



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

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No. NEPRA/M&E/LAD-35/

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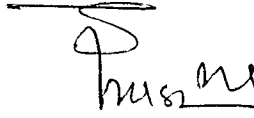
April 12, 2017

Chief Executive Officer,
Sukkur Electric Power Company Ltd. (SEPCOL)
Administration Block,
Thermal Power Station.
Old Sukkur.

Subject: **IN THE MATTER OF SHOW CAUSE NOTICE TO SEPCO UNDER
RULE 4 (8) & (9) OF THE NATIONAL ELECTRIC POWER
REGULATORY AUTHORITY (FINES) RULES, 2002**

Enclosed please find order dated 12th April, 2017, passed by the Authority in the matter of Show Cause Notice issued to SEPCO for violations of Rule 4 (g) (i) (ii) (iii) Overall Standards 7 (Safety OS7) of Performance Standards (Distribution) Rules (PSDR) 2005 and Safety Requirements (SR 6&7) of Distribution Code.

Encl: As above


12/04/17
(Syed Safeer Hussain)

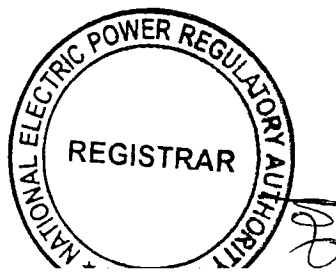


National Electric Power Regulatory Authority

In the matter of Show Cause Notice Issued to M/s Sukkur Electric Power Company (SEPCO)
Under Rule 4(8) (9) of NEPRA (Fines) Rules 2002.

Order

1. Sukkur Electric Power Company Limited (the "Licensee") was granted a distribution license bearing No. 21/DL/2011 by the National Electric Power Regulatory Authority (the "Authority") on 18.08.2011 under Section 20 of the National Electric Power Regulatory Authority Act, 1997 (the "Act") read with Rule 3 of the NEPRA Licensing (Distribution) Rules, 1999.
2. Under section 7 (2) (c) read with Section 34 of the Act, the Authority is mandated to prescribe performance standards for generation, transmission and distribution companies to encourage safe, efficient and reliable service. Accordingly, the Authority has framed NEPRA Performance Standards (Distribution) Rules, 2005 (the "Performance Standards Rules") for distribution companies which were notified on 11th January, 2005 vide SRO. 45(1)/2005. Sub-rule (2) of Rule 1 of the Performance Standard Rules states that these Rules shall come into force at once and shall be applicable after four years of the date of coming into force of these Rules. The grace period of four years was allowed to the DISCOs to improve their network so as to ensure compliance with the Performance Standards Rules. The grace period has already lapsed on 10th January, 2009.
3. Rule 4 (g) Overall Standards 7 (Safety OS7) of Performance Standards (Distribution) Rules (PSDR) 2005 prescribes safety measures for a distribution company. For sake of convenience, Rule 4 (g) of the Performance Standards Rules is reproduced as under:
 - (i) *all distribution facilities of a distribution company shall be constructed, operated, controlled and maintained in a manner consistent with the applicable documents.*
 - (ii) *a distribution company shall ensure that its distribution facilities do not cause any leakage of electrical current or step potential beyond a level that can cause harm to human life, as laid down in the relevant IEEE/IEC Standards; prevent accessibility of live conductors or equipment; and prevent development of a situation due to breakdown of equipment which results in voltage or leakage current that can cause harm to human life, property and general public including without limitation, employees and property of the distribution company.*
 - (iii) *a distribution company shall implement suitable, necessary, and appropriate rules, regulations and working practices, as outlined in its Distribution Code or applicable documents, to ensure the safety of its staff and members of the public. This shall also include suitable training for familiarity and understanding of the rules,*



regulations, practices, and training to use any special equipment that may be required for such purposes including without limitation basic first aid training; and

