



HYDERABAD ELECTRIC SUPPLY COMPANY

OFFICE OF THE CHIEF EXECUTIVE OFFICER, HESCO, HYDERABAD

Ph.# 022-9260197

Fax# 022-9260361

Email: dgmirad@hesco.gov.pk

No.CEO/HESCO/DG(MIRAD)/DM(RA)/332-55

Office of the Director General (MIRAD)

2nd Floor, WAPDA Offices Complex

Hussainabad, Hyderabad

Dated: 19.03.2025

→ The Registrar,
National Electric Power Regulatory Authority,
NEPRA Tower, Attaturk Avenue (East),
Sector G-5/1, Islamabad, Pakistan.

Subject: Submission of Draft Operation & Maintenance ("O&M") Agreement for Review and Approval

Reference: Section Officer (DISCO-I), MoE, (PD), GoP, letter No.1(01)/2025-D-II(O AND M AGREEMENT) dated 25.02.2025 (**Annex-A**).

This is with the reference to the directions received from Ministry of Energy (Power Division), GoP, Islamabad vide letter referred above, wherein, the draft of Operation & Maintenance Agreement (the "**Draft Agreement**") between distribution companies and the developers of Special Economic Zones / Industrial Estates ("**SEZs**") has been sent to HESCO with the directions to review, approve (through BoD) and submit the same to NEPRA under Section 5 of the NEPRA (Supply of Electric Power) Regulation, 2015 for its review and approval.

Foregoing in view of above, the draft O&M Agreement (**Annex-B**) is being sent with the request for its review and approval by the honorable Authority, under Section 5 of the NEPRA (Supply of Electric Power) Regulation, 2015.

In this regard, HESCO BoD resolution is also attached at **Annex-C** please.

DA / as above
C.C to:

Addl. DG	Dir.	Addl. Dir.	* DD-I *
AD-I	RO	PS	E/S *
TA	* OA-I *	* OA-II *	* OA-III *

Faizullah Dahri
Chief Executive Officer
HESCO, Hyderabad

REGISTRAR OFFICE
Diary No: 3045
Date: 25.3.25

1. Joint Secretary (CAD), Ministry of Energy (Power Division), Islamabad.
 2. Managing Director, PPMC, Evacuee Trust Complex, Islamabad.
 3. Section Officer (DISCO-I), with reference to his letter No.1(01)/2025-D-II(O AND M AGREEMENT) dated February 25, 2025.
- Master File.

Forwarded please:

☒ For new action ☐ For information

<input checked="" type="checkbox"/> DG (Lic.)	<input type="checkbox"/> DG (Admn/HR)
<input type="checkbox"/> DG (M&E)	<input type="checkbox"/> DG (CAD)
<input checked="" type="checkbox"/> DG (Tech.)	<input type="checkbox"/> DG (ATC)
<input type="checkbox"/> ADG (Trf.)	<input type="checkbox"/> ADG (Fin.)
<input checked="" type="checkbox"/> SLA	<input type="checkbox"/> Dir. (I.T)
<input type="checkbox"/> Consult (Tech.)	<input type="checkbox"/> Consult (CTBCM)

For kind information, please.

1. Chairman
2. M (Tech)
3. M (Lic.)
4. M (Trf. & Fin)
5. M (Law)

NEPRA
Licensing Department
Diary No: 485
Date: 26-3-25



GOVERNMENT OF PAKISTAN
MINISTRY OF ENERGY POWER DIVISION, ISLAMABAD



No.1(01)/2025-D-II (O AND M AGREEMENT)

Islamabad, the 25th February , 2025

From

Ahmed Saleem
Section Officer (DISCOs-I)

To

- 1- CEO, SEPCO, Sukkur
- 2- CEO MEPCO, MEPCO, Multan
- 3- CEO, LESCO, Lahore
- 4- CEO, FESCO, Faisalabad
- 5- CEO, gepco, Gujranwala
- 6- CEO, HESCO, Hyderabad
- 7- CEO, QESCO,
- 8- CEO, Hazara Electric Supply Company HAZECO,
- 9- CEO, PESCO,
- 10- CEO, IESCO,
- 11- Chief Executive Officer, TESCO, Peshawar
- 12- CEO, K Electric, Karachi

SUBJECT: DRAFT OF THE OPERATION AND MAINTENANCE O AND M AGREEMENT.

I am directed to refer subject noted above and to state the Cabinet Committee on Energy ("CCOE"), through its decision dated 14-01-2025, approved the summary regarding the execution of Operation and Maintenance Agreements between distribution companies and the developers of Special Economic Zones / Industrial Estates ("SEZs"). The said decision is reproduced as under:-

"The Cabinet Committee on Energy (CCoE) considered the summary dated 14th November 2024 submitted by the Power Division regarding "Revision of Electricity Supply Mechanism for Special Economic Zones (SEZs)" and while approving the proposal contained at para-3 (a) of the summary further directed that the dispensation under para-3(a) of the summary, approved by the Cabinet, will be applicable in the case of all SEZs. The CCOE further directed that the dispensation under para-3(a) of the summary shall also be applicable to all other industrial estates in the country."

2. The proposal submitted by Power Division as approved by CCOE is as under:-

"CPEC SEZs will remain under the service territory of the concerned distribution company (network and supply licensees). The SEZ developer will sign an O&M agreement with the DISCOs for development, operation and maintenance of infrastructure, supply of electricity and billing and collection thereby eliminating the need for additional licenses for the zone developer. The industrial consumers would be charged uniform industrial tariff and the developer will receive an O&M fee for maintaining the network which would be approved by NEPRA in the distribution margin of DISCOs."

3. In pursuance of the above, the Ministry of Energy (Power Division) has prepared a draft of the Operation & Maintenance Agreement between SEZ and DISCOs ("Draft Agreement"), keeping in line with the CCOE Decision and applicable regulatory framework in place. The Draft Agreement has been prepared in accordance with Regulations 5 and 7 of the NEPRA (Supply of Electric Power) Regulations.

4. Accordingly, all distribution companies are directed to review, approve, and submit the Draft Agreement to NEPRA under Regulation 5 for its review and approval. Given the time-sensitive nature of this matter, your immediate action is required.

Encl. As above:

Copy for information to:-

- 1- SO to Sectry, MOEPWD, Islamabad
- 2- Addl Secretary-I, MOEPWD, Islamabad
- 3- Joint Secretary (CAD), MOEPWD, Islamabad
- 4- Section Officer (Dev), MOEPWD, Islamabad


Ahmed Saleem
Section Officer (DISCOs-I)


Ahmed Saleem
Section Officer (DISCOs-I)

Rani Hafsa Kanwal (On behalf of)
Deputy Secretary (CA)
25 February, 2025, 04:45:06 PM

OPERATION & MAINTENANCE AGREEMENT

BETWEEN

[-----]

(The "Licensee")

AND

[-----]

(The "O&M Operator")

For the provision of operation and maintenance services by the O&M Operator to the Licensee for distribution and supply of electric power to consumers/occupants within the Service Area of [-----], which is a special economic zone notified under the Special Economic Zones Act, 2012, in accordance with the provisions of the National Electric Power Regulatory Authority (Supply of Electric Power) Regulations, 2015 (the "**Supply Regulations**") as amended or replaced from time to time.

Made At -----

Islamic Republic Of Pakistan

On

Date -----

OPERATION & MAINTENANCE AGREEMENT

THIS OPERATION & MAINTENANCE AGREEMENT (the "**Agreement**") is made on this -----day of ----- at -----
---- by and between:

[-----]
---] (hereinafter referred to as the "**Licensee**" of the First Part),

And

[-----], a company incorporated under the laws of Pakistan, having office at [-], and operator / developer of the [Name of the Special Economic Zone], notified as special economic zone under the Special Economic Zones Act, 2012 (hereinafter referred to as the "**O&M Operator**" of the Second Part).

