

**COMMENTS ON NEPRA ELECTRIC POWER PROCUREMENT REGULATIONS, 2022**

S. No.	Stakeholder	Relevant Provision	Comments
1.	GEPSCO	Regulation 2(v)	The definition should be amended as recommended below: “Supplier of Last Resort” means a person who holds an electric power supply license under Section 23E of the Act, for the service territory specified in its license and is additionally obligated to supply electric power to all consumers located in that service territory at the rates determined by the Authority and is also obligated to provide electric power supply to the consumers, located within its service territory, of any competitive supplier who defaults on its obligations of electric power supply;
		Regulation 4(3)(a)	It should be clearly stated as to buying from whom, i.e. supplier of last resort or competitive supplier.
		Regulation 6(3)	“Resort” is missing from the term “Supplier of Last Resort” which may be corrected.
		Regulation 9(5)	The Regulation should state whether the Public Procurement Rules (PPRA) will be applicable or not; and in case applicable, the extent of such applicability.
		Regulation 9(5)	Keeping in view the importance of this document, being in the center of CTBCM and the concept of auctions provided in the document, it is highly recommended to conduct trainings session and interactive seminars for all stakeholders so as to achieve better and common understanding of this important document.
2.	LESCO	Regulation 4	Sub clause 3 (a) need clarity and further elaboration.
		Regulation 4 & 5	In the headings of both, “new power procurement” is mentioned. May make these clause precise/distinct.
		Regulation 5	Work flow mentioned in sub clauses 3 and 5 is not clear; whether SOLR will first go to NEPRA or IAA?
		Regulation 7	In last para, may further define “strategic project”.
		Regulation 7,8	Negotiation may not be allowed after receipt of firm & final prices.
		Regulation 8	Here role of IAA is not mentioned.
		Regulation 8	Sub clause 6 need clarity.
General Comments	<ul style="list-style-type: none"> <li>i. Is this Regulation also fully applicable for “competitive supplier” and not only on “supplier of last resort”? As the Regulations mostly addresses supplier of last resort.</li> <li>ii. What about the PPRA Rules? Will the PPRA Rules apply here also in case of procurement of electric power?</li> <li>iii. May mention reference to approved detailed design of CTBCM.</li> <li>iv. Revised Commercial Code is not issued yet.</li> <li>v. Reference to Security package documents may be given.</li> <li>vi. DISCO will not be responsible for any issue arising, in the process of power procurement administered by IAA, at any later stage.</li> <li>vii. No procurement shall be on take or pay basis.</li> <li>viii. A work flow of procurement process may be added, for clarity.</li> <li>ix. Timelines should be mentioned against each step of work flow.</li> <li>x. Generally, the term “procurement” is used in different sense that “auction”.</li> </ul>		
3.	Riali Hydro Power Company Pvt. Ltd.	General Comments	The detailed design of CTBCM has been prepared by the CPPA-G and subsequently approved by the NEPRA Authority. The CTBCM envisages developing a wholesale market and the retail market in the coming years. Are we prepared for this structural change? Or will we repeat past mistakes?
		General Comments	A wholesale/bilateral market requires large power system with multiple buyers and sellers. Unfortunately, we have very limited buyers and sellers to compete. On the generation side, majority of independent power plants and even the three state-owned generation companies despite being inefficient are all under take-or-pay contracts.
		General Comments	In order to efficiently function, electricity wholesale market, requires a financially viable sector and a reliable payment chain. The creditworthiness of all, in particular, distribution companies is critical for implementation of CTBCM. Presently, the power sector is not fully solvent, its deficit, that is, circular debt, is rising continuously and has reached an all-time high of more than Rs. 2.47 trillion. The inefficiencies in the distribution section are responsible for at least 40 percent of this deficit. High transmission and distribution losses and less than optimal recovery rates are adding to this deficit; besides increasing the tariff for compliant consumers.
		General Comments	The draft EPPR 2022 requires the Supplier of Last Resort i.e. the DISCOs to be power purchases and provide a credit cover for future procurement of power. This will not be possible, given the current poor balance sheets of the DISCOs. If buyers, that is, DISCOs, are financially unsound how the envisaged wholesale and retail power market will function?
		General Comments	A non-discriminatory governance structure for the market operator and system operator is very essential for the implementation of EPPR 2022. Though government owned, CPPA-G is an independent market operator but it has a clear bias favoring DISCOs i.e. DISCOs with the support of CPPA-G has attained

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			court stay orders against the implementation of NEPRA Wheeling Regulations, 2016. Successful implementation of Wheeling Regulations is globally considered as first step towards implementation of bilateral/competitive market.
		General Comments	A transmission infrastructure with sufficient capacity to carry all the electricity generated from least cost power projects is required for successful implementation of CTBCM. However, the system operator has yet to submit transmission system expansion plan.
		General Comments	Moreover, a stable environment (financial, political and social environment) is preamble for the market to develop and function. Institutions, play a crucial role in the success of any market, not just electricity. The dismal state of our institutions and governance failures is known to everyone.
		Sub-Clause 1/(2)	Submissions: Sub-Clause 1/(2) of EPPR 2022 says that these regulations shall come into force at once. However, we note that couple of important action items like capacity building, issuance of framework are still in progress. Therefore, we request the Authority to consider EPPR 2022 effectiveness only after kick-start of CTBCM.
		Sub-Clause 6/(5)	Sub-Clause 6/(5) provides that Power or Energy Purchase Agreements signed prior to these regulations shall be deemed to be in compliance with these regulations until the pre-existing purchase agreement expiration date. We propose that projects having valid tariff or committed under IGCEP should also be excluded from the ambit of EPPR 2022 as retroactively implementation of new regulations on exiting advanced projects would effectively shelve the same.
		General Comments	Moreover, in view the ground realities i.e. circular debt, DISCOs financial viability, fate of Wheeling Regulations 2016, perceived delays in IGCEP Committed Projects; The Authority shall consider issuing tariff determination to power projects under the current power procurement regulations on least cost basis.
4.	Harappa Solar (Pvt.) Ltd.	General Comment	As we understand that the purpose of the Regulations is to align the power procurement process with CTBCM and open the path for wholesale electricity market in Pakistan. Therefore, we propose that the regulations shall only be effective after kick-start of CTBCM as prior forcing at once shall create a vacuum in the market and halt any on-going projects.
		Sub-Clause 6/(5)	Sub-Clause 6/(5) of the Regulations provides that only the projects having executed EPAs prior to effectiveness of the Regulations shall be deemed in compliance with the Regulations. We feel that the projects who have already achieved following status are inadvertently missed from the Regulations: a. Letter of Support from PPIB/AEDB on behalf of Federal Government; or b. Committed under IGCEP We request the Competent Authority to deem these projects in compliance with the Regulations. The same projects have already completed important milestones in compliance with Authority's other regulations which shall also stand repealed through clause 36 of the Regulations.
		General Comment	It is important to highlight that success of CTBCM is directly dependent on the capacity building and credit worthiness of all proposed market players especially Supplier of Last Resort or DISCOs. We believe that despite best effort, it shall require some time. Therefore, we request the Competent Authority to consider a transitional phase of 24 months. During the phase, CTBCM regulations may be implemented partly, although bilateral contracts between Competitive Suppliers and eligible Consumers may still be encouraged. The market can learn its lessons during the transition phase and update the regulations/procedures accordingly.
5.	Kathai-II Hydro (Pvt.) Ltd.	Sub-Clause 6/(5)	Pursuant to Sub-Clause 6/(5) of the Regulations, only the projects having executed Energy Purchase Agreement (EPA) prior to EPPR effectiveness are deemed in compliance with EPPR. However, we note that inadvertently, projects having valid LOS from PPIB/AEDB or Committed under IGCEP including the Company's 8 MW Kathai-II hydropower project are missed in EPPR and therefore need to be included.
		Regulation 36	We would highlight that implementation of new prospective regulations like EPPR on existing advanced projects would effectively shelve the projects, when the same have already completed important milestones in compliance with Authority's other regulations which are also proposed to be repealed through clause 36 of EPPR.
6.	Uzghor Hydro Power Company (Pvt.) Ltd.	General Comment	The Challenge of Procuring Electricity is changing. The country is facing a systematic and sustained increase in the demand for electricity. A key concern is how to efficiently procure new generation resources to ensure that enough capacity is built in a timely manner, and that it is reliable, secure, and acquired at the least possible cost. Historically, this procurement has been very challenging due to factors such as uncertainty in load growth rates, limited access to enhancing, exposure to construction delays, and deficient legal and regulatory institutional arrangements that fail to provide the necessary incentives. Growing concerns with climate change and the environmental and social impacts of energy projects have added layers of complexity, as the desire for cleaner technologies and energy efficiency solutions are added to the process of selecting the appropriate mix of generation resources.
		General Comment	In developing countries such as Pakistan, the pressure to meet an increasing growth in demand is much more intense than in developed countries. An annual load growth of 5 to 6 percent requires that the existing generation capacity doubles in about 15 years. In these countries, the primary objective is to ensure the emergence of an adequate volume of new generation.
		General Comment	When competition is feasible and desirable, auctions have proven to be a very effective mechanism for attracting new players, ensuring electricity procurement at the lowest possible price for consumers. An electricity auction increases the competition and transparency of the electricity procurement process, making it less likely to be challenged in the future as the political and institutional scenarios change. Developed power markets with a large number of buyers and sellers in sound financial standing are more conducive to competition. Those markets enable a great variety of electricity-related products to be traded using more sophisticated electricity related auctions. However, even where competition is modest, and markets are small and still developing, benefits from the use of electricity auctions mechanisms can still be derived.

