



PESHAWAR ELECTRIC SUPPLY COMPANY
Office of Director General MIRAD PESCO Peshawar
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No. 760-61/DG/NEPRA

Dated: 27 / 06 / 2023

The Registrar NEPRA,
National Electric Power Regulatory Authority,
NEPRA Tower Ataturk Avenue,
G5/1 Islamabad

Subject: **APPLICATION OF RASHAKAI ECONOMIC ZONE DEVELOPMENT AND OPERATIONS COMPANY FOR GRANT OF DISTRIBUTION AND SUPPLY LICENSE**

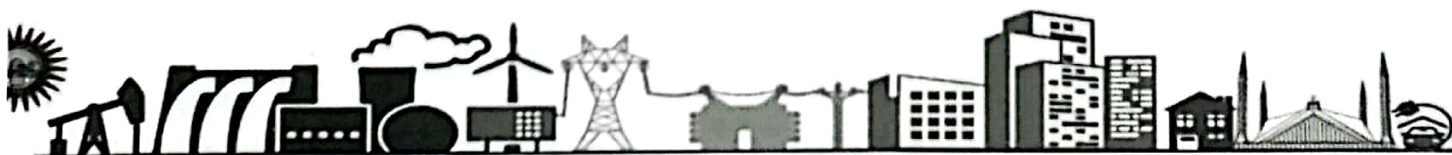
Application for the license of distribution and supply at the same time by the petitioner namely Rashakai Economic Zone as per application available on the NEPRA website has many ambiguities and needs clarity before proceeding for the processing of license. PESCO being the major stakeholder in the territory has a direct interest and any decision on the part of Authority regarding issuing a new license will impact the status of PESCO as a licensee and may affect its operations. The Authority is, therefore, requested to consider the concerns raised by PESCO, being a distribution and supplier licensee.

In reference to the notice for comments on the subject cited above, please find herewith PESCO comments as below;

1. Distribution license issued to PESCO vide No. NEPRA/RJDG(LIC)/LAD-07/10480-500 dated May 09th, 2023 has defined the territory of PESCO comprising whole of KP settled areas except TESCO territory of Ex FATA and adjoining borders. Petitioner being a new applicant has applied for a territory inside the territory of PESCO and as such may violate the right of PESCO.
REZ has a dual interconnection with NTDC through double circuit 132 KV transmission line from 220 KV Grid station NTDC Mardan and another interconnection through 132 KV double circuit transmission line from 220KV NTDC Swabi. A total estimated incurred cost of two number double circuits T/L is Rs. 1825.796 million under an arrangement of capital development loan (PSDP). Further two 11 KV feeders are also providing supply from PESCO existing system for distribution under the O&M arrangement with PESCO. This huge investment on transmission/interconnection of REZ and control over distribution network, PESCO is not in a position to submit consent for issuance of license, at this stage, to another distribution company within its territory.
2. PESCO constructed this double circuit transmission line by securing loan to improve the resiliency of infrastructure under the regulated regime and as such the cost was to be borne by its consumers including the potential industrial consumers in the Rashakai Economic Zone. Under the new CTBCM regime these consumers are now being defected from the PESCO system whereas the cost along with the interest has already been shifted to PESCO 4.1 million estimated consumers.
3. The petitioner has an arrangement with PESCO on one point bulk supply under regulated tariff with its own internal distribution system. This arrangement shows that the applicant has no plan of bilateral contracting for supply as competitive supplier and as such the

petitioner intends to only supply on regulated supply tariff, although not exclusively mentioned in the petition. In such case the application for a separate distribution license is meaningless as PESCO is already providing the distribution services. As such, there is no clarity on the part of petitioner whether the petitioner is applying for the competitive supply or as SoLR which is conflicting and contrary to the available framework.

4. Section 9(9) of the NEPRA licensing (Electric Power Supplier) Regulations, 2022 make it exclusively clear that an electric power supplier shall not sell electric power to any other electric power supplier except for imbalance purposes. This section thus bar the petitioner for acquiring a license since it has already made an arrangement with PESCO for a single point supply.
5. NEPRA ACT section 20(2-iii) clarify that “an application for a license for distribution of electric power shall specify the source and scope of electric power and rates paid by it”. The petitioner has since, not submitted the required documentation nor a Power Acquisition Program has been submitted, which is mandatory for the distribution license may also do so to comply the regulations.
6. The petitioner intends to supply to its consumers inside the service territory to be determined by NEPRA. However, the exact number and nature of the consumers is still unknown which itself creates uncertainty and doubts on the capability of the applicant.
7. Section 3 of NEPRA licensing regulations (Electric Power Supplier), 2022 stipulates “....the application shall specify whether the applicant is desirous of obtaining the license for the competitive supplier or SoLR”. It is therefore, of utmost importance that petitioner should clarify that a competitive license or a license of SoLR is being sought.
8. On the contrary to the point no. 3 above, if the petitioner intends to supply under the competitive license to supply power in its territory, the petitioner may default in its supply or financial obligations to SoLR or on the other hand a BPC/Consumer defaults in its payment to the competitive supplier, PESCO will not be able to act in its role as SoLR under the prevailing regulations to supply power to the defaulters inside the proposed distribution territory of petitioner.
9. The petitioner has not submitted required information about the No./segment of its consumers (type, tariff, and load) which needs more clarification.
As per application there are various categories of consumers inside the economic zone such as domestic consumers in attached colonies, offices and shops for commercial purposes will get supply from the supplier licensee which is not allowed under the market frame work in case of a competitive supplier.



10. If the petitioner plan to extend its supply though various sources (Open Access) under CTBCM regime it should clearly define a timeline and detail plan but the subject petition is without any detail road map or plan.

Market frame work allows only 1 MW and above consumers for competitive supply, but the petitioner intends to supply other category of consumers also below 1 MW which is not understood.

It is, however, submitted for the kind attention of the Authority that PESCO supports and encourage the entry of new competitors under the CTBCM regime. PESCO is of the view that the application of petitioner for the distribution license is not in compliance with the Licensing Regulations (Electric Power Supplier & Distribution) 2022 at this stage and needs further clarifications under the prevailing regulations.


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1. So to CEO PESCO for Information