(The First Part and the Second Part individually also referred to as "**Party**" and collectively as "**Parties**" to this Agreement).

RECITALS:

WHEREAS: -

- I. The Licensee is established under -----
-----and is licensed to distribute and supply electric power in its designated Service Territory as per the terms and conditions of its Distribution Licence No. -----
-----dated ----- and Electric Power Supply Licence No. -----dated -----
----- issued by the Authority under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997);
- II. The O&M Operator is established under -----
----- and is a developer and operator of [Name of the Special Economic Zone], which has been notified as a special economic zone under the Special Economic Zones Act, 2012 (the "**Zone**") situated at -----
-----, The Zone is located at **[insert location]** and encompasses the area defined as the "Service Area" in **Schedule-I** to this Agreement.
- III. The O&M Operator has developed a dedicated Distribution System in the Service Area, in accordance with the Applicable Documents, as part of the development of the Zone to facilitate the distribution and supply of electric power to the enterprises located in the Zone once the system is energized by the Licensee;
- IV. The Service Area of the O&M Operator falls within the Service Territory of the Licensee, and the Distribution Area has been deemed taken over by the Licensee;

OPERATION & MAINTENANCE AGREEMENT

- V. The Licensee is desirous of engaging the O&M Operator to provide operation and maintenance services for the Distribution System in the Service Area, ensuring safe, reliable and efficient distribution and supply of electric power in the Service Area on behalf of the Licensee. The O&M Operator is willing to provide such services on behalf of the Licensee;
- VI. The Parties have agreed to collaborate under this Agreement to define their respective rights and obligations in relation to the operation and maintenance of the Distribution System by the O&M Operator in the Service Area, including, but not limited to, the provision of electricity connections, metering, billing, collection, and supply of electric power to the enterprises situated in the Service Area, on behalf of the Licensee in accordance with the Supply Regulations and other Applicable Documents.

NOW, THEREFORE, in view of the foregoing premises and in consideration of the mutual representations, this Agreement witnesses as follows:

Article – I: Definitions

1.1 In this Agreement, capitalized terms and expressions, unless the context requires otherwise, shall have the following meanings:

“Act” means the Regulations of Generation, Transmission and Distribution of Electric Power Act, 1997, as amended from time to time.

“Applicable Documents” means the Act and the rules, regulations, licence, concurrence, registration, directives, codes, standards, guidelines, circulars, orders, determinations, documents, instruments, approvals and authorizations issued or granted from time to time by the Authority in exercise of its powers under the Act.

“Authority” / “NEPRA” means the National Electric Power Regulatory Authority established under Section 3 of the Act.

“Authorized Bank” means the banks where the Licensee maintains and operates its Designated Bank Account.

“Common Area” means such areas of the Zones, which are in common use of all the enterprises and the O&M Operator is responsible for payment of dues for electricity consumption therein;

“Common Delivery Point (CDP)” means a point at which a Licensee delivers electric power to the O&M Operator for the purpose of onward distribution and supply to Consumers.

“Consumer” shall bear the same meaning as ascribed thereto in the Consumer Service Manual and shall be an enterprise located within the Service Area, which, for the purposes of metering, billing and collection, shall also include the distribution and supply of electric power to the Common Areas.

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"Consumer Service Manual" / "CSM" means the Consumer Service Manual (CSM) of the Licensee as approved by NEPRA including any amendments or modifications whether in whole or in part thereto which may be approved by NEPRA from time to time.

"Designated Bank Account" means the Revenue Management Account maintained and operated by the Licensee in the Authorized Bank, which has been designated by the Licensee for receipt of the electricity dues from the Consumers in the Service Area and for disbursement of the O&M Fee to the O&M Operator.

"Designated Security Deposit Account" means the account maintained and operated by the Licensee in the Authorized Bank, which has been designated by the Licensee for receipt of the security deposit for electricity connections from the O&M Operator.

"Distribution Code" means the distribution code prepared by the concerned Licensee and approved by the Authority, as may be revised from time to time with approval of the Authority.

"Distribution Licensee" means an entity licensed to undertake distribution business under Section 20 and 21 of the Act.

"Dedicated Distribution System" means the distribution facilities for distribution of electric power in the Service Area including, grid stations, HT/LT electric lines/feeders (11KV, 415/220 Volts), transformers, energy meters, service cables and all ancillary equipment, interconnection facilities or other facilities operating at the distribution voltage, and shall also include any other electric lines, circuits, transformers, sub-stations, or other facilities operated and maintained by the O&M Operator under this Agreement, as further detailed in **Schedule-II** of this O&M Agreement;

"Energy Meter" means a meter used to measure the energy and power delivered, which is in compliance with Clause 4A of this O&M Agreement.

"Force Majeure" shall have meaning ascribed thereto in Article 20 of this Agreement.

"Invoice" means the monthly invoice of O&M Fee raised by the O&M Operator for the Services rendered on behalf of the Licensee in the Service Area.

"Licensee" means Distribution Licensee or the Electric Power Supplier Licensee, as the context may be;

"Load Shedding" has the meaning ascribed to it in the NEPRA Performance Standard (Distribution) Rules, 2005, as may be revised or replaced from time to time.

"O&M Agreement" means this Agreement between the Licensee and the O&M Operator for the purpose of operation and maintenance of Distribution System, including but not limited to connection, metering, billing and collection of bills in the Service Area within the Service Territory of a Licensee on its behalf, together with Schedules annexed hereto.

"O&M Fee" means a fee payable to the O&M Operator by the Licensee for the Services rendered on behalf of a Licensee under the O&M Agreement, as approved by the Authority.

OPERATION & MAINTENANCE AGREEMENT

“O&M Operator’s Material Management Program” means the program prepared by the O&M Operator and approved by the Authority as part of the O&M Operator’s petition for determination of the O&M Fee, which sets forth the policies, procedures, and practices for the procurement, storage, handling, usage, and disposal of materials, tools, and equipment required for the operation and maintenance of the Distribution System;

“Regulations” means the NEPRA Consumer Eligibility Criteria (Distribution) Regulations, 2022 and NEPRA Consumer Eligibility Criteria (Electric Power Supplier) Regulations, 2022, as the case may be.

“Services” bears the meaning ascribed thereto in Article-3 of this Agreement.

“Service Area” means the area/location within the boundary of the Zone as set out in **Schedule-I** to this Agreement in respect of which the O&M Operator will perform operation and maintenance services/activities in accordance with the O&M Agreement and the Applicable Documents.

“Service Territory” means the area specified in the relevant Licence within which the Licensee is authorized to undertake distribution and supply of electric power business, as the case may be.

“Supplier Licensee” means an entity licensed to undertake supply business under Section 23(E) and 23(F) of the Act.

“Term” bears the meaning ascribed thereto in Article-2 of this Agreement; and

“Unit” means the specified area held by the Consumer within the Zone.

- 1.2 The words and expressions used but not defined in this Agreement shall have the same meaning as are assigned to them in the Act or the Rules and Regulations framed there-under.

Article – 2: Purpose, Appointment, Effective Date and Term

2.1 Purpose

- 2.1.1 This Agreement shall govern and regulate the arrangement between the Licensee and the O&M Operator, for provision of operation and maintenance services by the O&M Operator for the Distribution System in the Service Area on behalf of the Licensee and safe, reliable and efficient distribution and supply of electric power to the Consumers in the Service Area in accordance with the Applicable Documents.

2.2 Appointment

- 2.2.1 Subject to the terms of this O&M Agreement, the Licensee hereby appoints the O&M Operator as its exclusive O&M Operator to provide the Services to the Consumers within the Service Area. During the Term of O&M Agreement, the O&M operator shall be responsible for the operation and maintenance, of the Distribution System and the provision of electric power services to Consumers in the Service Area, in accordance with the terms of this O&M Agreement and the Applicable Documents.