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	Uzghor Hydro Power Company (Pvt.) Ltd.	General Comment	Robustness of the Institutions and Regulatory Framework Designing and implementing any type of formal bidding system requires a candid assessment of the robustness of the institutions and the regulatory framework in each country or state. Independent regulators are of great importance due to the need for regulatory oversight. However, some prior conditions need to be in place—such as rule of law and, in particular, enforcement of contracts & policies. In restructured power sectors, contracts are a proxy for vertical integration. Experience has shown that even in countries where the legal framework is solid, the enforcement of EPAs resulting from bidding depends on the existence of cost-reflective tariffs and commercial discipline. Where cost-reflective tariffs are not the practice, or non-payment is perceived as high risk, auctions for new generation tend to fail or require government support (thus increasing government-contingent liabilities).
General Comment		The Authority approved National Electric Power Regulatory Authority (Wheeling of Electric Power) Regulations, 2016 (the Regulations) vide SRO dated June 13, 2016, in order to facilitate wheeling of power in the country. This SRO is applicable to any generating company for nationwide wheeling of power utilizing DISCOs/NTDC network to service BPCs (Industrial Private Power Buyers). Successful wheeling is the first step toward a Competitive Bilateral Power Market as it requires competitive pricing B2B deals and freedom of choice.	
General Comment		Wheeling is basically the export of power from generation source to another entity through transmission system of distribution companies, while the fee paid for the use of transmission system is called wheeling charges.	
General Comment		However, different stakeholders voiced their concerns on the Regulations in terms of treatment of T&D losses during wheeling, imposition of Stranded costs and Cross Subsidy charges, if any, applicability of Use of System charges of NTDC, Consumers with wheeling arrangements but at the same time having DISCOs as Back up Source of supply, and Banked Energy etc.	
General Comment		Ministry of Energy/DISCOs/CPA has created hurdles in implementation of these Wheeling Regulations. MoE has not allowed nationwide wheeling of power to BPCs for which legal regime is in place. Majority of the DISCOs have invoked the jurisdiction of this Court challenging the Wheeling Regulations. Therefore, the investors are confused that how the government / NEPRA will implement CTBCM? When the government entities such as CPA-G & DISCOs who are expected to be the key players/implementers of CTBCM have not accepted the Wheeling Regulations, which are generally considered as the first step towards the Competitive Bilateral Power Market.	
General Comment		NEPRA issued Competitive Bidding Tariff (Approval Procedure) Regulations, 2017 (the "CBTR 2017") which detailed out the procedure of conducting competitive bidding. The aim of said regulations was to introduce competition in future power procurement, where the most competitive (technical & financial) bidder with lowest tariff is selected to develop the project.	
General Comment		Under the ambit of CBTR 2017 & CBTR 2014, PEDO KPK initiated competitive bidding on six hydro power solicited sites in which numerous nation & international bidders participated. PEDO proceeded to develop a generic Request for Proposal (RFP) applicable for all six of the above projects, and submitted the same for approval to the Authority. Approval of the RFP, with certain amendments, was granted by the Authority, on 26-10-2016. The bid evaluation report on the six projects was submitted to NEPRA by PEDO and out of these six hydro power sites, the Authority approved two projects for issuance of tariff i.e. 99MW, Arkari Gol HPP, Chitral and 102 MW, Shigo Kas HPP, Upper Dir. The Authority subsequently issued EPC stage tariff of Rs.8.28/kWh to 99 MW Arkari Gol HPP on October 22, 2018 while 102 MW Shigo Kas HPP was issued tariff of Rs.8.26/kWh on June 14th, 2018. The Authority Decision was being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 3 1(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. Moreover, Power Purchaser was directed by Authority to execute PPA on the basis of terms & conditions mentioned in the tariff decision.	
General Comment		The Authority may note that the government has not notified the tariffs of Arkari Gol & Shigo Kas HPPs and the Power Purchaser failed to negotiate/execute Power Purchase Agreements with the Sponsors of these two projects, despite the lapse of 4 years.	
General Comment		Under relevant provision of the CBTR, the Alternative Energy Development Board ("AEDB") vide its letter dated May 11, 2020, submitted two Request for Proposal ("RFP") documents to carry out competitive bidding for the procurement of electricity, each from solar and wind power projects that hold Letters of Intent ("LOIs") and fall under Category-III of the Cabinet Committee on Energy's ("CCoE") decision dated April 04, 2019 (subsequently modified in June 2020).	
General Comment		The Authority on Feb 16 <sup>th</sup> , 2021 issued their Decision in the matter of approval of Request for Proposal (RFP) Packages submitted for Competitive Bidding of Wind & Solar Power Projects falling under Category-III.	
General Comment		It may be noted that despite the Authority's approval of RFP Packages for above stated Solar & Wind Power Projects; the AEDB has not conducted the competitive bidding for one reason or the other.	
General Comment	As mentioned earlier, Regulatory stability, implementation of their decisions, financial conditions of market, rule of law & implementation of law are key elements to attract investors to participate in competitive auctions. However, the experience of investors who have participated in earlier competitive bidding carried out for hydro power projects is bitter.		

