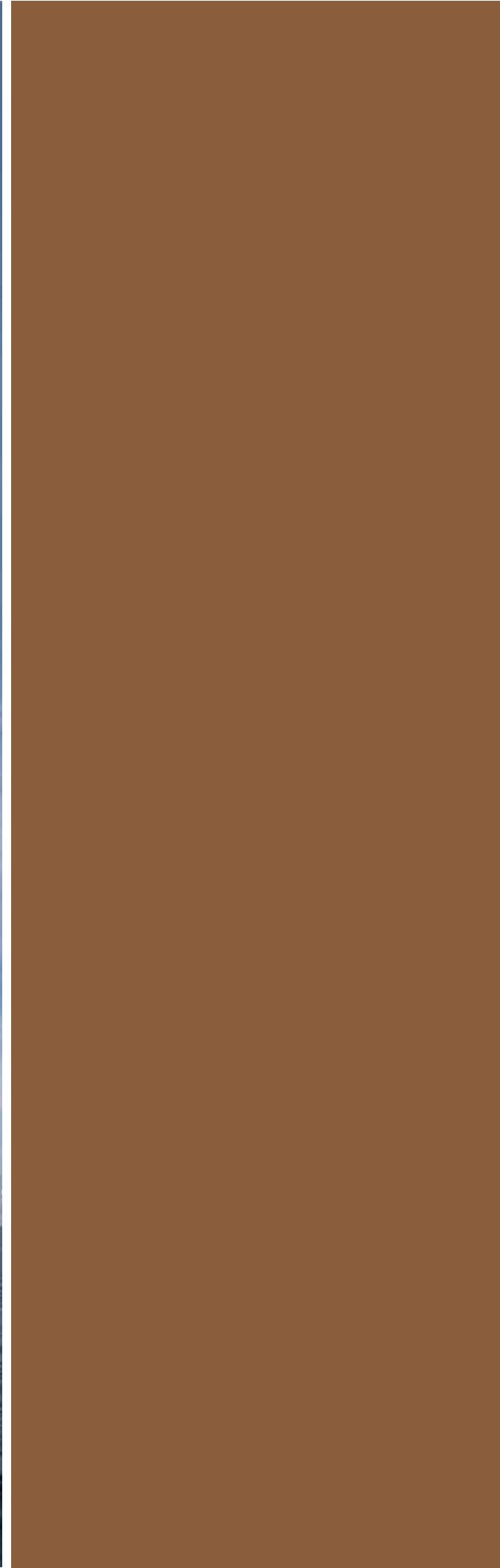






## MISSION STATEMENT

To develop and pursue a Regulatory Framework for safe, reliable, affordable, modern, efficient and market-driven environment for provision of electric power to the 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 in the industry.



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## CHAIRMAN'S MESSAGE

On behalf of the Authority, it is with great pleasure that I present our Annual Report for the year 2016-17.

Since its establishment in 1997, NEPRA has strived to achieve a balance between the diverging interests of the consumers and power industry to ensure progress towards an affordable and sustainable energy sector. Therefore, NEPRA has now decided to encourage competitive bidding regime for investment in power generation for various technologies. In this regard, Competitive Bidding Tariff (Approval Procedure) Regulations, 2017 have been introduced.

Due to declining trend in the oil prices and better generation mix, fuel charges adjustment was favorable for the entire period, whereby a benefit of around Rs. 102 Billion has been given to the end consumers (having consumption of more than 300 units monthly).

NEPRA is cognizant of the fact that in view of continued increase in power generation capacity of the country, the transmission network needs to be further strengthened. In line with the Transmission Policy 2015, NEPRA issued Guidelines for laying down the Methodology and Process for Determination of Revenue Requirement and Use of System Charges (UOSC) for Transmission Licensees. Similarly, NEPRA has allowed substantial investment to NTDC and K-Electric for augmentation of the system regarding power evacuation and transmission lines. NEPRA also determined transmission tariff for the High Voltage Direct Current (HVDC) transmission

line which will be the first HVDC transmission line that will transmit 4000 MW from Matiari to Lahore covering a distance of around 878 KMs.

NEPRA has taken another important initiative by including agriculture sector in the eligibility criteria for Net Metering and Distributed Generation. It is expected that this facility will be widely adopted by agriculturists around the country and not only boost the performance of agriculture sector and add to economic growth but will also further encourage renewable energy generation throughout the country.

Informed decision making and transparency in decisions remains a hallmark of NEPRA's initiatives. For this purpose every initiative or change in regulation is finalized after consultation with the stakeholders including the general public, industry and the Government. During the year under review, the Authority conducted 99 hearings and 622 Regulatory Meetings in addition to various in-house discussion meetings, site visits as well as numerous consultations with stakeholders.

NEPRA enjoys an active engagement with bilateral and multilateral donor agencies like USAID, World Bank, ADB etc. in order to improve the regulation of the electricity markets as per global practice and serve the citizens of Pakistan better.

On this occasion I would like to place on record the dedication and commitment of Members, professionals and staff for discharging their duties to the best of their capabilities.

This report is being submitted to the Council of Common Interests and the Federal Government pursuant to Section 42 (a) of the NEPRA Act, 1997.

**Tariq Saddozai**  
**Chairman**



# **The Authority**

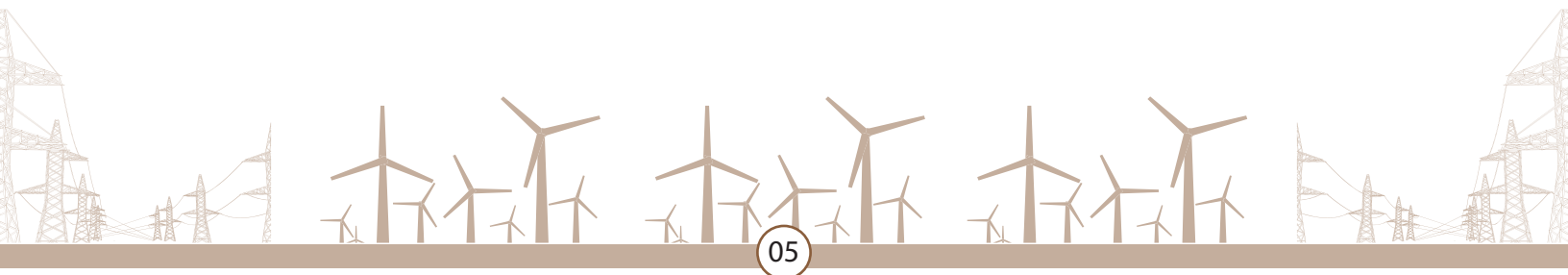




## COMPOSITION AND PROFILES

The Authority consists of a Chairman appointed by the Federal Government and four Members, one from each Province, to be appointed by the Federal Government after considering the recommendations of the respective Provincial Governments.

The Vice-Chairman is appointed from amongst the Members for a period of one year by rotation.





## **Tariq Saddozai**

### **Chairman**

Mr. Tariq Saddozai is heading National Electric Power Regulatory Authority (NEPRA) as Chairman since November, 2014. He joined Pakistan Army in 1978 as Engineer in the Corps of Electrical and Mechanical Engineering. He served as Director in various branches of General Headquarters and as a Chief Executive Officer, 502 Central Workshop Rawalpindi. He has worked as a Technical Attache, Embassy of Pakistan in Washington DC (USA). His last appointment prior to retirement from the Army was Managing Director, then Karachi Electric Supply Corporation (July 2001-January 2006). After retirement from the Pakistan Army he served as Chief Executive Officer, Peshawar Electric Supply Company (June 2012 - November 2014).

Having served as a Chief Executive Officer of two most difficult utilities of Pakistan (K-Electric and PESCO), he has acquired in-depth knowledge of the entire power sector, right from Generation, Transmission, Distribution and Privatization process.

He was declared best athlete of Pakistan Army for the year 1981 and best athlete inter services for the year 1983. He also represented Pakistan in the Asian Games and was finalist in 4x400 m relay race.

He is an engineer by profession having B.Sc Engineering Degree from NED University and M.Sc (Hon) Degree from Quaid-e-Azam University Islamabad. He has also attended various courses/trainings from different institutions related to his profession.



## **Saif Ullah Chattha**

### **Vice Chairman/ Member (M & E)**

Mr. Saif Ullah Chattha joined NEPRA as Member (Punjab) in March 2017. 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, Baluchistan and Gilgit Baltistan as Assistant Commissioner, Deputy Secretary, Deputy Commissioner and Chief Secretary. In Islamabad he has served as Secretary, Ministry of Water & Power and Overseas Pakistani & Human Resources Division and Additional Secretary, Ministry of Communications.

He has also served as PSO to Prime Minister of Pakistan and Counsel General/Trade Minister of Pakistan in Montreal Canada.



## **Major (R) Haroon Rashid** **Member (Licensing)**

Major (R) Haroon Rashid has been serving as Member NEPRA, representing the province of Balochistan, since November 28, 2012. Before joining NEPRA, he has served the Provincial as well as the Federal Governments on a number of high profile assignments. He was commissioned in the Pakistan Army in 1972 and later joined the Civil Service of Pakistan (District Management Group) in 1980 as Assistant Commissioner Quetta and has served as Deputy Commissioner/Political Agent in five Districts. He served throughout Pakistan on senior positions such as Commissioner Quetta, Commissioner Zhob, Secretary Health Balochistan, Secretary Social Welfare Government of Punjab, Additional Secretary Ministry of Population Welfare, Islamabad and President's Secretariat. Before joining NEPRA, he was Special Secretary to the President at the President's Secretariat.

Major (R) Haroon has participated/represented Pakistan in a number of national and international meetings/courses/seminars/workshops etc.



## **Himayatullah Khan**

### **Member (Tariff)**

Mr. Himayatullah Khan was appointed as Member (KPK) in August 2014. Before joining NEPRA, he served at senior policy formulation, regulatory and implementation levels for over 34 years with the Federal and Provincial Governments. He has diverse experience of strategic planning, managing organizational change, implementation of development projects/programs, leading large teams, working with government and non-governmental organizations and development partners.

He has a rich experience of government audit/accounts of the Federal and Provincial Governments. He has served as Accountant General, KPK. He also has extensive experience of the Power Sector having served as Special Secretary, Ministry of Water & Power, Secretary WAPDA and National Coordinator for Water Resources & Hydropower Development Programme Vision 2025. He has also served in the Ministry of Commerce where he negotiated the Afghanistan Pakistan Transit Trade Agreement 2010. As Additional Secretary, Economic Affairs Division, he negotiated US \$ 840 million loan for 1450 MW Tarbela IV extension project with the World Bank. He retired from government service in September 2013 as Secretary to the President of Pakistan. He is a committed environmentalist having served on the BoD of WWF for Nature and as Vice Chairperson IUCN Pakistan.





## **Syed Masood-ul-Hassan Naqvi** **Member (Consumer Affairs)**

Syed Masood-ul-Hassan Naqvi joined NEPRA as Member (Sindh) in May 2015. He brings with him diverse experience spanning over three decades in almost all fields of the power sector. Mr. Naqvi is an electrical engineer by profession and has been actively involved in generation, transmission and particularly distribution of electrical power. His last assignment, before joining NEPRA, was as General Manager, National Transmission and Dispatch Company (NTDC). During his tenure with NTDC and with a number of DISCOs, he has been instrumental in managing mega-projects. His profound knowledge and experience provide him a solid base for handling all issues related to the power sector in the spheres of construction, operation and maintenance.

Mr. Naqvi is quite open and responsive to new ideas and projects and his participation in handling day to day affairs of NEPRA as Member is definitely a positive contribution in regulating the power sector of Pakistan.

## 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 powers and functions of the Authority as delineated in the Act are:

- a. Grant licenses for generation, transmission and distribution of electric power
- b. Prescribe procedures and standards for investment programs by generation, transmission and distribution companies
- c. Prescribe and enforce performance standards for generation, transmission and distribution companies
- d. Establish a uniform system of accounts by generation, transmission and distribution companies
- e. Prescribe fees including fees for grant of licenses and renewal thereof
- f. Prescribe fines for contravention of the provisions of this Act
- g. Review its orders, decisions or determinations
- h. Settle disputes between the licensees

- i. Issue guidelines and standard operating procedures
- j. Determine tariff, rates, charges and other terms and conditions for supply of electric power services by generation, transmission and distribution companies and recommend to the Federal Government for notification
- k. Review organizational affairs of generation, transmission and distribution companies to avoid any adverse effect on the operation of electric power services and for continuous and efficient supply of such services
- l. Encourage uniform industry standards and code of conduct for generation, transmission and distribution companies
- m. Tender advice to public sector projects
- n. Submit reports to the Federal Government in respect of activities of generation, transmission and distribution companies
- o. Redress complaints lodged with the Authority by a consumer or any other person, against a licensee for contravention of any provision of NEPRA Act or any order, rule, regulation or instruction made or issued thereunder
- p. Perform any other function which is incidental or consequential to any of the aforesaid functions

# KEY HIGHLIGHTS

## Generation Business

- A total number of 144 Generation Licenses were issued for Conventional Power Plants, Renewable Energy Projects, Hydropower Projects and Net Metering.
- 99 Hearings and 622 Regulatory Meetings of the Authority were conducted.
- The period for acceptance of Upfront Tariff for Small Hydro Power Projects was further extended by 12 months i.e. up to March 27, 2018.
- Generation Tariffs were issued for the projects based on Hydropower, RLNG/HSD and Nuclear.
- Upfront Tariff for various technologies i.e. Bagasse, Wind and Coal were issued.
- Decisions were issued regarding competitive bidding regime for induction of Wind and Solar Power Projects.
- Decision for Confirmation of EPC Contract and the Management Consulting Contract for Coal Unloading Jetty Channel for Port Qasim were issued.
- In compliance with the decision of the ECC, proceedings were initiated for determining new Upfront Tariffs for Captive Power Plants pertaining to Coal, RFO and Gas.
- Proceedings were initiated for determination of security cost for CPEC Power Projects.