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2.2.2 The Parties agree and understand that the arrangement envisaged in this Agreement is of an exclusive nature between the Parties for the Service Area, and during the Term of this Agreement, they shall not enter into any other similar agreement/arrangement with any third party for the Service Area.

2.3 Effective Date and Term

2.3.1 This Agreement shall become effective after approval of the same by the Authority in accordance with the Applicable Documents (the "Effective Date")

2.3.2 Subject to the terms of this Agreement, the Licensee hereby appoints the O&M Operator to undertake operation and maintenance of the Distribution System in the Service Area from the Effective Date for a period of three (3) years or till the time the Authority proposes any alternate arrangement as envisaged in the Act (as amended from time to time) whichever is less. Further the term of agreement may be extended for a similar term with mutual consent of both Parties in writing, subject to approval of the Authority and provisions of the Article-19 of this Agreement. (the "Term").

Article – 3: Scope of Services

3.1 During the Term of this Agreement, the Parties envisage that within the Service Area, the O&M Operator shall provide following Services on behalf of the Licensee in accordance with the terms of this Agreement, Applicable Documents and prudent utility and best international practices:

- (a) Receiving application for new electricity connection from the prospective Consumers residing in the Service Area (including applications for modification / revision of the existing connections) and sanction / issue demand notice after scrutiny and install the connection along with Energy Meter and allied materials on behalf of the Licensee. The O&M Operator shall strictly comply with the provisions of, inter alia, the CSM and the Regulations whilst processing applications for electricity connection from the Consumers;
- (b) Generate and issue accurate electricity bills to the Consumers within the Service Area based on AMI metering data and/or the consumption data retrieved from the Metering Data Management (MDM) portal of PITC. The O&M Operator shall ensure that all bills are prepared in accordance with the Applicable Documents, using the latest data provided by the MDM, and include all applicable charges, taxes, and surcharges, etc.;
- (c) Procuring the inventory/Energy Meter/allied material, in accordance with O&M Operator's Material Management Program, as per specifications and vendors/manufactures approved by the Licensee subject to material inspection by the Licensee;
- (d) taking snap shot of Energy Meter reading and sharing of such reading/data promptly with the Licensee for the purpose of generation/preparation of electricity bills, if the AMI meter is not installed in accordance to Clause 4A of this O&M Agreement;

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- (e) delivery/distribution of monthly electricity bills to Consumers in the Service Area in a timely manner on behalf of the Licensee;
- (f) inspection of Energy Meters for their health and correctness and reasonably ensuring that they are working satisfactorily, are accurate in all respects and not tampered with or otherwise interfered with from the Consumer end. If so required, the O&M Operator may request for assistance from the Licensee's relevant officials through a written notice; provided that, this will not absolve the O&M Operator from fulfilling its obligations;
- (g) replace faulty Energy Meters with new and healthy Energy Meters within the timelines specified in CSM;
- (h) disconnection of Consumer's electricity connection for non-payment of dues in accordance with the provisions of CSM and the Applicable Documents;
- (i) re-connection of Consumer's electricity connections on payment of dues and other charges as per procedure/policy prescribed in the CSM and the Applicable Documents;
- (j) ensuring 100% recovery from Consumers in the Service Area on behalf of the Licensee;
- (k) informing the Consumers in the Service Area about shutdowns/scheduled load shedding on behalf of the Licensee;
- (l) taking all requisite steps to ensure prevention of theft of electricity, Energy Meter Tampering and improvement of recovery of outstanding dues as per procedure/policy prescribed in the CSM and the Applicable Documents, which may include registration of FIR in a prompt and diligent manner and in this respect to detect and remove any illegal kunda/hook/direct connection or Energy Meter within the Service Area to reduce line losses;
- (m) establish and run the consumer service center/call center(s) for efficient handling of the operational issues at the Consumer end such as prompt investigation and resolution of Consumers complaints in accordance with the procedures specified by the Licensee;
- (n) preparing monthly reports regarding feeder-wise line losses (technical as well as administrative) and sharing the report/data to the Licensee;
- (o) maintain the Distribution System within the Service Area in line with the technical parameters, standards, and requirements set forth in the Applicable Documents. In the event of any differences in the specifications of materials required for installation or replacement during the Term of this Agreement, the cost associated with upgrading the Distribution System to meet the required specifications shall be borne by the O&M Operator, unless otherwise agreed in writing by the Parties;

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- (p) implementing energy conservation and safety and public health initiatives and/or policies within the Service Area, including code / policies issued by the Licensee and/or the Authority regarding occupational health, safety and environment aspects;
- (q) Ensure that all personnel engaged to perform the Services under this O&M Agreement possess the requisite qualifications, skills, and technical expertise necessary for the effective operation and maintenance of the Distribution System. The O&M Operator shall also ensure that all such personnel are appropriately trained, equipped, and identifiable through official ID cards issued by the O&M Operator, ensuring accountability and compliance with the requirements of this Agreement;
- (r) compliance with Health, Safety, Environment and Quality policies, procedures and standards issued by the Licensee and/or the Authority;
- (s) Prepare and provide Material Management Program to the Licensee for procuring materials and tools and inventory from Licensee's approved manufactures to meet with the operation & maintenance requirements during the Term of this O&M Agreement;
- (t) Recovery of any and all costs, tariff, surcharges, etc. associated with distribution and supply of electric power in the Service Area, which are applicable on a consumer of the Licensee under the Applicable Documents;
- (u) Maintain up-to-date GIS mapping and digitization of the entire Distribution System and share the data with Licensee in real-time; and
- (v) any other reasonable Service associated with the distribution and supply of electric power to Consumers within the Service Area.

3.2 The Parties may add/alter the scope of the services by incorporating changes in this Agreement through mutual written agreement, subject to approval of the Authority.

Article – 4A: Obligation to Establish and Install Advanced Metering Infrastructure (AMI)

4A.1 The O&M Operator shall establish, install, and maintain a robust Advanced Metering Infrastructure ("AMI") system throughout the Service Area to ensure accurate metering and billing of electricity consumption. The AMI system shall:

- (i) Be compliant with the technical specifications and standards outlined in the Applicable Documents, which adheres to best utility practices, international standards, and industry benchmarks for advanced metering systems to ensure efficiency, reliability, and accuracy;
- (ii) Include meters at every consumption point, including but not limited to:
 - (a) The Common Delivery Point (CDP).

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- (b) Each transformer level within the Service Area.
- (c) All Consumer premises at the individual level.
- (d) All consumption points within Common Areas, with separate meters installed for each consumption point.

4A.2 All meters within the AMI system shall operate on the same time zone to ensure consistency and accuracy in the metering, billing and reporting process. The O&M Operator shall be responsible for configuring and maintaining time synchronization across the entire metering system.

4A.3 The O&M Operator shall provide unhindered and unfettered access to the AMI system, including real-time and historical data, to:

- (i) The Licensee, for the purposes of oversight, verification, and reconciliation; and
- (ii) The Power Information Technology Company (PITC), on behalf of the Licensee, for integration with centralized systems, data analysis, and reporting.

Access shall include physical access to metering installations, digital access to AMI data, and any necessary technical support to facilitate such access.

4A.4 The O&M Operator shall ensure proper, accurate, and timely reporting of electricity consumption within the Service Area. The reporting shall include, but not be limited to:

- (i) Real-time data sharing and periodic summaries of electricity usage at all metering levels, including CDP, transformer level, Consumer level, and Common Areas;
- (ii) Notifications of anomalies, faults, or irregularities in consumption patterns or meter functionality; and
- (iii) Submission of comprehensive consumption and billing reports to the Licensee and PITC in formats and intervals agreed upon by the Parties.

4A.5 The O&M Operator shall:

- (i) Regularly inspect and maintain all metering equipment to ensure its reliability and accuracy;
- (ii) Promptly address any faults, damages, or discrepancies identified in the AMI system or individual meters; and
- (iii) Ensure that the AMI system remains fully operational and aligned with advancements in technology and regulatory requirements.