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	Uzghor Hydro Power Company (Pvt.) Ltd.	General Comment General	The draft EPPR 2022 is somewhat similar to CBTR 2017. The aim of both regulations is to procure future generation capacity on competitive and least cost basis. The EPPR 2022 states that the Electric Power Supplier including Supplier of last resort shall maintain the financial strength and sufficient payment capacity to be considered credit worthy, and timely comply with its power procurement and use of system charges payment obligations. We assume that the Authority with reference to Supplier of last resort means the current distribution companies (DISCOs). The credit worthiness of majority of these DISCOs (for example HESCO, QESCO, SEPCO & PESCO) are very weak and under the present financial conditions of these DISCO's, no bidder will participate in the competitive auction for new procurement carried out by them. Therefore, there is an urgent need to reform the current structure of DISCOs and make them a financial viable entity. The improvement in DISCOs financial, technical and HR strength will empower them to accurately predict the future demand, power procurement strategy and risk mitigation measures. Thus, improvement in DISCOs viability is the most critical and foremost aspect that is required for adopting & implementing EPPR 2022.
General Comment		We understand that the Authority has lately stopped awarding generation's license and tariff to power projects under the current power procurement regulations. The Authority will only issue benchmark tariff under EPPR 2022 to those projects that are recommended by Supplier of Last Resort and based on least cost principle & IGCEP. The approved IGCEP has optimized 2000 MW of Solar & Wind based projects with COD scheduled in 2024, and further 2000 MW are scheduled in 2025. However, the government has yet to finalize location / size / feasibility of these projects. Moreover, significant IGCEP Committed List Projects such as WAPDA (9,152 MW) are delayed behind horizon, as well as some sponsors of Bagasse based Power Projects and Coal based power project are now reluctant to implement their projects. Therefore, we foresee a demand-supply gap unless the Authority & NTDCL holistically review the timelines & implementation status of these Committed Power Projects.	
General Comment		The Authority before notifying EPPR 2022 must also clarify about the fate of the Sponsors of various power projects that are actively developing power projects under valid LOIs issued by relevant govt. agencies under the current/CCI approved/notified power policy(s). The rights of these project sponsors are protected under the doctrine of non-application of any law or policy retrospectively as retrospectively is barred under the Constitution. The change in the Power Policies is coram non judice as the policy change and sanction of departure from the provisions of the Power Policies under article 154 of the constitution are the exclusive jurisdiction of the Council of Common Interests (CCI) in a duly convened constitutional forum meeting and not otherwise and again it shall not affect the vested rights of these Sponsors.	
General Comment		We believe that the amicable resolution of anticipated issues in relation to the fate of the Sponsors of power projects having valid LOIs will lead to successful implementation of EPPR 2022. Otherwise, we are afraid that the Independent auction Administrator will face rigorous & prolong legal battles, whenever the projects awarded to these sponsors will be offered for competitive auction.	
General Comment		Therefore, we believe that the notification of EPPR 2022 shall be delayed and the Authority should consider allowing a transition period, during which the following issues are resolved under foremost priority: <ul style="list-style-type: none"> <li>a. Liquidity issues of the Supplier of last resort and making them a financially &amp; technically viable entity;</li> <li>b. Identification of other potential electric suppliers;</li> <li>c. Fate of power projects that are being developed by sponsors of these power projects under valid LOIs;</li> <li>d. The fate of those unlucky hydro power projects, who have already obtain tariff from NEPRA, it is very imperative to draw the kind attention of the Authority that all those projects who have successfully obtain the tariff approved from NEPRA have invested millions of dollars to achieve this goal.</li> </ul>	
7.	Kot Addu Power Company Ltd.	Clause 31 sub-clause 3	<p>We would like to draw the Authority's attention to the draft Rules clause 31 sub clause 3 which states: <i>"After expiry of the power purchase agreements falling within purview of sub-regulation (1), the same shall only be renewed with approval of the Authority and after ensuring that it qualifies as least cost procurement as per IGCEP in field at the relevant time."</i></p> <p>a. We wish to place our appreciation on record on the approval of first ever IGCEP by the Authority, however in current IGCEP, the existing IPPs with expiring 1<sup>st</sup> PPA term are being declared retired and therefore Power Purchaser cannot include such plants in their intended list of power sellers. We fully understand, the good intent, but we fear that this policy in IGCEP may not be prudent decision for electricity We request the Authority that Plants ending first term of the PPA should be given the opportunity to participate in the new energy market and should not be declared as a retired plant. Authority has the right to determine their base line tariff considering the relevant factors.</p> <p>b. KAPCO retirement example in IGCEP ignoring many positive aspects: KAPCO being one of the largest IPPs is being declared retired in IGCEP while KAPCO has significant and tangible strengths as listed below which are not considered in IGCEP:</p>

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			<p>i. Gas Turbines’ quick start/stop ability for meeting the gap due to rapid varying output of solar and wind power plants due to weather and other extraneous conditions.</p> <p>ii. KAPCO is the only tri-fuel plant in the country and it has proven, time and again, generation on furnace oil when RLNG/gas supplies are constrained during winter season and/or due to other market factors. In recent years (2021 &amp; 2022), Europe has observed very high generation on oil based thermal plants due to non-availability of Gas/RLNG plants. Similar situation has been faced in our Country during this winter at the time of canal closures. KAPCO full complex was been dispatched for peaking winter demands. For you reference, the following is the actual load factor of KAPCO compared to the load factor given in IGCEP: page 63 Table 6-4 Annual Capacity Factors %.</p> <table border="1" data-bbox="1025 331 1749 448"> <thead> <tr> <th>Energy Block</th> <th>IGCEP 2020-21</th> <th>Actual 2020-21</th> </tr> </thead> <tbody> <tr> <td>Block 1</td> <td>14.68</td> <td>53.65</td> </tr> <tr> <td>Block 2</td> <td>3.11</td> <td>27.89</td> </tr> <tr> <td>Block 3</td> <td>0.00</td> <td>5.84</td> </tr> </tbody> </table> <table border="1" data-bbox="1025 475 1749 592"> <thead> <tr> <th>Energy Block</th> <th>IGCEP 2021-22</th> <th>Actual till Dec 21</th> </tr> </thead> <tbody> <tr> <td>Block 1</td> <td>16.63</td> <td>62.39</td> </tr> <tr> <td>Block 2</td> <td>4.96</td> <td>42.08</td> </tr> <tr> <td>Block 3</td> <td>0.00</td> <td>14.37</td> </tr> </tbody> </table> <p>iii. KAPCO has the potential to provide cheaper power as compared to some other power plants due to its high efficiency oil and gas fired CCGT gas turbines.</p> <p>iv. KAPCO has the largest oil storage and treatment facility of around 150,000 Tonnes of Furnace Oil and 50 million litres of HSD. On site storage of oil is very critical to meet contingency requirements of the Country at time of acute high demand during extreme weather particularly when hydel generation low due to dry spells of monsoon.</p> <p>v. The Authority will appreciate that MEPCO is the largest DISCO in the Country (based on number of consumers). Unfortunately, IGCEP does not consider the regional power requirements for such a major DISCO. MEPCO and NPCC requirements have been ignored while taking decision of KAPCO retirement.</p> <p>vi. IGCEP assumes the uninterrupted fuel supply and does not consider frequent disruptions of RLNG supplies to power plants when calculating the load factor.</p> <p>vii. Potential reduction in coal generation in coming years due to international environmental standards.</p> <p>viii. KAPCO is feeding major 220KV and 132KV grid stations and these grids and transmission lines will become unstable without KAPCO generation in these areas.</p>	Energy Block	IGCEP 2020-21	Actual 2020-21	Block 1	14.68	53.65	Block 2	3.11	27.89	Block 3	0.00	5.84	Energy Block	IGCEP 2021-22	Actual till Dec 21	Block 1	16.63	62.39	Block 2	4.96	42.08	Block 3	0.00	14.37
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8.	Karachi Electric  Karachi Electric	Regulation 2 – Definition and Interpretation	<p><b><u>Proposed Amendments and Rationale</u></b></p> <p>(1)(d) “Auction Committee” means the Committee constituted by the Independent Auction Administrator, <b>or the Relevant Agency, as the case may be</b>, under regulation [25] for conducting Competitive Auction.</p> <p>(1)(e) “Auction Evaluation Report” means the report submitted to the Authority by the Independent Auction Administrator, <b>or the Relevant Agency, as the case may be</b>, after completion of a Competitive Auction in accordance with the RFP and any other bidding document approved by the Authority, and in compliance with provisions in these regulations.</p> <p>(1)(k) “Competitive Auction” means a competitive process to obtain bids and award of electric power procurement bilateral contracts for suppliers of last resort organized and carried out by an IAA, <b>or the Relevant Agency, as the case may be</b>.</p> <p>(1)(p) “Independent Auction Administrator” means any entity registered with the Authority to provide the services of organization and administration of competitive auctions for electric power procurement by <b>state-owned</b> suppliers of last resort.</p> <p><b>NEW DEFINITION - (1)(u) “Relevant Agency” means any entity registered with the authority to provide the services of organization, administration and carrying out of competitive auctions for electric power procurement, in accordance with the applicable rules and regulations.</b></p>																								



