



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

2nd Floor, OPF Building, G-5/2, Islamabad,
Ph: 051-9206500, 9207200, Fax: 9210215
E-mail: registrar@nepra.org.pk

No. NEPRA/R/LAD-07/9646-48

August 12, 2013

Chief Executive Officer
Peshawar Electricity Supply Company Ltd. (PESCO)
Wapda House, Sakhi Chashma Road,
Peshawar.

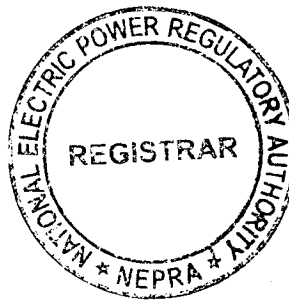
Subject: **Modification-I in Distribution Licence No. 07/DL/2002 —
Peshawar Electricity Supply Company Ltd. (PESCO)**

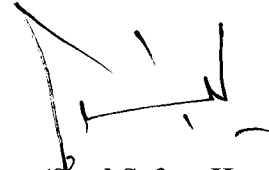
Reference: *Your letter No. 3232-33/CE/PESCO/PA, dated September 21, 2007.*

It is intimated that the Authority has approved "Licensee Proposed Modification" in Distribution Licence No. 07/DL/2002 (issued on April 30, 2002) in respect of Peshawar Electric Supply Company Limited (PESCO) pursuant to Regulation 10(11) of the NEPRA Licensing (Application & Modification Procedure) Regulations, 1999.

2. Enclosed please find herewith Modification-I in the Distribution Licence No. 07/DL/2002, as approved by the Authority. Further, the determination of the Authority in the matter is also attached.

Encl:/As above




(Syed Safer Hussain)

CC (along with enclosures):

1. Secretary, Ministry of Water and Power, Government of Pakistan, Islamabad
2. Chief Executive Officer, Tribal Area Electricity Supply Company (TESCO), 213-WAPDA House, Shami Road, Sakhi Chashma, Peshawar

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

DISTRIBUTION LICENCE

No. 07/DL/2002

In exercise of the Powers conferred upon the National Electric Power Regulatory Authority (NEPRA) under Section-26 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, the Authority hereby modifies the Distribution Licence granted to Peshawar Electric Supply Company Limited (PESCO).

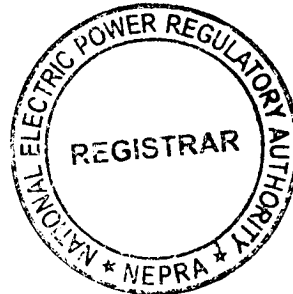
The extent of changes made in the Distribution Licence (No. 07/DL/2002, on April 30, 2002 and expiring on April 29, 2022) issued of PESCO are described in the attached Annexure-A.

