



Independent System &
Market Operator

WHEELING AUCTION PROCESS

DRAFT FOR APPROVAL

JANUARY, 2025

Issued under the Framework Guidelines for Wheeling Auctions, 2025

1. AUCTION PROCESS

- 1.1 This Auction Process is being issued under Clause 3.2 of the Framework Guidelines for Wheeling Auctions, 2025 (the Guidelines), to define the process of conducting and participating in Wheeling Auctions.
- 1.2 Words and expressions used but not defined in this Auction Process shall have the same meaning as assigned in the Guidelines.

2. ANNOUNCEMENT

- 2.1 ISMO shall publish an annual Auction Calendar by the 15th of June each year for the annual Auction to be conducted in the next fiscal year, outlining the timeline for each stage of the annual Auction from publication of the Auction Calendar to award of the Wheeling quantum (an illustrative example of the Annual Auction Calendar is provided in Annex A).
- 2.2 The annual Auction will be held on the date specified in the Auction Calendar. Any change in the date of the Auction shall only be made by ISMO to accommodate unforeseen or unavoidable circumstances, and sufficient notice of such change shall be provided to Auction Participants in advance, under intimation to the Authority.
- 2.3 The ISMO shall publish templates of eligibility documents and any other information relevant to the Auction, including the connection process, within one (01) month of publication of the Auction Calendar.
- 2.4 Auction Participants can submit their eligibility documents for review by ISMO after publication of the templates of eligibility documents, and up to two (02) months prior to publication of the Request for Proposal (RFP), in order to rectify any eligibility related deficiencies. A non-exhaustive list of eligibility documents is provided in Annex B. Any review of eligibility templates undertaken by ISMO prior to proposal submission by an Auction Participant shall be deemed to be for guidance only and shall not be considered confirmation of eligibility to participate in the Auctions. The verification of eligibility for the Auctions shall be undertaken by the Auction Committee in accordance with Section 4 of the Guidelines and Section 4 of this Auction Process document.
- 2.5 ISMO will publish the RFP for an Annual Auction within nine (09) months of the publication of the Auction Calendar, inviting prospective Auction Participants to submit proposals to the ISMO.
- 2.6 The Auction Calendar for the first Auction is provided in Annex C. Within ten (10) business days of approval of this Auction Process by the Authority, ISMO shall publish, on its website, the templates of the eligibility documents and any other relevant information, including the connection process. The RFP for the first Auction shall be published by ISMO within five (05) weeks of the publication of templates of the eligibility documents.
- 2.7 The Ministry of Energy (Power Division) has approved the Annual Auction Quantum for all Auctions to be conducted under this process over the next five (05) years (provided in Annex D). Any revision in the approved Annual Auction Quantum will require prior approval from the Ministry of Energy (Power Division).
- 2.8 ISMO can seek a revision in the Annual Auction Quantum by submitting a proposal to the Ministry of Energy (Power Division) by January 15 of each year, for an amendment in the

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Annual Auction Quantum for the next fiscal year. Such a revision may be sought in case the ISMO considers the approved Annual Auction Quantum to be insufficient for fulfilling the demand of Auction Participants.

- 2.9 The Annual Auction Quantum approved for a given year may be auctioned in a single annual Auction or through multiple Auctions within the same year.
- 2.10 In case more than one Auction is to be conducted in a single year, the timelines and modalities shall be decided by the Auction Committee. ISMO shall issue a supplementary auction calendar in advance for any such additional auctions planned in a given year.
- 2.11 Any unallocated portion of the approved Annual Auction Quantum from a given year shall be offered for Auction in the following year.
- 2.12 ISMO shall conduct a transmission node assessment study annually to ascertain transmission capacity at critical nodes on the transmission network and publish the results on the ISMO website. The first such study shall be completed by January 2027.

3. COMPOSITION OF THE AUCTION COMMITTEE

- 3.1 ISMO shall constitute an Auction Committee for the purpose of overseeing each Auction under this Auction Process and publish the composition of the committee on the ISMO website before the Auction. The Auction Committee shall function as an independent and neutral body responsible for eligibility evaluation, grievance redressal, and compilation of auction results in accordance with this Auction Process and the Guidelines.
- 3.2 The Auction Committee shall comprise of five (05) members, including:
 - a. One (01) member from ISMO as Chair of the Committee (C-Suite employee), with a casting vote;
 - b. One (01) member from the National Grid Company (C-Suite employee);
 - c. Two (2) members from Distribution licensees, selected in alphabetical order for each Auction (C-Suite employees);
 - d. One (01) member from PPIB (C-Suite employee); and
 - e. Two (02) independent professional experts nominated by ISMO.
- 3.3 At least five (5) members shall constitute a quorum and decisions shall be made on the basis of simple majority. The Auction Committee shall maintain records of its deliberations and decisions in writing.

4. ADDITIONAL ELIGIBILITY REQUIREMENTS FOR AUCTION PARTICIPANTS

- 4.1 An Auction Participant that is not registered with SECP but is instead a body corporate, duly established under the laws of Pakistan, controlled by Federal or Provincial Government, having perpetual succession, a common seal, power to enter into agreements/contracts, acquire, hold and sell property, undertake projects, generate or supply electricity, power to sue and be sued and a defined board/committee for independent decision making, will also be eligible to participate in the Auctions.