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			<p>RATIONALE: As per the CTBCM regime and Section 23E of the NEPRA Amendment Act, 2018 all existing DISCOs are deemed as Suppliers of Last Resort (SOLR) for their service territories to ensure continued and reliable power supply to regulated consumer base.</p> <p>In this respect, it is humbly requested that KE being the SOLR for its service territory and a private entity should be allowed to plan, procure and carry out competitive bidding for power projects in line with applicable rules to cater demand for its service territory, as dependency on IAA will essentially negate the essence of privatization.</p> <p>Therefore, it is requested that KE may be allowed to plan power procurement and carry out Competitive Auction in its own service territory through the Auction Committee formed by KE as the Relevant Agency as proposed above. For power procurement of state-owned SOLR, Competitive Auction may be carried out by the IAA which would also be in line with the CTBCM detailed design.</p>
		<p>Regulation 3 – Obligation to plan in advance and update the business plan:</p>	<p><b><u>Proposed Amendments and Rationale:</u></b></p> <p>It is requested that clarity may please be provided with respect to the <u>criteria which would be part of power procurement strategy</u> and risk mitigation strategy to ensure compliance with this letter and spirit.</p>
		<p>Regulation 3 - Obligation to plan in advance and update the business plan &amp; Regulation 4 - Power acquisition programme and new power procurement:</p>	<p><b><u>Proposed Amendments and Rationale:</u></b></p> <p>3(3) The updated business plan shall cover information on the previous twelve (12) months, and projections for a horizon of three (3) years in the case of competitive suppliers, and five (5) years for suppliers of last resort.</p> <p style="text-align: center;">AND</p> <p>4(3) The business plan with the proposed power acquisition programme of each supplier of last resort shall include the following:</p> <p style="margin-left: 20px;">a. Demand (energy and peak demand) of its supply consumers, actual during last twelve (12) months and projections for next (3) years in the case of competitive supplier, and five (5) years for suppliers of last resort, provided that demand forecast should demonstrate consistency with demand in the supply tariff determinations, where applicable, and differentiate demand of BPCs buying or that have submitted a one (1) year notice in accordance with section 22 of the act to the supplier of last resort;</p> <p>RATIONALE: As per Regulation 3(3), SOLR is required to submit business plan for a horizon of five years. Further Regulation 4(3)(a) requires SOLR to submit power acquisition programme along with business plan. However, the horizon of projections for SOLR i.e. 5 years has been omitted from the Regulation 4(3)(a). Accordingly, it is humbly requested to amend the instant clause to avoid the above inconsistency.</p> <p>Further, it is humbly submitted that as SOLR is a regulated function whereby the SOLR is obligated to cater demand of (i) regulated consumer base, and (ii) eligible consumers who had opted for bilateral contracts, but their competitive supplier defaults. Further, considering that SOLR is also required to cater demand of eligible consumers whose competitive supplier defaults, therefore, SOLR in the business plan submitted under these regulations be allowed to make provisions to cater such contingencies as the same may arise due to factors beyond the control of SOLR.</p>
	<p>Karachi Electric</p>	<p>Regulation 5- New Power Procurement</p>	<p><b><u>Proposed Amendments and Rationale:</u></b></p> <p>(3) Prior to each new competitive power procurement process and Competitive Auction, the supplier of last resort shall submit an application to the Authority for its review and approval. The application shall contain information regarding the proposed energy and / or capacity to be procured in the Competitive Auction, the IAA, <b>or Relevant Agency, as the case may be</b>, that will administer the auction, and the justification of the new procurement requested, such as to comply with its supply regulatory obligations, and obligations imposed as a Market Participant in accordance to the Commercial Code such as capacity obligations.</p> <p>(5) Two or more suppliers of last resort may apply to procure in a combined auction administered by the same IAA, <b>or the Relevant Agency, as the case may be</b>. In that case, the application for new power procurement may be submitted by the IAAA, <b>or the Relevant Agency, as the case may be</b>, in accordance with the requirements and procedures in these regulations.</p> <p>(7) After adequate and sufficient information has been provided and if the request is prudent and necessary , the Authority will approve the new auction for power procurement establishing the energy and / or capacity to be contracted by each supplier of last resort and, in the case of a joint auction, the total amount of energy and capacity to be auctioned:</p> <p>Provided that, the quantities approved by the Authority for auction(s) may be different than those submitted in the application by the suppliers of last resort or the IAA, <b>or the Relevant Agency, as the case may be</b>.</p>

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			<p>RATIONALE: It is humbly requested to amend the Regulations 5(3), 5(5) &amp; 5(7) to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
		<p>Regulation 6 – Obligation of advance competitive procurement:</p>	<p><b><u>Proposed Amendments and Rationale:</u></b></p> <p>(4) Procurement of new power purchase contracts by a supplier of last resort shall be the result of competitive auction process administered by and IAA or the Relevant Agency, as the case may be. Contracts awarded through a competitive auction in accordance with these regulations shall be construed as allowed power purchase costs in the determination of the consumer tariffs of the supplier of last resort.</p> <p><b>RATIONALE:</b> It is humbly requested to amend the above provision to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p> <p>-----</p> <p>(6) Power or energy purchase agreements signed <b>or RFP submitted for approval by the Authority and / or approved by the Authority, as the case may be, prior to promulgation of these regulations</b> shall be deemed to be in compliance with these regulations until the pre-existing purchase agreement expiration date <b>or completion of the bidding process on RFP as the case may be</b>, subject to those agreements being in compliance with policies, rules and regulations applicable at the time.</p> <p><b>RATIONALE:</b> It is humbly requested to amend requested to amend the above regulation to include RFP submitted for approval of the Authority and / or approved by the Authority, as the case maybe, prior to promulgation of these regulations so as to implement the regulation in letter and spirit.</p>
		<p>Regulation 8 – Negotiated power purchase contract</p>	<p><b><u>Proposed Amendments and Rationale:</u></b></p> <p>It is humbly requested that for power projects contracted through Competitive Bidding process, prices will be determined and finalized through Competitive bidding process. Therefore, the requirement to submit justification for prices may kindly be removed to achieve operational efficiencies.</p> <p>Similarly, as the draft PPAs/EPAs will be submitted to Authority at the time of Competitive Bidding, therefore, SOLR be required to submit only amendments / modifications to these contracts, if any, at the time of finalization for the same as to achieve operational efficiencies.</p> <p>Moreover, additional approval process at the beginning of the auction process as mentioned in Regulation 13 may be removed to make the process simpler and reduce the overall time taken.</p>
	<p>Karachi Electric</p>	<p>Regulation 9 – Conditions</p>	<p><b><u>Proposed Amendments and Rationale:</u></b></p> <p>(1) A competitive Auction, for the purposes of these regulations, may be conducted by an IAA or the Relevant Agency as the case may be, registered with the Authority for such purpose.</p> <p>(3) The IAA or the Relevant Agency, as the case may be, may carry out site specific, site neutral, technology specific, and / or technology neutral Competitive Auctions in its Bidding Documents subject to approval of the Authority.</p> <p>(4) All Competitive Auctions shall be designed to include at least the following stages:  (iii) Period for response to comments and clarifications: After the end of the period of the previous stage, the Auction Administrator shall respond to all comments and clarification request received in a document published on its website together with the Bidding Documents, available to all interested bidders but without disclosing the party that submitted the comment or request for clarification. The response document will be considered an explanatory schedule of the RFP. Additionally, the IAA or the Relevant Agency, as the case may be, may apply for the Authority approval any modifications to the Bidding Documents, including modification to the template power purchase contract(s), to address issues or concerns raised by bidders.</p> <p>(5) Subject to the conditions and principles for Competitive Auctions established in these regulations, the IAA or the Relevant Agency, as the case may be, may adopt any method of Competitive Auction, including sealed bid, descending clock, multistage, two envelopes, hybrid method, combinatorial, two sided, or any other Competitive Auction method as may be approved by the Authority and specified in the RFP.</p>