## Transmission Business

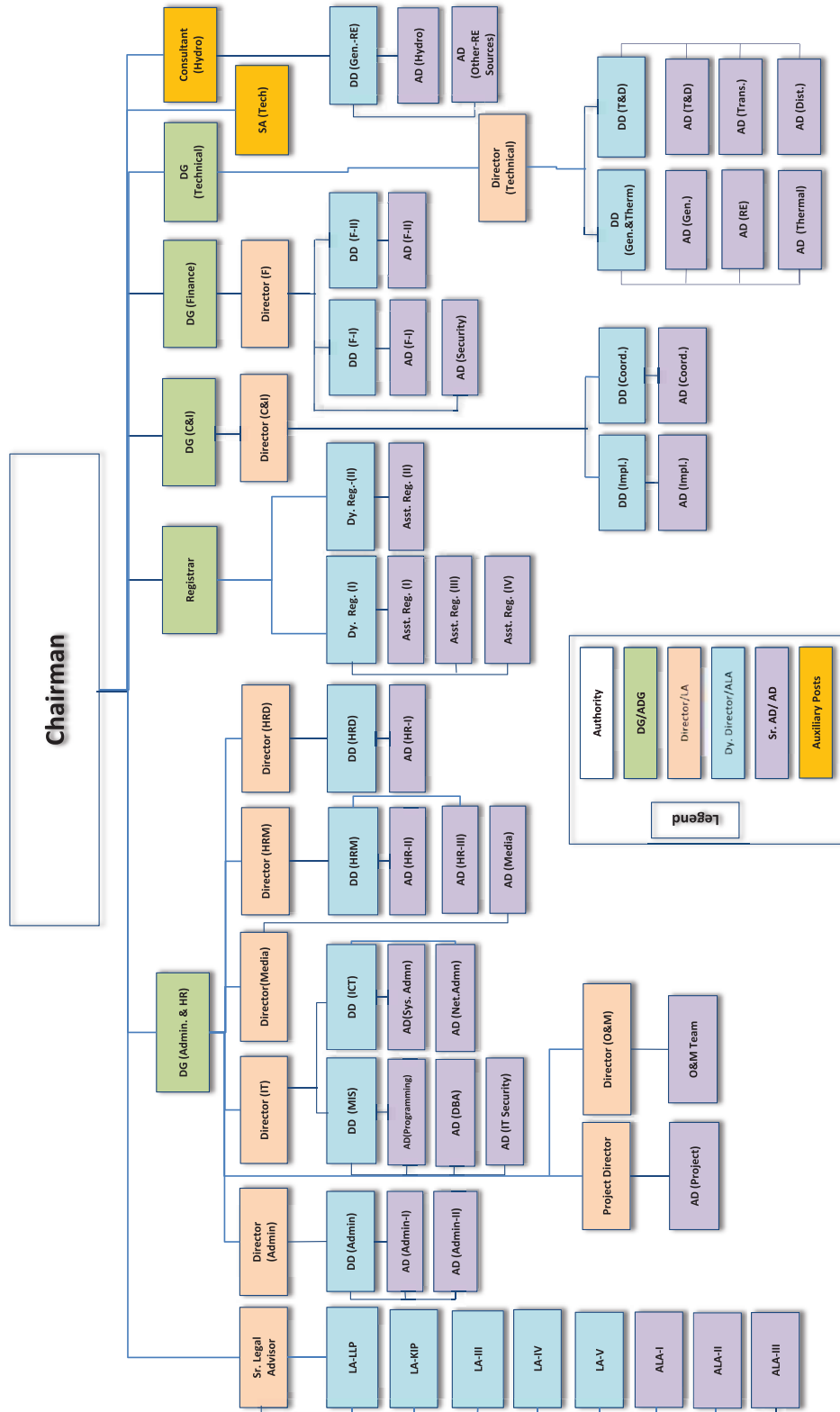
- Revision to the Grid Code Addendum I for grid integration of wind power plants was approved.
- Special Purpose Transmission License for 878 KMs line from Matiari, (Sindh) to Lahore was admitted for further processing.
- The CPPA-G filed application to register itself as a Market Operator which was admitted and is at an advanced stage of processing.
- Determination of Transmission tariff for HVDC transmission line was issued.
- Guidelines to lay down the Methodology & Process for Determination of Revenue Requirement and Use of System Charges (UOSC) for Transmission Licensees were issued.
- Decision was issued for Transfer/Wheeling Charges for FY 2015-16 and FY 2016-17.

## Distribution Business

- A benefit of around Rs. 102 Billion was passed on to the end consumers on account of fuel price adjustment during the period.
- Multi-Year Tariff of K-Electric for the period July 1, 2016 - June 30, 2023 was determined.
- A Distribution License was issued to a Housing Society.
- Aiming further improvement in the Distribution System, targets of SAIFI & SAIDI for the years 2015-16 and 2016-17 were set separately for each Distribution Company. Based on these targets performance ranking of Distribution Companies for the year 2015-16 was carried out and uploaded on the website of NEPRA.
- 92% of the consumer complaints received in NEPRA were resolved/concluded during the year.



# Organogram







# **NEPRA and Power Sector Regulation**



## ROLE OF NEPRA IN THE POWER SECTOR

NEPRA was established in 1997 as part of a strategic plan for privatization in order to make the power sector reliable, efficient and progressive in addition to safeguarding the interests of both producers and consumers.

NEPRA, in its role as a regulator, on a regular basis provides recommendations at various fora including CCI, ECC and the Federal Cabinet.

### Regulatory Framework

The Regulatory Framework of Rules and Regulations applied by NEPRA to regulate the power sector is comprised of the following:

- NEPRA Competitive Bidding Tariff (Approval Procedure) Regulations, 2017
- NEPRA (Import of Electric Power) Regulations, 2017
- NEPRA Guidelines to Lay Down the Methodology & Process for Determination of Revenue Requirement and Use of System Charges (UOSC) for Transmission Licensee
- NEPRA (Selection of Engineering, Procurement and Construction Contractor by Independent Power Producers) Guidelines, 2017
- NEPRA (Wheeling of Electric Power Regulations), 2016
- NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015
- NEPRA (Supply of Electric Power) Regulations, 2015
- NEPRA Standard Operating Procedures (SOPs) for Examination and Provision of Copies of Documents, 2015

- NEPRA (Sale of Electric Power by Renewable Energy Companies) Guidelines, 2015
- NEPRA Guidelines for determination of Consumer End tariff (Methodology and Process) 2015
- NEPRA (Interconnection for Renewable Generation Facilities) Regulations, 2015
- Power Safety Code for Transmission and Distribution Licensees, 2015
- Complaint Handling and Dispute Resolution (Procedure) Rules, 2015
- Market Operator Registration Standards and Procedure Rules, 2015
- Commercial Code 2015 of CPPA-G
- NEPRA Upfront Tariff (Approval & Procedure) Regulations, 2011
- Consumer Service Manual 2010
- Performance Standards (Generation) Rules, 2009
- Uniform System of Accounts Rules, 2009
- NEPRA Review Procedure Regulations, 2009
- NEPRA Competitive Bidding Tariff (Approval Procedure) Regulations, 2008
- Performance Standards (Transmission) Rules, 2005
- Performance Standards (Distribution) Rules, 2005
- Grid Code 2005
- Distribution Code 2005
- Interim Power Procurement (Procedure & Standards) Regulations, 2005
- Eligibility Criteria for Consumers of (Distribution) Companies, 2003
- NEPRA (Resolution of Disputes between Independent Power Producers and other Licensees) Regulations, 2003
- Fees Rules, 2002
- Fines Rules, 2002
- Fees Pertaining to Tariff Standards & Procedure Regulations, 2002
- Licensing (Generation) Rules, 2000
- Licensing (Distribution) Rules 1999
- Application Modification Procedure Regulations, 1999
- Tariff Standards & Procedure Rules, 1998

The regulatory framework is enforced through the activities of Licensing, Tariff and the promulgation of Performance Standards.

## **Grant of Licenses**

Under the Act, NEPRA is exclusively responsible to grant licenses for Generation, Transmission or Distribution in power sector business in the country. No person, except under the authority of a license issued by NEPRA, can construct, own or operate generation, transmission or distribution facilities. The grant of licenses is governed by the Licensing Generation Rules, 2000 and Distribution Rules, 1999 while all licenses are subject to prescribed terms and conditions.

## **Determination of Tariff**

Electricity Tariffs are determined as prescribed in the Tariff Standards and Procedure Rules, 1998 (Tariff Rules), keeping in view the principles of economic efficiency, quality of service and guidelines in terms of Rule 17 of the Tariff Rules. A transparent procedure is followed through meaningful participation of the key stakeholders and due diligence is exercised for assessment of appropriate level of expenses and rate of return allowed to the licensees. This is a key element for attracting and retaining Foreign Direct Investment (FDI) in the sector.

## **Prescribe and Enforce Performance Standards**

Performance Standards (Generation) Rules 2009, Performance Standards (Transmission) Rules 2005 and Performance Standards (Distribution) Rules 2005 have been issued to ensure service quality and reliability. The measures employed to ensure adherence to quality include site visits, preparation of performance evaluation reports and legal proceedings against delinquents.

## **Monitoring and Enforcement of the Regulatory Framework**

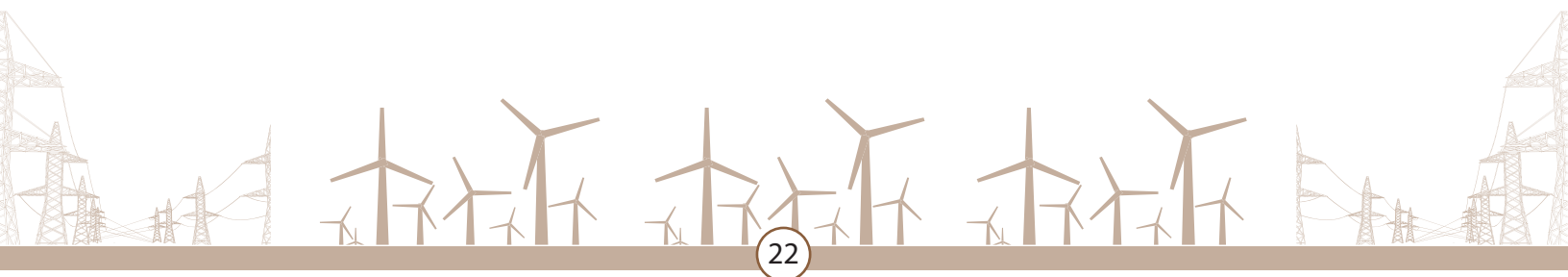
Monitoring and Enforcement (M&E) is an important component of regulation to ensure that the licensees operate in accordance with the conditions of the license and that the protection of consumers is ensured. Monitoring of licensees is conducted as per Articles of the respective license for critical analysis of their performance and imposing penalties and fines on defaulters. The Performance Standards Rules for Generation, Transmission and Distribution specify the criteria to be used for monitoring of the performance of the licensees.



## Transparency

Transparency is the key element for striking a balance between the interests of the investors, public sector enterprises and consumers and ensuring the trustworthiness of regulatory decisions. Transparency is ensured through the following:

- i. Seeking comments of stakeholders and general public through press advertisements, official letters and NEPRA website.
- ii. Conducting Public Hearings.
- iii. Availability of licenses granted and determinations on the website of NEPRA.





# **Regulatory Activities in 2016-17**



# GENERATION

The business of generation is regulated by NEPRA under Section 15 of the NEPRA Act.

Following activities were performed in 2016-17 relating to the Generation Sector of the Electric Power business:

## 1.1 Generation Licenses

During 2016-17 NEPRA conducted different activities including processing and granting of licenses for different categories of Generation and Distribution. Further, modification of existing licenses was also carried out through Licensee Proposed Modification (LPM). Cases were also taken up regarding review petitions, transfer of licenses and transfer/transaction of shares etc. The details of licensees are at Annex-I.



### **1.1.1 Conventional Power Plants**

During the year under review, Generation Licenses, with a cumulative installed capacity of 7041.858 MW, were issued to nine conventional Independent Power Producers.

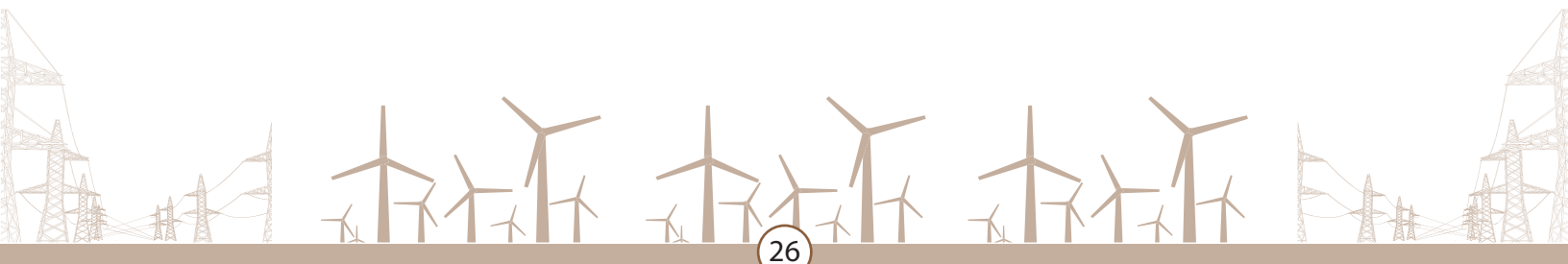
### **1.1.2 Renewable Energy (RE)**

Renewable Energy projects, especially Wind, Solar, Bagasse and Biomass have been initiated under the Policy for Development of Renewable Energy, for Power Generation, 2006 (the RE Policy). During the period 27 projects, with cumulative capacity of 1110.085 MW, were granted Generation Licenses.



### **1.1.3 Hydro Power Plants (HPPs)**

Generation Licenses were issued to two such plants with cumulative installed capacity of 41.2 MW.



### **1.1.4 Distributed Generation/Net-Metering Licenses**

After notification of the Net-Metering Regulations in September 2015, various consumers of Distribution Companies have started installation of distributed solar generation facilities. During the period under consideration a total of 106 Net Metering licenses were issued for an accumulative installed capacity of 3.323 MW.

### **1.1.5 Modifications in Existing Licenses**

During the year under review NEPRA received various cases for modification in the existing licenses for different reasons including addition of new Bulk Power Consumers (BPCs); extension of term of license; change of location, fuel and technology; decommissioning and installation of steam turbines; change of hub height; supplying surplus electricity to K-Electric; enhancement of capacity; exclusion of units; enhancement of useful life; and carving out part of service territory of DISCO. Modification in the already granted licenses were carried out for 13 licensees.