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4.2 The Auction Participants shall fulfil the following eligibility criteria in addition to the criteria provided in Section 4 of the Guidelines:

- a. In case the Auction Participant intends to participate as competitive supplier, it shall provide an undertaking confirming that it is eligible for grant of competitive electric power supplier license under the Act, the Supplier Rules 2023, National Electric Power Regulatory Authority Licensing (Electric Power Supplier) Regulations, 2022 and other Applicable Documents; and
- b. The Auction Participant shall fulfill the financial soundness criteria defined in the RFP.

5. NOTIFICATION OF ELIGIBLE AUCTION PARTICIPANTS

5.1 Auction Participants shall follow a two-step process to participate in an Auction:

Step 1: Submission of a proposal by Auction Participants in response to the RFP, including all documents and information required for evaluating an Auction Participant's eligibility to participate in bidding according to the Eligibility Criteria defined in the Guidelines and Auction Process. The proposal shall seek to secure an allocation for peak demand in MW (the Bid Quantum) from the auction quantum.

Step 2: Submission of Bid Values by Auction Participants declared 'eligible', following the outcome of Step 1 above.

5.2 Proposals shall be submitted by the Auction Participants within one (01) month of the publication of the RFP and in the manner specified in the RFP.

5.3 Proposals shall be submitted online as well as in hard copy. For online submissions, Auction Participants have to register on the electronic auction platform developed by the ISMO and receive a secure log-in identification and password.

5.4 Auction Participants shall be required to furnish a bid bond with their proposals, in the form and manner specified in this process along with other conditions in the RFP (if any). Additionally;

a. The ISMO reserves the right to encash the bid bond of Auction Participants who withdraw their bids during the bid validity period, or decline to sign the letter of award once the bid is accepted;

b. The bid bond of a Successful Auction Participant must remain valid until the submission of the performance guarantee. Once a Successful Auction Participant submits a performance guarantee (valid until the Transaction start date provided in the Auction Participant's proposal) the bid bond will be returned to the Successful Auction Participant;

c. Bid bonds will be returned to all Auction Participants that are un-successful in an Auction or in case an Auction is scrapped.

5.5 Proposals received in response to the RFP will be evaluated by the Auction Committee to determine the eligibility of each Auction Participant.

- 5.6 The Auction Committee shall notify, a provisional list of Eligible Auction Participants, which shall be published on the ISMO website within ten (10) business days from the last date for submission of proposals.
- 5.7 A grievance redressal period of four (04) weeks shall be allowed following the publication of the provisional list of Eligible Auction Participants. The Auction Participants will be given five (05) business days, from the date of publication of the provisional list, to file grievances (if any) while the Auction Committee shall resolve all grievances within the grievance redressal period.
- 5.8 The Auction Committee shall notify the final list of Eligible Auction Participants within five (05) business days of the end of the grievance redressal period. The decision of the Auction Committee regarding the final eligibility of an Auction Participant will be considered binding subject to compliance with the provisions set out in this Auction Process.

6. BIDDING PROCESS

- 6.1 Auction Participants declared 'eligible' through the process described in Section 5 above (the Eligible Auction Participants) will be invited to submit Bid Values against their specified Bid Quantum through both an online electronic auction platform managed by the ISMO and in hard-copy. Bidding will take place within five (05) business days of the issuance of the final list of Eligible Auction Participants (the date of Auction). All Bid Values must be submitted in a number rounded to three decimal places.
- 6.2 There shall be no predetermined upper or lower limit (cap or floor) on the Bid Value and the Bid Value cannot be a negative number.
- 6.3 All Eligible Auction Participants will be invited to attend the Auction in-person and bids in hard-copy will be received and displayed in the presence of all Eligible Auction Participants or their authorized representatives. Results compiled electronically will be displayed simultaneously on an electronic screen at the Auction location.
- 6.4 No Eligible Auction Participants shall be allocated more than twenty percent (20%) of the Aggregate Auction Quantum.
- 6.5 Based on system studies and in order to maintain system stability, the ISMO may impose limits on the auction quantum that can be allocated at a specific location (node) on the transmission network and such limits shall be clearly delineated in the RFP.
- 6.6 Subject to the conditions specified in clause 6.4 and clause 6.5 above, the allocation of the Auction Quantum to Eligible Auction Participants shall be based on Bid Values sorted in descending order, until the Auction Quantum stands fully allocated.
 - 6.6.1 In case of under-subscription (i.e. the cumulative Bid Quantum of all Eligible Auction Participants is less than the Auction Quantum), all bids shall stand accepted. The unallocated portion of the Auction Quantum shall be allocated through one or more subsequent Auction(s) during the same year or through an annual Auction in a subsequent year, as decided by the Auction Committee.
 - 6.6.2 In case the Auction is over-subscribed (i.e. the cumulative Bid Quantum of all Eligible Auction Participants is greater than the Auction Quantum), the following process shall be followed:

- a. In case multiple Eligible Auction Participants have submitted the same Bid Values and the requested Bid Quantum is greater than the available Auction Quantum, a maximum of three (03) additional rounds of bidding shall be conducted during the same Auction on the same day in order to raise the Bid Value until the winning bids match the available Auction Quantum. In case a tie persists after the completion of three (03) rounds, the corresponding quantum will be offered on pro-rata basis to the respective Eligible Auction Participants.
- b. In case the Auction Quantum available for allocation to the last Eligible Auction Participant is less than the Bid Quantum requested by such Participant, the Participant shall be offered the available quantum.
- c. The Eligible Auction Participant will have the option to reject the allocation offered under clause (a) and (b) above, fully or partially, at the time of award without any financial implications. Any quantum made available due to rejection by an Eligible Auction Participant under this clause, shall be offered to the next Eligible Auction Participant (determined in order of descending Bid Value) with the option to accept the offer in full or in part without any financial implications and the process will continue till the Auction Quantum is fully allocated or the offer is made to all Eligible Auction Participants.
- d. In case any portion of the Auction Quantum remains unallocated after following the procedure provided above, this Auction Quantum shall be allocated through one or more subsequent Auction(s) during the same year or through an annual Auction in a subsequent year, as decided by the Auction Committee.

7. NOTIFICATION OF AWARD

- 7.1 The Auction Committee shall formulate the results of the Auction (Auction Results Report), according to the process described in Section 6 above, and submit the report to ISMO for approval within five (05) business days of the date of the Auction.
- 7.2 ISMO shall submit the Auction Results Report to the Authority for approval within five (05) business days of the submission of the Auction Results Report by the Auction Committee.
- 7.3 Charges payable by Successful Auction Participants (i.e. the Bid Values) shall be notified in the official Gazette following NEPRA's approval of the Auction results. Within two (02) business days of the approval of auction results by NEPRA, the ISMO shall publish the results on the ISMO website and issue a notification to each Successful Auction Participant to submit the performance guarantee (in the form and manner specified in this Auction Process) along with other conditions delineated in the RFP (if any). The performance guarantee shall be submitted by the Successful Auction Participant within five (05) business days of receipt of notification by ISMO.
- 7.4 In case, a Successful Auction Participant is unable to provide the performance guarantee within the specified time, the participant's bid bond shall be encashed and the quantum awarded to the Successful Auction Participant shall be made available for re-allocation in the next Auction.
- 7.5 Upon receipt of the performance guarantee from a Successful Auction Participant, the ISMO shall verify its adequacy before issuing a Letter of Award to the Successful Auction Participant within three (3) business days of receipt of performance guarantee.

7.6 Successful Auction Participants must return a signed copy of the letter of award within five (05) business days of receipt of the letter of award. Failure to do so shall result in encashment of the Performance Guarantee and disqualification and the quantum awarded to the Successful Auction Participant shall be made available for re-allocation in the next Auction.

8. POST AWARD OBLIGATIONS

8.1 Successful Auction Participants shall be required to complete all necessary actions specified for open access and wheeling of electric power under the CTBCM framework according to the timelines submitted by the Successful Auction Participant in its Proposal (obtaining licenses and approvals and entering into the required contractual arrangements with relevant entities etc.).

8.2 For generation facilities and load not connected to the network, Successful Auction Participants shall conduct Connection Studies and secure connections in compliance with the provisions of the Grid Code or the Distribution Code, and other Applicable Documents.

8.3 The ISMO reserves the right to encash the performance guarantee of Successful Auction Participants who fail to initiate Transactions within the Transaction Period, fail to comply with the timelines submitted in their proposals, or declines to sign the requisite contractual documents subject to any extension granted as per the conditions provided in this Auction Process. Any action pertaining to this clause shall only be undertaken after affording the relevant Successful Auction Participant a reasonable opportunity to explain the circumstances and causes of delay.

8.4 The performance guarantee of a Successful Auction Participants will be returned in the following cases:

- a. the Successful Auction Participant's transaction is initiated and the requisite contractual arrangements for the Transaction are in place; or
- b. the Connection Studies certify that the connection is not feasible under the terms and conditions of the connection process and RFP and the quantum shall be made available for allocation in the next Auction.

8.5 A Successful Auction Participant shall be required to start its Transaction within three (03) years of the date of Auction (the date on which Bid Values are submitted).

8.6 The ISMO may, in exceptional circumstances, grant an extension to the Transaction start date(s) or any other milestone of a Successful Auction Participant. Any such extension shall not be construed as a right and shall be granted solely at the discretion of ISMO, following a case-to-case evaluation of the request submitted by the Successful Auction Participant. Grant of any such extension shall, *inter alia*, be subject to the following terms and conditions:

- a. The combined period of all extensions shall not exceed one (1) year and shall be conditional upon the extension, enhancement (if applicable), and continued validity of the performance guarantee for the entire extended period, in a form and amount acceptable to ISMO;

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- b. The Successful Auction Participant shall submit a formal request for extension at least three (03) months before the scheduled deadline unless it is established that the reasons for delay could not be known earlier;
- c. The Successful Auction Participant shall demonstrate, to the satisfaction of ISMO, that the delay is attributable to reasons beyond its reasonable control and is not due to negligence, default, or inaction on its part; Failure to extend or maintain the performance guarantee in accordance with ISMO's requirements shall result in rejection or revocation of the extension; and
- d. Any other condition specified in the RFP.

8.7 A Successful Auction Participant shall not be allowed to sell, transfer or assign the allocated quantum, in whole or in part, to any other person or legal entity.