S. No.	Stakeholder	Relevant Provision	Comments
			<p>RATIONALE: It is humbly requested to amend the sub-regulations (1), (3), 4(iii) and (5) to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
		<p>Regulation 10 – Other services by an IAA</p>	<p><b><u>Proposed Amendments and Rationale:</u></b></p> <p>(1) In designing, organizing and administering a Competitive Auction, the IAA or the Relevant Agency, as the case may be, shall take into consideration the following principles:</p> <ul style="list-style-type: none"> <li>(b) Ensuring all potential and interested bidders have the same access to information. The bidding documents, the information during the auction process and all information on the award shall be made public to the interested bidders on the website of the IAA or the Relevant Agency, as the case may be.</li> <li>(f) The process shall ensure the bidders comply with technical, operational and financial qualifications defined in the Bidding Documents. The IAA’s or the Relevant Agency’s, as the case may be, pre-qualification process, if applicable as per the approved auction design, shall be uniform, consistent, transparent and non-discriminatory in its application to all prospective bidders.</li> </ul> <p>(2) The IAA or the Relevant Agency, as the case may be, may establish an electronic auction platform linked to its website for the purpose of access to Bidding Documents and auction information, as well as to receive bids and the bidding mechanism.</p> <p>RATIONALE – It is humbly requested to amend the Regulations 12(1), 12(1)(b) &amp; 12(2) to align the same in accordance with the amendments/new definition proposed in Regulation 2 above.</p>
		<p>Regulation 13 – Application for a Competitive Auction</p>	<p><b><u>Proposed Amendments and Rationale:</u></b></p> <p>(1) Prior to any Competitive Auction, the IAA or the Relevant Agency, as the case may be, shall submit to the Authority the application for approval of the auction process.</p> <ul style="list-style-type: none"> <li>(a) Identification of the supplier(s) of last resort that will be the purchaser(s) of the bilateral contracts to be awarded through the auction, including the document(s) demonstrating that the IAA or the Relevant Agency, as the case may be, is representing those suppliers of last resort and that each supplier of last resort has agreed to the proposed auction;</li> <li>(d) The total maximum quantities proposed to be auctioned (energy and/or capacity) disaggregated by hour, day and/or month as applicable, which will not be less than the aggregated quantities required by the suppliers of last resort. The IAA or the Relevant Agency, as the case may be, with the corresponding justification, may apply for quantities greater than the aggregated total required by the suppliers of last resort informing: Provided that if the IAA or the Relevant Agency, as the case may be, requests an auction for quantities greater than the aggregated quantities required by the suppliers of last resort, the Authority may require additional information demonstrating prudence of the request, in particular on avoiding over contracting.</li> </ul> <p>(2) The Authority will consider the application to determine if the auction is justified and for this purpose the Authority may require additional information and clarification from the IAA or the Relevant Agency, as the case may be, and / or the suppliers of last resort.</p> <p>RATIONALE – It is humbly requested to amend the Regulations 13(1), 13(1)(a), 13(1)(d) &amp; 13(2) to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
	<p>Karachi Electric</p>	<p>Regulation 14 – Auction Committee</p>	<p><b><u>Proposed Amendments and Rationale:</u></b></p> <p>(1) As soon as the Authority approves the Competitive Auction, the Auction Administrator shall constitute the corresponding Auction Committee chaired by an authorized representative of the IAA or the Relevant Agency, as the case may be, and including the following members:</p> <ul style="list-style-type: none"> <li>a. At least one representative of each supplier of last resort participating in the auction as power purchasers of the bilateral contracts.</li> <li>b. At least two independent members, that have no commercial relationship with the IAA or the Relevant Agency, as the case may be, or the supplier of last resort or its affiliates (i) one technical expert with knowledge of generation technologies and maintenance operations; (ii) one financial expert with experience in financing capability required for generation.</li> </ul> <p>Provided that the IAA or the Relevant Agency, as the case may be, may appoint a reputable consultant, having such qualification and experience as may be determined by the Authority, who fulfils the independence requirement, to be an independent member.</p> <p>(2) The Auction Committee will act as advisor to the IAA or the Relevant Agency, as the case may be, in the preparation of the Bidding Documents, agreeing the actions to inform and disseminate the auction to potential bidders, and assisting in the pre-qualification and evaluations as established in these regulations.</p>



S. No.	Stakeholder	Relevant Provision	Comments
			<p>With this purpose, the Auction Committee will have internal rules that guarantee and cover code of conduct, transparency, non-discrimination, sharing of responsibilities and disclosure of information.</p> <p>(3) Through the Auction Committee, each and all the suppliers of last resort participating in the auction will share with the IAA or the Relevant Agency, as the case may be, the responsibility of compliance with the internal rules, these regulations and any instruction issued by the Authority regarding the auction.</p> <p>RATIONALE – It is humbly requested to amend the Regulation 14(1), 14(1)(b), 14(2) &amp; 14(3) to align the same in accordance with the amendments / new definition proposed in Regulations 2 above.</p>
		Regulation 15 – Evaluation Committee	<p><b><u>Proposed Amendments &amp; Rationale:</u></b></p> <p>(1) The IAA or the Relevant Agency, as the case may be, will constitute the evaluation committee for the award and evaluation of bids and pre-qualification in the auction process, in accordance with the Bidding Documents approved by the Authority, instructions issued by the Authority and these regulations and cap or limits on the auction price determined by the Authority.</p> <p>(2) The evaluation committee may include the members of the Auction Committee and at least on independent member having expertise in financial matters and/ or bid evaluation and/or the specific characteristics and requirements of auction;  Provided that the IAA or the Relevant Agency, as the case may be, and the suppliers of last resort shall disclose past associations with the external member, directly or through its affiliates that could create potential conflict of interest.</p> <p>RATIONALE – It is humbly requested to amend the Regulation 15(1) &amp; 15(2) to align the same in accordance with the amendments/ new definition proposed in Regulation 2 above.</p>
		Regulation 16 – Requirement of RFP	<p><b><u>Proposed Amendments &amp; Rationale:</u></b></p> <p>(1) The IAA or the Relevant Agency, as the case may be, shall prepare a RFP in accordance with the requirements in these regulations for the purpose of inviting interested bidders and administration of qualification (if applicable) and bids.</p> <p>(2) The IAA or the Relevant Agency, as the case may be, shall develop the RFP and auction design to provide a transparent process of bidding to ensure promotion of competition.</p> <p>RATIONALE – It is humbly requested to amend the Regulations 16(1) &amp; 16(2) to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
	Karachi Electric	Regulation 17 – Contents of RFP	<p><b><u>Proposed Amendments &amp; Rationale:</u></b></p> <p>(1) Before initiating an auction, the Bidding Documents including the RFP shall be approved by the Authority. The IAA or the Relevant Agency, as the case may be, shall be submit to the Registrar the proposed bidding Documents, along with the RFP for approval of the Authority.</p> <p>(4) While determining the Benchmark Price, the Authority may require that the benchmark price shall be made public or alternatively the Authority may require that the benchmark price shall be put in a sealed envelope that shall not be opened until after the opening of financial proposals or bids, or for reverse auctions to set the initial auction maximum price:  Provided that the IAA or the Relevant Agency, as the case may be, may or may not disclose the Benchmark Price subject to the approval of the Authority.</p> <p>(5) The auction process shall be conducted by the IAA or the Relevant Agency, as the case may be, in accordance with the RFP approved by the Authority and in coordination with the Evaluation Committee.</p> <p>(7) Any deviation from the RFP approved by the Authority shall render the entire auction process void, unless prior approval of the Authority to such deviation has been obtained:  Provided further that in case of any modification in the RFP approved by the Authority after it has been published for interested bidders, the IAA or the Relevant Agency, as the case may be, shall allow the bidders additional time to submit their pre-qualification and bids or a new Competitive Auction may be invited.</p>