## **1.2 Generation Tariff**

In pursuance to the powers conferred under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, NEPRA determines Generation, Transmission and Distribution tariff for different licensees. Electricity tariffs are determined in accordance with the Tariff (Standards & Procedure) Rules, 1998.

### **1.2.1 Upfront Tariff for Various Technologies**

Keeping in view the current power crisis in the country, over reliance on thermal power generation and high cost of generating electricity from imported fuels, there is a need for encouraging the generation of electricity through renewable sources. Considering the demand supply gap and in order to encourage renewable energy, NEPRA has announced the Upfront

Tariffs for Solar, Wind, Bagasse and Small Hydro Power Projects, Biomass/Waste to Energy and Short Term IPPs.

### **1.2.2 Competitive Bidding**

The Authority issued Determinations of New Tariff for Wind Power Generation Projects on January 27, 2017 and Solar Power Generation Projects on March 03, 2017 whereby NEPRA decided to discontinue the regime of upfront tariff and shifted towards competitive bidding for induction of these generation sources into the grid system. The Request for Proposals (RFP) for hydropower projects, submitted by the Punjab Power Development Board (PPDB) and the Pakhtunkhwa Energy Development Organization (PEDO), to be constructed through competitive bidding, were approved with certain amendments, modifications and conditions.

### **1.2.3 Hydropower Generation**

NEPRA has facilitated the development of small hydropower projects by developing and approving an Upfront Tariff for power generated from small hydro power projects of up to 25 MW installed capacity and allowing return on equity (based on IRR) of 20% in upfront tariff. The validity period for acceptance of the Upfront Tariff expired on March 27, 2017. On the request of several Hydropower Producers, NEPRA announced to extend the period for acceptance of Upfront Tariff by 12 months up to March 27, 2018 with the same terms and conditions. Determinations were also issued for two projects including one through competitive bidding.

### **1.2.4 Upfront Tariff for New Bagasse based Co-Generation Power Projects**

Upfront Tariff for new bagasse based co-generation projects was announced in 2013. Decision in the matter of adjustment of Upfront Tariff for new bagasse based Co-generation Projects at the reference Commercial Operation Date (COD) on account of project cost variations during the construction period was issued in 2015. Determination of new Upfront Tariff



on account of expiry of the validity of the current tariff was in the final stage.

### **1.2.5 Upfront Tariff for Thar Coal Power Projects**

Upon expiry of validity of Upfront Tariff for Thar Coal in January 2017, proceedings for new Thar coal tariff were initiated.

### **1.2.6 RLNG/HSD Projects**

Generation Tariff Determinations for two projects based on Re-Gasified Liquefied Natural Gas (RLNG)/High Speed Diesel (HSD) fuel were issued.

### **1.2.7 Port Qasim Jetty**

Decision for Confirmation of the EPC Contract and the Management Consulting (Supervision) Services Contract for Coal Unloading Jetty Channel was issued.

### **1.2.8 CPGCL Review Decision**

Decision was issued regarding the Motion for Leave for Review filed by the Central Power Generation Company Limited (CPGCL) against the Tariff Determination for 747 MW Power Plant located at Guddu wherein the capacity charge part of tariff was revised.

### **1.2.9 Security Cost of CPEC Projects**

Proceedings were initiated for determination of security cost for CPEC Power Projects.

### **1.2.10 Upfront Tariff for Captive Power Plants (CPPs) for Short Term Utilization of Available Generation Capacity**

Proceedings were initiated for determination of Upfront Tariffs for Captive Power Plants based on Coal, RFO and Gas for short term utilization of available generation capacity.

### **1.2.11 Coal Unloading Jetty of China Hub Power Company**

Proceedings were initiated regarding cost of Coal Unloading Jetty of China Hub Power Company (Private) Limited.

### **1.2.12 Power Acquisition Request (PAR) of K-Electric for purchase of Power from Lotte Chemical Pakistan Limited**

Proceedings were initiated regarding Power Acquisition Request (PAR) filed by K-Electric for purchase of Power from Lotte Chemical Pakistan Limited.

### **1.2.13 Interim Tariff**

Decision was issued in the matter of grant of immediate application of the proposed tariff for Nuclear Power Plant of 340 MW (Gross) Unit 3 located at Chashma, District Mianwali Punjab.

### **1.2.14 Indexations/Adjustments**

Pursuant to indexation mechanism stipulated in the decisions of the Authority in respect of each power generation company, the relevant tariff components are adjusted on quarter/bi-annual/annual basis on account of US CPI, local CPI (General), exchange rate and KIBOR/LIBOR variation etc. Insurance adjustments are being made on annual basis. Adjustments on account of calorific value are also being made on quarterly basis. During the

reporting period, indexation/adjustment decisions as well as decisions regarding COD adjustments were issued.

## **1.3 Standards And Codes**

### **1.3.1 Performance Standards (Generation) Rules (PSGR) 2009**

Key Performance Indicators (KPIs), developed by NEPRA, are used for performance bench-marking which are subsequently used in tariff determinations for compliance. For example, it was observed that GENCOs consumed excess power under head of auxiliary consumption as compared to allowed limit as specified in the licenses which resulted in loss of billions of rupees to the national exchequer. Accordingly, legal proceedings in form of Explanation and Show Cause Notices against GENCO-I, II and III were initiated.

### **1.3.2 Review of Generation Performance Standards**

The draft regarding review of the Generation Performance Standards was prepared and was being finalized for uploading on the website of NEPRA for input/comments of all generation licensees and other stakeholders.

### **1.3.3 Grid Code Addendum-I and Grid Code Addendum-II for Grid Integration of Wind and Solar Power Plants**

The Grid Code Addendum-I and Grid Code Addendum-II have been approved by NEPRA for integration of Wind and Solar Power Plants respectively into the national grid.

To determine the limit of renewable (wind and solar) resources into the national grid, M/s GOPA International Energy Consultants recommended some modifications to the existing Grid Code Addendums to accommodate the planned renewable (wind and solar) projects and also the induction of

1756 MW of wind and 1000 MW of solar into the national grid. Accordingly, the revision to the Grid Code Addendum I for grid integration of wind power plants was approved. The revision to Grid Code Addendum II for grid integration of Solar Power Plants is under consideration by the NTDC before its approval by NEPRA.

### 1.3.4 Development of Power Safety Code

As per Distribution and Grid Codes, all licensees are required to have comprehensive approved Power Safety Code in place and available at all times. These Power Safety Codes have been approved by NEPRA. For Generation Licensees, especially IPPs, the Authority has approved their safety manuals and directed them for strict compliance.



## **1.4 Anticipated Developments**

### **1.4.1 Licenses**

Decisions on the applications for grant of generation and Net Metering licenses and modifications in the already granted licenses are expected to be issued including LPM/APM for decommissioning of GENCOs which have outlived useful life and incurring losses on account of old/un-economic and un-serviceable generating units.

### **1.4.2 Standards and Codes**

The review of the Generation Performance Standards is expected to be finalized for uploading on the website of NEPRA. The amendment in Grid Code Addendum II is also expected.

# TRANSMISSION

The Authority is empowered to regulate the business of transmission in the country through Section 16 of the NEPRA Act.

## 2.1 TRANSMISSION LICENSES

### 2.1.1 Special Purpose Transmission License

The Authority is empowered to grant special purpose transmission license through Section 19 of the NEPRA Act. NEPRA received one application from Pak Matiari-Lahore Transmission Company (Private) Limited for the grant of Special Purpose Transmission License for 878 KMs, 660 KV HVDC transmission line from Matiari (Sindh) to Lahore, Punjab. This transmission line is a landmark in the transmission network of the country and will help in the transmission of 4,000 MW of generated electricity from new coal power plants at southern parts of the country to the northern parts. The application was admitted and is in an advanced stage of processing.

### 2.1.2 Registration of Market Operator

Recognizing the importance of an independent Market Operator and the need to develop competitive power market, the Government of Pakistan decided to transfer the role of Market Operator from the Central Power Purchasing Agency (CPPA) of NTDC to the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) in 2015 under the business transfer agreement between NTDC and CPPA-G. In pursuance of the decision of the Government to transfer

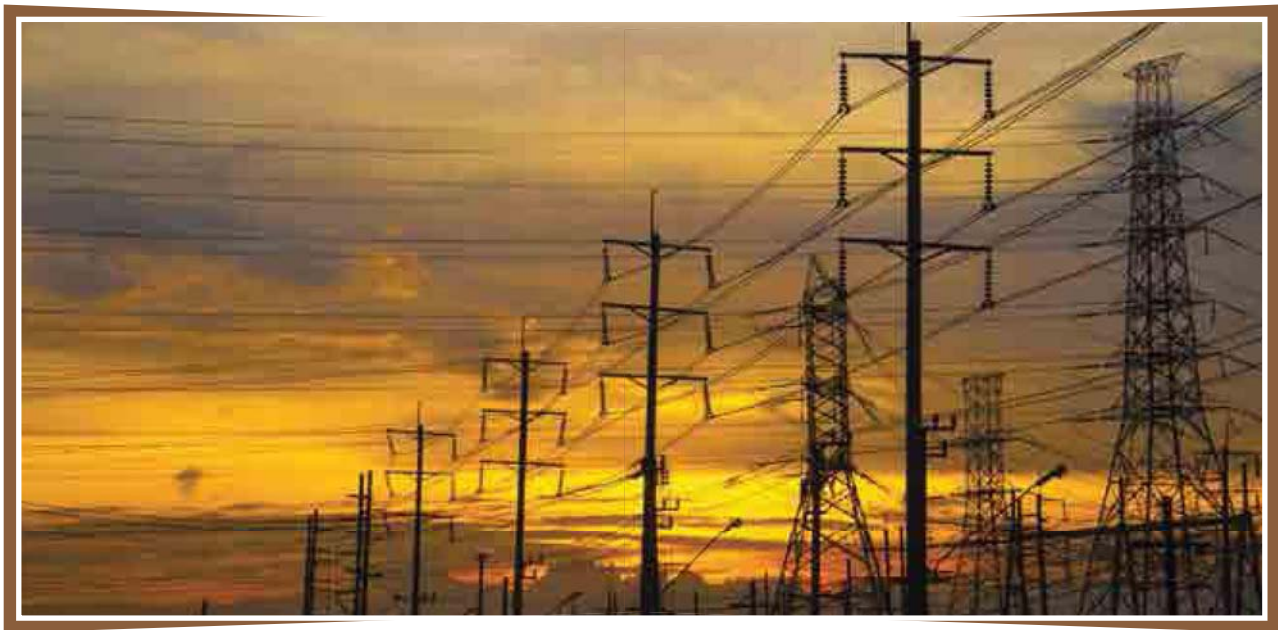


the role of market operator, CPPA-G filed an application under Rule-3 of the National Electric Power Regulatory Authority (Market Operator Registration, Standards and Procedure) Rules, 2015 to register itself as a Market Operator. The case is at an advanced stage of processing in NEPRA.

## **2.2 TRANSMISSION TARIFF**

### **2.2.1 National Transmission and Dispatch Company (NTDC) Limited**

NEPRA has allowed substantial investment to the National Transmission and Dispatch Company and K-Electric for augmentation, power evacuation and transmission lines etc. and appropriate timelines have been given to both the licensees in order to ensure timely completion of the proposed projects. Transmission tariff for 98.5 KMs transmission line from Sindh Nooriabad to the K-Electric grid station was approved. Transmission tariff for HVDC transmission line of approx. 878 KMs, for transmitting 4000 MW from Matiari to Lahore, was determined. During the period under review, notification regarding Guidelines to lay down the Methodology & Process for Determination of Revenue Requirement and Use of System Charges (UOSC) for Transmission Licensees was issued. Further, decisions were issued regarding induction of security cost for the CPEC Projects in the Power Tariff,





Transfer/Wheeling Charges for the FY 2015-16 and FY 2016-17, determination of Tariff for 132 kV Transmission Line Project of Sindh Transmission and Dispatch Company (Private) Limited (ST&DCPL) and unconditional acceptance of  $\pm$  660 kV, 4000 MW Matiari- Lahore Transmission Line Tariff of Pak Matiari Lahore Transmission Company.

## **2.3 STANDARDS AND CODES**

### **2.3.1 Performance Standards (Transmission) Rules (PSIR) – 2005**

A Performance Evaluation Report was prepared wherein performance trends over the last six years were provided along with analysis of the system reliability, security and quality of supply of the transmission networks of the licensees. This report has been uploaded on the website of NEPRA for ease of the public. The Authority, taking serious notice of large number of violations in voltage and frequency, initiated legal proceedings against both NTDC and K-Electric and a fine was imposed on NTDC while the response of K-Electric was found to be satisfactory.

# DISTRIBUTION

Distribution Companies are regulated by NEPRA under Section 20 of the NEPRA Act.

## 3.1 DISTRIBUTION LICENSES

During the period under review one distribution license was issued to a Housing Society under Section-20 of the NEPRA Act and in terms of Regulation-4(3) of the NEPRA (Supply of Electric Power) Regulations, 2015. Further, different applications of housing societies and industrial estates for the grant of Distribution Licenses remained in process.

## 3.2 DISTRIBUTION TARIFF

In accordance with the NEPRA prescribed mechanism notified in the official gazette, fuel price adjustment for the DISCOs was finalized for the period from July 2016-June 2017. Due to declining trend in the oil prices and better generation mix, fuel charges adjustment was favorable for the entire period, whereby a benefit of around Rs.102 billion has been given to all categories of end consumers except lifeline, domestic consumers having consumption of up to 300 units and agriculture consumers. In addition Multi-Year Tariff of K-Electric, a vertically integrated utility, was also determined in accordance with the Tariff (Standards & Procedure) Rules, 1998.

## **3.3 STANDARDS AND CODES**

### **3.3.1 Performance Standards (Distribution) Rules (PSDR) – 2005**

#### **Performance Evaluation Report of all DISCOs and K-Electric**

During the reporting period, the Annual Performance Reports from all Distribution Companies for the year 2015-16 were analyzed and accordingly a Performance Evaluation Report was prepared and uploaded on the website of NEPRA after approval of the Authority.