4A.6 The proper and timely functioning of the AMI system, including accurate metering, billing, and reporting, is a core and critical obligation under this Agreement. Any failure to meet these requirements shall be deemed a material breach of the Agreement, entitling the Licensee to take appropriate remedial measures as provided under the Applicable Documents.

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Article – 4: Connections

- 4.1 The existing individual connections installed by the O&M Operator within Service Area, shall be deemed to have been taken over by the Licensee. The O&M Operator shall be solely responsible for ensuring the security deposit amounts of the existing as well as new connections are provided as per the rates, terms and conditions and in such form and manner as determined by the Authority for the Licensee. The security deposit collected from the Consumers shall be retained by the O&M Operator.
- 4.2 The O&M Operator shall submit the security deposit for the sanctioned load delivered by the Licensee at the CDP in the Designated Security Deposit Account of the Licensee, which shall be calculated at such rates, terms and conditions and in such form and manner as determined by the Authority for the Licensee. The security deposit shall be provided in the form of either cash or an irrevocable bank guarantee, issued by a reputable bank acceptable to the Licensee. The security deposit must be submitted prior to the Effective Date or within a timeline mutually agreed upon by the Parties. The security deposit amount shall be revised (downward or upward) based upon the revisions in the sanctioned load or rates from time to time.

Failure to provide the security deposit within the stipulated time frame shall constitute a material breach of this Agreement, and the Licensee shall have the right to take appropriate actions in accordance with the Applicable Documents, including but not limited to disconnecting the supply of electricity.

- 4.3 In relation to new connections, the O&M Operator will evaluate all applications received from Consumers, on behalf of the Licensee within the Service Area, and approve/sanction connections to eligible Consumers in accordance with the procedure provided in the CSM, the Regulations and other Applicable Documents. The O&M Operator shall submit Consumer files with respect to new connections to the Licensee promptly. However, for billing purposes the record will be incorporated in the billing software on monthly basis. Upon receipt of the Consumer's file, the Licensee may review the same, including the procedure adopted by the O&M Operator, in processing the connection application and identify deficiencies therein to the O&M Operator. The O&M Operator shall take all measures for resolution of such deficiencies on an immediate basis.
- 4.4 Subject to clause 4.2, where any new connection is issued to the Consumer, the O&M Operator shall deposit the requisite security deposit with the Licensee. Any Consumer who wishes to disconnect the electricity connection, may file an application to the O&M Operator to seek refund of its security deposit. The amount of security deposit will be refunded subject to payment/adjustment of all outstanding dues.
- 4.5 In case of non-payment of dues, the O&M Operator shall disconnect Consumer's electricity connection in accordance with the provisions of the CSM and the Applicable Documents. Once the dues are cleared, the O&M Operator shall re-connect the Consumer's electricity connection in accordance with the policy/procedure laid down in the CSM and the Applicable Documents.

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Article – 5: Billing System and Issuance

- 5.1 The O&M Operator shall utilize the Integrated Billing System (IBS), developed and maintained by PITC to generate and issue consumer electricity bills for all Consumers in the Service Area, including bills for electricity consumption, detection bills, etc. The PITC and the O&M Operator shall enter into a Service Level Agreement (SLA) to regulate the use of PITC software, under which PITC will assign a subdivision code for the Service Area. The SLA shall provide for timely and simultaneous sharing of the complete recording data, including the consumption, power quality, load flow, etc. through AMI with the relevant Consumer, the O&M Operator and the Licensee. The O&M Operator shall use the PITC software for the issuance of accurate and timely electricity bills to the Consumers and ensure compliance with the terms of the SLA.

Provided that, if the O&M Operator has not installed the AMI meters on the Effective Date, the O&M Operator shall be responsible for their installation within thirty (30) days of the Effective Date or such other date as may be mutually agreed between the Parties (which in any scenario shall not be later than ninety (90) days). During this transitional period, the O&M Operator shall implement the following minimum steps to ensure accurate billing and maintain transparency:

- (i) The O&M Operator shall conduct meter readings using mobile devices equipped with authorized applications provided or approved by the Licensee. Each meter reading shall be accompanied by a time-stamped and geo-tagged photograph of the meter display to ensure authenticity, accuracy, and transparency in the billing process.
 - (ii) The O&M Operator shall ensure that every electricity bill generated includes a clear and readable snapshot of the meter reading for all functional meters. This feature is intended to increase Consumer confidence in the accuracy and fairness of the billing process.
 - (iii) The O&M Operator shall notify Consumers in advance regarding the schedule for meter readings.
 - (iv) The O&M Operator shall ensure that meter readings for all Consumers in the Service Area are accurately recorded and submitted within the designated billing cycle as determined by the Licensee or the Applicable Documents.
 - (v) Failure to comply with these obligations shall be deemed a material breach of this Agreement, and the Licensee reserves the right to take appropriate actions as per the Applicable Documents.
- 5.2 The O&M Operator shall bear the absolute and sole responsibility for generating, issuing, delivering, and ensuring the timely receipt of electricity bills by all Consumers in the Service Area. The O&M Operator shall ensure that all bills are accurately prepared, promptly delivered to Consumers without delay, and that 100% recovery of billed amounts is achieved in accordance with the terms of this Agreement. In the event that the O&M Operator fails to recover 100% of the billed amount from Consumers, the Licensee shall have the right to deduct the under-recovered amount from the security deposit maintained under Clause 4.2 above. The O&M Operator shall be solely responsible for replenishing the deducted security deposit to its full required amount within thirty (30) days of the deduction by the Licensee.
- 5.3 All payments billed to the Consumers shall be deposited directly into the Designated Bank Account maintained by the Licensee with the Authorized Bank. Payment

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arrangements by the Consumers shall be facilitated through electronic means and banks having their respective branches within the Service Area and other areas of the city to ensure convenience for Consumers. Under no circumstances shall the O&M Operator directly receive any payments in cash or otherwise from the Consumers in the Service Area.

- 5.4 The AMI system installed by the O&M Operator shall ensure proper metering of all consumption points and timely reporting of electricity consumption data through the MDM portal to facilitate accurate billing and payment reconciliation. The O&M Operator shall be responsible to submit with the Licensee a monthly evaluation report, containing consumption patterns, load flow data, billing details, recovery status, losses report and technical issues during the relevant period.
- 5.5 Electricity consumed in the Common Areas of the O&M Operator shall be metered separately using separate AMI meter for each consumption point. The cost of electricity consumption in the Common Areas shall not be included in the individual electricity bills of the Consumers and the O&M Operator shall deposit the electricity dues for the consumption in the Common Areas separately and directly into the Designated Bank Account. The O&M Operator shall be responsible for ensuring proper metering of each Common Area and shall bear sole responsibility for the timely payment of electricity dues to the Licensee. In the event of non-payment by the O&M Operator or if the metering equipment for the Common Areas is found to be defective, the Licensee shall be entitled to take appropriate measures in accordance with the Applicable Documents, including but not limited to the disconnection of electricity supply to the Common Areas.

Article – 6: Tariff for Consumers

- 6.1 Under the O&M Agreement, the area served by the O&M Operator (the Service Area) shall remain the Service Territory of the Licensee and the Consumers of such territory shall remain the Consumers of the Licensee.
- 6.2 Consumer category wise tariff of the Licensee applicable in its Service Territory of the Licensee shall also be applicable to the Consumers in the Service Area.
- 6.3 Other terms and condition of applicable approved tariff of the Licensee shall also be applicable in the Service Area.

Article – 7: Fee for O&M Operator

- 7.1 The O&M Operator shall charge an O&M Fee from the Licensee for the Services being provided by the O&M operator, as per the provisions of the Supply Regulations and approved by the Authority.
- 7.2 Within [-] days of signing of the O&M Agreement, the O&M Operator shall file its application for determination of the O&M Fee with the Licensee. The Licensee shall review the application and shall hold the discussions with the O&M Operator to mutually agree upon a fee payable to the O&M Operator for the Services.