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			<p>RATIONALE – It is humbly requested to amend the Regulations 19(1), 19(4), 19(5) &amp; 19(7) to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
		<p>Regulation 20 – Notice of Auction</p>	<p><b><u>Proposed Amendments &amp; Rationale:</u></b> After approval of the Bidding Documents, including the RFP, notice of invitation to participate in the auction shall be published by the IAA or the Relevant Agency, as the case may be, in local and international newspapers having wide circulation and on website(s) of the IAA or the Relevant Agency, as the case may be, under intimation to the Authority. Provided that the IAA or the Relevant Agency, as the case may be, may take such steps as are reasonable to bring the bidding process to the attention of all those who may possess the qualifications and wish to submit bids.</p> <p>RATIONALE – It is humbly requested to amend Regulation 20 to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
		<p>Regulation 21 – Pre-Qualification</p>	<p><b><u>Proposed Amendments &amp; Rationale:</u></b></p> <p>(1) the IAA or the Relevant Agency, as the case may be, shall in coordination with the evaluation committee, pre-qualify prospective bidders in accordance with this Part of the regulation, prior to opening financial proposals or initiating participation in the auction.</p> <p>(2) the IAA or the Relevant Agency, as the case may be, shall provide in the RFP all the information required for pre-qualification including as applicable instructions for preparation and submission of the pre-qualification documents, list of documentary evidence required by prospective bidders to demonstrate their respective qualifications and any other information that the IAA or the Relevant Agency, as the case may be, deems necessary to verify qualifications.</p> <p>(4) The prequalification may be designed as, (b) A single step with two envelopes submitted as proposals by each interested bidder: a proposal on qualification and a financial or bidding proposal. The IAA or the Relevant Agency, as the case may be, shall first open only the qualification proposals to assess the bidders that qualify. The financial proposal of bidders that do not qualify shall be returned to the bidders without opening the envelope.</p> <p>(5) The IAA or the Relevant Agency, as the case may be, shall promptly notify each interested bidder whether or not it has been pre-qualified and shall make available to any person directly involved in the pre-qualification process, upon request, the names of all successfully qualified bidders.</p> <p>(6) Notwithstanding anything contained in these regulations, the IAA or the Relevant Agency, as the case may be, may at any stage of pre-qualification, for reasons recorded in writing, disqualify a prospective bidder, where it finds that the information submitted by the same is false, misleading or materially inaccurate: Provided that before disqualification under this sub-regulation, the prospective bidder shall be given an opportunity of hearing by the IAA or the Relevant Agency, as the case may be.</p> <p>RATIONALE – It is humbly requested to amend the Regulations 21(1), 21(2), 21(4)(b), 21(5) &amp; 21(6) to align the same in accordance with the amendments/new definition proposed in Regulation 2 above.</p>
		<p>Regulation 24 – Rejection of bids</p>	<p><b><u>Proposed Amendments &amp; Rationale:</u></b> The IAA or the Relevant Agency, as the case may be, upon recommendation of the Evaluation Committee, may declare a bid non-responsive and reject a bid, for reasons to be recorded in writing, if the bid is in material deviation from the RFP, or the quoted bid price(s) in higher than the Benchmark Price, or if the bid does not provide all the necessary information and price structure defined in the RFP.</p> <p>RATIONALE – It is humbly requested to amend Regulation 24 to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
	<p>Karachi Electric</p>	<p>Regulation 25 – Administration of valid bids</p>	<p><b><u>Proposed Amendments &amp; Rationale:</u></b> (1) The IAA or the Relevant Agency, as the case may be, upon recommendation of the Evaluation Committee, shall administer the bidding process in accordance to the auction design defined in the RFP. Using the evaluation methodology, the valid bids that combined represent the lowest procurement costs shall be selected by the IAA or the Relevant Agency, as the case may be:</p> <p>Provided that if there are insufficient valid bids to cover that maximum contracted quantities defined in the RFP, all or such number of valid bids may be declared successful as the IAA or the Relevant Agency, as the case may be, may decide:</p>

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			<p>Provided further that prior to the start of the price bidding process and taking into consideration the prequalified bidders, the IAA or the Relevant Agency, as the case may be, may request the Authority approval to reduce the quantities to be auctioned to ensure sufficient bids and maximize competition and, if approved by the Authority, the reduced quantities will be informed to qualified bidders and considered as the quantities to be contracted in the RFP.</p> <p>RATIONALE – It is humbly requested to amend Regulations 25(1) to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
		Regulation 26 - Auction Evaluation Report	<p><b><u>Proposed Amendments &amp; Rationale:</u></b> Not later than thirty (30) working days after completion of the bidding process, the IAA or the Relevant Agency, as the case may be, shall submit to the Registrar the Auction Evaluation Report prepared by the Auction Evaluation Committee along with its recommendations on the Auction Evaluation Report.</p> <p>RATIONALE – It is humbly requested to extend the timeline for submission of Auction Evaluation Report to 30 working days as the review, approval and finalization of Auction Evaluation Report is a time-consuming activity.</p> <p>Further, Regulation 26(10) is requested to be amended to align the same in accordance with the amendments/new definition proposed in Regulation 2 above as well.</p>
		Regulation 27 – Review of the Auction Evaluation Report	<p><b><u>Proposed Amendments &amp; Rationale:</u></b></p> <p>(1) The Authority shall review the Auction Evaluation Report in light of the recommendations of the IAA or the Relevant Agency, as the case may be.</p> <p>(4) The Authority upon being satisfied that the requirements of these regulations, the approved RFP and other applicable documents have been complied with, shall approve the Auction Evaluation Report. Upon approval of the Auction Evaluation Report, the IAA or the Relevant Agency, as the case may be, shall notify the successful bidders. The decision of approval of the Auction Evaluation Report shall be published on the Authority’s website whereas notification of successful bidder shall be published on the IAA or the Relevant Agency, as the case may be, websites:</p> <p>RATIONALE – It is humbly requested to amend the Regulations 27(1) &amp; 27(4) to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
		Regulation 30 – Signing of Contracts	<p><b><u>Proposed Amendments &amp; Rationale:</u></b> Once the results of an auction have been notified and the successful bidders complete the requirements in regulation 30 or 31 as applicable, the successful bidder shall sign the bilateral power purchase contract with each supplier of last resort using the template in the Bidding Document and specify the relevant characteristics and identification of the awarded bid and the Award Price. The IAA or the Relevant Agency, as the case may be, shall define and include the quantities that apply for the bilateral contract of each supplier of last resort as defined in the Auction Evaluation Report approved by the Authority.</p> <p>RATIONALE – It is humbly requested to amend Regulation 30 to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
		Regulation 31 – Guidelines	<p><b><u>Proposed Amendments &amp; Rationale:</u></b> To complement these regulations, the Authority may develop Guidelines with the details of Competitive Auctions for procurement of new power purchase contracts for suppliers of last resort carried out by and the IAA or the Relevant Agency, as the case may be.</p> <p>RATIONALE – It is humbly requested to amend Regulation 31 to align the same in accordance with the amendments / new definition proposed in Regulation 2 above.</p>
	Karachi Electric	Regulation 35 – Complaints and Dispute Resolution	<p><b><u>Proposed Amendments &amp; Rationale:</u></b> All complaints regarding compliance with the RFP or these regulations, shall be referred to the Authority for decision: Provided that a dispute between a bidder and the IAA or the Relevant Agency, as the case may be, Auction Committee or Evaluation Committee shall be addressed as per the dispute resolution mechanism provided in the RFP.</p> <p>RATIONALE – It is humbly requested to amend Regulation 35 to align the same in accordance with the amendments/new definition proposed in Regulation 2 above.</p>

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S. No.	Stakeholder	Relevant Provision	Comments
9.	CPPA-G	General Comments	<p>In addition to the specific comments given below in these regulations, the following are the general comments of CPPA, on the draft regulations for kind consideration of the Authority:</p> <ul style="list-style-type: none"> <li>(a) The procurement process given in these regulations does not consider any linkage of the procurement plan with the approved IGCEP, where in the approved national electricity policy and ARE policy 2019 clearly mandated that the all the future procurements will be made in accordance with the approved ICGEP. Moreover, same concept was approved in the detailed design (Section 14.1 New capacity procurement). Therefore, it is kindly recommended to link the IGCEP in the detailed process of procurement starting from the preparation of power acquisition plan till its actual implementation. The excerpts of the approved policies and detailed design have been given below for reference and consideration.</li> <li>(b) In these regulations, the individual procurement plan by each DSICO (as SLR) has been incorporated, which is contrary to the approved CTBCM detailed design and further no role of IAA has been defined in the preparation of power acquisition plan of supplier of last resort (SLR), in this regard it is proposed that a joint procurement plan of all DSICOs (as SLR) should be prepared on the basis of the approved IGCEP and Capacity obligations. Without the joint plan, the implementation of IGCEP in the true sense will be redundant. Therefore, it is submitted that instead of individual procurement plan and concept of joint procurement plan may be introduce in these regulations and in this regard the role of IAA may also be clearly defined by clarifying that all DISCOs will prepare the joint Power Acquisition programme/plan (PAP) in coordination and under the guidance of IAA and shall be jointly submitted to Authority for approval. Further, these regulations may instruct that IAA and DISCOs will prepare the internal procedure for the joint preparation of PAP. Furthermore, the simplified example and the complete procurement cycle has been placed at Annex-I for the purpose of clarity and understanding.</li> <li>(c) In these regulations, it has not been envisaged that DISCO will prepare the PAP on the basis of capacity obligations. In this regard, it is kindly recommended to follow the procedure as given in the Market Commercial Code that the Market Operator calculates the Capacity Obligations and the requirement of additional capacity needs to be procured by the SLR to meet its capacity obligations. Further, in case where the approved IGCEP proposes more capacity addition than the required capacity obligation of the SLR which result in reduction of system cost, then in such case these regulations may provide a detailed mechanism for the procurement of such capacity.</li> <li>(d) Any procurement of capacity from import of power should be subject to the optimization of IGCEP except that fall under the criteria of strategic projects.</li> <li>(e) In these regulations, it is unclear that for whom the auction service from state-owned IAA is mandatory or voluntary. In this regard, it is suggested that such services are mandatory for the DISCOs (as supplier of last resort) to take the auction service only from state-owned IAA. However, other private suppliers (private SLRs and Competitive Suppliers) can on voluntary basis take the service from this IAA. Moreover, it is important to highlight that the same concept was approved under the CTBCM detailed design and the excerpt of the same has been given below for reference and consideration.</li> <li>(f) The submission of annual business plan by the electric power supplier, that is required under regulation (3) of these regulations, may be omitted in the light of the following:</li> </ul>