8.8 A Successful Auction Participant shall be required to pay the Bid Value (i.e. the amount in PKR/kWh quoted by the Successful Auction Participant during the Auction) for only one (01) year (the Payment Period) after the Transaction start date. This amount shall be paid monthly, on the basis of energy wheeled (PKR/kWh), in accordance with the Guidelines and other Applicable Documents.

9. FORM AND MANNER OF BID BOND AND PERFORMANCE GUARANTEE

9.1 The bid bond shall be an unconditional, irrevocable, without recourse, and on-demand bank guarantee issued by a scheduled bank with a minimum short-term credit rating of AA+ on behalf of the Auction Participant in favor of ISMO. The amount of the bid bond shall be in PKR and calculated in PKR/MW as prescribed in the RFP. The bid bond shall be furnished in the form of a bank guarantee strictly in accordance with the template provided at Annex E.

9.2 The performance Guarantee shall be an unconditional, irrevocable, without recourse, and on demand bank guarantee furnished by the Successful Auction Participant prior to the issuance of the letter of award. The performance Guarantee shall be issued in favor of ISMO and on behalf of the Successful Auction Participant, by a scheduled bank with a minimum short term credit rating of AA+. The amount of the performance Guarantee, shall be in PKR and calculated in PKR/MW as prescribed in the RFP. The performance guarantee shall be furnished in the form of a bank guarantee strictly in accordance with the template provided in Annex F.

10. MONITORING AND FACILITATION

10.1 ISMO shall track progress on the milestones committed by Successful Auction Participants in their proposals.

10.2 To facilitate monitoring, Successful Auction Participants shall be required to report progress on a monthly basis to ISMO (in the reporting formats provided in the RFP) and identify or highlight any issues or impediments that could delay the fulfillment of their post award obligations.

10.3 The ISMO shall coordinate with all relevant institutions to facilitate Successful Auction Participants in obtaining the necessary licenses and approvals and signing the requisite contracts. Any outstanding and persistent issues may be reported by the ISMO to the Market Implementation and Monitoring Group (MIMG) for resolution, however the ISMO shall bear no responsibility, to the extent not attributable to it under the Applicable

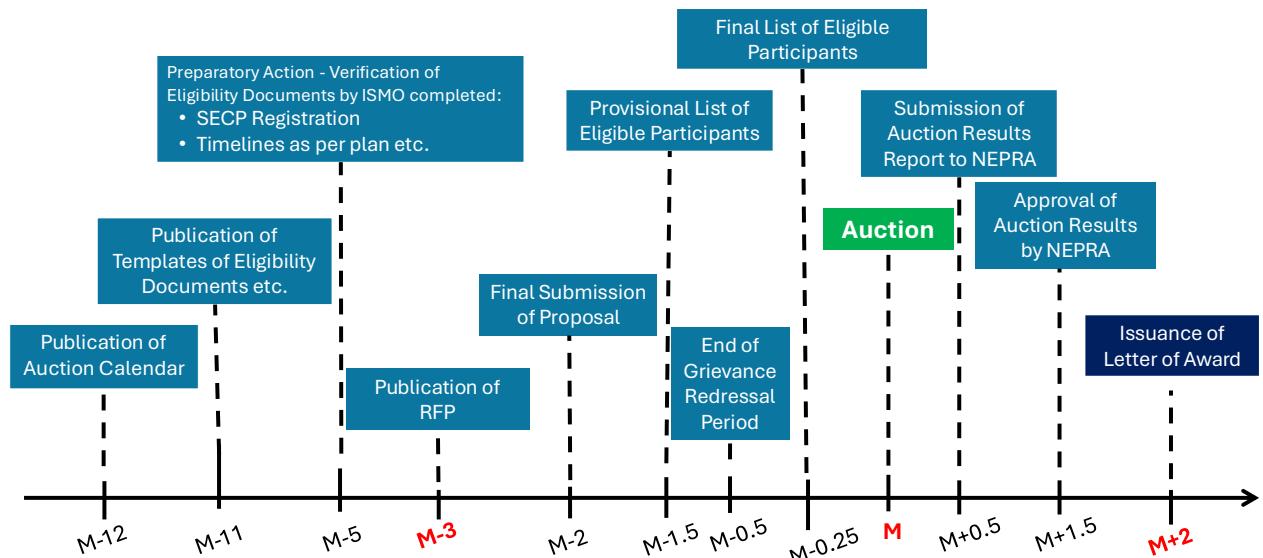
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Documents, for any delay in deadlines committed by the Successful Auction Participants.

11. AMENDMENTS

- 11.1 The Authority may amend this Auction Process from time to time and direct the ISMO to implement the amended process.
- 11.2 The ISMO may seek to amend this Auction Process by submitting the proposed amendments to the Authority for approval.