### **3.3.2 Review of Reliability Standards**

Based on repeated requests of distribution licensees, a process regarding review of reliability standards i.e. SAIFI and SAIDI was initiated and consultative workshops were conducted for suggesting proposals for revision of SAIFI and SAIDI. NEPRA set following targets of SAIFI & SAIDI for the years 2015-16 and 2016-17 separately for each distribution company: (a) 5% reduction over mean value of last five years data of SAIFI and (b) 10% reduction over mean value of last five years data of SAIDI. A comprehensive study is being carried out to link the performance of SAIFI & SAIDI with the investments allowed in the tariff determinations.

### **3.3.3 Safety Audit of DISCOs**

NEPRA, taking serious notice of the number of fatalities of employees of DISCOs occurring every year, has initiated Safety Audits of DISCOs and K-Electric. Observing the high number of accidents occurring in the DISCOs, legal proceedings were initiated. There was a significant reduction in the number of fatalities in 2015-16 as compared to 2014-15 due to implementation of Safety Standards set by NEPRA.

### 3.3.4 Distribution Code

For implementation of Distribution Code, NEPRA conducted a workshop/seminar, wherein Distribution Code Review Panel (DCRP) was established for the development of Distribution Code Addenda such as integration of small hydel power plants and interconnection of distributed generators under Net Metering regime for wind, solar and other power plants. Accordingly, meetings are being held for addressing interconnection issues at the distribution level specifically relating to Renewable Energy Integration at distribution level through Net Metering platform.

### 3.3.5 Power Safety Code

Based on the approved Power Safety Code, LESCO and MEPCO were directed to prepare their comprehensive safety manuals and the same will be shared with other DISCOs so that a uniform document can be finalized.

### 3.3.6 Performance Ranking

Performance Evaluation Report for the year 2015-16 was prepared and uploaded on the website of NEPRA. The Performance Ranking of Distribution Companies was carried out on the basis of data pertaining to T&D Losses, Recovery, Time Frame for New Connection and Safety. The detail is as under:

Sr.No.	Name of DISCO	Ranking Position
1.	IESCO	1 <sup>st</sup>
2.	GEPCO	2 <sup>nd</sup>
3.	MEPCO	3 <sup>rd</sup>
4.	FESCO	4 <sup>th</sup>
5.	LESCO	5 <sup>th</sup>
6.	K-Electric	6 <sup>th</sup>
7.	PESCO	7 <sup>th</sup>
8.	HESCO	8 <sup>th</sup>
9.	QESCO	9 <sup>th</sup>
10.	SEPCO	10 <sup>th</sup>

## **CONSUMER AFFAIRS & COMPLAINTS**

Safeguarding the interests of consumers and protecting them from discriminatory treatment or victimization is a vital objective of NEPRA. The Consumer Affairs Division (CAD) is responsible for handling the complaints of consumers who can approach NEPRA under NEPRA Complaint Handling and Dispute Resolution (Procedure) Rules, 2015 read with Section 39 of the NEPRA Act against a Licensee for contravention of any provision of the Act or any Order, Rule, Regulation, License or instructions made or issued thereunder.

NEPRA has established Regional Offices at all the Provincial Capitals in order to facilitate the electricity consumers for speedy redressal of their grievances. The complaints received by the Authority relate mainly to excessive and detection billing, delay in provision of connections and in replacement of defective meters, low voltage problem, augmentation of transformers, non-receipt of electricity bills, delay in replacement of damaged transformers, and excessive load shedding etc.

**Status of Complaints Redressed during the Period  
July 1, 2016-June 30, 2017 NEPRA HEADQUARTERS**

DISCO	TOTAL Complaints received / processed	Total complaints disposed of / redressed	Under Process
	[A]	[B]	[C] = [A] - [B]
FESCO	202	189	13
GEPCO	90	79	11
HESCO	520	503	17
IESCO	172	162	10
LESCO	243	224	19
MEPCO	576	537	39
PESCO	177	159	18
QESCO	5	2	3
SEPCO	427	415	12
K-Electric	403	331	72
<b>TOTAL</b>	<b>2815</b>	<b>2601</b>	<b>214</b>

**Status of Complaints Redressed during the Period  
July 1, 2016-June 30, 2017 NEPRA Regional Offices**

DISCO	TOTAL Complaints received / processed	Total complaints disposed of / redressed	Under Process
	[A]	[B]	[C] = [A] - [B]
MEPCO	192	182	10
HESCO	84	67	17
SEPCO	38	29	9
PESCO	204	164	40
GEPCO	87	85	2
K-Electric	346	309	37
LESCO	244	223	21
FESCO	120	116	4
QESCO	9	6	3
<b>TOTAL</b>	<b>1324</b>	<b>1181</b>	<b>143</b>

## 4.1 NEPRA APPELLATE BOARD

Provincial Offices of Inspection (POI) have been established under Section 38 of NEPRA Act 1997 and powers conferred on the Electric Inspector appointed by the Provincial Government under the Electricity Act 1910 to make the determination in respect of disputes over metering, billing and collection of tariff. Appeals against the decision/order of Provincial Office of Inspections are heard by the Appellate Board constituted by the Authority.

### The status of appeals redressed during FY 2016-17 is as under:

Jurisdiction	Filed	Decided
LESCO	57	34
MEPCO	11	11
FESCO	47	27
GEPCO	14	14
TESCO	0	0
IESCO	1	0
K-ELECTRIC	76	70
PESCO	1	1
HESCO	1	0
SEPCO	2	2
<b>Total</b>	<b>210</b>	<b>159</b>

## 4.2 Establishment Of Additional Regional Offices Of NEPRA

The National Assembly's Standing Committee on Cabinet forwarded its recommendations to NEPRA to (inter alia) establish sub-offices at the District level. In pursuance to the recommendation of the Standing Committee, NEPRA has, in principle, decided to extend its Regional Offices established in the provincial capitals to DISCOs headquarter level.

Accordingly, the Authority decided that, in addition to the existing Regional Offices i.e. at Karachi, Lahore, Peshawar and Quetta, five more offices will be established at Multan, Faisalabad, Gujranwala, Hyderabad and Sukkur.



## MONITORING AND ENFORCEMENT

The Monitoring and Enforcement Department of NEPRA works to raise the competency and performance of the power sector by enforcing Rules and Regulations, Statutory Orders and Terms and Conditions that are mentioned in the License, Standards, Codes of Conduct etc.

### 5.1 Generation

Reports were prepared based on generation data of all power plants. Transferring the available technical information into proper templates facilitated the review, analysis and future use of the information. Successful monitoring was undertaken regarding compliance with the directions of the Authority contained in the Generation licenses. Various Advisories were sent to the Ministry of Water and Power for effective utilization of the available generating sources and allocation of gas to power plants according to Economic Merit Order. The Ministry of Water and Power was also advised to get the developmental works completed on emergency basis for removal of power dispersal issues and to avoid ongoing financial loss to the national exchequer. Explanations were issued to GENCOs for excessive auxiliary power consumption and underutilizing/reduction in net capacity, poor maintenance and violation of provisions of the NEPRA Act and applicable documents etc. Instructions for remedial measures were also issued to the management of various power plants.

## **5.2 Transmission And Distribution**

Monitoring was also carried out regarding the daily data of DISCOs pertaining to energy dispatched against allocated quota; digitized plotting of distribution network of DISCO's (as per articles of Distribution License); transmission and distribution losses of DISCO's; loading position of 500 kV, 220 kV and 132 kV grid stations and power transformers and of distribution transformers and feeders; compliance of directions of the Authority issued to DISCOs and NTDC in tariff determinations; and compliance with provisions of the license.

### **5.2.1 Preparation of Monitoring Reports**

In house reports as reference for informed decision making of the Chairman and Members are prepared on a regular basis.

### **5.2.2 Legal proceeding against the licensees for violations of NEPRA Act, Rules and Regulations and Applicable Documents**

NEPRA executed following investigations and initiated legal proceedings against licensees regarding non-compliance of directions of the Authority:

- i. Legal Proceedings under NEPRA Fines Rules, 2002 against DISCOs for non-compliance of the directions of the Authority regarding digitization of distribution network under Article 3.3 of their license.
- ii. Legal Proceedings under NEPRA Fines Rules, 2002 against Bahria Town Private Limited regarding non-compliance of the Authority's directions to adjust the excessively charged amount to the consumers.
- iii. Legal proceedings against National Transmission & Dispatch Company Limited (NTDC) for extending completion dates of projects.

The list of projects in the transmission sector for connectivity which have been found to be delayed by NTDC are as follows:

## A. Power Evacuation Projects

Project	Pending Works	Completion Date		Total Delay (months)
		Contractual	Target Date	
747 MW Guddu New	500 kV S/C Guddu New – Muzafargarh T/Line, 256 km	February 2014	June 2019	64
404 MW Uch-II	220 kV uch-II to Sibi, D/C T/Line, 125 km	October 2013	June 2018	56
969 MW Neelum-Jhelum HPP	500 kV Neelum Jhelum – Domeli D/C T/Line, 145 km	June 2016	Energized February 2018	20
Jhimpir & Gharo Wind Cluster	220 kV Gharo G/S	2016-17	2018-19	24
	220 kV D/C Jhimpir – T.M Khan T/L, 83 km	February 2016	August 2017	18
	220 kV D/C Jhimpir – Gharo T/L, 75 km	July 2016	June 2018	23

## B. Development Works

Project	Completion Date		Total Delay (months)
	Contractual	Target Date	
500 kV Rahim Yar Khan	January 2012	Energized February 2018	73
220 kV Dera Murad Jamali	February 2014	Energized June 2018	52
220 kV Chistian	September 2013	Energized October 2016	37
500 kV New Lahore	November 2014	Energized November 2017	36
220 kV Gujrat	March 2015	Energized April 2017	25
220 kV Chakdara	December 2016	June 2018	18
220 kV D I Khan	December 2016	August 2018	20
220 kV Nowshera	December 2016	September 2018	21
220 kV Mansehra	November 2016	Energized February 2018	15

iv. Initiation of Legal Proceedings against DISCOs and K-Electric.

Legal proceedings were initiated against DISCOs and K-Electric based on:

- a. Un-announced and Prolonged Hours of Load Shedding
- b. Long power cuts and subsequent unannounced load shedding and inability to remove system constraints.
- c. Failure to provide correct information relating to number and duration of interruptions, number of complaints, maintain voltage levels, reduce system constraints, and utilize the approved budget for DISCOs and K-Electric.

### **5.3 ANTICIPATED DEVELOPMENTS**

Following are some major activities which have been planned for the future:

- Conducting of Technical Audits of all Generation Licensees
- Implementation of relevant areas of Grid Code
- Monitoring the timely implementation of investment in the infrastructure as per future plans of NTDC
- Implementation of digitized plotting of distribution network of DISCOs (as per relevant article of distribution license)

## LEGAL

### 6.1 Introduction of Competitive Bidding for Tariffs

Promotion of competition within the energy sector is a cornerstone of NEPRA's regulatory mandate. In furtherance of such, the Authority has introduced the National Electric Power Regulatory Authority Competitive Bidding Tariff (Approval Procedure) Regulations, 2017. These regulations have established a comprehensive, streamlined and internationally relevant competitive bidding regime, where relevant agencies are empowered to conduct varying modes of bidding for the purposes of achieving competitive tariffs and energy pricing within the market. The promulgation and eventual proliferation of competitive bidding in tariffs is a fundamental shift in the energy sector, towards deregulated energy pricing based on competitive forces rather than bureaucratic determinations. Moreover, these regulations are a stepping stone towards the eventual implementation of wholly competitive energy market operations in 2020, as envisioned by the NEPRA (Market Operator Registration, Standards and Procedure) Rules, 2015.

Further, these Regulations have witnessed unprecedented public and stakeholder input and participation, with the Authority hosting consultations throughout the major cities of Pakistan. This avant-garde practice by the Authority has been executed for increasing public and

stakeholder participation amongst the various initiatives of the Authority.

## **6.2 Import of Power**

The National Electric Power Regulatory Authority (Import of Power) Regulations, 2017 have been enacted vide S.R.O 549(I)/2017 dated 22-06-2017. These regulations have established a framework under which import of power will be conducted with neighboring countries. In furtherance of eliminating energy deficiency/shortfalls within the country, this avant-garde framework has been established to allow the country and private individuals to engage with foreign governments and private generation companies for import of power, a framework and practice which to date has not been undertaken. These regulations not only provide alternate avenues of energy sufficiency, but also enable the fostering of future cross-border energy initiatives between neighboring countries. Further, the promotion of cross-border trade of electricity, which these regulations seek to achieve, is a fundamental direction of the South Asian Association for Regional Cooperation (SAARC) of which Pakistan is a prominent member.

## **6.3 Introduction of Upfront Tariffs for Biogas, Municipal Waste to Energy, and Waste Heat Recovery**

With the adoption of new and advanced technologies by the manufacturing sectors of the country, numerous enterprises have undertaken sustainable energy generation with clean biofuels. In order to encourage this commercial shift in the sector, the National Electric Power Regulatory Authority Up-Front Tariff (Approval and Procedure) Regulations, 2011 have been amended to allow NEPRA to notify upfront tariffs for technologies such as Biogas, Municipal Waste to Energy and

Waste Heat Recovery. This will allow faster and potentially prolific adoption of such technologies within manufacturing, and other sectors, and promote a shift of the national energy mix towards clean biofuel energy.

## **6.4 Net Metering for Agriculture**

Net Metering was introduced by NEPRA in 2015. The framework was implemented for companies and the general public to avail generation of renewable energy and contribution towards the national grid, an initiative that has seen widespread adoption throughout the country. Distributed Generation Licenses issued by the Authority under the regulations have seen exponential growth. In furtherance of this project, NEPRA has now amended the eligibility criteria for Net Metering and Distributed Generation to include agricultural concerns. This will allow agricultural projects and undertakings, small or large scale, to avail the benefits of Distributed Generation throughout the country. With Pakistan being a predominantly agrarian economy, widespread adoption of distributed generation in the sector can provide significant boosts to renewable energy generation throughout the country and curtail dependency of the public on polluting and expensive fossil fuel.