This Modification-I is given under my hand this 12th day of

August Two Thousand & Thirteen

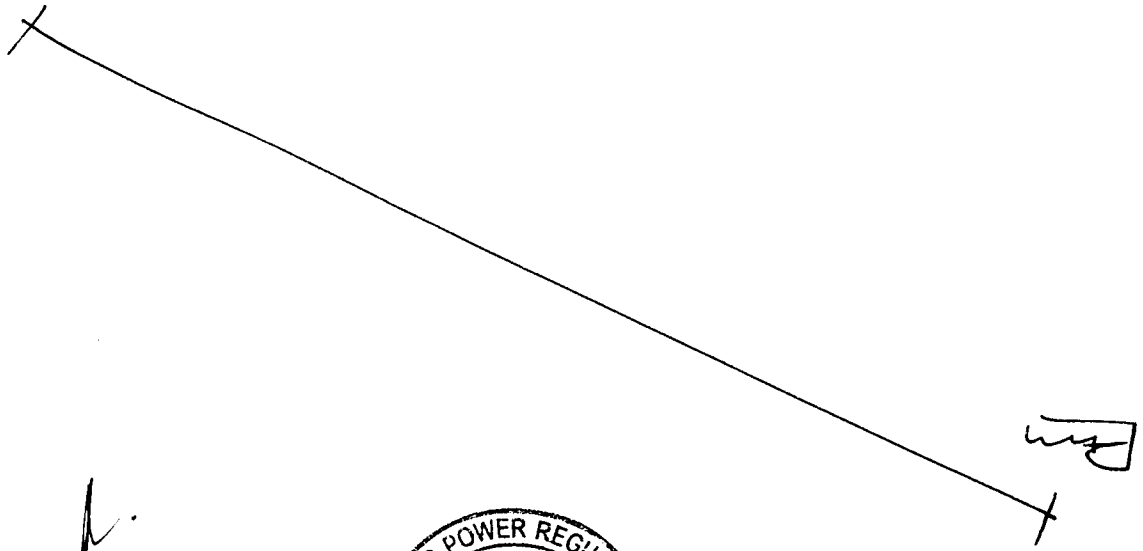


Registrar



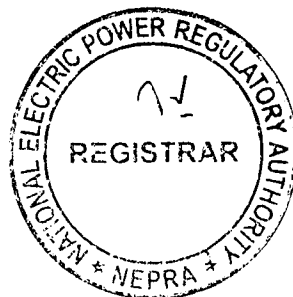


Annexure-A



h.

Prm



Modification-I
In Distribution Licence of PESCO (No. 07/DL/2002, dated April
30, 2002)

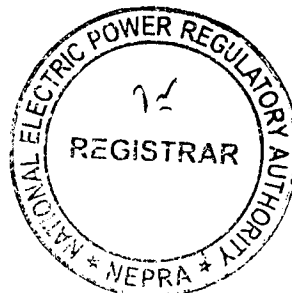
(A). Article 3

(i). A new clause (d) in Article 3.2.(i) is inserted in the Distribution License of PESCO as under:-

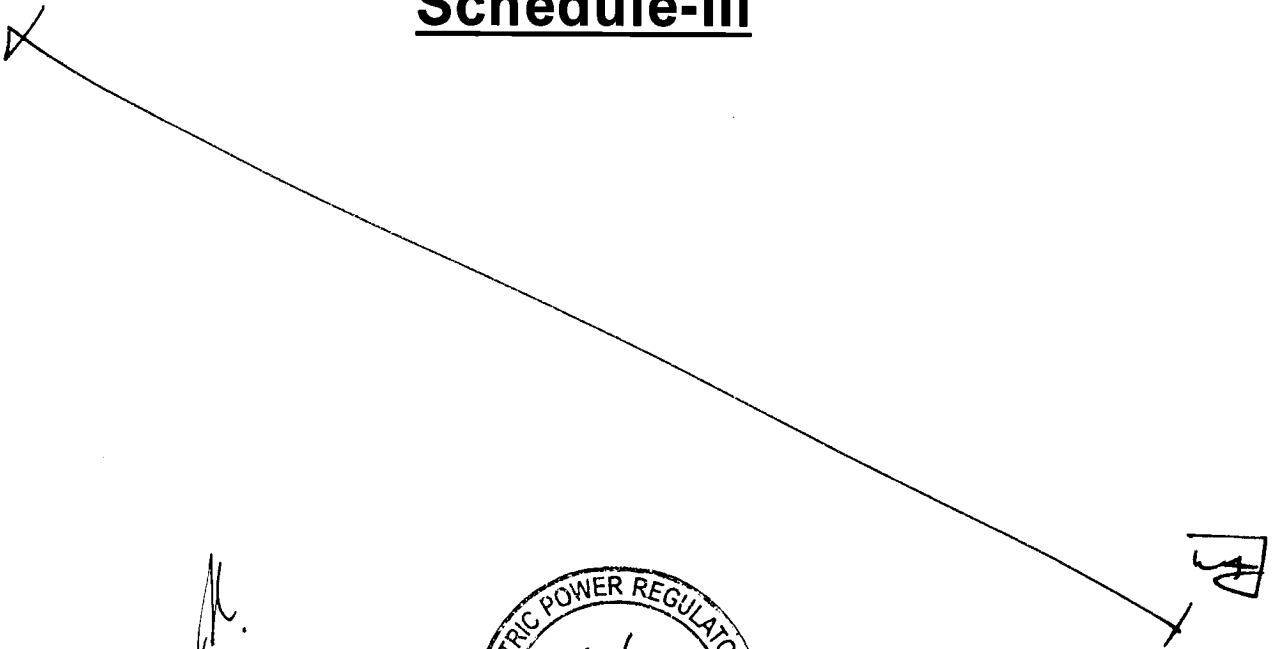
"(d) Area served by the Tribal Area Electricity Supply Company Limited (TESCO) as given in the Schedule III of the license."