ANNEX A: ILLUSTRATIVE ANNUAL AUCTION CALENDAR*



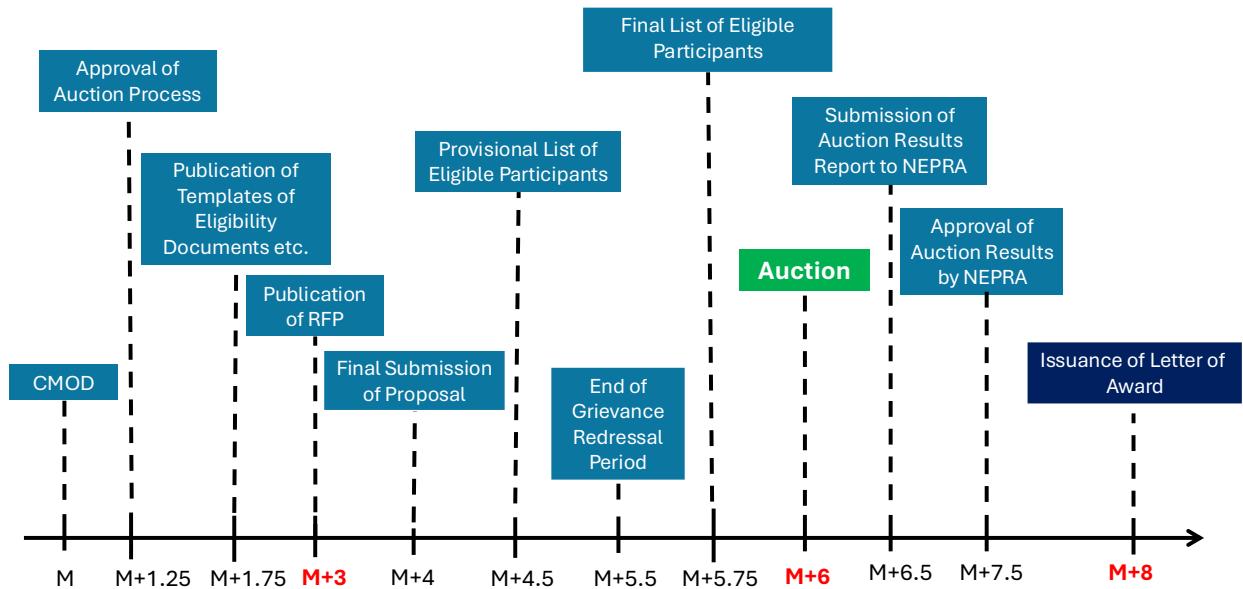
* The timelines provided in this calendar shall be construed on the basis of business days.

ANNEX B: LIST OF ELIGIBILITY DOCUMENTS

The following is an indicative and non-exhaustive list of the eligibility documents to be provided by prospective auction participants in response to the RFP. This list is subject to change, addition or deletion. A final list of eligibility documents will be provided in the RFP document:

- i. SECP registration or documentation to support that the participant is a body corporate
- ii. Undertaking confirming that the participant is eligible to obtain a competitive supplier license or that participant is a captive generating plant
- iii. Detailed plan and timeline to initiate the transaction
- iv. Undertaking conforming compliance with applicable documents
- v. Undertaking confirming a commitment to comply with project milestones and timelines provided in the proposal
- vi. Undertaking for insolvency declaration
- vii. Undertaking to accept the Auction Committee's decision regarding eligibility, after due process of grievance redressal
- viii. Undertaking for covenant of integrity
- ix. Confidentiality agreement
- x. Bid Bond
- xi. Performance Guarantee
- xii. Any other eligibility document prescribed in the RFP

ANNEX C: AUCTION CALENDAR FOR THE FIRST AUCTION*



* The timelines provided in this calendar shall be construed on the basis of business days.

ANNEX D: ANNUAL AUCTION QUANTUM APPROVED BY MOE (PD)

[Insert the approval from Ministry here]

ANNEX E: BID BOND

[Format of Bank Guarantee]

Guarantee No. _____

Executed on _____

Amount. _____

Expiry date _____

Independent System and Market Operator of Pakistan (Guaranteed) Limited (ISMO),
ISMO Building, Pitras Bukhari Road, H-8/1, Islamabad, Pakistan.

Name of Guarantor (Bank) with address: _____

Name of Principal (Bidder) with address: _____

Penal Sum of Security (express in words and figures): _____

Proposal Reference No. and Date: _____

KNOW ALL MEN BY THESE PRESENTS, that in pursuance of the terms of the Bid and at the request of the said Principal, we the Guarantor above-named are held and firmly bound unto the Independent System and Market Operator of Pakistan (Guaranteed) Limited (hereinafter called The "Company") in the sum stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the Principal has submitted the accompanying Proposal numbered dated as above for allocation of Auction Quantum.

WHEREAS, the Company has required as a condition for considering said Bid that the Principal furnish a Bid Bond in the above said sum to the Company, conditioned as under:

(1) That the Bid Bond shall remain valid for a period of twelve (12) months from the bid submission deadline.

(2) That in the event of:

- a) The Principal withdraws his Bid during the period of validity of Bid, or
- b) Failure of the Successful Bidder to:
 - i) furnish the required Performance Guarantee in accordance with Request for Proposal,
 - ii) submit accurate and correct required information and documents in accordance with Request for Proposal,
 - iii) extend validity of the Bid Bond when required by the Company.

then the entire sum be paid immediately to the said Company as liquidated damages and not as penalty for the successful Bidder's failure to perform.