## **6.5 Litigation**

NEPRA has been made party to numerous cases before various courts throughout the country in matters of public importance, including matters relating to overbilling, non-provision of power supply to consumers, relief against disconnection of power and imposition of incorrect tariffs. NEPRA has consistently represented its mandate of protecting the consumer interest before the courts in these cases with competent legal counsel and extensive organizational support.



## COORDINATION & IMPLEMENTATION

The Coordination & Implementation Department (C&I) acts as a Secretariat to the Chairman's office. It manages the conduct of Regulatory Meetings, Hearings, recording of minutes and decisions and their issuance and determines priority of the cases. The Department ensures internal compliance of Authority decisions through its process of implementation in addition to facilitating the Case Officers/Sponsors of Meetings/Hearing in timely disposal of Decisions/Instructions. The C&I Department periodically makes presentations before the Authority on the Implementation status of its decisions. The Department also consolidates and finalizes NEPRA Annual Report which is to be submitted to the Council of Common Interests (CCI) as per Section 42 (a) of the NEPRA Act.

During the period under review, 622 Authority Regulatory Meetings and 99 Public Hearings were held. The details are given in the following Table:

Month	Regulatory Meetings	Hearings	Total
JULY 2016	29	10	39
AUGUST 2016	71	6	77
SEPTEMBER 2016	27	8	35
OCTOBER 2016	52	13	65
NOVEMBER 2016	65	11	76
DECEMBER 2016	55	12	67
JANUARY 2017	51	4	55



Month	Regulatory Meetings	Hearings	Total
<b>FEBRUARY 2017</b>	41	2	43
<b>MARCH 2017</b>	69	5	74
<b>APRIL 2017</b>	40	10	50
<b>MAY 2017</b>	79	6	85
<b>JUNE 2017</b>	43	12	55
<b>Total:</b>	<b>622</b>	<b>99</b>	<b>721</b>

Further, input of NEPRA for Economic Survey of Pakistan, Budget speech of the Finance Minister and Yearbook of the cabinet are also compiled by the C & I Department.

## ADMINISTRATION & HUMAN RESOURCE

The Administration Department is involved, among other activities, in the upkeep of NEPRA Office building and allied services and facilities. The Human Resource Department is responsible for welfare of employees and acts as the secretariat for their career management. Following are some of the activities undertaken during the financial year 2016-17 to facilitate the employees and the Authority:

### 8.1 3rd SAARC Energy Regulators Meeting

The 3rd SAARC Energy Regulators Conference was hosted by NEPRA on 21st – 22nd September, 2016 at the Marriott Hotel Islamabad. The Conference was attended by senior delegates of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.



The Authority and the participants of 2<sup>nd</sup> Meeting of SAARC Council of Experts of Energy regulators (Electricity) during opening session.



Group photo of Management Team during official dinner hosted by NEPRA in honour of the Distinguished Guests of 2<sup>nd</sup> SAARC Meeting

## 8.2 Seminar On Energy, Environment And Sustainable Development

A seminar on “Energy, Environment & Sustainable Development” was organized by NEPRA in August 30, 2016. Energy experts from across the country participated and shared their views regarding current market trends and gave valuable suggestions for the future advancement of power sector in Pakistan. The seminar encouraged bridging of the gap between educational institutions and industry. Subsequently, National University of Science & Technology (NUST) organized a number of conferences and workshops for the employees of NEPRA along with other related industrial sectors for better collaboration and mutual growth of the power sector.

## 8.3 Trainings

NEPRA pays special attention to capacity building of its employees. The nature of power sector regulation requires professionals of NEPRA to be kept up to date and therefore targeted trainings and opportunities are provided to the employees in Pakistan and abroad.





Visit of 21st SMC - Inland Study visit of NEPRA Tower.



A group photo of NEPRA's Delegation for China to meet the leadership of National Energy Administration and The Chinese Power Regulatory Authority, Mr. Saif Ullah Chattha, Vice Chairman NEPRA headed the NEPRA delegation.



A group photo of Chairman NEPRA with the participants of Reverse power Auctions Workshop in Bangkok, Thailand

## 8.4 Recruitment

Recruitment of employees and their capacity building is the fundamental function of the Human Resource Department. During year 2016-17 NEPRA was able to enhance its human resource in order to fill up the gaps with the appropriate resources.

## 8.5 Fire Fighting Drill

The Administration Department of NEPRA performed a successful standardized fire-fighting drill at the NEPRA Tower on August 25, 2016 at 1500 hours, under the supervision of the Fire Fighting Department of the Capital Development Authority (CDA).

## 8.6 NEPRA Sports & Recreational Club Activities

In order to promote physical activities for spurring the employees, the following sports and recreational activities were arranged:

- a. Table Tennis Tournament
- b. Super League Cricket Tournament
- c. Badminton Tournament



Inauguration of 2<sup>nd</sup> NEPRA Badminton Tournament 2017 by the Chairman NEPRA.



Winners of 2nd NEPRA Badminton Tournament 2017.

Winners of NEPRA Cricket Super League 2017.

## 8.7 NEPRA's Grid Tied Solar Power System And Net Metering

In consonance of NEPRA's policy to promote renewable energy sector, a Solar Power System of 15 kilowatt has been installed at NEPRA Tower which started functioning in March, 2017. Since then approximately 8 megawatt hours of energy has been generated. On average, it has reduced 2 megawatt hours of energy load from the national grid and in monetary terms, NEPRA's electricity bill has reduced by Rs. 30,000/- per month.

## 8.8 Upgradation Of Gym

The Health & Fitness Centre of NEPRA has been upgraded to a basic level gym, in addition to the cardio equipment, which the employees of NEPRA are utilizing on a regular basis.



## INFORMATION TECHNOLOGY

NEPRA is employing state of the art technology in order to keep up pace with global trends.

### 9.1 Paperless Initiative

To ensure security and reliability, a dedicated fiber optic communication line is installed between the National Telecommunication Corporation (NTC) and NEPRA, which not only connects NEPRA with the National Data Center of Pakistan but also with the all other Federal Government Ministries/ Divisions and Departments through dedicated fiber optic. To achieve the target of paperless office environment, training of 146 employees in regard to use of e-Office was completed and subsequently Digital Certificates were installed on employee's computers/laptop.

### 9.2 NEPRA Dashboard

Through the NEPRA Dashboard a single repository of information is programmed that allows users to search content from one place and avoids the need for going to different reports and sites for the same type of information. The android version of the Dashboard will be developed after enhancement of requisite ICT infrastructure.

### 9.3 Development and Deployment of Management Information System for Licensing and Legal Departments

To facilitate the work of the Licensing and Legal Departments, a Management Information System (MIS) has been developed. The software provides the latest and detailed information. The MIS has been



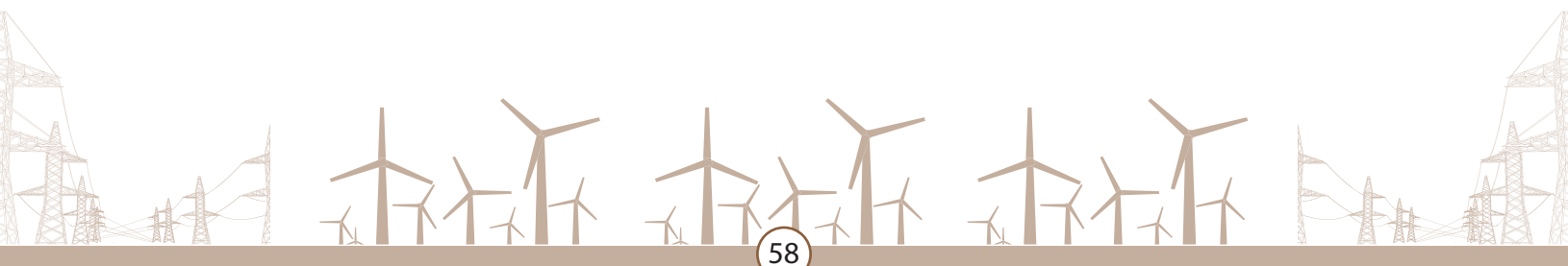
handed over to the Licensing and Legal Departments. The software module is firmly integrated with the NEPRA Dashboard with any change in the data being reflected on the NEPRA Dashboard.

## **9.4      Networking**

Digital Screen Displays are provided on each floor of NEPRA. Various equipment and servers have been reconfigured to provide quick Disaster Recovery. A Web Security Appliance (WSA) was brought online recently to provide better security, reliability and performance.

## **9.5      NEPRA Website**

In its commitment towards transparency and accessibility and in compliance with the order of the Supreme Court of Pakistan, the National Electric Power Regulatory Authority (NEPRA) has launched the Urdu version of its official website. NEPRA has a user friendly website where the Authority determinations on Tariff and Licensing as well as rules and regulations and information relating to public hearing etc. are placed for access to stakeholders. During the year under review the website was visited 334,107 times and 1,494,409 files were downloaded which is reflection of a user friendly website.





# **ANNEXURES**





**ANNEX-I**  
**Licenseses**



### **Conventional Power Plants**

**China Power Hub Generation Company (Private) Limited**  
**National Power Parks Management Company (Private) Limited**  
**Maple Leaf Power Limited**  
**Thar Coal Block-I Power Generation Company (Private) Limited**  
**Thal Nova Power Thar (Private) Limited**  
**DATANG Pakistan Karachi Power Generation (Private) Limited**  
**Kolachi Portgen (Private) Limited**  
**Thar Energy Limited**

### **Renewable Energy (Wind, Solar and Bagasse)**

**Three Gorges Second Wind Farm Pakistan Limited (Formerly Wind Eagles Limited)**  
**Three Gorges Third Wind Farm Pakistan Limited**  
**Triconboston Consulting Corporation (Private) Limited-A**  
**Triconboston Consulting Corporation (Private) Limited-B**  
**Triconboston Consulting Corporation (Private) Limited-C**  
**Chanar Energy Limited**  
**Shahtaj Sugar Mills Limited**  
**Norinco International Thatta Power (Private) Limited**  
**Oursun Pakistan Limited**  
**Western Energy (Private) Limited**  
**Shams Power (Private) Limited**  
**Din Energy Limited**

## **Renewable Energy (Wind, Solar and Bagasse)**

Zulaikha Energy (Private) Limited  
CACHO Wind Energy (Private) Limited  
Hunza Power (Private)Limited  
Artistic Wind Power (Private) Limited  
ACT2 Wind (Private) Limited  
Trans Atlantic Energy (Private) Limited  
Bahawalpur Energy Limited  
Ittefaq Power Limited  
RYK Energy Limited  
Kashmir Power (Private) Limited  
Shaheen Renewable Energy-1 (Private) Limited  
Mirpurkhas Energy Limited  
Faran Power Limited  
Indus Energy Limited  
IRAN-PAK Wind Power (Private) Limited

## **Hydel Energy**

Trident Power JB (Private) Limited  
Pakhtunkhwa Energy Development Organization- Daral Khwar Hydro Power Project

## **Modifications in Existing Licenses**

Chiniot Power Limited  
Habibullah Coastal Power (Private) Limited  
Zeypher Power (Private) Limited  
Sapphire Power Generation Limited  
Sapphire Power Generation Limited (DL)  
Deharki Sugar Mills Limited  
JDW Sugar Mills Limited  
Tricon Boston Consulting Corporation (Private) Limited-A  
Tricon Boston Consulting Corporation (Private) Limited-B  
Tricon Boston Consulting Corporation (Private) Limited-C  
Hartford Alternative Energy (Private) Limited  
Lotte Chemicals (Private) Limited  
SAR Energy (Private) Limited



### **Revocation/Cancellation of Licenses**

**Intergen Private Limited**

**Pakistan Engineering Council**

**China Sunec Energy (Private) Limited**

**NBT Wind Power Pakistan-II (Private) Limited**

**NBT Wind Power Pakistan-III (Private) Limited**

**China Machinery Engineering Corporation Power (Private) Limited**

**Ghazi Power Limited**

**New Park Energy (Private) Limited**

### **Cases regarding Non-payment of Annual License Fees, Review Petitions and Transfer/Transaction of Shares**

**Radian Power Generation Company ( Private) Limited**

**New Park Energy Limited-Hydel Power Plant**

**Intergen (Private) Limited**

**Southern Electric Power Company Limited**

**CJ Hydro (Private) Limited**

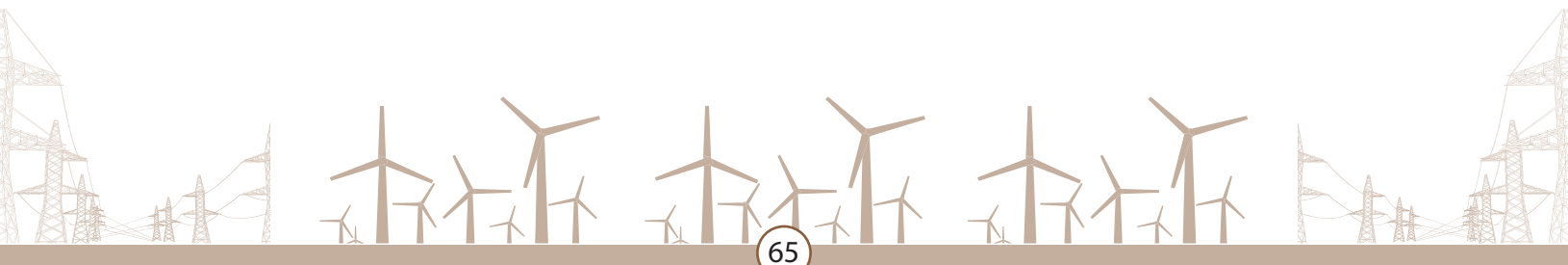
**CTGI-WK Cholistan Solar Power Project (Private) Limited**

**K-Electric Limited**

**K-Energy Limited**

**Metro Wind Power Company Limited**

**Gul Ahmed Wind Power Limited**







**ANNEX-II**  
**Financial**  
**Audited Report**





**RSM Avas Hyder Liaquat Nauman  
Chartered Accountants**

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F: +92 (51) 235 6040

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**AUDITORS' REPORT TO THE MEMBERS**

**Opinion**

We have audited the financial statements of National Electric Power Regulatory Authority (the "Authority"), which comprise of balance sheet as at June 30, 2017, income and expenditure account, statement of other comprehensive income and cash flow statement, statement of changes in fund for the year then ended, along with notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects the financial position of the Authority as at June 30, 2017, and its financial performance, and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our audit report. We are independent of the Authority in accordance with the International Ethic Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan, and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Basis for qualified Opinion**

- a) As explained in note 6.1 that the provision has not been made against long outstanding fee receivables of Rs. 93.64 million. Had the full amount of provision been made against this balance, balance of fee receivable at the year end would have decreased by Rs. 93.64 million with corresponding decrease in surplus for the year after tax by Rs. 64.61 million and decrease in the balance of deferred tax liability at the year end by Rs. 28.09 million.
- b) As stated in note 7.1, no provision has been made in these financial statements for tax amounting to Rs. 290 million relating to tax years 2003 through 2007. Had the tax provision of Rs. 290 million been recognized in these financial statements, balance of due to Federal Consolidation Fund would have decreased by Rs. 290 million with corresponding decrease in the balance of advance tax by the same amount.