(B). Addition of Schedule-III

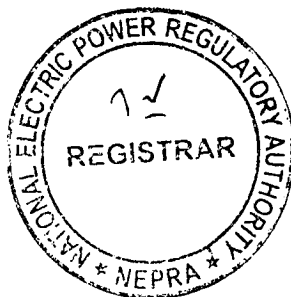
(i). Schedule-III detailing the Service Territory of TESCO is added in the Distribution Licence, covering the areas of FATA (comprising of Bajaur, Mohmand, Khyber, Ourakzai, Kurrum, North Waziristan, South Waziristan agencies) and Frontier Regions-FRs (i.e. FR Peshawar, FR Kohat, FR Bannu, FR Lakhi, FR Tank and FR DI Khan).



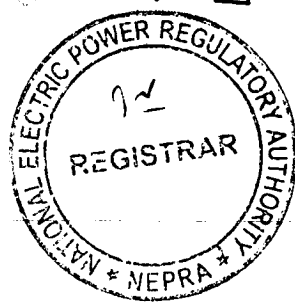
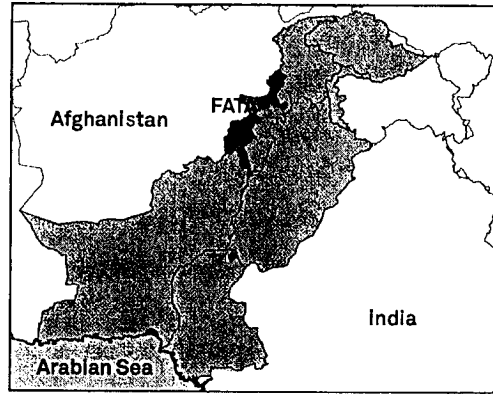
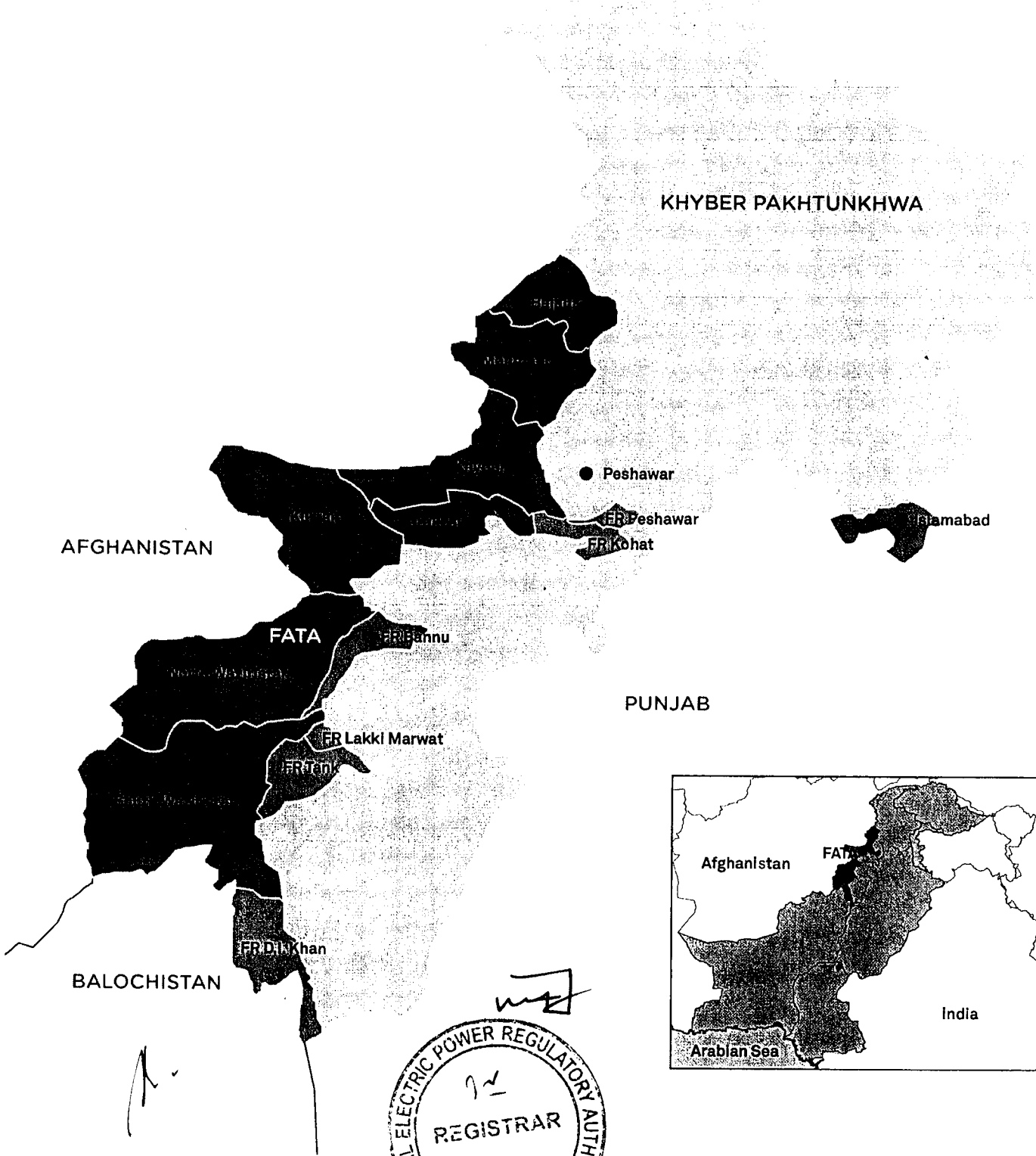
Schedule-III