NOW THEREFORE, if the Successful Bidder shall, within the period specified therefore, on the prescribed form presented to him for signature enter into a Letter of Award with the said Company in accordance with his Proposal and Bid as accepted and furnish within thirty (30) days of his being requested to do so, a Performance Guarantee with good and sufficient surety, as may be required, upon the form prescribed by the said Company for the faithful performance and proper fulfilment of the said Letter of Award or in the event of withdrawal of the said Bid within

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the time specified then this obligation shall be void and of no effect, but otherwise to remain in full force and effect.

PROVIDED THAT the Guarantor shall forthwith pay to the Company the said sum stated above upon first written demand of the Company without cavil or argument and without requiring the Company to prove or to show grounds or reasons for such demand, notice of which shall be sent by the Company to the Guarantor at its address given above.

PROVIDED ALSO THAT the Company shall be the sole and final judge for deciding whether the Principal has duly performed his obligations to sign the Letter of Award and to furnish the requisite Performance Guarantee within the time stated above or has defaulted in fulfilling said requirements and the Guarantor shall pay without objection the sum stated above upon first written demand from the Company forthwith and without any reference to the Principal or any other person.

IN WITNESS WHEREOF, the above bounden Guarantor has executed the instrument under its seal on the date indicated above, the name and seal of the Guarantor being hereto affixed and these presents duly signed by its undersigned representative pursuant to authority of its governing body.

Guarantor (Bank)
Signature: _____
Name: _____
Title: _____

Corporate Guarantor (Seal)

Witness:

1.

Corporate Secretary Name & Address (Seal)

2.

Name, Title & Address (Seal)

ANNEX F: PERFORMANCE GUARANTEE

Guarantee No. _____
Executed on _____
Amount. _____
Expiry date _____

Independent System and Market Operator of Pakistan (Guaranteed) Limited (ISMO),
ISMO Building, Pitrak Bukhari Road, H-8/1, Islamabad, Pakistan.

Name of Guarantor (Bank) with address: _____
Name of Principal (Bidder) with address: _____
Request For Proposal Date: _____

KNOW ALL MEN BY THESE PRESENTS, that in pursuance of the terms of the RFP (hereinafter called the Documents) and at the request of the said Bidder being our Client, we, the Guarantor above named hereby irrevocably and unconditionally bind ourselves to Independent System and Market Operator of Pakistan (Guaranteed) Limited (hereinafter called the Company) in the sum of [●] for the payment of which sum well and truly to be made to the said Company to pay the Company on its first demand in writing without raising any cavil or objection whatsoever.

We understand that the Bidder has been notified dated _____ by the Company as the Successful Auction Participant for allocation of Auction Quantum.

WHEREAS:

A. The Bidder has been declared as the Successful Auction Participant by the Company to perform the Transaction for generation capacity of [insert size] by [insert date] in accordance with the terms of the Request for Proposal.

B. As required by the Beneficiary prior to the issuance of the Letter of Award (the "LOA") to the Successful Bidder, and in consideration thereof, the Guarantor, at the request and on behalf of the Successful Bidder, hereby furnishes this irrevocable, unconditional, without recourse, on demand bank guarantee (hereinafter referred to as the "Performance Guarantee") in favor of the Beneficiary in order to secure the performance of the Successful Bidder's obligations under the LOA.

We, the Guarantor, under the contract do hereby irrevocably and unconditionally guarantee to pay to the Company immediately without any delay upon the Company's first written demand without cavil or arguments and without requiring the Company to prove or to show grounds or reasons for such demands any sum or sums up to the amount stated above without reference to the Principal or any other third party. Any demand by the Company shall be final and conclusive for all the purposes whatsoever. For the avoidance of doubt, time shall be of the essence of this Guarantee and the liability of the Guarantor shall be valid until expiry date continuing and co-extensive with that of the Bidder and shall be valid up to [Date] and shall not be diminished by any partial claim or demand made on the Guarantor under this Guarantee by the Company.

This Guarantee shall be solely governed and construed by the substantive and procedural laws of the Islamic Republic of Pakistan.

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This guarantee shall come into force at once and be valid for a continuous period of [●] months ending on [expiry date]. Any demand by the Company should reach the Guarantor before (time and date)

IN WITNESS WHEREOF, the above-bounden Guarantor has executed this instrument under its seal on the date indicated above, the name and corporate seal of the Guarantor being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

Notwithstanding anything herein above this guarantee is [●] (in words) valid until [●] after which date the guarantee will become null and void irrespective of whether or not the original guarantee is returned to the bank for cancellation. Any claim made under this guarantee must be in writing and delivered to the bank's office at [●] on or before (time and date) after which we will no longer be liable to make payment to you.

Guarantor (Bank)

Signature: _____

Name: _____

Title: _____

Corporate Guarantor (Seal)

Witness:

1.

Corporate Secretary Name & Address (Seal)

2.