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

Other Offices at:  
Lahore : 92 (42) 3587 2731-3  
Karachi : 92 (21) 3565 5975-6  
Faisalabad : 92 (41) 854 1165/854 1965  
Quetta : 92 (81) 282 9809  
Peshawar : 92 (91) 527 8310/527 7205  
Kabul : 93 (799) 058155

RSM Avas Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

- c) The provision for tax as well as the current tax expense has been understated by Rs. 39.57 million. Had the tax provision of Rs. 84.65 Million been made in these financial statements, balance of Profit after tax would have decreased by Rs. 39.57 million with corresponding increase in provision for taxation by the same amount.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal controls as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, 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 related 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.

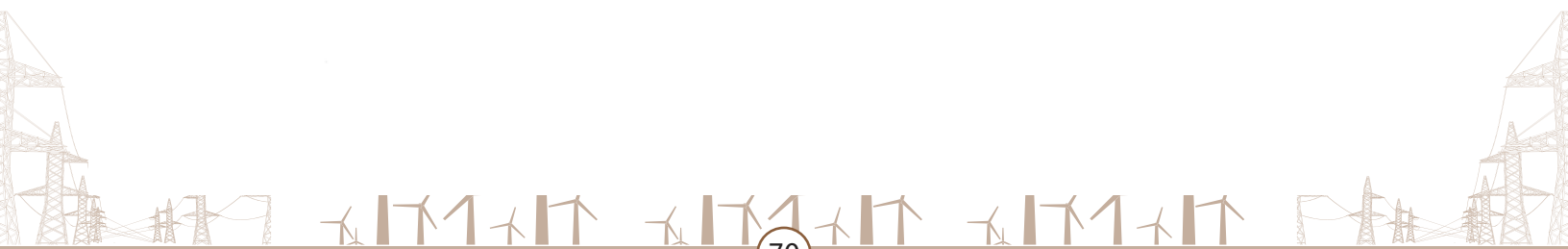
Those charged with governance are responsible for overseeing the Authority financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statement**

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 auditor’s 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 as applicable in Pakistan 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 users taken on the basis of these financial statement.

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

- Identify and assess the risks of material misstatement of the financial statement, 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 of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 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 auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 transactions 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.

*Rsm Avais Hyder Liaquat Nauman*

**RSM AVAIS HYDER LIAQUAT NAUMAN**  
**CHARTERED ACCOUNTANTS**

**Date:** 28 OCT 2017

**Place:** Islamabad

**Engagement partner:** Syed Naveed Abbas



**National Electric Power Regulatory Authority**  
**Balance Sheet**  
**As at June 30, 2017**

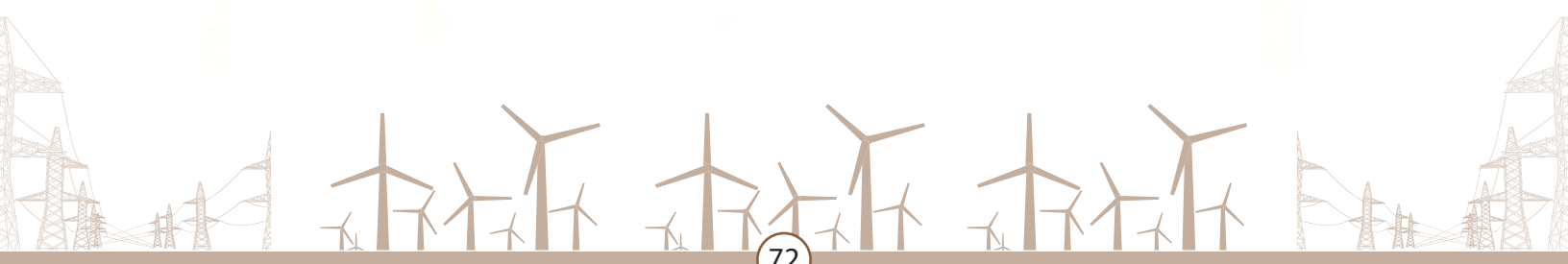
	Note	2017 Rupees	2016 Rupees
<b>NON CURRENT ASSETS</b>			
Property plant and equipment	3	701,920,454	756,775,129
Intangible assets	4	4,764,232	9,527,034
Loan to employees	5	21,718,383	17,317,673
		<b>728,403,069</b>	<b>783,619,836</b>
<b>CURRENT ASSETS</b>			
Current portion of employees' loans	5	15,487,320	11,715,368
Fee receivable	6	102,340,577	93,395,456
Advances, deposits, prepayments and other receivables	7	477,891,239	463,075,583
Cash and bank balances	8	179,081,151	185,987,854
		<b>774,800,287</b>	<b>754,174,261</b>
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	9	(358,579,670)	(288,470,428)
Current portion of long term loans	10	(750,592)	(750,592)
Due to Federal Consolidation Fund (FCF)	11	60,654,284	(39,693,291)
		<b>(298,675,978)</b>	<b>(328,914,311)</b>
		<b>476,124,309</b>	<b>425,259,950</b>
<b>NON CURRENT LIABILITIES</b>			
Long term loan	10	(27,021,527)	(27,772,119)
Deferred liabilities	12	(46,219,761)	(49,821,577)
		<b>(73,241,288)</b>	<b>(77,593,696)</b>
		<b>1,131,286,090</b>	<b>1,131,286,090</b>
<b>REPRESENTED BY:</b>			
Grant from Government of Pakistan	13	131,286,090	131,286,090
Building Reserve Fund	14	1,000,000,000	1,000,000,000
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	-	-
		<b>1,131,286,090</b>	<b>1,131,286,090</b>

*Rms*

The annexed notes 1 to 26 form an integral part of these financial statements.

*Hanayatullah*  
 MEMBER  
 27.10.17

*Shiraz*  
 CHAIRMAN




National Electric Power Regulatory Authority  
Income and Expenditure Account  
For the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Fee income	16	1,026,418,714	918,956,501
Administrative expenses	17	(935,618,449)	(815,049,135)
Finance cost	18	(4,018,191)	(4,120,948)
Other income	19	<u>29,361,038</u>	<u>36,219,217</u>
<b>Surplus for the year before tax</b>		<b>116,143,112</b>	<b>136,005,635</b>
<b>Taxation</b>	20	<b>(43,787,191)</b>	<b>(38,166,868)</b>
<b>Surplus for the year after tax</b>		<b><u>72,355,921</u></b>	<b><u>97,838,767</u></b>

form

The annexed notes 1 to 26 form an integral part of these financial statements.

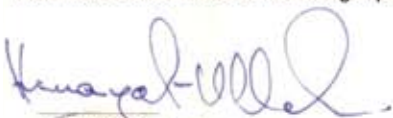
  
MEMBER  
27.10.17.

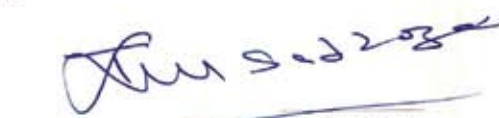
  
CHAIRMAN

**National Electric Power Regulatory Authority  
Cash Flow Statement  
For the year ended June 30, 2017**

	2017 Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year before tax	116,143,112	136,005,635
<b>Adjustments for:</b>		
- Provision for gratuity and earned leave	71,890,779	69,596,381
- Depreciation	85,505,686	79,749,475
- Finance cost	4,018,191	4,120,948
- Mark up income	(28,811,599)	(28,502,908)
- Gain on sale of fixed assets	(469,339)	(7,671,503)
	<b>132,133,718</b>	<b>117,292,393</b>
<b>Working capital changes:</b>		
Increase in loans to employees	(8,172,662)	(5,803,974)
Increase in advances, deposits, prepayments, and other receivables	(1,625,940)	(14,564,543)
(Decrease) / increase in retention money payable	(7,084,010)	(6,103,852)
Increase in accrued and other liabilities	32,031,476	29,314,182
	<b>15,148,864</b>	<b>2,841,813</b>
<b>Net cash generated from operations</b>	<b>263,425,694</b>	<b>256,139,841</b>
Payment made for earned leaves and gratuity fund	(44,333,650)	(79,321,948)
Interest paid on long term loan	(4,018,191)	(4,151,597)
Tax paid	(66,831,748)	(57,452,740)
	<b>(115,183,589)</b>	<b>(140,926,285)</b>
<i>Net cash generated from operating activities</i>	<b>148,242,105</b>	<b>115,213,556</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure during the year	(28,658,040)	(96,609,101)
Cash received against sale of fixed assets	3,239,170	7,716,309
Investments made during the year	(777,770,000)	(777,770,000)
Proceeds from encashment of investments	777,770,000	777,770,000
Interest received during the year	28,811,599	28,502,908
<i>Net cash (used in)/generated from investing activities</i>	<b>3,392,729</b>	<b>(60,389,884)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans	(750,592)	(750,592)
Amount paid to Federal Consolidation Fund	(157,790,945)	(150,000,000)
<i>Net cash used in financing activities</i>	<b>(158,541,537)</b>	<b>(150,750,592)</b>
<i>Net cash (used in) / generated during the year</i>	<b>(6,906,703)</b>	<b>(95,926,920)</b>
Cash and cash equivalents at beginning of the year	185,987,854	281,914,774
<b>Cash and cash equivalents at end of the year</b>	<b>179,081,151</b>	<b>185,987,854</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

  
MEMBER 27.10.17

  
CHAIRMAN

National Electric Power Regulatory Authority  
Statement of Other Comprehensive Income  
For the year ended June 30, 2017

	2017 Rupees	2016 Rupees
Surplus for the year after tax	72,355,921	97,838,767
<b>Other comprehensive income for the year</b>		
Experience adjustment on Defined benefit obligation [(Note 2.2.5) (iii)]	(15,099,864)	(15,416,405)
Experience adjustment on unfunded gratuity scheme	187,313	934,358
	<b>(14,912,551)</b>	<b>(14,482,047)</b>
<b>Total comprehensive income for the year</b>	<b>57,443,370</b>	<b>83,356,720</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

*Rm*

*Hinaat*  
MEMBER  
27.10.17

*Amir*  
CHAIRMAN





**National Electric Power Regulatory Authority  
Statement of Changes in Funds  
For the year ended June 30, 2017**

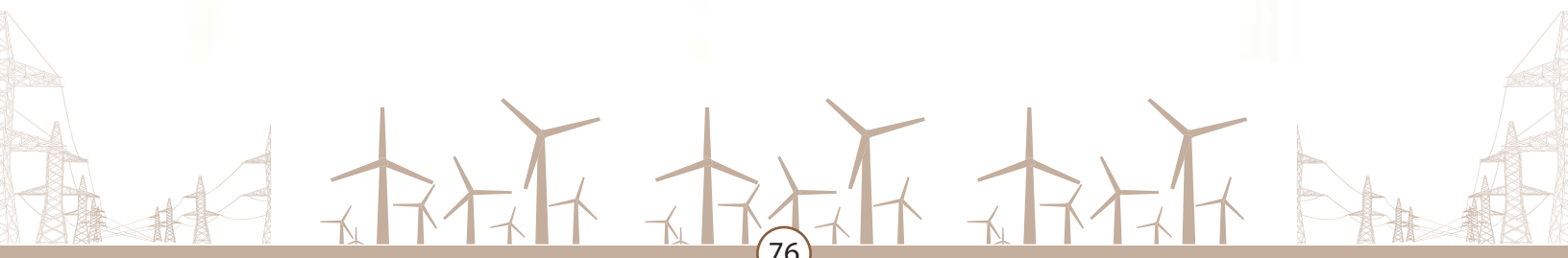
	Grant from Govt of Pakistan	Building Reserve Fund	Accumulated surplus	Total
Note	Rupees			
<b>Balance as at 30 June 2015</b>	<b>131,286,090</b>	<b>1,000,000,000</b>	-	<b>1,131,286,090</b>
Total comprehensive income for the year	-	-	83,356,720	<b>83,356,720</b>
Transferred to Federal Consolidation Fund	11 -	-	(83,356,720)	<b>(83,356,720)</b>
<b>Balance as at 30 June 2016</b>	<b>131,286,090</b>	<b>1,000,000,000</b>	-	<b>1,131,286,090</b>
Total comprehensive income for the year	-	-	57,443,370	<b>57,443,370</b>
Transferred to Federal Consolidation Fund	11 -	-	(57,443,370)	<b>(57,443,370)</b>
<b>Balance as at 30 June 2017</b>	<b>131,286,090</b>	<b>1,000,000,000</b>	-	<b>1,131,286,090</b>

*Am*

The annexed notes 1 to 26 form an integral part of these financial statements.

*[Handwritten Signature]*  
MEMBER  
27.10.17

*[Handwritten Signature]*  
CHAIRMAN



**National Electric Power Regulatory Authority  
Notes to the Financial Statements  
For the year ended June 30, 2017**

**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 three offices across Pakistan.

**2 STATEMENT OF COMPLIANCE**

The 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 Institute of Chartered Accountants of Pakistan. The Authority is not required to comply with the requirements of IFRSs. However, to follow the best practices the Authority has adopted approved accounting standards as applicable in Pakistan as a 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 benefit funds including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits".

**2.1.1 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 nearest rupees, unless otherwise indicated.

**2.2 SIGNIFICANT ACCOUNTING POLICIES**

**2.2.1 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 3 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 disposals 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. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on depreciation charge and impairment.