S. No.	Stakeholder	Relevant Provision	Comments
			<ul style="list-style-type: none"> <li>i. Business plan of electric power supplier is one of the required documents for obtaining the electric power supply license and same shall be submitted in accordance with the respective prescribed Eligibility Criteria Rules and the specified NEPRA licensing regulations;</li> <li>ii. In case, if any annual update has been required for the supplier licensee, then such provisions may be made as part of term and conditions of the supply license; and</li> <li>iii. These regulations are only related to the procurement part of the supplier which is one part of its overall supply business, and acquiring submission and compliance of whole business plan including the information related to “description of procedures and mechanisms for consumer services and management of complaints; and financial statements...” under these regulations may not be appropriate and relevant.</li> </ul>
		Regulations 2 (o)	After the word ‘Authority’ in the Clause (o), the words “in accordance with the Grid Code” may be inserted.
		Regulations 2 (s)	In clause (s) may be revised in the light of the general comment (b) given above, regarding the preparation of joint plan by all DISCOs (as SLRs) under the guidance of IAA.
		Regulations 3	The regulation (3) may be omitted in the light of the general comment (f).
		Regulations 4	The regulation (4) including the above sub-regulations may be revised in the light of the general comments (a), (b), (c) and (h) given above.
		Regulations 4 (3)	In sub-regulation (3), the words ‘the business plan with’ may be omitted.
		Regulations 4 (3)(a)	In clause (a) above, the figure related to the projections for next (3) years may be consistent with the requirement given in clause (d) below which is (5) years.
		Regulations 4 (3)(b),(c),(d)	The clauses (b), (c) and (d) need to be revised in the light of the general comment (c) given above.
		Regulations 4 (3)(e)	It is kindly submitted that the way requirement is mentioned here, may not fall in an appropriate power acquisition programme/plan. If it is done in the light of the general comment (c) given above regarding the mechanism given in Commercial Code, then such procurement may be justified because the whole procedure has been approved by the Authority to ensure security of the power system.
		Regulations 4 (3)(f)	It is important to mention here that a proper templates of power acquisition programmes/plan acquire from SLR may be made as part of these regulations. In this regard some of the templates have been placed at Annex-II for the consideration of the Authority.
		Regulations 4 (6)	The above sub-regulation (6) is inconsistent with clause (d) of sub-regulation (3) above.
		Regulations 5 (1)	It is suggested that this regulation (5) is an appropriate place where the role of IAA may be clearly defined regarding the preparation of joint plan in coordination with DISCOs (as SLR), therefore it is submitted to appropriately amend these regulations in the light of the general comment (b).
		Regulations 5 (4)	The sub-regulations (3) and (4), may be amended appropriately in the light of following: <ul style="list-style-type: none"> <li>i. The preparatory work including the approval of Authority for competitive auction is the function of IAA in case DISCOs (as SLR) therefore obtaining application for the approval of competitive auctions from all SLR may not be appropriate.</li> <li>ii. The compliance of capacity obligations should be part of preparation of power acquisition programme/plan as mentioned in general comments above rather at the later stage as given in regulation (3).</li> </ul>
		Regulations 5 (5)	It is suggested that the sub-regulation (5) may be amended according to the general comment (f), where it has been clarified that for which supplier the IAA service will be mandatory or voluntary basis.
		Regulations 6 (3)(b)	It is suggested that in the clause (b), the case where default occur due to the services given by IAA then in such case non-compliance may also be included here.
		Regulations 7	The regulation (7) may be amended in the light of the following important points: <ul style="list-style-type: none"> <li>i. All the projects that are covered in this regulation (7) should be included in the IGCEP, no procurement from any project should be entertained which is not part of IGCEP.</li> <li>ii. Up to the DISCOs (as SLR) quantum, such capacity procurement should be part of power acquisition programme/plan submitted by IAA to get the approval of tariff-based procurement and no individual request</li> </ul>
		Regulations 7 (5)	It is pertinent to highlight here that in future only two modes of procurement may be allowed, (i) one is Competitive Bidding and (ii) the other is Tariff Determined by NEPRA and no bilateral negotiated rates may be permitted other than the case of imports. Therefore, it is recommended to remove the term “negotiated” wherever used in these regulations other than the case of imports.
		Regulations 7 (5)	Regarding the proviso give above the following comments have been suggested: <ul style="list-style-type: none"> <li>i. Also consider the case, where IGCEP proposed more capacity addition than the required by the SLRs under their Capacity Obligations, this regulation may also provide a detailed mechanism of procurement in such case.</li> <li>ii. The words “paid by the concerned sponsoring government and shall not be passed onto consumer tariff” shall be compensated as per the applicable policies.</li> </ul>
		Regulations 8	This regulation (8) may be amended in the light of the comments given on regulation (7) above.

S. No.	Stakeholder	Relevant Provision	Comments
		Regulations 9 (1)	In the sub-regulation (1), the provisions may be inserted here that clearly defined the role of state-owned IAA (PPIB & AEDB) as give in the approved CTBCM detailed design. Further, here after this sub-regulations another provision may be added here, which may clarify that these competitive auctions may be performed as per the approved IGCEP and Power Acquisition Program/plan.
		Regulations 9 (2)	In the sub-regulation (2), it is suggested that in auctions, existing generation projects that are without contracts may also be allowed to participate.
		Regulations 9 (5)	In the above proviso, it is suggested to kindly clarify purpose of using the term “concerned government”.
		Regulations 10 (1)	The sub-regulation (1) may be amended in the light of the general comment (f), where it has been clarified that the IAA may offer its auction service to the private SLRs.
		Regulations 12 (1)(d)	Regarding the clause (d), it is clarified that if there is a requirement of additional capacity for any SLR then in such case it is mandatory for SLR to be a part of auctions. Therefore, it is suggested to omit the words “participate” in the above clause.
		Regulations 13 (1)(a)	The sub-regulation (a) may be amended as for the transition period a combined procurement will be done for the DISCOs (as SLR), then for this period it should be mandatory for such SLRs to agree with the proposed actions that are in accordance with the IGCEP and approved power acquisition programme/plan.
		Regulations 13 (1) (c)	In the light of the general comment (a), the consistency with the IGCEP may also mention in the clause (c).
		Regulations 16 (2)	In order to expedite and simplify the auction process, it is suggested that a one step process may be introduced under which the IAA may submit the auction plan and Bidding documents including the RFP together under a single application for the approval of the Authority. This will also remove the duplication of the similar information required under regulation 13 and regulation 17 of these regulations.
		Regulations 20	In the regulation the appropriate timeline may be provided here for the notice of auctions after the approval of bidding document.
		Regulations 27 (1)	In this regulation, the appropriate timeline may be specified for the review process.
		Regulations 27 (4)	In the above proviso it may be clarified that an independent auction auditor may be appointed in case where Authority has doubt on the auction process.
		Regulations 28 (1)	In the above regulation, it has been assumed that all successful bidders have new generation projects, however, there may be a case where the successful bidder is already the existing generation and have a license a concurrence from the Authority.
		Regulations 30	In the regulation, the reference of regulation 30 or 31 may be corrected to regulations 28 and 29
		Regulations 32 (2)	In the above regulation, the application of limitation on the imbalances may not be appropriate as the CTBCM in the central economic dispatch market wherein System Operator takes the decision of dispatch not the market participants. Therefore, it is requested to amend the above sub-regulation accordingly.
		Regulation 33 (3)	Regarding the sub-regulation (3), it has been suggested that the legacy contracts may not be renewed or extended, and these should also come through the competitive bidding process.
10.	NPCC	Part-V, Clause (3)-3-d	Whether the applicant, or any officer. Director or owner thereof, has been in substantial non-compliance of the terms and conditions of prior generation projects or power purchase contracts & grid code.
		Part-VI, Clause (23)-b	It is suggested that bid(s) should have the consent(s) of relevant department regarding the details mentioned in this clause.
11.	PPDB, Energy Department	General Comments	The draft NEPRA (Electric Power Procurement) Regulation, 2022 (“EPPR, 2022”) has been reviewed and the following salient observations in addition to comments on specific provisions are given as under:- <ol style="list-style-type: none"> <li>1. The EPPR, 2022 does not provide whether the procurement will be for specific term for which PPA will be required to be executed on the basis of energy price/ capacity price or both. Further with such a power procurement, the participation of the supplier of last resort in the balancing mechanism of CTBCM is not emphasized.[Annual Procurement Plan, Capacity Requirement (IGCEP-NTDC), annual &amp; monthly demand forecast of DISCOs]</li> <li>2. The EPPR, 2022 indicates the provision of benchmark tariff without mention of its type whether it will be a lowest levelized or cost plus basis tariff or a tariff offered in WEM. Further, the tariff would be based on short term, medium term or long term contracts is not mentioned.</li> <li>3. Presently PPIB and AEDB are expected to take the role of IAA without the participation of provinces whereas Section-25-A of NEPRA Act allows any person to take license to undertake the role of IAA.</li> <li>4. The application for competitive option requires the quantities I energy or capacity from the supplier of last resort during the period disaggregated by hour and or month. The load forecasting of such a requirement is dependent on weather conditions, load behavior and tariff differential. Similarly, the generation and transmission provision will also have similar constraints and to bind the unforeseeable behavior of load and generation on hourly / weekly basis may result into penalties. This may require capacity building to cater for such accuracy for avoiding LDs.</li> </ol>