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- 7.3 The O&M Operator shall file an application to the Authority for approval of mutually agreed O&M Fee payable by the Licensee to the O&M Operator which shall include;
- (a) allowance for distribution technical losses approved by the Authority for the area under O&M Agreement/Service Area; and
 - (b) Prudent O&M cost (salaries & wages, maintenance expenses for repair & maintenance of distribution network, and other administrative expenses, depreciation expenses and return on assets) incurred by the O&M Operator and as approved by the Authority;

Provided that depreciation expenses and return on assets shall not be included in O&M Fee if the cost for developing Distribution Network has been recovered from the Consumers.

- 7.4 The O&M Operator shall substantiate its requested O&M Fee with detailed workings along-with comparison of benchmarks.
- 7.5 The O&M Operator shall raise an Invoice of O&M Fee on monthly basis, by no later than the 5th day of each calendar month. This invoice will cover the O&M services provided during the previous month within the Service Area. The O&M Operator shall submit the Invoice to the Licensee with a simultaneous copy to the Authorized Bank.
- 7.6 Upon receipt of the invoice, the Licensee shall have a period of ten (10) calendar days (the "**Dispute Period**") to raise any objections or disputes regarding the Invoice. If no dispute is raised within this period, the Licensee shall proceed with payment of the full invoiced amount and issue directions to the Authorized Bank to disburse payments from the Designated Bank Account to the O&M Operator as per the Invoice.
- 7.7 In the event of a dispute, where the Licensee raises concerns related to arithmetic errors or collection discrepancies, the Parties agree to use their best efforts to resolve such disputes amicably and in good faith within ten (10) calendar days from the Invoice date (the "**Resolution Period**"). If the dispute is resolved during the Resolution Period, the payment shall be made based on the adjusted, agreed-upon amount. However, if the dispute is not resolved within this period, the parties may refer the matter to the Authority for formal resolution in accordance with the dispute resolution mechanism outlined in this Agreement.
- 7.8 Notwithstanding the existence of any unresolved dispute, the Licensee shall ensure that payment is made to the O&M Operator within ten (10) calendar days from the date of the Invoice, based either on the original invoiced amount or, if applicable, the adjusted amount as agreed between the Parties during the Resolution Period. This payment shall be made from the Designated Bank Account, utilizing the funds collected from Consumers.
- 7.9 Simultaneously with the execution of this Agreement, the Parties shall jointly issue an irrevocable letter of instruction to the Authorized Bank, substantially in the form set forth in Schedule – III. This letter will direct the Authorized Bank to release the payment of the invoiced amount, or the adjusted amount in case of a dispute, on the

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10th day following the Invoice date each month. The Authorized Bank shall duly acknowledge the irrevocable standing instructions to the O&M Operator through an acknowledgement letter as set out in Schedule – IV.

- 7.10 In case the Invoice is not processed for payment by the Licensee and payment instructions are not issued/provided to the Authorized Bank within ten (10) days of the Invoice (the “Due Date”) by the Licensee, the Authorized Bank shall release/credit the invoiced amount under the irrevocable standing instructions issued to the Authorized Bank.
- 7.11 The Parties agree and understand that in the case of a dispute, the payment will be made as directed, subject to the dispute resolution process set out in this Agreement, and the parties agree that any amounts paid shall be subject to the outcome of the dispute resolution mechanism
- 7.12 The O&M operator shall maintain separate books of accounts for the O&M business and shall submit the same to the Authority on annual basis.

Article – 8: Performance Security

- 8A.1 The O&M Operator shall, within thirty (30) calendar days from the execution of this Agreement, provide an unconditional and irrevocable performance security in the form of a bank guarantee from a reputable financial institution. The value of the performance security shall be equal to ten percent (10%) of the annual O&M Fee. The performance security shall remain valid for the duration of at least six months after expiring of the Term of this Agreement and until the fulfilment of all the O&M Operator's obligations under the terms hereof.
- 8A.2 The Licensee shall be entitled to encash the performance security, in whole or in part, without any recourse to this Agreement, if the O&M Operator fails to perform its obligations under this Agreement or if any amount is determined to be payable by the Authority to the Licensee pursuant to the dispute resolution mechanism outlined in this Agreement. The Licensee may claim the security without the need to prove fault or negligence on the part of the O&M Operator.

Article – 8: Consumer Service Centre/Call Centre(s)

- 8.1 The O&M Operator shall ensure resolution of the complaints filed by the Consumers in accordance with the requirements set forth in the Applicable Documents, more particularly as required in Rule 5 of the NEPRA Performance Standards (Distribution) Rules, 2005 and Regulation 3(1)(e) of the NEPRA Performance Standards (Electric Power Suppliers) Regulations, 2022, as amended or revised from time to time.
- 8.2 Consumer Service Centers shall be established in such manner as the O&M Operator may consider appropriate to address the Consumer complaints and efficient performance of the Services under this Agreement. These Consumer Service Center(s) shall be manned by appropriately qualified and trained staff of the O&M Operator.

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- 8.3 The O&M Operator shall establish a centralized call center through which Consumer complaints with regard to the Service Area are registered and processed for timely resolution.
- 8.4 The O&M Operator shall process the complaints of the Consumers strictly in accordance with the Applicable Documents and provide the record in this regard to the Licensee. The Licensee shall monitor the performance of the O&M Operator with respect to complaints pending and resolved.

Article – 9: Distribution System

- 9.1 The Parties confirm that the Distribution System has been deemed handed over to the Licensee and the O&M Operator shall operate and maintain the same on behalf of the Licensee.
- 9.2 During the Term of the O&M Agreement, any extension/up-gradation/improvement of the Distribution System shall be carried out as mutually decided by the Parties from time to time.
- 9.3 In case of any emergency/fault in the Distribution System for which the O&M Operator has no expertise, the Licensee upon request of the O&M Operator may depute its technical team to attend and rectify the fault. The material used for rectification of the fault will be arranged by the O&M Operator.
- 9.4 The O&M Operator will follow the instructions of Power Control Center (PCC) of the Licensee.
- 9.5 In case of major break down/damage to the Distribution System/grid station etc. due to Force Majeure event, the Licensee will bear losses.

Article – 10: Availability of Load Demand

- 10.1 The Licensee shall make available at all times during the currency of this Agreement, the load demand of the Service Area.
- 10.2 The Parties agree that if the load demand of the Consumers increases within the Service Area, the Licensee will allow extension of load if requested by the Consumers and such permission/sanction/approval shall not be withheld or delayed unreasonably

Article – 11: Metering System

- 11.1 The Licensee shall install dedicated metering and recording equipment along with back-up system capable of continuous recordings of the energy delivered by the Licensee at the CDP at its own cost and after testing the same jointly with the O&M Operator.
- 11.2 The Energy Meter installed at CDP will be used to calculate line losses in the Service Area. In case the line losses are in excess of the allowed level of losses agreed in

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accordance with clause 11.3, the Licensee will deduct the cost of such losses from the O&M Fee of the O&M Operator.

- 11.3 Subject to Clause 7.3 above, the allowed level of losses shall initially be set as the line loss of Distribution System as determined in the planning guide/manual of the Licensee or through an independent load flow study taking into account the design and planning documents of the Distribution System. Accordingly, the initial target of allowed level of losses is fixed at [%], however, the allowed level of losses shall be revised periodically through a revised study of the Distribution System line losses of the Service Area to be conducted by an independent third party consultant but in no condition and circumstances the allowed level of losses shall surpass the level of losses which is approved by NEPRA for the Service Territory of the Licensee.
- 11.4 The kWh delivered at CDP shall be accurately measured and recorded jointly by the Parties and shall be used to compute payments in accordance with the applicable tariff for supply of electric power to the Consumers in the Service Area.