M.



FATA MAP



National Electric Power Regulatory Authority
(NEPRA)

Determination of Authority
in the Matter of Licensee Proposed Modification of
Peshawar Electric Supply Company Limited
(PESCO)

August 06, 2013
Application No. LAD-07

The Authority granted a Distribution Licence (No. 07/DL/2002, dated April 30, 2002) to PESCO for all the Province of Khyber Pakhtunkhwa including the Federally Administered Tribal Areas/FATA and Frontier Regions of Peshawar, Kohat, Bannu, Lakki, Tank and Dera Ismail Khan (hereafter called the Frontier Regions/FRs).

(2). Later on, the Government of Pakistan (GoP) in view of the proposed privatization of PESCO, decided to create a separate company for providing distribution services in the areas of FATA and FRs. Accordingly, Tribal Area Electricity Supply Company Limited (TESCO) was incorporated with Securities and Exchange Commission of Pakistan (SECP) under Section 32 of the Companies Ordinance 1984. In the light of its mandate, TESCO applied for the grant of Distribution Licence for the areas of FATA and FRs on February 13, 2007. The Authority admitted the application of TESCO in its regulatory meeting held on July 31, 2007.

(3). In view of the above, the Authority directed PESCO for submitting an LPM for excluding the areas of FATA and FRs from its Service Territory as stipulated in Regulation 10 of the National Electric Power Regulatory Authority Licensing (Application & Modification Procedure) Regulations, 1999 (the Regulations). Accordingly, PESCO communicated the required LPM to the Authority on August 16, 2007.

(4). PESCO in the "Text of the proposed Modification" & "Reason in Support of Modification" statements stated that PESCO has been incorporated and according



to its Memorandum and Articles of Association the company would be providing electric power distribution services in FATA and FRs. Therefore, the said areas may be excluded from the Service Territory of PESCO.

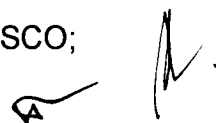
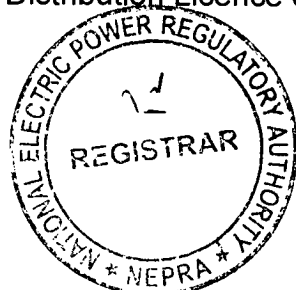
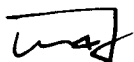
(5). Regarding the "Impact on Tariff", "Quality of Service (QoS)" and "Performance", PESCO submitted that the proposed modification would not have any bearing on this.

(6). After completion of all the required information as stipulated under the Regulation 10 (2) and 10 (3) of the Regulations, the Registrar accepted the LPM as required under the Regulation 10 (4) of the Regulations. A Notice about the Communicated LPM was published in the Newspapers of August 20, 2008, seeking comments from general public in favor or against the proposed LPM.