Name, Title & Address (Seal)

**TO BE PUBLISHED IN THE NEXT ISSUE OF
GAZETTE OF PAKISTAN EXTRA ORDINARY PART-II**

Government of Pakistan
Ministry of Energy
(Power Division)

Islamabad, 22nd January, 2026

NOTIFICATION

S.R.O. 92 / (I)/2026:— In exercise of the powers conferred by Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) (the “NEPRA Act”) read with Clause 5.5.2(g) and Clause 6.1.3 of the National Electricity Policy 2021 (the “NE Policy”), Rule 5 of the Eligibility Criteria (Electric Power Supplier Licenses) Rules, 2023 (the “Supplier Rules”) and Strategic Directive 87 of the National Electricity Plan 2023-27 (the “NE Plan 2023-27”), the Federal Government, in order to facilitate open access and transparent allocation of Aggregate Wheeling Quantum, hereby notifies the following framework guidelines:

I. TITLE AND COMMENCEMENT

- 1.1. These Guidelines for transparently allocating the Aggregate Wheeling Quantum to Eligible Auction Participants shall be called the “Framework Guidelines for Wheeling Auctions, 2025”.
- 1.2. These Guidelines shall come into effect on the Competitive Market Operation Date (CMOD) as announced by National Electric Power Regulatory Authority (NEPRA) and shall remain in effect for a period of five (05) years or until amended, modified or superseded by the Federal Government, whichever occurs earlier.

2. INTERPRETATION OF TERMS

- 2.1. In these Guidelines, unless there is anything repugnant in the subject or context —
 - a. “Aggregate Wheeling Quantum” means the 800 MW quantum of demand that is to be auctioned for open access and wheeling under these Guidelines, which may be revised from time to time by the Federal Government;
 - b. “Annual Auction Quantum” means the portion of the Aggregate Wheeling Quantum made available for allocation through Auction(s) in a given year;
 - c. “Applicable Documents” means the Act, the National Electricity Policy 2021, the NE Plan 2023-27, the CTBCM framework and all the rules, these Guidelines, Auction Process, regulations, terms and conditions of any license, registration, authorization, determination, codes, manuals, directions, guidelines, orders, notifications, agreements or documents issued or approved under the Act;
 - d. “Auction(s)” means the process of competitive bidding for allocation of the Aggregate Wheeling Quantum, administered by the ISMO, in accordance with these Guidelines and the Auction Process;
 - e. “Auction Calendar” means the annual calendar of activities to be issued by the ISMO along with the Auction Process;

- f. “Auction Committee” means the committee notified by the ISMO;
- g. “Auction Participant” means a person participating in the Auction conducted under these Guidelines;
- h. “Auction Process” means the Auction process issued by the ISMO under Clause 3.2 of these Guidelines;
- i. “Auction Quantum” means the portion of the Annual Auction Quantum, which is to be allocated through a single Auction conducted pursuant to these Guidelines;
- j. “Bid Value” means the offer in PKR/kWh, submitted by an Eligible Auction Participant in the Auction, which shall be paid over and above the Grid Charge and Surcharges (if any);
- k. “Bid Quantum” means a portion of the Auction Quantum, in MW, that an Auction Participant intends to acquire through an Auction;
- l. “Eligibility Criteria” means the eligibility criteria specified for participation in the Auction, as provided in Clause 4 of these Guidelines and the Auction Process;
- m. “Eligible Auction Participant” means an Auction Participant who meets the Eligibility Criteria and has been declared eligible, by the Auction Committee, to participate in the Auction;
- n. “Grid Charge” means the charges determined by NEPRA pursuant to Rule 5(2)(a) of the Supplier Rules 2023, that shall include, but are not limited to, the use of transmission and distribution system charges, market and system operator fee, metering service charges and cross subsidy;
- o. “Connection Studies” shall have the same meaning as provided in the grid code and distribution code;
- p. “ISMO” means the Independent System and Market Operator of Pakistan (Guarantee) Limited, licensed as the Market Operator and System Operator under the Act;
- q. “Payment Period” means a period of one (01) year commencing on the starting date of a Transaction, during which the Successful Auction Participant shall be required to pay the Bid Value;
- r. “Request for Proposal (RFP)” means the bidding document issued by the ISMO under the Auction Process that sets out, inter alia, the rules governing the auction, eligibility requirements, bid submission criteria, and any other terms, conditions and specifications relevant to participation in the Auction;
- s. “Successful Auction Participant” means an Eligible Auction Participant who has been declared successful pursuant to the Auction;
- t. “Surcharges” means the surcharges levied by the Federal Government from time to time under Section 31(8) of the Act;
- u. “Transaction” means the undertaking of wheeling by a Successful Auction Participant under these Guidelines and the Applicable Documents; and

- v. "Wheeling" means the use of the distribution and/or the transmission network to transmit electricity under the Open Access regulations.
- 2.2 Words and expressions used but not defined in these Guidelines shall have the same meaning as assigned thereto in the Applicable Documents.

3. AUCTION MECHANISM

- 3.1 The Aggregate Wheeling Quantum shall be allocated to Eligible Auction Participants through multiple Auctions administered by the ISMO within a period of five (05) years from the effective date of these Guidelines.
- 3.2 For the purpose of the Auction, the ISMO shall issue an Auction Process, with the approval of NEPRA, which shall contain, inter alia, the following:
 - i. An Auction Calendar;
 - ii. A step-wise procedure for conducting Auctions;
 - iii. Mode and manner for submission of proposals (in response to the RFP issued by the ISMO), their evaluation, grievance redressal and issuance of letter of award;
 - iv. The period during which the Successful Auction Participant shall be required to start the Transaction for a particular Auction along with the requirements and limitations for extending such period;
 - v. Method for allocation of the Auction Quantum in case of over or under subscription; and
 - vi. Form and manner for submission of the bid bond and the performance guarantee by the Auction Participants and/or the Successful Auction Participants, as applicable.