Article – 12: Load Shedding Plans

12. The O&M Operator shall follow the load shedding plans prepared by the Licensee on the instructions of National Transmission and Despatch Company, in accordance with the load shedding principles and priorities prescribed in the NEPRA Performance Standards (Distribution) Rules, 2005, as amended or replaced from time to time.

Article – 13: Performance Standards

13. The O&M Operator shall ensure that the guaranteed and overall performance standards specified by the Authority under the Act are complied with at all times and the Licensee shall monitor the performance of the O&M Operator in this regard on regular basis. The O&M Operator shall be responsible for any loss, damages or harm caused on account of the O&M Operator's non-adherence to the performance standards. The O&M Operator will provide data related to performance standards on prescribed formats and frequency as may be mutually agreed between the Parties.

Article – 14: Supply of Electric Power and Charging Tariffs

14. Subject to the terms of this Agreement and the Applicable Documents, the Licensee shall be responsible for distribution and supply of electric power to the Consumers in the Service Area on non-discriminatory basis and to charge and recover such tariff, rates, charges, associated costs and surcharges as are applicable under the Applicable Documents. The Licensee shall ensure non-discriminatory open access in accordance with the Act, NEPRA Open Access (Interconnection and Wheeling of Electric Power) Regulations 2022, Market Commercial Code, Grid Code, Distribution Code and other applicable documents.

Article – 15: Compliance with Applicable Documents

15. The Parties hereby agree to be bound by and to comply with the terms of this Agreement and the provisions of the Applicable Documents.

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Article – 16: Obligations of the O&M Operator

- 16.1 The O&M Operator represents and warrants that it has adequate human resource, financial resources, technical expertise, capability and competency to execute and implement this Agreement, which are outlined in Schedule V to this O&M Agreement.
- 16.2 The O&M Operator warrants that nothing contained in this Agreement contravenes the provisions of any law for provision of electric power services to the Consumers in the Service Area.
- 16.3 The O&M Operator shall provide authentic data required for operational and planning purposes, performance characteristics and technical parameters of apparatus and equipment installed in the Service Area to the Licensee.
- 16.4 The O&M Operator shall not alter, replace or change the apparatus and equipment of distribution system regarding which the data was already provided to the Licensee. If any change is required, the same can be done in consultation with the Licensee and subject to approval of the Authority.
- 16.5 All apparatus or equipment installed in the Service Area such as Energy Meters shall, at all time, be compliant with prevailing engineering standards/operating procedure of the Licensee and shall be in complete functional and operational state.
- 16.6 The O&M Operator shall plan and execute outages on account of repair and maintenance of distribution system, subject to approval of the Licensee and prior intimation to the Consumers in the Service Area.
- 16.7 All internal policies/operating procedures of the Licensee made in furtherance of the Applicable Documents shall apply to or be imposed on the O&M Operator and the Service Area for provision of Services. Further, the O&M Operator shall adopt prudent utility and best international practices to perform its obligations under this Agreement.
- 16.8 The O&M Operator shall give free and unhindered access to the Licensee in the Service Area, as and when required/necessary for the purposes of this Agreement, by giving prior notice, except in cases of emergency.
- 16.9 The O&M Operator shall provide any such information/data pertaining to this Agreement to the Licensee as may be reasonably required for analysis or reporting purpose.
- 16.10 The O&M Operator shall ensure compliance with Applicable Documents and other relevant laws at all times. In addition, the O&M Operator shall provide the Licensee prompt input and assistance wherever necessary for satisfactory resolution of any Regulatory queries/aspects relating to the Service Area of the Licensee's satisfaction.
- 16.11 The O&M Operator shall receive/entertain the applications of Consumers in the Service Area pertaining to the Distributed Generation Net Metering and forward the same to the Licensee for processing in accordance with the Applicable Documents.

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- 16.12 The O&M Operator shall receive the inventory/Energy Meter/allied material from the Licensee and install Energy Meters and other allied material in a clean place free of vibration and easily accessible for reading and testing.
- 16.13 The O&M Operator, after being notified in terms of Clause 17.16, shall allow the Licensee or its duly authorized officer to visit the Service Area for the purpose of examining and inspecting the Distribution System and/or the consumer service center to ascertain the quality of Services.
- 16.14 The O&M Operator hereby agrees to indemnify, defend, and hold harmless the Licensee, its officers, directors, employees, agents, and representatives (collectively referred to as the "**Indemnified Parties**") from and against any and all claims, liabilities, losses, damages, fines, penalties, costs, and expenses (including reasonable attorneys' fees and litigation costs) arising out of or resulting from:
- (i) Any negligence, wilful misconduct, or wrongful act or omission of the O&M Operator, its employees, agents, contractors, or representatives;
 - (ii) Any failure by the O&M Operator to comply with the Applicable Documents, other applicable laws, rules or regulations or the terms and conditions of this Agreement;
 - (iii) Any breach by the O&M Operator of its obligations, representations, or warranties under this Agreement;
 - (iv) Any third-party claims, including but not limited to claims for personal injury, death, or property damage, caused by the O&M Operator's actions or omissions; and
 - (v) Any environmental harm or violation of environmental laws caused by the O&M Operator in connection with the performance of its obligations under this Agreement.
- 16.15 The O&M Operator shall not settle any claim, action, or proceeding subject to indemnification under this Agreement without the prior written consent of the Licensee, which shall not be unreasonably withheld, provided that no such consent shall be required where the settlement does not involve any admission of liability or impose any obligation, financial or otherwise, on the Licensee.
- 16.16 The indemnification obligations set forth in this Clause shall survive the expiration or termination of this Agreement.
- 16.17 The O&M Operator shall be responsible for GIS mapping of all Energy Meters and equipment / assets in the Service Area for distribution and supply of electric power, which shall indicate:
- o Poles: Number, type, and condition.
 - o Meters: Number, type, and calibration status.
 - o Transformers: Capacity, type, and operational condition.
 - o Conductors: Specifications, length, and condition.
 - o Other Assets: Details of insulators, cables, and associated equipment.

Article- 17: Role of the Licensee

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- 17.1 The Licensee represents and warrants that it shall execute, deliver and perform its obligations under this Agreement in good faith and this Agreement constitutes a legal, valid and binding obligation and is enforceable against it in accordance with the terms of the Agreement.
- 17.2 Subject to this O&M Agreement and the Applicable Documents, the Licensee agrees to provide/ensure uninterrupted power supply at CDP for onward supply to the Consumers of the Service Area and the Common Areas.
- 17.3 The Licensee shall keep the O&M Operator updated and informed on regulatory compliance as and when required by the Authority.
- 17.4 During the Term of Agreement, the Licensee shall provide the provision of support to the O&M Operator including meter testing laboratory, workshop, training facilities regarding technical, commercial, etc. for the O&M Operator staff and in emergent cases, access to the Licensee's inventory in the store subject to payment.
- 17.5 The Licensee shall plan and execute outages on account of repair and maintenance of equipment at CDP subject to prior notice of three (03) days to the O&M Operator (except in the case of emergency).
- 17.6 The Licensee shall provide a monthly statement of billing & recovery against individual Consumers to the O&M Operator for its facilitation to ensure 100% recovery of billing or any other charges etc.
- 17.7 The Licensee shall intimate to the O&M Operator on regular basis, the status of demand notices paid by the Consumers/applicants on account of various works/jobs related to electricity connections/modification etc.
- 17.8 The Licensee is obligated to maintain the complete and accurate record/data in respect of all aspects of the provision of electric power services in the Service Area.
- 17.09 The Licensee shall display all information on its website in terms of O&M Fee, number of Consumers in the Service Area and sanction load of Consumers in the Service Area, recovery ratio and other relevant information incidental thereto.
- 17.10 The Licensee shall publish an annual performance review of O&M Operator on its website and also submit the same to the Authority.
- 17.11 The Licensee shall frequently depute its staff in the Service Area of the O&M Operator to check the quality of service and to address the Consumer complaints if any.
- 17.12 The Licensee shall procure Energy Meters and other allied material such as poles, conductors, cables, insulators for new connection and handover the material to the O&M Operator at the time of connection subject to payment of demand notice.
- 17.13 The Licensee shall be obligated to make payment of O&M Fee to the O&M Operator within ten (10) days of issuance of invoice for the Services rendered during the previous month in the Service Area on behalf of the Licensee as set out in Clause 7.5 of this Agreement.