S. No.	Stakeholder	Relevant Provision	Comments
	PPDB, Energy Department		<p>5. The contents of bid provide the prices of capacity or the energy at the commercial connection points which can vary by season/ month/ time of the day. Under such a situation the provision of benchmark tariff and provision of such prices by the bidders and its evaluation may be a difficult task. Further, the load forecasting, contract pricing and the operation of the system for synching all these parameters will require system automation and its expert operation.</p> <p>6. In the draft EPPR, it is provided that IAA shall provide in the RFP all the information required for prequalification. In this regard, it is submitted that the prequalification process will precede the provision of RFP to the bidders. Further, the RFP is required be supplied to the prequalified bidders. The provision of qualification of bidders in the RFP will mean the post qualification process is being followed.</p> <p>7. In the EPPR, Auction and Evaluation committees have been proposed for processing the auction. In this regard the Secretary Energy of a province may be included as member for the auction process meant for supplier of last resort falling at the concerned provincial jurisdiction.</p> <p>8. In the EPPR an important aspect of administering the Government guarantees / alternate to Govt. Guarantees and Provision of credit cover for new power procurement is to be arranged by IAA, it may be a Govt. entity. The same may be ascertained while finalizing the EPPR.</p> <p>9. The EPPR may also ensure that the non-payment of energy/capacity prices of non-performing DISCOs may not be made part of tariff of well performing/ efficient DISCOs.</p> <p>10. The grievance redressal during bidding process is proposed to be undertaken by IAA whereas PPRA provides for an independent redressal committee to address the grievances.</p> <p>11. The EPPR, provides trader as a bidder representing a Generator participating in the bidding process. With such a provision the Power Purchase Agreement (PPA) will require an amendment and may bound the Generator, Trader, System Operator, TNO, DISCOs and market operator in such a way that the system shall operate efficiently and consumer of last resort suppliers may not suffer.</p> <p>12. The EPPR provides that IAA may carryout site specific, site neutral, technology specific or technology neutral Competitive Auctions. Under such a situation the determination of benchmark tariff and bid evaluation duly considering the bids required on hourly, monthly tariff will be a difficult task to be adhered. Further, the system operation requires automation which is an expensive proposition.</p> <p>13. The draft regulation doesn't provide the option to supplier of last resort to opt for an IAA.</p>
		Regulation 2 Definitions and Interpretation. (1) (v)	The Wholesale Electricity Market (WEM) distinguish the supply business and wire service whereas these regulations does not distinguish between the wire service and supply of power service.
		Regulation 3 Part-II (Duties of Electric Power Supplier) Obligation to plan in advance and update the business plan. (1)	If certain non-performing DISCOs functioning as a power supplier does not comply with the prescribed eligibility criteria then what measures are required to be undertaken.
		Regulation 6 Obligation of advance competitive procurement.-(1)	At present the DISCOs does not possess such a capability.
		Regulation 9.(4)(iii) Part-III (Competitive Auctions and Duties of the Independent Auction Administrator)	It is to be ascertained whether the explanatory clarifications made will have a legal effect or otherwise.
		Regulation 10 Other Services by	The draft NE Plan proposes the auction of transmission line provisions by IAA. Whereas these procurement regulations is silent about this aspect.

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	PPDB, Energy Department	an independent auction administrator.-(1) .....	
		Regulation 12.(g)	Is the partial procurement complies with the PPRA Rules and Regulations are it will be a new approach to be adopted in the power sector.
		Regulation 13(d)	The existing DISCOs proposed as supplier of last resort does not possess the capacity to forecast hourly, day and or month ahead energy and capacity requirements. Further it is proposed that the Auction Administrator may apply for quantities greater than the required quantities of last resort suppliers. Such an approach will end up in excess energy / capacity procurement as inferred from the previous acquisition of capacity under different power policies.
		Regulation 14 Auction Committee. (1)	The auction committee proposed to act as Advisor to IAA will consist of 4 to 5 representatives but lacks the participation of a legal person / entity to ascertain the legality of transaction being undertaken. It is therefore, proposed that a Retired Judge of Supreme Court may also be included in the auction committee.
		Regulation 19(5)	The Authority has to determine the award of capacity/ energy procurement under RFP. It is proposed that the Authority approval for procurement will be in coordination with the evaluation committee. In such a situation who will be deciding authority.
		Regulation 19(7)	The clarification should be such that the benchmark tariff should not be enhanced due to the clarification made by Auction Committee.
		Regulation 21 Pre- Qualification (1)	The intent of this regulation is to pre-qualify the perspective traders/ suppliers of energy / capacity where the document provides the post-qualification instead of prequalification. Further the bidding document is to be supplied to pre-qualified sponsors rather than providing the RFP to all the intending traders/ suppliers upon initiation of bidding process.
		Regulation 22 Content of pre-qualification documents.-	The trader is an agent for provision of energy/ capacity from the generating units which are not owned by it and will act as a bidder without involving the generators. It is to be ascertained whether the PPRA Rules allows for an agent to participate in the bidding process on behalf of generators or these rules require their modification/ amendment.
		Regulation 23 Content of Bids.-	The above requirements envisages the variable price of the energy / capacity under auction. The compliance of such a requirement may not be accomplished in the early years of wholesale electricity market. Further such an accurate demand forecast from Supplier of Last Resort (DISCOs) with available expertise will be a difficult task.
		Regulation 26 Auction evaluation report.-(1)	The fourteen (14) days time is on the lower side for evaluation bids and submission of evaluation report.
		Regulation 26(2)	The combined evaluation for lowest combined electric power procurement cost in synch with the plant operation will be a difficult task especially during the initial phases of wholesale electricity market.
		Regulation 28 <b>Licensing Requirements for Generation.-(1)</b>	If the successful bidder is a trader and is not owning any generation facility then how the generation license can be issued, further, the PPA will require change about the role of trader and its responsibilities with regard to prudent operation of the generating plant by System Operator.
		<b>Regulation 31 Guidelines to...</b>	The guidelines provides that the authority may develop competitive auction for procurement of new power purchase contract for suppliers of last resort. The guidelines may also incorporate the procurement from [PPs whose terms of their PPAs has been expired.
	PPDB, Energy Department	<b>Regulation 33 Legacy contracts.-(1)</b>	The existing PPAs will be continued till the expiry of their contracts, but it is not specified that what will happen to the generation installation after the expiry of their PPA term.
		Regulation 35 <b>Complaints and</b>	There may be demarcation of responsibility and decision making by Redressal Committee and the Authority.

S. No.	Stakeholder	Relevant Provision	Comments
	PPDB, Energy Department	<b>Dispute Resolution.</b>	
		<b>Regulation Repeal.-(1)</b>	Upon repeal of CBTR, 2017 the provinces may not be able to procure grid connected power as there is no mention of provincial grid connected power acquisition effort.