4. Further, under Section 7 read with Section 35 of the Act, the Authority is mandated to encourage the development of industry standards and uniform codes of conduct so as to provide planning criteria for safety, reliability and cost effectiveness of the generation, transmission and distribution facilities. Accordingly, the Authority has approved Distribution Code for distribution companies prepared by them in 2005. Sub Code 15 of Code Management of Distribution Code states that any act of non-compliance of any of the provision of this Distribution Code by any of the User or entity shall be subject to penalties as per Authority Fines Rules. In this regard, provisions dealing with the safety measures as provided in the Distribution Code are reproduced as under:

Safety Requirements (SR 6) (d) (e) and (f) - Safety at the Licensee/ User Interface of Distribution Code states that;

d. Adequate means of isolation shall be provided at the interface to allow work to be carried out safely at either side of the interface.

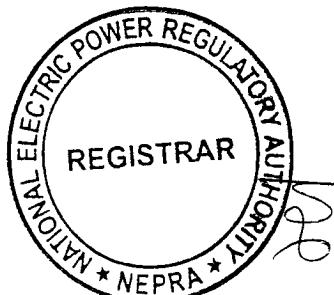
e. Where necessary to prevent danger adequate facilities for earthing shall be provided at either side of the interface to allow work to be carried out safely at the interface or at either side of the interface.

f. Adequate working space, adequate means of access where necessary, adequate lighting shall be provided at all electrical equipment on or near which work is being done in circumstances, which may cause danger; and

Safety Requirements (SR 7) – Public and Property Safeguard of Distribution Code States that;

Licensee is required to make every effort to protect the public at all times.

5. A letter dated 16.07.2015 was sent to the Licensee regarding number of fatal accidents for employees and general public occurred during year 2014-15, actions taken, remedial actions proposed and/or taken or to be taken, compensation given to dependents of affected persons and detail of inventory vis-à-vis protective devices available in stores.
6. Accordingly, the Licensee submitted its response on 27.07.2015 which was analyzed in light of Performance Standards Rules and Distribution Code and it was found that fatal accidents occurred in 2014-15 is 34. Information provided by the Licensee showed that other equipment like pliers, bolt cutters and testers etc. are available in abundant quantity as compared to protective devices such as safety belt, safety chain, safety boots and gloves etc. Further, the Licensee's response indicated that most of the accidents happened due to negligence of employees and lack of Permit to Work (PTW) culture.
7. The Authority observed that in view of the information submitted by the Licensee, it appears that the Licensee has failed to comply with the Rule 4 (g) and SR 6 & 7 of Performance Standards Rules and Distribution Code. In view of foregoing, the Authority decided to initiate proceeding against the Licensee under National Electric Power Regulatory Authority Fine Rules 2002 (the "Fine Rules") for non-compliance of Performance Standards Rules and Distribution Code.



8. Accordingly, an Explanation vide letter No. 13285 dated 07.09.2015 was issued to the Licensee under Rule 4 (1) of the Fines Rules. Salient features of the Explanation issued to the Licensee are reproduced as under:

3. *WHEREAS pursuant to the section 21 (2) (f) of the NEPRA Act, the Licensee shall follow the performance standards laid down by the Authority for distribution and transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any Governmental agency; and*

4. *WHEREAS pursuant to the Rule 4 (g) of Performance Standards (Distribution) Rules (PSDR) 2005; distribution company is required to follow safety standards as follows;*

(i) *all distribution facilities of a distribution company shall be constructed, operated, controlled and maintained in a manner consistent with the applicable documents.*

(ii) *a distribution company shall ensure that its distribution facilities do not cause any leakage of electrical current or step potential beyond a level that can cause harm to human life, as laid down in the relevant IEEE/IEC Standards; prevent accessibility of live conductors or equipment; and prevent development of a situation due to breakdown of equipment which results in voltage or leakage current that can cause harm to human life, property and general public including without limitation, employees and property of the distribution company.*