(7). Apart from the notice in the press, separate notices were also sent to experts, government ministries and representative organizations, interested and affected parties etc. inviting their views and comments. In response to the said notices, NEPRA received comments from two (02) stakeholders including Central Power Purchasing Agency (CPPA) and Irrigation and Power Department Government of KPK (I&PDGoKPK). The salient points of the comments offered by the above mentioned stakeholders are summarized in the following paragraphs: -

(a). CPPA in its comments stated that at present TESCO does not have the necessary financial and technical viability to act as an independent company. Also it has no direct transmission inlet from NTDC network as well as from any Generator. Almost all the transfer of energy to TESCO territory would be taking place through PESCO. As such CPPA is of the view that the proposed areas may not be excluded from service/concession territory of PESCO till TESCO becomes a healthy entity;

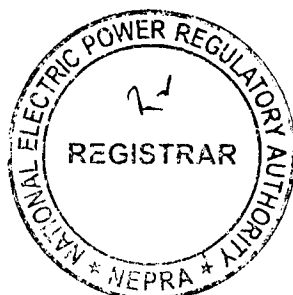
(b). I&PDGoKPK expressed its no objection to the proposed modification in the Distribution Licence of PESCO;



(8). The above comments of CPPA were communicated to PESCO for filing rejoinder and its position in the matter. In reply, PESCO submitted that TESCO is a separate Company and functioning independently. Further, PESCO has filed application for modification in its Distribution Licence in light of WAPDA Authority decision dated December 17, 2003 according to which TESCO has been incorporated and has been made operationally, administratively and financially independent of PESCO. Accordingly, TESCO has already submitted the application for a Distribution Licence and PESCO has accordingly applied to the Authority for truncation of the Service territory earlier licensed to PESCO. The cash flows deficits of TESCO are to be picked up by WAPDA/GoP until such time as a policy decision is taken in this behalf by the GoP. The views expressed by G.M. (CPPA) may be his personal views. In light of the said, it is again requested that PESCO Distribution Licence may be modified at the earliest.

(9). The Authority in its Regulatory Meeting held on March 13, 2008 considered the matter of Distribution Licence of TESCO and decided to put the same on hold till the time a comprehensive Financial Viability plan is submitted. In view of application of TESCO being put on hold, no processing on the communicated LPM of PESCO for carving out the areas of FATA and FRs could be made and the same remained on hold.

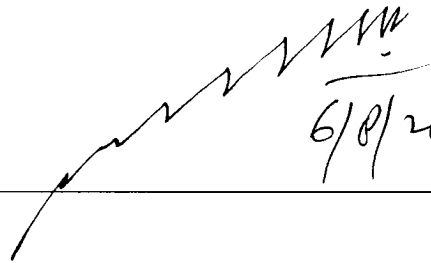
(10). The Authority through its various correspondences took up the matter with TESCO for submission of its Financial Viability Plan and TESCO submitted the same on July 05, 2012. Finally, the Authority in its Regulatory Meeting held on January 18, 2013 approved the grant of Distribution Licence to TESCO thus paving the way for completing the process of LPM of PESCO for carving out the areas of FATA and FRs. Accordingly, the Authority in its Regulatory Meeting (RM-13-225), held on May 28, 2013 considered the matter of LPM of PESCO and approved the communicated LPM in terms of Regulation 10(11) of the Regulations without any changes.



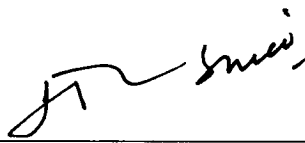
(11). Accordingly, the already granted Distribution Licence (No. 07/DL/2002, dated April 30, 2002) in the name of PESCO is hereby modified. The revised Face Sheet indicating the changes made to the Distribution Licence is attached as Annexure to this determination. The grant of LPM would be subject to the provisions contained in the NEPRA Act and relevant rules framed there under.

Authority

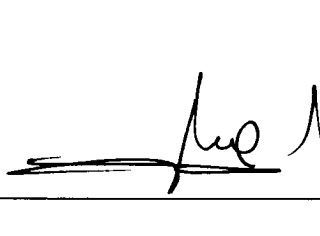
Habibullah Khilji
Member


6/8/2013

Maj (Rtd) Haroon Rashid
Member


7/8/13

Khawaja Muhammad Naeem
Member/ Vice Chairman


07/8/13

