

# NEPRA (Supply of Electric Power) Regulations, 2015

S.R.O 1134<sup>(1)</sup>/2015.— In exercise of the powers conferred by section 47 read with section 7 and 23 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) the National Electric Power Regulatory Authority, is pleased to make the following Regulations, namely:-

## PART-I PRELIMINARY

1. **Short title, commencement and purpose.** — (1) These Regulations may be called NEPRA (Supply of Electric Power) Regulations, 2015.

(2) They shall come into force at once.

(3) The purpose of these regulations is to establish a framework for the regulation of supply of electric power by a Distribution Company to other Distribution Companies O&M Operator under O&M Agreement and Authorized Agents etc..

2. **Definitions.** - (1) In these Regulations unless there is anything repugnant in the subject or context,—

(a) "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XI. of 1997);

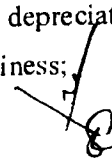
(b) "Applicable Documents" means the rules and regulation issued in pursuance of the Act by the Authority, from time to time, the generation, distribution and transmission licences, the Grid and Distribution Codes and any documents, instruments, approvals, directions or authorizations issued or granted by the Authority in exercise of its powers under the Act;

(c) "Authority" means the National Electric Power Regulatory Authority established under the Act;

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- (d) "Authorized Agent" means a person who receives electric power from a Host DISCO at a common delivery point or from any generation facility for the supply of the same to the residents/occupants, inhabitants of the Complex at the rates approved/specified by the Authority;
- (e) "Charges" means any charges including the connection charges duly approved by the Authority which a Distribution Company or O&M Operator or the Authorized Agent is allowed to recover from the consumers of electric power;
- (f) "Complex" means any residential or commercial building/compound receiving supply at a common delivery point for supply to its consumers;
- (g) "Consumer" means a person or his successor-in-interest who purchases or receives electric power for consumption and not for delivery or re-supply to others, including a person who owns or occupies a premises where electric power is supplied;
- (h) "Cost of generation" means a cost incurred by a generation facility for generation of electricity for supply to a Distribution Company or O&M Operator or Authorized Agent under these Regulations;
- (i) "Common Delivery Point" means a point at which a Distribution Company or a generation facility delivers its supply to another Distribution Company or the O&M Operator or to the Authorized Agent or any other arrangement approved by the Authority;
- (j) "Distribution Company" means an entity licensed to undertake distribution business under section 20 and 21 of the Act;
- (k) "Distribution Margin" means the rate determined or approved by the Authority comprising of operations & maintenance cost, return on rate base, depreciation, other regulatory cost including other income for running the distribution business;



- (l) "Host DISCO" means a Distribution Company supplying electricity to any other Distribution Company or O&M Operator or Authorized Agent as per arrangements allowed by the Authority for the purpose of these regulations;
- (m) "O&M Fee" means a fee payable to the O&M Operator for the services rendered on behalf of a Distribution Company as per the O&M Agreement;
- (n) "Operation & Maintenance (O&M) Expenses" means all those prudently incurred legitimate expenses for maintaining the distribution network beyond Common Delivery Point for the supply of safe, reliable and uninterrupted electric power;
- (o) "Operation & Maintenance (O&M) Agreement" means an agreement entered into between a Distribution Company and an O&M Operator for the purpose of operation and maintenance, metering, billing and collection of bills in a specified area within the service territory of a Distribution Company on its behalf subject to approval of the Authority;
- (p) "O&M Operator" means a person with whom the Operation & Maintenance Agreement is executed by a DISCO in its service territory in terms of these Regulations;
- (q) "Power Purchase Rate" means a rate duly approved by the Authority at which a Distribution Company or any person in any other arrangement purchases electricity from a Distribution Company or a generation facility;
- (r) "Supply Rate" means a rate determined by the Authority for a Distribution Company, O&M Operator or Authorized Agent for the supply of electric power to the consumers;
- (s) "Unit" means a flat shop or portion held by an individual resident/occupant/tenant within a Complex;
- (2) The words and expressions used but not defined in these Regulations shall have the same meaning as are assigned to them in the Act or the Rules and Regulations framed there-under.

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**PART-II**  
**APPLICATION AND PROCEDURE**

**3. Supply of Electric Power by a Distribution Company to another Distribution Company.**—(1) Any Distribution Company may sell electric power to another Distribution Company in terms of Section 23 of the Act as per rates, charges and other terms and conditions approved by the Authority in accordance with the procedure prescribed for tariff determination in the Tariff Rules.

**4. Grant of Distribution Licences.**—(1) Any housing colony, housing society, Industrial estate or a complex; receiving electric power from a Host Distribution Company at Common Delivery Point for further delivery to its residents/occupants, may obtain a distribution license if it fulfils the eligibility criteria prescribed in these Regulations and other applicable documents.

(2) For getting a Distribution License, any such entity shall file an application to the Authority for the grant of a distribution licence in accordance with the procedure provided in the applicable documents.