(iii) *a distribution company shall implement suitable, necessary, and appropriate rules, regulations and working practices, as outlined in its Distribution Code or applicable documents, to ensure the safety of its staff and members of the public. This shall also include suitable training for familiarity and understanding of the rules, regulations, practices, and training to use any special equipment that may be required for such purposes including without limitation basic first aid training; and*

5. *WHEREAS pursuant to the Safety Requirements (SR 6) (d) (e) and (f) given in the Safety at the Licensee/ User Interface of Distribution Code, the licensee is required to ensure that*

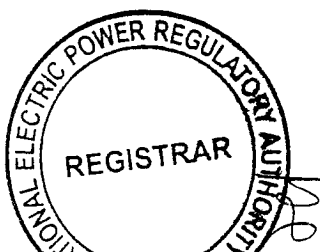
d. *Adequate means of isolation shall be provided at the interface to allow work to be carried out safely at either side of the interface.*

e. *Where necessary to prevent danger adequate facilities for earthing shall be provided at either side of the interface to allow work to be carried out safely at the interface or at either side of the interface.*

f. *Adequate working space, adequate means of access where necessary, adequate lighting shall be provided at all electrical equipment on or near which work is being done in circumstances, which may cause danger; and*

6. *WHEREAS the licensee is required to make every effort to protect the public at all times as per the Safety Requirements (SR 7) of Public and Property Safeguard of Distribution Code; and*

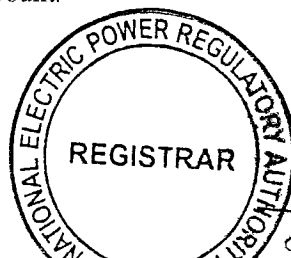
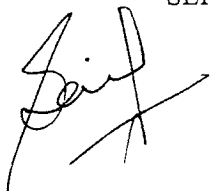
7. *WHEREAS, while reviewing the data submitted by the Licensee regarding safety incidents resulting in deaths for employees and public, it was observed that thirty four (34) fatal incidents have occurred in 2014-15 and it was also observed that*



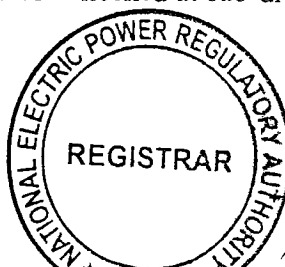
there are a number of deaths over a period of reporting years. This shows the failure of Licensee to comply with the license requirements and the applicable documents including Performance Standards (Distribution) Rules (PSDR) 2005, Distribution Code and other applicable documents; and

8. WHEREAS, from the observations referred in Para 7 above, prima facie, Licensee is guilty of non-compliance of the Section 21 (2) (f) of the NEPRA Act, Rule 4 (g) (i) (ii) and (iii) Overall Standard 7 (Safety OS7) of NEPRA Performance Standards (Distribution) Rules (PSDR) 2005, Safety Requirements (SR 6) (d) (e) and (f) given in the Safety at the Licensee/User Interface of Distribution Code and Safety Requirements (SR 7) of Public and Property Safeguard of Distribution Code; and