- 3.3 There shall be no predetermined upper or lower limit (cap or floor) on the Bid Value.

- 3.4 The Bid Value payable by the Successful Auction Participant shall remain fixed during the Payment Period. It is clarified that a Successful Auction Participant shall be required to pay the Grid Charge and Surcharges (if any) during the Payment Period and thereafter.

4. ELIGIBILITY CRITERIA FOR AUCTION PARTICIPANTS

- 4.1 The Auction Participants shall fulfil the following eligibility criteria, that the Auction Participant:
 - i. is a company registered with the Securities and Exchange Commission of Pakistan (SECP);
 - ii. is (a) eligible for grant of competitive electric power supplier license under the Act, the Supplier Rules 2023, National Electric Power Regulatory Authority Licensing (Electric Power Supplier) Regulations, 2022 and other Applicable Documents; or (b) any other open access user under the Applicable Documents;
 - iii. has submitted (a) an undertaking in the form and manner as provided in the RFP confirming compliance with the Applicable Documents, including requirements of the Market Commercial Code, such as capacity obligations, firm capacity, etc.; and (b) an undertaking in the form and manner as provided in the RFP setting out detailed timelines of the milestones to be achieved by the Auction Participant for initiating the Transaction; and

iv. fulfils and meets any additional requirements laid down in the Auction Process.

5. ROLES AND RESPONSIBILITIES

5.1. The roles and responsibilities of the administrators of the Auctions and the Auction Participants are described below:

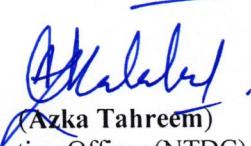
- i. The ISMO shall be responsible for administering Auctions under these Guidelines and shall provide all necessary administrative and technological support for the Auction to take place.
- ii. The ISMO shall submit the Auction Process to NEPRA within seven (7) days of the notification of these Guidelines, following which, NEPRA shall review and approve the Auction Process within a period of thirty (30) days.
- iii. The ISMO shall issue an RFP for the Auction in consultation with the Auction Committee, keeping in view the principles set forth in the Supplier Rules 2023, NE Plan 2023-2027, these Guidelines and the Applicable Documents.
- iv. The ISMO shall submit the auction results in the form of an “Auction Results Report” to NEPRA which NEPRA shall approve within thirty (30) days.
- v. The ISMO shall issue letters of award to Successful Auction Participants following NEPRA’s approval of the auction results and notification of the results in the official Gazette.
- vi. The quantum awarded to the Successful Auction Participant under these Guidelines shall be for such specific period as indicated by the Auction Participant in its bid and it shall remain fixed during this period.
- vii. The Successful Auction Participant shall be solely responsible for arranging and ensuring the interconnection of the generation and load facilities with the network of the relevant licensee(s) under the Applicable Documents. The ISMO shall bear no responsibility for any delay in the interconnection of the respective generation and load with the relevant network.
- viii. In order to encourage market diversification and avoid monopolistic and oligopolistic practices resulting in market concentration, the ISMO may set limitations on the per party allocation of the Aggregate Wheeling Quantum.

6. COMPLIANCE AND ENFORCEMENT

- 6.1. In case of any inconsistency between the provisions of these Guidelines vis-a-vis the NEPRA Act, NE Policy, NE Plan 2023-27, and the CTBCM framework, the latter shall prevail.
- 6.2. The mechanism for monitoring and implementation of these guidelines shall be provided in the Auction Process.
- 6.3. The Eligible Auction Participants, and Successful Auction Participants, as the case may be, shall comply with these Guidelines, the Applicable Documents, the Auction Process, the RFP, and any procedures, directions, or decisions issued by the ISMO or the Auction Committee. Failure to comply may result in cancellation of the letter of award, revocation of any open access rights, termination of contractual arrangements with the relevant entities, and/or such other measures as may be deemed appropriate under the Applicable Documents and the relevant

contractual framework. Any action pertaining to this clause shall be undertaken after affording the relevant party a reasonable opportunity of hearing.

- 6.4. For generation facilities and load, the Auction Participant will have to secure the approval of the Connection Studies (either before or after the Auction, as elaborated in the Auction Process) and secure connection in compliance with the provisions of the Grid Code or the Distribution Code, and other Applicable Documents. The generation facilities and loads which are already connected to the network shall be exempted from this requirement.
- 6.5. These Guidelines do not create any rights for the Auction Participants, Eligible Auction Participants or Successful Auction Participants, nor do they obligate sector stakeholders (including the ISMO, Suppliers of Last Resort or the National Grid Company) to allow open access, which remains subject to NEPRA's approval of the auction results, its notification in the official Gazette, execution of contractual documents and compliance with the Applicable Documents.
- 6.6. These Guidelines shall not apply to the existing quantum of wheeling operationalized prior to the issuance of these Guidelines, which shall continue to be governed in accordance with the Applicable Documents, including, but not limited to, Regulation 11(2) of the NEPRA Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022. Such open access users shall only be liable to pay the Grid Charge and Surcharges (if any) as per the Applicable Documents.



Azka Tahreem
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