**2.2.2 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 4 to the financial statements.

*Rm*

**National Electric Power Regulatory Authority**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2017**

**2.2.3 Loans and receivables**

Investments are classified as loans and receivables which have fixed or determinable payments and are not quoted in an active market. These investments are measured at amortized cost using the effective interest method, less any impairment losses.

**2.2.4 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 method, less any impairment losses.

**2.2.5 Staff benefits**

**(i) Defined contribution plan - on retirement**

The Authority operates a contributory provident fund (CPF) 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 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 employees 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 scheme to cover the Authority's obligations by way of charge to the income and expenditure account.

**2.2.6 Revenue recognition**

License fee is recognised on accrual basis.

Income from generation and transmission companies is recognised when invoice is raised whereas, the income from distribution companies is recognised when units sold are confirmed by the distribution companies.

Interest income on investment / deposits is recognized on a time proportion basis.

**2.2.7 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 balance sheet 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 for the year.

**2.2.8 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 amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

*Am*



**National Electric Power Regulatory Authority**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2017**

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.

**2.2.9 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.

**2.2.10 Trade and other payables**

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

**2.2.11 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 borrowings are stated at original cost less subsequent repayments. Interest expense for the current year is included in income and expenditure account.

**2.2.12 Cash and cash equivalents**

Cash and cash equivalents comprise of cash-in-hand and bank balances.

**2.2.13 Provisions**

A provision is recognized in the balance sheet 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 can be made of the amount of obligation. 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.

**2.2.14 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.

**2.2.15 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 balance sheet 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.

**2.2.16 Financial Instruments**

Financial assets and financial liabilities are recognized when the Authority become party to 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, 2017

3 PROPERTY PLANT AND EQUIPMENT

	Cost		Depreciation				Written down value				
	Opening balance	Additions during the year	Transferred from CWIP	Disposals during the year	Closing balance	Rate		Opening balance	Charge for the year	On disposals	Closing balance
			Rupees					Rupees			
<b>Year ended June 30, 2017</b>											
Leasehold land	16,555,500	-	-	-	16,555,500	1%	1,641,684	163,899	-	1,805,583	14,749,917
Office building	585,909,263	-	3,894,677	-	589,803,940	3%	76,533,068	32,656,210	-	109,189,278	480,614,662
Building machinery and equipment	195,651,448	-	2,643,129	-	198,294,577	10%	48,073,077	19,817,558	-	67,890,635	130,403,942
Office equipment	9,655,929	576,432	-	-	10,232,361	20%	4,725,759	1,551,579	-	6,277,338	3,955,023
Computer and accessories	30,730,788	244,313	-	-	30,975,101	33%	21,802,334	4,616,855	-	26,419,189	4,555,912
Furniture and fixtures	8,835,399	1,010,985	-	-	9,846,388	20%	7,111,142	739,357	-	7,850,499	1,995,889
Vehicles	95,559,232	19,929,094	-	(4,935,775)	110,552,551	20%	26,834,683	20,979,308	(2,165,944)	45,648,047	64,904,504
Others	3,095,400	359,400	-	-	3,454,800	20%	2,496,077	218,118	-	2,714,195	740,605
	<b>945,992,953</b>	<b>22,120,234</b>	<b>6,537,806</b>	<b>(4,935,775)</b>	<b>969,715,218</b>		<b>189,217,824</b>	<b>80,742,884</b>	<b>(2,165,944)</b>	<b>267,784,764</b>	<b>701,920,454</b>

Year ended June 30, 2016

Leasehold land	16,555,500	-	-	-	16,555,500	1%	1,477,785	163,899	-	1,641,684	14,913,816
Office building	588,446,815	-	17,462,448	-	585,909,263	3%	44,223,621	32,309,447	-	76,533,068	509,376,195
Building machinery and equipment	158,106,604	-	37,544,844	-	195,651,448	10%	28,507,932	19,565,145	-	48,073,077	147,578,371
Office equipment	6,931,070	2,744,700	-	(19,841)	9,655,929	20%	3,316,416	1,429,184	(19,841)	4,725,759	4,930,170
Computer and accessories	24,869,319	5,861,469	-	-	30,730,788	33%	16,485,581	5,316,753	-	21,802,334	8,928,454
Furniture and fixtures	8,558,586	276,807	-	-	8,835,393	20%	6,462,881	648,261	-	7,111,142	1,724,251
Vehicles	71,236,709	33,017,415	-	(8,694,892)	95,559,232	20%	30,062,698	15,422,072	(8,650,087)	26,834,683	68,724,549
Others	2,891,616	203,784	-	-	3,095,400	20%	2,364,166	131,911	-	2,496,077	599,323
	<b>857,596,219</b>	<b>42,104,175</b>	<b>55,007,292</b>	<b>(8,714,733)</b>	<b>945,992,953</b>		<b>122,901,080</b>	<b>74,886,672</b>	<b>(8,649,938)</b>	<b>189,217,824</b>	<b>756,775,129</b>

4 INTANGIBLE ASSETS

	Cost		Amortization		Written down value						
	Opening balance	Additions	Transferred from CWIP	Disposals		Charge for the year	Opening balance	Closing balance			
			Rupees		Rupees	Rupees	Rupees				
<b>Software - 2017</b>											
	21,629,859	-	-	-	21,629,859	33%	12,102,825	4,762,802	-	16,865,627	4,764,232
<b>Software - 2016</b>											
	7,340,022	-	14,289,837	-	21,629,859	33%	7,340,022	4,762,803	-	12,102,825	9,527,034

*Sum*

National Electric Power Regulatory Authority  
Notes to the Financial Statements  
For the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>5 LOAN TO EMPLOYEES</b>			
Opening balance		29,033,041	23,229,067
Loans given during the year		25,177,866	19,648,190
Amount recovered during the year		(17,005,204)	(13,844,216)
		<b>37,205,703</b>	<b>29,033,041</b>
Current portion of loan to employees		(15,487,320)	(11,715,368)
Long Term Loan to employees		<b>21,718,383</b>	<b>17,317,673</b>
<b>5.1</b> These represent salary advance and loans given to employees for purchase of vehicles (i.e. car / motorbike). These are interest free and are given for the period of more than 1 year.			
<b>6 FEE RECEIVABLE</b>			
Fee receivable	6.1	<b>102,340,577</b>	<b>93,395,456</b>
This includes Rs. 93.64 millions (Rs 73.58 million, 2016) which has been outstanding for significant period of time. The management is confident of recovery of this amount and accordingly no provision has been made against this balance.			
<b>7 ADVANCES, DEPOSITS, PREPAYMENTS, AND OTHER RECEIVABLES</b>			
Advances to staff		149,656	190,156
Advances to supplier		15,831,174	23,687,266
Security deposits		2,088,388	2,591,388
Prepayments		4,348,117	3,267,706
Advance income tax - net	7.1	454,047,616	431,912,779
Advances against medical bills		341,788	341,788
Other receivables		1,084,500	1,084,500
		<b>477,891,239</b>	<b>463,075,583</b>

**7.1** The tax authorities issued notices to the Authority for filing of return of total income for the Tax Years 2003 to Tax Year 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 these years were filed claiming the net income of the Authority exempt from tax. However, the tax authorities amended the assessments of all these years by rejecting the stance taken by the Authority and raised a net tax demand of Rs. 290 million. The Commissioner (Appeals) had also upheld these amendments. The appeals filed with income Tax Appellate Tribunal [ITAT] against the orders of Commissioner (Appeals) were also rejected by the ITAT by taking reliance on the judgment of the High Court in the case of Pakistan Telecommunication Authority. Whereas amendment for the Tax Year 2003 has been annulled by the ITAT on the legal ground. the Authority has filed reference in the High Court which is pending.

The Authority has made payment of the entire amount of the demand raised by the tax authorities in previous years. However since the matter is being contested by the Authority, no provision for payments of Rs. 290 million for tax years 2003 through 2007 has been made in these financial statements.

	Note	2017 Rupees	2016 Rupees
<b>8 CASH AND BANK BALANCES</b>			
Cash in hand		-	-
Cash at bank:			
Current accounts - Local currency		-	-
Current accounts - Foreign currency		4,571	4,571
Saving accounts	8.1	179,076,580	185,983,283
		<b>179,081,151</b>	<b>185,987,854</b>
		<b>179,081,151</b>	<b>185,987,854</b>

**8.1** Saving accounts carry markup ranging from 3.21% to 6.28% (2016: 3.75% to 4%) per annum.

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National Electric Power Regulatory Authority  
Notes to the Financial Statements  
For the year ended June 30, 2017

<b>9 ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		166,548,171	134,485,907
Payable to funded gratuity fund	9.1	56,368,415	12,516,159
Provision for earned leaves	9.2	70,612,215	73,201,491
Provision for taxation	9.3	43,157,289	39,258,493
Accrued interest and other charges		1,133,889	1,164,677
Retention money		17,925,119	22,774,579
Payable to suppliers		2,834,572	5,069,122
		<u>358,579,670</u>	<u>288,470,428</u>
<b>9.1 Changes in net liability - gratuity fund</b>			
Opening balance as per audited Financials		12,516,159	21,589,814
Charge during the year	9.1.4	28,752,392	25,844,754
Other comprehensive income		15,099,864	15,416,405
Payments made during the year		-	(50,334,814)
Closing balance	9.1.1	<u>56,368,415</u>	<u>12,516,159</u>
<b>9.1.1 Reconciliation of amounts recognized in the balance sheet</b>			
Present value of defined obligations	9.1.2	247,498,307	206,312,033
Fair value of plan assets	9.1.3	(191,129,891)	(193,795,874)
		<u>56,368,416</u>	<u>12,516,159</u>
<b>9.1.2 Movement in Present value of defined obligation</b>			
Present value of defined obligations at beginning of the year		206,312,033	157,919,025
Current service cost		27,844,971	26,318,785
Interest cost		14,424,683	20,521,510
Benefit paid		(14,701,771)	(6,079,412)
Experience adjustment		13,618,391	7,632,125
Obligation at end of the year		<u>247,498,307</u>	<u>206,312,033</u>
<b>9.1.3 Movement in Fair value of plan assets</b>			
Fair value of plan assets at beginning of the year		193,795,874	136,329,211
Contribution during the year		-	50,334,814
Expected return on plan assets		13,517,262	20,995,541
Benefit Paid		(14,701,771)	(6,079,412)
Experience adjustment		(1,481,474)	(7,784,280)
		<u>191,129,891</u>	<u>193,795,874</u>
<b>9.1.4 Charge during the year</b>			
Transitional liability recognized during the year			
Current service cost		27,844,971	26,318,785
Interest cost		14,424,683	20,521,510
Expected return on plan assets		(13,517,262)	(20,995,541)
		<u>28,752,392</u>	<u>25,844,754</u>
<b>9.2 Changes in net liability - earned leaves</b>			
Opening balance		73,201,491	58,725,910
Charge during the year		41,744,374	42,298,787
Payments made during the year		(44,333,650)	(27,823,206)
Closing balance		<u>70,612,215</u>	<u>73,201,491</u>

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National Electric Power Regulatory Authority  
Notes to the Financial Statements  
For the year ended June 30, 2017

<b>9.3 Provision for taxation</b>		
Opening balance	39,258,493	64,434,144
Charge during the year	48,595,707	41,181,432
Adjustment/Payment made during period	(44,696,911)	(66,357,083)
Closing balance	<u>43,157,289</u>	<u>39,258,493</u>
<b>10 LONG TERM LOAN</b>		
Loan from GoP through IDA	27,772,119	28,522,711
Current portion of long term loan	(750,592)	(750,592)
Non current portion of long term loan	<u>27,021,527</u>	<u>27,772,119</u>
<b>10.1</b> The Authority had entered into subsidiary Loan Agreement ("Agreement") with Government of Pakistan (GoP) in respect of loan from International Development Association (IDA). Under the agreement, the Authority got US\$ 1 million from GoP for capacity building project focused on both employees and institutional development.		
As per Agreement, loan from GoP is repayable from September 15, 2014 to March 15, 2039 semi-annually in Pak Rupees. The loan carries interest at 14% per annum.		
<b>11 DUE TO FEDERAL CONSOLIDATION FUND (FCF)</b>		
Opening balance	39,693,291	106,336,571
Transferred from income and expenditure account	72,355,921	97,838,767
Other comprehensive income	(14,912,551)	(14,482,047)
Total comprehensive income	57,443,370	83,356,720
Transferred to FCF account during the year	(157,790,945)	(150,000,000)
	<u>(60,654,284)</u>	<u>39,693,291</u>
<b>12 DEFERRED LIABILITIES</b>		
Provision for gratuity - unfunded	12.1 3,641,980	2,435,280
Deferred tax	12.2 42,577,781	47,386,297
	<u>46,219,761</u>	<u>49,821,577</u>
	<b>2017</b>	<b>2016</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>12.1 Changes in net liability - gratuity unfunded</b>		
Opening balance As Per Audited Accounts	2,435,280	3,080,726
Charge during the year	1,394,013	1,452,840
Other comprehensive income	(187,313)	(934,358)
Payments made during the year	-	(1,163,928)
Closing balance	<u>3,641,980</u>	<u>2,435,280</u>
<b>12.2 Deferred tax</b>		
Deferred tax liability/(asset) opening	47,386,297	50,400,861
Increase/ (Decrease) during the year charged to I & E Account	(4,808,516)	(3,014,564)
Credit recognised in other comprehensive income	-	-
Closing Deferred tax liability	<u>42,577,781</u>	<u>47,386,297</u>
<b>13 GRANT FROM GOVERNMENT OF PAKISTAN</b>		

This represents grant received from Federal Government on non-repayment basis for establishment of the Authority.

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**National Electric Power Regulatory Authority  
Notes to the Financial Statements  
For the year ended June 30, 2017**

**14 BUILDING RESERVE FUND**

This represents unfunded reserve created in prior years pursuant to the approval of the Authority for the purpose of the Authority's building.

**15 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

There are no contingencies as at June 30, 2017 (2016 : 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.

**Commitments**

There is no material commitment as at June 30, 2017 (2016 : Nil).