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- 17.14 The Licensee through its duly authorized officer may, with seven (07) days prior notice to the O&M Operator of its intention, visit the Service Area for the purpose of examining and inspecting the distribution network and/or the consumer service center to ascertain the quality of Services.
- 17.15 The Licensee agrees to indemnify and hold harmless the O&M Operator, its officers, directors, employees, and agents, from and against any and all claims, losses, damages, costs, expenses, or liabilities (including legal fees) arising out of or resulting from the Licensee's failure to perform its obligations under this Agreement, including but not limited to the failure to provide or deliver electrical power to the Consumers as per the requirements set forth in the Applicable Documents and agreed technical specifications in the relevant service level agreements between the O&M Operator and the Consumers.

Article – 18: Events of Default, Breach and Termination

- 18.1 Subject to the terms of this Agreement, this Agreement may be terminated with mutual written consent of the Parties and approval of the Authority.
- 18.2 The Licensee may terminate this Agreement by serving a termination notice of one (01) month in the following events of default by the O&M Operator:
- (a) A compulsory winding up of the O&M Operator has been ordered by a competent Court and such order is not set aside within 365 days;
 - (b) A special resolution for voluntary winding up of the O&M Operator has been made by the shareholders and/or creditors of the O&M Operator and the same has not been withdrawn/reversed within 365 days of the date of its passage;
 - (c) There is a material breach of the O&M Operator's obligations which has arisen or caused due to violation of terms and conditions of this Agreement. In this regard, upon the occurrence of a material breach, the Licensee shall serve a written notice on the O&M Operator giving description of the material breach and requiring the O&M Operator to rectify the particular material breach within a specified time. If breach is not rectified by the O&M Operator within the notice period, the Licensee shall have the right to terminate the Agreement after approval of the Authority; or
 - (d) Any representation made by the O&M Operator under this Agreement is or is found to be untrue or incorrect.
- 18.3 The O&M Operator may terminate this Agreement by serving a termination notice in the following events of default by the Licensee:
- (a) The License is suspended/revoked by the Authority pursuant to any change in law, or otherwise;
 - (b) Any representation made by the Licensee under this Agreement is or is found to be untrue or incorrect;

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- (c) This Agreement, or any part/component thereof, is declared illegal or ultra vires by the Authority or any other competent forum;
- (d) There is a material breach of obligations of the Licensee which has arisen or caused due to violation of terms and conditions of this Agreement. In this regard, upon the occurrence of a material breach, the O&M operator shall serve a written notice to the Licensee giving description of the material breach and requiring the Licensee to rectify the particular material breach within a specified time. If breach is not rectified by the Licensee within the notice period, the O&M operator shall have the right to terminate the Agreement after approval of the Authority.

- 18.4 Upon the termination or expiration of this Agreement, the O&M Operator shall return all equipment, infrastructure, and components of the Distribution System to the Licensee in the same health and condition as they were at the time of execution of this O&M Agreement. The O&M Operator shall ensure that no damage, defect, or deficiency exists in the Distribution System at the time of handover.

In the event any damage, defect, or deficiency is identified in the Distribution System upon termination, the O&M Operator shall bear sole responsibility for remedying and rectifying such issues to restore the system to its original condition. The O&M Operator shall complete all required repairs or replacements at its own cost and within a reasonable timeframe as determined by the Licensee, failing which the Licensee reserves the right to take appropriate remedial actions at the cost and risk of the O&M Operator, including, but not limited to forfeiting the performance security.

Article 19: Amendment in the Act/Change in Law

In case of any amendment in the Act or any other Law which may affect existing O&M arrangement, the Parties will be obligated to comply with the directions/determinations/ Orders of the Authority and other Applicable Documents issued from time to time in true letter and spirit and without any exception.

Article – 20: Force Majeure

- 20.1 Force Majeure shall mean any event or circumstance or combination of events or circumstances that is reasonably not foreseeable or a force or cause beyond the reasonable control of either Party and materially and adversely affects the performance by either Party of its obligations under or pursuant to this Agreement. Force Majeure events shall include an earthquake, explosion, riot, floods, hurricane that results in exceeding the design parameters of the equipment or other calamity of catastrophic nature whose timing, duration, and extent of the impact cannot be reasonably foreseen or quantified by the Licensee or the O&M Operator;
- 20.2 If either Party because of a Force Majeure event is rendered wholly or partly unable to perform its obligations under this Agreement, then affected Party shall be excused from whatever performance is affected by the Force Majeure event to the extent so affected:

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Provided that either Party within 72 hours of first occurrence of such event promptly informs the other Party that its performance has been affected by the occurrence of such Force Majeure event and demonstrates how its performance has been affected.

- 20.3 If any Force Majeure Event delays either Party's performance for a continuous time period more than one hundred and eighty (180) days, then this Agreement shall automatically come to an end without any need for further notice to the other Party. Nevertheless, during the Force Majeure period, the Parties shall at least meet once in every month to try to resolve issues and resume normal operation of this O&M Agreement.

Article – 21: Dispute Resolution

21. Any dispute or disagreement between the Parties relating to any matter arising out or in connection with, the operation and maintenance activities covered under this Agreement shall be submitted for decision of the Authority under the Supply Regulations.

Article – 22: Provision of Information

22. The Parties shall promptly respond on any query raised by the Authority regarding its operation and maintenance obligations and performance in the Service Area under this Agreement and submit information/document as required by the Authority under the Applicable Document.

Article – 23: Complaints

- 23.1 The Parties hereby agree that any Consumer within the Service Area may file a complaint with the Authority against the Licensee or the O&M Operator for contravention of any provisions of the Applicable Documents.
- 23.2 The Parties also agree that any amount of fine paid by the Licensee which is imposed by the Authority as a result of legal proceedings initiated against it for contravention of any Applicable Document arising from operation and maintenance activity of the O&M Operator under this Agreement shall be reimbursed by the O&M Operator to the Licensee.

Article – 24: Amendment in the O&M Agreement/Arrangement

- 24.1 An amendment or modification of this Agreement shall be effective or binding on both the Parties only if made in writing and signed by a duly authorized representative of each of the Parties and duly approved by the Authority.
- 24.2 All notices and other communications required under this Agreement shall be given in writing, through personal delivery, courier mail or by facsimile transmission and shall be addressed to the following:

The Licensee:

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Attention: The Chief Executive Officer

Address: -----

Facsimile:

The O&M Operator:

Attention: The O&M Operator

Address: -----

Facsimile:

- 24.3. Any notice sent shall be deemed to be duly received where sent by facsimile during normal business hours on the date and time it was actually received and where sent by courier within two (2) business days of dispatch.

Article – 25: Maintenance of Record

25. The O&M Operator shall keep complete and accurate records and data in respect of all aspects of the provision of electric power services and of their nature in the manner as may be specified by NEPRA. All such records and data shall be maintained for the period of ten (10) years. All records and data as referred to herein shall be maintained in good order and condition. At any time upon request of the Licensee, the O&M Operator shall provide the Licensee with access to review and/or copy such records.

Article – 26: Governing Law

26. This Agreement shall be governed by and construed in accordance with the laws of Pakistan.

IN WITNESS WHEREOF the Parties hereto have made and executed this Agreement on the Signing Date first above written.

For and on behalf of:
The Licensee

For and on behalf of:
the O&M Operator.