9. The Licensee submitted its justification/reasons in response to above mentioned Explanation on 12.10.2015. The Licensee was required vide letter dated 04.12.2015 to provide additional information pertaining to availability of routine and emergency handling kits, number of employees died including both skilled and unskilled and cause of death for each individual fatal incident. Accordingly, the Licensee submitted its response dated 12.01.2016.
10. The Authority considered the response to Explanation and additional information provided by the Licensee and after detailed deliberations rejected the response to the Explanation giving reasons for such rejection vide order dated 07.09.2016.
11. Accordingly, a Show Cause Notice vide letter No. 12689 dated 09.09.2016 was issued to the Licensee under Rule 4 (8) of the Fines Rules based on allegations given in the Explanation.
12. The Licensee submitted its justification/reasons in response to above mentioned Show Cause Notice on 14.10.2016 and denied the allegations on the following grounds:
 - a. All the requirements/procedure introduced in the guidelines for "Power Safety Code for Transmission & Distribution Licensees" First Edition November, 2014 circulated vide Deputy Registrar National Electric Power Company Islamic Republic of Pakistan, Islamabad vide letter no. NEPRA/R/SA (Tech) /PSC-01/16212-24 dated 11.12.2014 has been adopted and are implemented in letter & spirit to eradicate the Fatal/Non-Fatal accidents in Filed Formations.
 - b. Apart from above, a copy of this office letter which a comprehensive instructions/ precautionary measures have been issued to all the formations working under SEPCO up to Sub-Divisional level to implement for creating safe & sound environment to work on the distribution lines by the line staff duly equipped with PPE & T&P after adopting the above safety measures. A thorough perusal of these precautionary measure reveal that after having adopted these instructions there is left no chance of fatal/non-fatal accidents at site of work, except in shape of non-implementation/non-adoption of these precautionary measures on the part of staff, for which the company has taken disciplinary action against the concerned officers/officials on account of their slackness in this regard.
 - c. It is again submissively requested that the SEPCO has adopted each & every step in order to provide safe & sound work environment to its employees to save them from fatal/non-fatal accidents, but the accidents so occurred as mentioned in the above Explanation/Show Cause Notice are due to their own slackness and over-whelming while working on distribution lines for which they have been properly accounted for by proceeding under disciplinary rules, as such SEPCO cannot be alleged on this particular account.

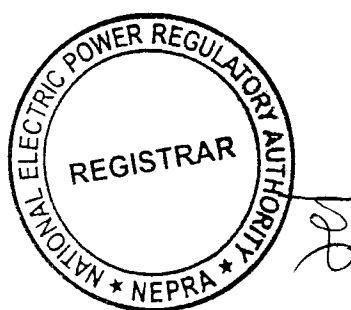


13. The Authority considered the response of the Licensee and decided to allow an opportunity of hearing under Rule 11 of the Fine Rules. Accordingly, hearing in the matter was held on 20.12.2016. During the hearing, following submissions were made by the representatives of the Licensee:
- a. No doubt number of fatal accidents in 2014-15 is on higher side i.e. 34, but it mainly includes public accidents. Out of 34, 28 were public fatalities due to major accident of a marriage bus got touched with 11kV line. The reduction in clearance of 11kV line caused due to raise in ground level by Municipal Corporation without intimation to SEPCO.
 - b. The number of fatal accidents has been reduced from 45 to 34 in 2014-15 as compared to 2013-14 and it is believed that this should be reached zero.
 - c. Almost all accidents were occurred on HT side mainly due to improper earthing, however, all officials/officers are strictly directed to ensure earthing from both side of HT line before starting of work.
 - d. Regarding the compensation of 6 deaths of employees, SEPCO submitted that 3 were compensated, 1 is under sub-judicious matter and two were not found admissible as per inquiry committee reports.
 - e. It was emphasized by the SEPCO professionals that regular trainings have been given in regional training centers round the year. Further, they stated that initially, safety seminars/workshop were conducted at circle level only, thereafter, they are conducted at divisional level also. In 2015, 1389 employees have been trained at RTC and refresher courses for 793 employees were also arranged. Now, SEPCO has started to conduct safety parade in every sub division.
 - f. In addition, all SEs have been directed to conduct safety meetings at circle level regularly.
 - g. Proposal for appointment of Assistant Director (Safety) in each circle is under consideration.
 - h. Qualitative T&P is purchased by SEPCO and issued to line staff. SDOs have been directed to check T&P on each pay day.
 - i. Grid staff has been strictly directed to follow PTW culture and avoid verbal communication for operation of feeders.
14. The Authority considered the submissions of the Licensee that actions have been taken by the Licensee including suspension and withholding of increments of responsible line staff. In this regard, the Authority observes that the Licensee should take actions against all responsible persons including senior officers like SDOs and XENs who oversee the working of sub-ordinates and are required to ensure the implementation of safety measures at the level of line staff.
15. The Authority considered the submissions of the Licensee that all the Superintending Engineers are strictly directed to conduct safety meetings regularly at circle level. Field officers are also directed to attend safety seminars on divisional as well as circle basis. Tools & Plants and personal protective equipment are checked at sub divisional level on each pay