(3) In order to obtain a distribution licence under these Regulations, the load of the applicant's existing/proposed distribution network shall not be less than [20] MW and the applicant shall have its own 132 kV grid station.

(4) The condition as per regulation 4(3) to qualify for applying distribution licence shall not apply to the cases having their own generation and distribution network and who do not intend to procure power from the respective DISCO.

(5) In addition to the requirements provided in sub-regulation (1), the application for grant of a distribution licence shall be accompanied by:

- i) evidence of adequate and necessary technical, financial and organizational capabilities to construct, develop, manage and maintain the proposed distribution network;
- ii) evidence demonstrating applicant's ability to fulfil the requirements of section 21 the Act, NEPRA Licensing(Distribution) Rules, 1999 and other relevant provisions of the applicable law.

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(6) Any housing colony, housing society, an industrial estate or a complex engaged in procuring electricity from the Host Distribution Company at a duly approved Rate and supplying the same to the residents/consumers prior to the commencement of the Act, may have the options either to:-

- a) surrender their distribution network to the concerned Distribution Company; or
- b) obtain a distribution licence from the Authority; or
- c) enter into an O&M Agreement with the concerned Distribution Company as per regulation 5 and submit the same for the approval of the Authority;
- d) any other arrangement as approved by the Authority.

5. **Operation & Maintenance Arrangement.**—(1) Any housing colony, housing society, an Industrial Estate or a complex, which does not fulfil the eligibility criteria within the ambit of regulation 4 for obtaining a distribution licence, and is interested to takeover or develop the distribution network in its respective area/territory or territory of a Distribution Company, may enter into an Operation & Maintenance Agreement with the concerned Distribution Company on the terms and conditions approved by the Authority.

Provided that beside housing colony, housing society, Industrial Estate or a Complex, a Distribution Company may enter into any other arrangement for Operation & Maintenance for a particular feeder/feeders subject to approval of the Authority.

(2) Any request for approval of O&M arrangement shall be filed by the Host DISCO or the O&M Operator along with the draft O&M Agreement.

(3) Under the O&M arrangement the respective area shall remain the service territory of the Host DISCO and the residents/occupants/inhabitants of such territory shall remain the consumers of the Host DISCO.

6. **Supply of electricity to the Complexes :-** (1) All occupants, whether, owners or tenants of units within Complexes must be connected/served directly by the DISCO or under the arrangement agreed between a DISCO and the Authorized Agent.

(2) Any authorized person of a Complex may seek approval of the Authority to be notified as "Authorized Agent" by filing an application along-with the following information:-

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- i. Name of the Complex
- ii. Name and address of the applicant along with other documents regarding authorization from the owners of the Units
- iii. Total number of persons to whom sub-meters are to be installed
- iv. Details of basis of common services for the commercial and residential consumers and their allocation thereof

(3) Upon receipt of application, the Authority shall examine the same and may grant approval or reject the application.

**7. General Conditions for Supply by the "Authorized Agents:-** (1) For the supply of electric power by the Authorized Agents, following terms and conditions shall apply:-

(a) An Authorized Agent shall provide and install individual state of the art smart sub-meters or pre-paid meters to the Units to ascertain the energy consumption.

(b) All electric watt-hour meters must be tested, certified and sealed by the Host DISCO prior to installation in accordance with Rules and Procedures for the Test and Maintenance of electric Meters of Distribution Utilities insofar as it is practicable.

(c) For meters other than prepaid, the Authorized Agent shall take meter reading through handheld units and snapshot of such reading shall be printed on the bills of the end-users.

(d) All sub-meters/pre-paid meters shall be installed in a clean place free of vibration and easily accessible for reading and testing by both the Authorized Agent and the end user of the Unit.

(e) Commercial and residential common areas shall be metered separately from the unit-users' premises.

(f) An Authorized Agent shall bill the end user of the Unit monthly and the billing statement, must contain the same detailed information, as approved by the Authority.

(g) In accordance with the provisions of their contract, the Authorized Agent shall be allowed to recover from the end user of the Unit, the cost of electricity used for common areas which shall be distributed amongst the users in proportion to their consumption for their respective units and bill in this regard shall be severed separately.

(h) Other terms and conditions so specified by the Authority from time to time shall also apply.

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**PART-III**  
**TARIFF**

**8. Tariff for supply to other Distribution Company, Authorized Agent or O&M Operator.**—(1) For the purposes of supply of electric power by a Distribution Company to other Distribution Companies, Authorized Agent or O&M Operator, a separate category of tariff along with terms and conditions shall be incorporated in the Distribution Companies' Schedule of Tariff as determined by the Authority in accordance with Sections 7 and 23 of the Act read with Tariff Rules.

(2) While determining the tariff referred in sub-clause (1), shall comprise of:

- (i) energy transfer charge as per the transfer price mechanism approved and notified in the case of National Transmission and Despatch Company;
- (ii) capacity transfer charge as per the transfer price mechanism approved and notified in the case of National Transmission and Despatch Company and
- (iii) Use of System Charges/distribution margin determined for a Distribution Company for its different voltage levels.