Signature: _____

Signature: _____

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Name:

Name:

Designation:

Designation: Executive Director

WITNESSES:

1. _____

2. _____

Name: _____

Name: _____

CNIC: _____

CNIC No: _____

Address: _____

Address: _____

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Schedule – I

The details of territory (i.e. geographical boundaries) of the Service Area within which the O&M Operator is authorized to conduct its O&M Services.

For and on behalf of:
The Licensee

Signature: _____

Name:

Designation:

For and on behalf of:
the O&M Operator.

Signature: _____

Name:

Designation:

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Schedule – II

The details of Distribution facilities [including length of feeders, Feeder type (Underground/Overhead)] and other specific details pertaining to the Distribution System Linked with the Licensee.

1	Type of Distribution System (Overhead/Underground).	
2	Load in MW.	
3	Name of Grid Station.	
4	Number of feeders.	
5	Length of Feeders.	
6	Number of Distribution Transformers Capacity wise.	

For and on behalf of:
The Licensee

Signature: _____

Name:

Designation:

For and on behalf of:
the O&M Operator

Signature: _____

Name:

Designation:

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Schedule – III

[Letterhead of Licensee]

Dated: _____

To:

[Authorized Bank]

Subject: **Notice of Irrevocable of Standing Instructions**

Dear Sirs,

This is in relation to the provisions of the Operations and Maintenance Agreement dated [•] (the “**O&M Agreement**”) entered into by and between the [•] (the “**Licensee**”) and [•] (the “**O&M Operator**”) for the provision of distribution services and supply of electric power (the “**Services**”) to consumers/residents of the area as detailed in Schedule I of the O&M Agreement (the “**Service Area**”). Copy of O&M Agreement is enclosed for reference.

As per clause 7.4 of the O&M Agreement, the O&M Operator shall raise an Invoice to the Licensee and also submit a copy of the said Invoice to [name of Authorized Bank] (the “**Authorized Bank**”) by the 5th of each calendar month for the Services rendered during the previous month and the Licensee is obligated to make payment against the Invoice within ten (10) days of its issuance (the “**Due Date**”). Moreover, as per clause 7.5, if the Licensee does not provide payment instructions to the Authorized Bank to make payment against the Invoice to the O&M Operator by the Due Date, the Authorized Bank is hereby instructed and authorized to release/credit the invoiced amount from the Designated Account to the O&M Operator immediately on the next day of the expiry of the Due Date (the “**Standing Instructions**”).

In the absence of payment instructions from the Licensee by the Due Date, the Authorized Bank shall be under an obligation to unconditionally pay the invoiced amount to the O&M Operator immediately and without waiting for payment instructions from and recourse to the Licensee under these Standing Instructions.

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It is understood and agreed that in the absence of payment instruction from the Licensee by the Due Date, the Invoice submitted by the O&M Operator shall be conclusive evidence of the provision of Services under the O&M Agreement for the purposes of these Standing Instructions.

The instructions contained in this Notice of Irrevocable Standing Instructions can only be amended or modified by mutual consent of the Licensee and the O&M Operator in writing.

Unless otherwise defined herein, all capitalized terms used herein shall have the meaning given to such terms in the O&M Agreement

Please sign and send the original confirmation attached to this Notice of Irrevocable Standing Instructions to the O&M Operator, with a copy to us.

Yours Faithfully,

OPERATION & MAINTENANCE AGREEMENT

Schedule – IV

[Letterhead of Authorized Bank]

To;

1. [O&M Operator]
2. [Licensee]

Dated: _____

Subject: Acknowledgment of Notice of Irrevocable Standing Instructions

Dear Sirs,

We [Authorized bank] acknowledge the receipt of Notice of Irrevocable Standing Instructions dated [•], an executed copy of which is annexed hereto (the "**Notice**"), along with a copy of the O&M Agreement from the Licensee and hereby accept the instructions contained therein.

We acknowledge the contents of the Notice i.e. the Standing Instructions contained therein and the same shall be followed in letter and spirit.

Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the O&M Agreement and the Notice.

We acknowledge that the address of O&M Operator is as under:

Company: [O&M Operator Name]

Designation: [designated official of O&M Operator for correspondence]

Address: [•]

For and on Behalf of the Account Bank

[complete bank name]

Authorized signatory

Name:

Title:

OPERATION & MAINTENANCE AGREEMENT

Schedule-V

Minimum Financial, Technical and Human Resource Requirements

Financial Requirements:

- The O&M Operator shall have and maintain minimum long-term credit rating of "A" from a credit rating agency licensed by the SECP and submit a report to the Authority at the time of application;
- The O&M Operator shall have and maintain minimum current ratio of 1:1;
- The O&M Operator shall have minimum paid-up capital of [-] rupees; and
- The O&M Operator shall have and maintain minimum net worth of [-] rupees:

Technical Requirements

The applicant shall have or develop the following minimum technical resources:

- (i) infrastructure and equipment to operate & maintain the Distribution System in its Service Area;
- (ii) expertise in installing, operating, maintaining and inspecting electric meters and associated equipment used for recording consumption of electric power for the Consumers;
- (iii) software tools to conduct the system studies, prepare the plan for the rehabilitation, expansion and augmentation of distribution facilities in the Service Area;
- (iv) software tools for demand forecasting;
- (v) tools and plants required for the human and equipment safety;
- (vi) expertise in design and execution of civil and electrical works; and
- (vii) secured Information and Communications Technology (ICT) infrastructure for operation & control of its Distribution System and for coordination with the Licensee and other stakeholders, if required.

Human Resource Requirements

The O&M Operator shall have at least one full-time professional having relevant experience in each of the following disciplines:

Sr. No.	Discipline	Qualification	Required Experience
1.	Electric power systems	Degree in engineering	Ten years experience in the power sector
2.	Power procurement, forecasting, energy risk management, contract management	Degree in engineering or sixteen years of education in business management	Five Years
3.	Finance	A member of recognized body of professional accountants or MBA (finance)/M.Com	Member having 5 years' experience or MBA (finance)/M.Com with 10 years' experience



HYDERABAD ELECTRIC SUPPLY COMPANY

Office of the Company Secretary HESCO

Phone No. 022-9260017
Exch. 022-9260161/172
Fax No. 022-9260361
Email: csecretary@hesco.gov.pk

HESCO Headquarters, 3rd floor, Room No. 301,
WAPDA Offices Complex, Hussainabad, Hyderabad

No. HESCO/bcD/CS/Notifications/Vol.II/535/911-16

Dated 18th March, 2025


BOARD RESOLUTION BY CIRCULATION NO. 44

(Under Article 66 of the Articles of Association of the Company)

SUBJECT:	APPROVAL FOR SUBMISSION OF 'DRAFT OPERATION AND MAINTENANCE (O&M) AGREEMENT' TO NEPRA
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Resolution: The Board of Directors HESCO through Resolution by Circulation No. 44 dated 18.03.2025, considered the draft of Operation and Maintenance Agreement between Special Economic Zones (SEZs) and DISCOs prepared in line with the decision of the Cabinet Committee on Energy (CCoE) and applicable regulatory framework in place, in accordance with Regulation 5 and 7 of the NEPRA (Supply of Electric Power) Regulations, conveyed vide Power Division letter dated 25.02.2025 and the legal vetting by the Chief Law Officer HESCO, and **RESOLVED** to approve the 'Draft Operation and Maintenance (O&M) Agreement with Special Economic Zones (SEZs), as submitted.

The Board, **FURTHER RESOLVED** to authorize the Chief Executive Officer HESCO for submission of draft agreement to NEPRA and to take all actions ancillary thereto.


Manjee Khan
Company Secretary

DISTRIBUTION:

For information and f/n action:

1. The Chairman / Members HESCO Board.
2. The Chief Executive Officer, HESCO.
3. The Chief Engineer Planning, HESCO.
4. The Chief Law Officer, HESCO.
5. The Director General MIRAD, HESCO.
6. The Section Officer (DISCOs-III), Ministry of Energy (Power Division), Islamabad.
7. Office File.