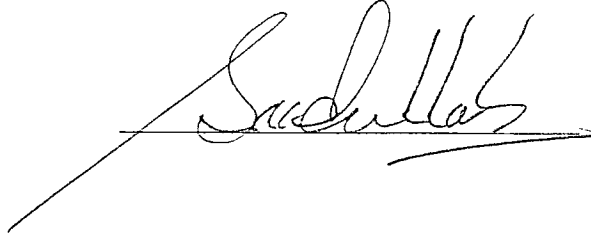
day. Further, 1389 employees were trained at regional training center in 2015 and refresher courses for 793 employees were also arranged. Moreover, safety seminars are being conducted regularly in each circle round the year. The Authority acknowledges the aforementioned initiatives taken by the Licensee, however, the Licensee should develop a mechanism to ensure above mentioned initiatives/measures to achieve the target of zero fatal accident are strictly implemented/ followed and have a positive outcome.

16. The Authority also considered the submissions of the Licensee that good quality tools & plants are being purchased and is of the view that Licensee must ensure the use of such tools & plants while working on line as most of the accidents occurred in 2014-15 due to working without use of tools & plants.
17. The Authority has examined the response of the Licensee against Show Cause Notice and submissions during hearing and observes that the Licensee has moved forward towards improvement as the number of fatal accidents have been drastically reduced from 34 to 17 in 2015-16 as compared to 2014-15 respectively.
18. The Authority observes that the Licensee is trying to mitigate safety hazards despite having scattered area and long HT and LT network. However, the Licensee should make an effort to develop safety culture by implementing Performance Standards Rules and Distribution Code in their true spirit so that the target of zero fatal accident can be achieved.
19. The Authority has considered the measures taken by the Licensee to reduce fatal accidents and commitment of the Licensee to pay more attention and invest in the required resources, trainings and extended employee awareness to inculcate safety culture. In view of foregoing the Authority has decided to take a lenient view and not to impose any penalty on Licensee. However, the Licensee is hereby warned that strict action will be initiated if the performance in respect of safety /fatal accidents does not improve next years. The Licensee is also intimated that the performance of the Licensee with respect to measures taken to avoid fatal accidents will also be strictly monitored in future.
20. Accordingly, disposed of.

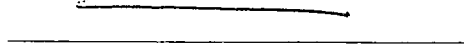


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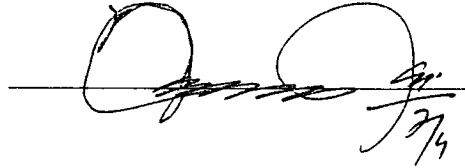
Saif Ullah Chattha
Member (M&E)



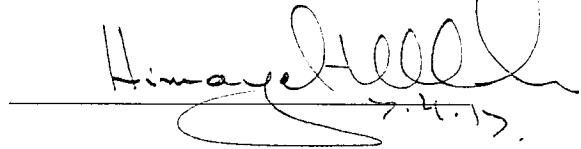
Major (R) Haroon Rashid)
Member (Licensing)



Syed Masood-ul-Hassan Naqvi
Member (CA)



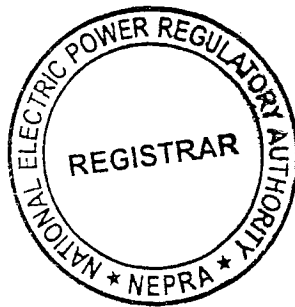
Himayat Ullah Khan
Vice Chairman/Member (Tariff)

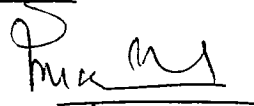


Brig (R) Tariq Saddozai
Chairman



Announced On 12th April, 2017 at Islamabad.




12/04/17