While determining Use of System Charges/distribution margin for supply to other Distribution Companies and to the housing colony, housing society, Industrial Estate or a complex, under the O&M arrangement, the Distribution Margin shall be adjusted for technical losses and investments made to the extent of respective voltage levels at which the supply is intended to be made.

**9. Tariff for supply by the Authorized Agent or O&M Operator to the consumers.**—

(1) The tariff for consumers of the housing colony, housing society, Industrial estate or a complex shall include;

- power purchase cost;
- allowance for distribution technical losses;
- O&M (salaries & wages, maintenance expenses for repair & maintenance of distribution network and other administrative expenses), approved by the Authority on the basis of verifiable documentary evidence.

(2) while determining the Consumer-end tariff for a housing colony, housing society, Industrial estate or a complex, the Authority shall consider the following: } 8

- (i) All costs are prudently incurred to meet the load growth for demonstrated needs of the Consumers;
- (ii) The cost of service to consumer groups with similar service requirements;
- (iii) Stability and predictability of tariffs for Consumers;
- (iv) In case the cost for developing distribution network is recovered from the residents/members/units, then the following shall not be included in the revenue requirement:

- (a) Depreciation expenses; and

- (b) Return on Assets.

Any adjustment in the tariff components of power purchase rate or generation cost shall be passed on to the consumers in accordance with the approved mechanism.

- (3) A housing colony, housing society, industrial estate or a complex, shall be allowed to generate itself or procure power directly from a generation facility or from a Distribution Company at a rate duly approved by the Authority to meet its requirement:

Provided that the housing colony, housing society, Industrial estate or a Complex, shall be entitled to retain the gain, if any, from the purchase of power directly from a generation facility or generated by itself as far as this does not increase the consumer-end rate approved by Authority.

- (4) While calculating the cost for Electrical consumption of the common areas the following basis shall be used;

- electrical consumption (per kwhr) as per the separate meters installed for commercial and residential areas;
- adjustment for the loss arising from technical losses, and not from non-technical losses or pilferages (per kwhr);
- billing and collection (per unit/consumer);
- Cost of transformers/substation owned by the building if these were installed to provide electric service (per kva installed) by the owner of the building;
- Cost of meters (per meter); and
- Other expenses reasonably incurred by the Authorized Agent in supplying electricity.





**PART-IV**  
**OTHER PROVISIONS**

**10. Compliance with Applicable Documents.**—The Distribution Companies, Authorized Agents and O&M Operators shall strictly comply with the provisions of the Consumer Service Manual and NEPRA Performance Standards (Distribution) Rules, 2005 including load maintenance plans and priorities and principles of load shedding.



**11. Exemption under section 24 of the Act.**— Any housing society, housing colony, an industrial estate or a complex established under any statute for the time being in force, qualifying to be granted a distribution licence under these regulations may be exempted from the requirement of being a company as stipulated under Section 24 of the Act.

**12. Power of the Authority to give directions, instructions and guidelines.**— For carrying out the purposes of these Regulations, the Authority may issue directions, instructions and guidelines to the Distribution Licensees, Authorized Agents, O&M operators and other persons carrying business under these regulation in the form and manner determined by the Authority, which shall be complied with by the Distribution Licensees and such other persons.

**13. Power to require information.**—The Authority may, at any time, by notice in writing require any director, officer, office bearer and member of a Distribution Licensee, Authorized Agent, O&M Operator; to submit any information or document relating to the activities under these regulations.

**14. Maintenance of Records.**— (1) A Distribution Licensee, Authorized Agent or O&M Operator shall keep complete and accurate records and other 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 the Authority.

(2) All records and data referred to in sub-regulation (1) shall, unless provided otherwise under any law or the Applicable Documents, be maintained in good order and condition.

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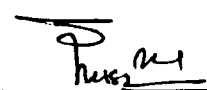
(3) The Authority may enter any premises of the Distribution Licensee, Authorized Agent or O&M Operator where the records and data referred to in sub-regulation (1) are kept for the examination or the taking of copies thereof during office hours.

15. **Resolution of disputes.**—Any dispute or disagreement relating to any matter arising out of or in connection with the activities covered under these Regulations shall be submitted for decision to the Authority.

16. **Monitoring of standards.**—The Authority shall periodically monitor the compliance by the Distribution Licensees with these Regulations and may require the Distribution Licensees to undertake a performance audit at the Distribution Licensees expense, for the purpose of monitoring the same.

17. **Penalty for failure, refusal to comply with, or contravention with any provision of these regulations.**— If any person fails or refuses to comply with, or contravenes any of the provisions of these Regulations or any direction or order passed by the Authority under these Regulation or knowingly or wilfully authorizes or permit such failure, refusal or contravention, shall be punishable with a fine which may extend to 100 million rupees.

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(Syed Safeer Hussain) 13.11.12

Registrar