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National Electric Power Regulatory Authority  
Notes to the Financial Statements  
For the year ended June 30, 2017

	2017 Rupees	2016 Rupees
<b>16 FEE INCOME</b>		
License fee	1,012,328,534	888,229,031
Application and modification fee	45,740,821	59,091,762
Tariff petition and others	94,268	57,043
<b>Gross Fee Income</b>	<b>1,058,163,623</b>	<b>947,377,836</b>
Less: Fee and Levies	(31,744,909)	(28,421,335)
<b>Net Fee Income</b>	<b>1,026,418,714</b>	<b>918,956,501</b>
<b>17 ADMINISTRATIVE EXPENSES</b>		
Salaries and allowances	487,153,818	427,861,925
Honorarium	52,445,854	47,784,920
Earned leaves	41,744,374	42,298,787
Leave fair assistance and other benefits	136,010,579	99,565,811
Repairs and maintenance	18,579,848	11,093,098
Travelling expenses	17,247,797	19,089,197
Communication	7,986,617	7,944,634
Utilities	13,746,936	12,976,192
Rent expense	3,427,934	3,373,276
Printing and stationery	6,585,121	9,220,334
Training and development	5,662,579	10,808,969
Promotions and ceremonies	2,213,785	144,529
Advertisement	12,687,369	10,492,889
Insurance expense	3,462,546	3,219,311
Legal and professional	30,924,164	23,576,593
Audit fee	165,000	165,000
Vehicle running cost	5,205,976	4,243,082
Depreciation and amortization	85,505,686	79,749,475
Staff Uniform	678,426	-
Office Supplies	4,184,040	1,441,113
	<b>935,618,449</b>	<b>815,049,135</b>
<b>18 FINANCE COST</b>		
Bank charges	81,931	79,606
Markup expense on long term loans	3,936,260	4,041,342
	<b>4,018,191</b>	<b>4,120,948</b>
<b>19 OTHER INCOME</b>		
Markup on investments	16,275,000	19,229,389
Markup on bank accounts	12,536,599	9,273,519
Gain on sale of fixed assets	469,339	7,716,309
Others	80,100	-
	<b>29,361,038</b>	<b>36,219,217</b>

19.1 This represents markup on investments made in government treasury bills.

National Electric Power Regulatory Authority  
Notes to the Financial Statements  
For the year ended June 30, 2017

	2017 Rupees	2016 Rupees
<b>20 TAXATION</b>		
Current tax		
- For the year	45,080,728	41,181,432
-Prior year	3,515,479	-
	48,595,707	41,181,432
Deferred tax		
-Temporary Differences	(3,279,926)	(1,439,537)
-Rate change	(1,528,590)	(1,575,027)
	(4,808,516)	(3,014,564)
	<b>43,787,191</b>	<b>38,166,868</b>
<b>Relationship between accounting profit and tax expenses</b>		
Accounting profit before tax	116,143,112	136,005,635
Tax rate	31%	32%
Tax on accounting profit	36,004,365	43,521,803
Tax effect of amount not admissible for tax purposes	39,879,663	35,527,037
Tax effect of depreciation & other items admissible for tax purposes	(35,473,232)	(33,636,942)
Tax effect of other items fall under final tax regime	(296,886)	(4,230,466)
Effect of minimum tax	4,966,318	-
Prior year	3,515,479	-
Temporary Difference	(3,279,926)	(1,439,537)
Rate change	(1,528,590)	(1,575,027)
	<b>43,787,191</b>	<b>38,166,868</b>

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National Electric Power Regulatory Authority  
Notes to the Financial Statements  
For the year ended June 30, 2017

**21 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.

**21.1 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:

	<b>2017</b>	<b>2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Loans to employees	37,205,703	29,033,041
Deposits and other receivables	3,172,888	3,675,888
Fee receivable	102,340,577	93,395,456
Bank balances	179,081,151	185,987,854
	<b><u>321,800,319</u></b>	<b><u>312,092,239</u></b>

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**National Electric Power Regulatory Authority**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2017**

**21.2 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 balance sheet to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying Amount	Contractual cash flows	2017 (Rupees)		
			With in 1 year	1 to 5 year	Over 5 years
Accrued and other liabilities:	357,445,781	(357,445,781)	357,445,781	-	-
Long term loans including markup	29,656,600	(76,111,946)	4,559,877	17,188,681	54,363,388
	<b>387,102,381</b>	<b>(433,557,727)</b>	<b>362,005,658</b>	<b>17,188,681</b>	<b>54,363,388</b>
			2016 ( Rupees)		
Accrued and other liabilities:	288,470,428	(288,470,428)	288,470,428	-	-
Long term loans including markup	29,687,388	(81,647,610)	4,717,503	17,819,179	59,110,928
	<b>318,157,816</b>	<b>(370,118,038)</b>	<b>293,187,931</b>	<b>17,819,179</b>	<b>59,110,928</b>

**21.3 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**

The 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 Authority's interest rate profile is as follows:

Fixed rate instruments	2017	2016
Cash at bank	179,076,580	185,983,283
Long term loan	(27,772,119)	(28,522,711)
	<b>151,304,461</b>	<b>157,460,572</b>

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 rates at the reporting date would not affect Income and expenditure.

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National Electric Power Regulatory Authority  
Notes to the Financial Statements  
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**b) Currency risk**

The Authority is not significantly exposed to currency risk.

**21.4 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 the actual expenditure in a year to Federal Consolidation Fund. The members of the Authority monitor the movements in the Federal Consolidation Fund.

**21.5 Fair value of financial instruments**

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

**21.6 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 the 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.

**22 TRANSACTION 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 Govt of Pakistan.

**23 NUMBER OF EMPLOYEES**

	2017	2016
Number of employees	320	322
Average number of employees during the year	319	309

**24 Remuneration of Chairman and Members**

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

	2017		2016	
	Chairman	Members	Chairman	Members
Managerial Remuneration	3,636,882	11,233,648	3,449,268	13,161,312
Accommodation	-	568,835	-	568,835
Other allowances	56,700	470,566	56,700	470,566
	<b>3,693,582</b>	<b>12,273,049</b>	<b>3,505,968</b>	<b>14,200,713</b>
Number of Person(s)	1	4	1	4

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**National Electric Power Regulatory Authority  
Notes to the Financial Statements  
For the year ended June 30, 2017**

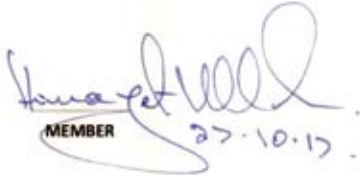
**25 DATE OF APPROVAL**

These financial statements were approved by the Authority in its meeting held on 25-10-2017.

**26 GENERAL**

Figures have been rounded off to the nearest rupees.  
Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, these rearrangements do not have a significant impact on previously reported results.

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MEMBER  
27-10-17

  
CHAIRMAN





## **ANNEX-III**

# **Senior Management & Key Contacts**





Name & Designation	Department	Telephone No.	Email
<b>Tariq Saddozai</b> Chairman		051-9220902	chairman@nepra.org.pk
<b>Saif Ullah Chattha</b> Member	M&E	051-9207300	suchattha@hotmail.com
<b>Himayatullah Khan</b> Member	Tariff	051-9210209	himayat@nepra.org.pk
<b>Rehmatullah</b> Member	CAD/ Licensing	051-9206887	rehmat1959@gmail.com
<b>Syed Insaf Ahmed</b> Sr. Advisor-I	Tariff	051-9203163	sia@nepra.org.pk
<b>Hussnain Zaigham</b> Sr. Advisor	Technical	051-9217697	zaigham@nepra.org.pk
<b>Anwar Malik</b> Director General	Admin / HR	051-9205045	anwar.malik@nepra.org.pk
<b>Saira Najeed Ahmed</b> Director General	C&I	051-9205224	ahmednajeedsaira@gmail.com
<b>Syed Safeer Hussain</b> Registrar	Registrar	051-9206500	safeer@nepra.org.pk
<b>Naweed Illahi Shaikh</b> Addl. Director General	CAD	051-9217673	naweedshaikh@nepra.org.pk
<b>Imtiaz Hussain Baloch</b> Addl. Director General	Licensing	051-9206527	ihussain@nepra.org.pk
<b>Qamar uz Zaman</b> Addl. Director General	Finance	051-9206798	qzaman@nepra.org.pk
<b>M. Masood Akhtar</b> Consultant /DG	M&E/ Standards	051-2013200	masood@nepra.org.pk



## Addresses of NEPRA Regional Offices

### Karachi

Assistant Director (CAD)  
1st Floor, Office No. 101  
Balad Trade Center  
Plot No. 15/118, Block No.3  
Bahar Muslim Housing Society  
Karachi.  
Ph: 021-34893001

### Lahore

Sr. Assistant Director (CAD)  
NEPRA Consumer Affairs Office  
2nd Floor, Office No. 212  
National Tower, Opposite LDA Plaza  
Edgerton Road, Lahore.  
Ph: 042-99203483

### Peshawar

Assistant Director (CAD)  
NEPRA Provincial Office  
6th Saddar Road,  
2nd Floor,  
Room No. 3 & 4, Tasneem Plaza  
Peshawar Cantt.,  
Peshawar.  
Ph: 091-5271238

### Quetta

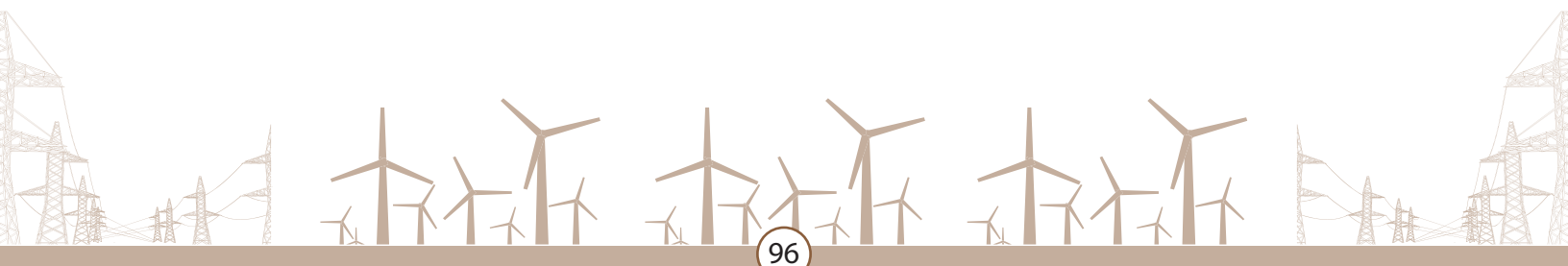
Assistant Director (CAD)  
Consumer Affairs Division  
National Electric Power Regulatory  
Authority  
Deputy Commissioner Complex  
Near District Courts/Kachary,  
Quetta.  
Ph: 081-9203385

## Glossary of Acronyms Used

<b>COD</b>	<b>Commercial Operation Date</b>
<b>CPEC</b>	<b>China Pakistan Economic Corridor</b>
<b>CPGCL</b>	<b>Central Power Generation Company Limited</b>
<b>CPI</b>	<b>Consumer Price Index</b>
<b>CPP</b>	<b>Captive Power Producer</b>
<b>CPPA-G</b>	<b>Central Power Purchasing Agency Guarantee Limited</b>
<b>DCRP</b>	<b>Distribution Code Review Panel</b>
<b>DISCO</b>	<b>Ex WAPDA Distribution Company</b>
<b>ECC</b>	<b>Economic Coordination Committee</b>
<b>FESCO</b>	<b>Faisalabad Electric Supply Company Limited</b>
<b>GENCO</b>	<b>Public Sector Generation Company</b>
<b>GEPCO</b>	<b>Gujranwala Electric Power Company Limited</b>
<b>HESCO</b>	<b>Hyderabad Electric Supply Company Limited</b>
<b>HPP</b>	<b>Hydropower Plant</b>
<b>HSD</b>	<b>High Speed Diesel</b>
<b>HVDC</b>	<b>High Voltage Direct Current</b>
<b>ICT</b>	<b>Information and Communication Technology</b>
<b>IESCO</b>	<b>Islamabad Electric Supply Company Limited</b>
<b>IPP</b>	<b>Independent Power Producer</b>
<b>IRR</b>	<b>Internal Rate of Return</b>
<b>IUCN</b>	<b>International Union for Conservation of Nature</b>
<b>KIBOR</b>	<b>Karachi Interbank Offered Rate</b>
<b>KPI</b>	<b>Key Performance Indicator</b>
<b>KV</b>	<b>Kilo Volt</b>
<b>LESCO</b>	<b>Lahore Electric Supply Company Limited</b>
<b>LIBOR</b>	<b>London Interbank Offered Rate</b>
<b>MEPCO</b>	<b>Multan Electric Power Company Limited</b>
<b>M &amp; E</b>	<b>Monitoring and Enforcement</b>
<b>MIS</b>	<b>Management Information System</b>
<b>MW</b>	<b>Megawatt</b>
<b>NEPRA</b>	<b>National Electric Power Regulatory Authority</b>
<b>NTC</b>	<b>National Telecommunication Corporation</b>
<b>NIDC</b>	<b>National Transmission and Dispatch Company Limited</b>
<b>NUST</b>	<b>National University of Sciences and Technology</b>
<b>O&amp;M</b>	<b>Operation and Maintenance</b>
<b>PESCO</b>	<b>Peshawar Electric Supply Company Limited</b>

## Glossary of Acronyms Used

<b>PPDB</b>	<b>Punjab Power Development Board</b>
<b>QESCO</b>	<b>Quetta Electric Supply Company Limited</b>
<b>RE</b>	<b>Renewable Energy</b>
<b>RFO</b>	<b>Residual Fuel Oil</b>
<b>RFP</b>	<b>Request for Proposal</b>
<b>SAARC</b>	<b>South Asian Association for Regional Cooperation</b>
<b>SAIFI</b>	<b>System Average Interruption Frequency Index</b>
<b>SAIDI</b>	<b>System Average Interruption Duration Index</b>
<b>SEPCO</b>	<b>Sukkur Electric Power Company Limited</b>
<b>SOP</b>	<b>Standard Operating Procedure</b>
<b>T&amp;D</b>	<b>Transmission and Distribution</b>
<b>TESCO</b>	<b>Tribal Areas Electric Supply Company</b>
<b>USAID</b>	<b>United State Agency for International Development</b>







**NATIONAL ELECTRIC POWER  
REGULATORY AUTHORITY**

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