



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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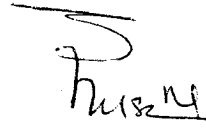
October 3, 2019

Chief Executive Officer,
K-Electric Limited, KE House No. 39-B,
Sunset Boulevard Phase-II,
Defence Housing Authority,
Karachi

Subject: **ORDER IN THE MATTER OF SHOW CAUSE NOTICE DATED
20.11.2018 ISSUED TO K-ELECTRIC LIMITED, UNDER RULE 4 (8) &
(9) OF THE NEPRA (FINES) RULES, 2002**

Enclosed please find order dated 03.10.2019 (12 Pages), passed by the Authority in the matter of Show Cause Notice issued to KE, due to non-compliance of Performance Standards, Distribution Code and other Applicable Documents under Rule 4 (8) & (9) of the NEPRA (Fines) Rules, 2002.

Encl: As above


03.10.19
(Syed Safeer Hussain)



National Electric Power Regulatory Authority

In the matter of Show Cause Notice dated 20.11.2018 issued to K-Electric Limited under Rule 4 (8) & (9) of NEPRA (Fines) Rules 2002.

Order

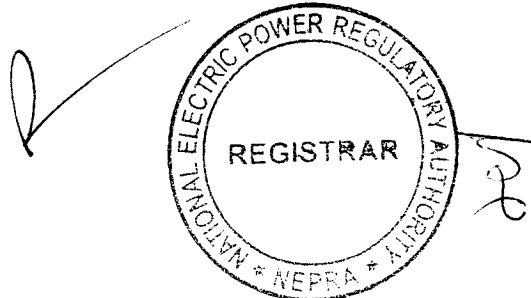
1. K-Electric Limited (the "Licensee") was granted a generation license (No. **GL/04/2002**) and also distribution license (No. **09/DL/2003**) by the National Electric Power Regulatory Authority (the "Authority") on 21.07.2003 pursuant to Sections 20 read with 21 and 25 of the NEPRA Act, 1997 ("Act").
2. The amended generation license up to February, 2018 provides details of generation facilities. Among these generation facilities include Plant III- Korangi Combined Cycle Power Plant (KCCPP) and Plant VIII- Combined Cycle Power Plant Bin Qasim (BQPS-II) as envisaged in Schedule-I of generation license. Fuel details of KCCPP and BQPS-II in the aforementioned Schedule of generation explicitly mentions natural gas as primary fuel and High Speed Diesel Oil (HSDO) as the alternate/back up fuel for the both power plants.
3. As per latest modification in generation license of the Licensee, the net capacity at mean site conditions of Bin Qasim Power Station-I (BQPS- I) is 1107 MW as provided in Schedule-II of the generation license.
4. Rule 4 (f) of Performance Standards (Distribution) Rules 2005, (the "Performance Standards Rules") prescribes Priorities and Principles of Load Shedding. It states that:
 - (i) *A distribution company shall have plans and schedules available to shed up to 30% of its connected load at any time upon instruction from NTDC. This 30% load must be made up from separate blocks of switchable load, which can be disconnected in turn at the instruction from NTDC. A distribution company shall provide copies of these plans to NTDC.*
 - (ii) *Wherever possible NTDC shall give distribution companies advance warning of impending need for load shedding to maintain system voltage and/or frequency in accordance with the Grid Code.*
 - (iii) *As per the provisions of the Grid Code, NTDC shall maintain an overview and as required instruct each distribution company the quantum of load to be disconnected and the time of such disconnection. This instruction shall be given in clear, unambiguous terms and related to prepared plans.*
 - (iv) *When instructed by NTDC, the distribution companies shall shed the load in the following order, namely:-*



- (a) *Supply to consumers in rural areas; and residential consumers in urban areas where separate feeders exist.*
- (b) *Supply to consumers, other than industrial, in urban areas.*
- (c) *Supply to agriculture consumers where there is a dedicated power supply.*
- (d) *Supply to industrial consumers.*
- (e) *Supply to schools and hospitals.*
- (f) *Supply to defense and strategic installations.*
- (v) *A distribution company shall prepare schedules of load disconnection, which demonstrate this priority order and which rotate load disconnections within the above groups in a non-discriminatory manner. The principle of proportionality shall be kept in mind so as not to excessively burden a particular consumer class.*

Background:

5. According to media reports, different areas of Karachi plunged into darkness since 27.03.2018 due to unscheduled load shedding in Karachi. The Authority took serious notice of such situation and directed the Licensee on 02.04.2018 to provide a detailed report in this regard. In response, the Licensee through its letter dated 04.04.2018 submitted that it has been forced to resort to load management even in exempted areas due to curtailment of gas by SSGC to a level of 90MMCFD only against a minimum requirement of 190 MMCFD to run all gas based generation plants, which has resulted in loss in power generation of around 500MW. In order to enquire into the matter, the Authority constituted fact finding team who visited Licensee's premises and inspected main power generation plants and grid stations. The committee also examined the log books and relevant record maintained at power plants and grid stations and following were observed:
 - i) KCCPP and BQPS-II have the provision of dual fuel (natural gas and HSDO) as provided in the generation license. In this regard, infrastructure is already available at the site. However, the Licensee has failed to commission both power plants on alternate fuel as per terms and condition of the generation license.
 - ii) Power generation from BQPS-I power plant of the Licensee remained unsatisfactory during the period under review (March 27, 2018 to April 10, 2018). Moreover, during morning time BQPS-I was further underutilized.
 - iii) Data available at grid stations of the Licensee showed a huge variation in the licensee's claimed duration of load shedding and the actual load shed recorded in the grid logs.
6. In view of above, the Authority observed that the Licensee has, prima facie, failed to comply with the following:

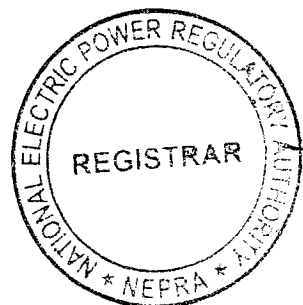
- i) To discharge its obligations to make available its generation facilities both on primary and alternate fuel in accordance with the terms and conditions of the generation license.
 - ii) To operate its generation facilities at the capacities prescribed under the terms and conditions of the generation license.
 - iii) Load Shedding in terms of Rule 4 (f) of Performance Standards Rules.
7. In view of the foregoing, the Authority decided to initiate legal proceedings against the Licensee under NEPRA Fines (Rules) 2002 (the "Fine Rules").
8. Accordingly, an Explanation dated 18.04.2018 was issued to the Licensee under Rule 4 (1) and (2) of the Fine Rules. Salient parts of the Explanation are as under;

7. **WHEREAS** the premises of the Licensee (generation, transmission and distribution facilities) of the Licensee were visited by the NEPRA team from April 11 to 13, 2018 to verify the media reports regarding un-scheduled load shedding carried out by K-Electric in past few days, owing to which consumers were suffering badly; and

8. **WHEREAS** during the visit following, prima facie, violations came to the notice of the Authority regarding compliance with provisions of the NEPRA Act, terms & conditions of the generation & distribution license granted to K-Electric and NEPRA Performance Standards (Distribution) Rules, 2005:

i. Power plants of the Licensee namely; KCCPP and BQPS-II have the provision of dual fuel (natural gas and HSDO) as provided in its generation license. In this regard, infrastructure is already available at the site. However, the Licensee has failed to commission both power plants on alternate fuel as per terms and condition of the generation license in the alleged wake of reduction in gas supply by the Sui Southern Gas Company. Resultantly, the gap between power supply and power demand i.e. the shortfall increased and duration of load shedding extended throughout the city. Therefore, the licensee has, prima facie, failed to discharge its obligations to make available its generation facilities in accordance with the terms and conditions of the generation license.

ii. Power generation from BQPS-I power plant of the Licensee remained unsatisfactory during the period under review (March 27, 2018 to April 10, 2018). A comparison of daily generation at BQPS- I vis-à-vis approved net capacity of the said power plant under generation license as shown in the table below reveal that the Licensee underutilized BQPS-I during the period under review:

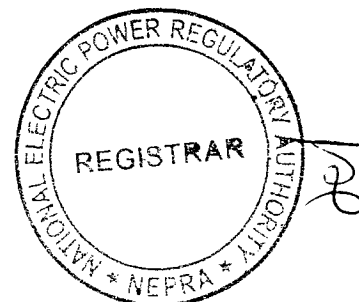


Date	BQPS-I Daily Generation	Net Capacity under Generation License
27.03.2018	638	1107.6
28.03.2018	640	1107.6
29.03.2018	655	1107.6
30.03.2018	722	1107.6
31.03.2018	748	1107.6
01.04.2018	620	1107.6
02.04.2018	631	1107.6
03.04.2018	596	1107.6
04.04.2018	610	1107.6
05.04.2018	693	1107.6
06.04.2018	605	1107.6
07.04.2018	603	1107.6
08.04.2018	629	1107.6
09.04.2018	602	1107.6
10.04.2018	709	1107.6
Av. Supply (27.03.2018 to 10.04.2018)	647	1107.6
% Utilization/Loading	58.4%	

Moreover, during morning time BQPS-I was further underutilized whereas it could have been operated at full capacity to minimize load shedding. In view of foregoing, the Licensee reduced the net capacity of BQPS-I during the period of March 27, 2018 to April 10, 2018, prima facie, in contravention of terms and condition of the generation license.

iii. Data available at grid stations of the Licensee shows a huge variation in the licensee's claimed duration of load shedding and the actual load shed recorded in the grid logs. A comparison of total actual load shed and the licensee's claim of load shedding during the period under review (March 27, 2018 to April 10, 2018) is shown in the following table:



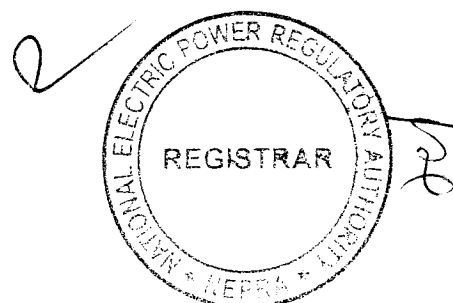


Sr. #	Grid Station	Feeder Name	Category	Date	Load Shedding noted at Grids (Hours)	Duration of Interruptions other than Load Shedding (Hours)	Total Actual Outage Duration (Hours)	KE's Claimed Duration (Hours)	Variation (Hours)
1.	Airport - II	Gulshan-e-Ghazali	ML	29.03.2018	5	3	8	4.5	2.5
		Shamsi Society	ML	09.04.2018	1	7	8	6	2
		Noor Housing	ML	10.04.2018	6	1	7	5	2
		Baba Willayat Shah	HL	09.04.2018	11	0	11	9	2
		Pir Mehfooz	VHL	28.03.2018	9	2	11	9.75	1.25
		Ghazi Town	VHL	10.04.2018	0	18	18	8.5	9.5
2.	Jauhar	Jubilee Gate + PLA Society	LL	29.03.2018	1	9	10	2	8
		Pak SS + Karachi MS	ML	28.03.2018	0	8	8	4.5	3.5
		Prem Villas + Marora	VHL	28.03.2018	11	0	11	9.75	1.25
3.	Liaquatabad	Nazimabad Pumping +	LL	28.03.2018	6	0	6	0	6
		Liberty Cinema	ML	28.03.2018	6	0	6	4.5	1.5
		Café Millat	HL	29.03.2018	11	0	11	8.25	2.75
		Govt. School	VHL	29.03.2018	11	0	11	9.75	1.25
		CI Area	VHL	29.03.2018	11	0	11	9.75	1.25
4.	North Karachi	Faiza Avenue +	LL	10.04.2018	4	0	4	3	1
		Gold Smith	ML	28.03.2018	6	0	6	4.5	1.5
		Country Tower +	HL	29.03.2018	8	4	12	8.25	3.75
		Al-Ahmed Avenue	VHL	09.04.2018	11	3	14	10.5	3.5
5.	Surjani	Global City	HL	29.03.2018	11	0	11	8.25	2.75
		Arsalan Homes	HL	10.04.2018	10	0	10	8	2
		Michael Academy	VHL	09.04.2018	10	10	20	10.5	9.5
		Stylish Garden	VHL	29.03.2018	8	8	16	9.75	6.25
		Abdullah More	VHL	09.04.2018	10	7	17	10.5	7.5

Above table clearly indicates that the Licensee has carried out prolonged hours of unscheduled load shedding during the period from March 27, 2018 to April 10, 2018. Such extended load shedding cannot be attributed to alleged restricted gas supply only. Apparently, it is operational failure of the licensee due to under-utilization of BQPS-I and non-utilization of KCCPP and BQPS-II on alternate fuel and also due to weak and fragile distribution system of the Licensee. Such conduct of the Licensee shows that the Licensee has failed to adhere to principles of load shedding as prescribed under Rule 4(f) of the NEPRA Performance (Standards) Distribution Rules, 2005 and prima facie constitutes a failure on part of the Licensee to ensure un-interrupted power supply to its consumers within its service territory and amounts to contravention of section 21(2) (b) of the NEPRA Act.

Submissions of the Licensee:

9. The Licensee vide its letter dated 04.05.2018 submitted its response to the above mentioned Explanation. The Authority considered the response of the Licensee and accepted the request to provide an opportunity of hearing under Rule 4(5) of the Fine Rules. Accordingly, hearing in the matter was held on 08.08.2018.



Hearing

10. The Authority considered the submissions made by the Licensee during hearing and after detailed deliberations observed that the Licensee has not submitted satisfactory explanation to the allegations mentioned at para 8 (i) (ii) and (iii) of the Explanation, therefore, the Authority rejected the same by giving reasons for such rejection vide order dated 20.11.2018.

Show Cause Notice:

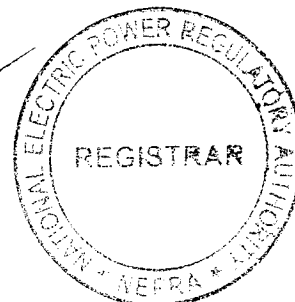
11. Accordingly, a Show Cause Notice vide letter No. 18262 dated 20.11.2018 was issued to the Licensee under Rule 4 (8) of the Fine Rules. The Licensee submitted its response to above mentioned Show Cause Notice on 16.12.2018 and denied the allegations on the following grounds.

a. Operation of Plants on Alternate/Back Up Fuel:

Please note that the option to commission KCCPP and BQPS-II on High Speed Diesel (HSD) was not exercised earlier due to commitment given by SSGC for supply of at least 276 MMCFD Natural Gas to KE in line with the ECC decision, which is supported with the existing stay orders in CP No. 1088 of 2011 (KE vs. Federation of Pakistan and Others) and CP 4615 of 2018 (KE vs. Federation of Pakistan and Others) wherein both SSGC and OGRA are co-respondents. Moreover, this ECC commitment for provision of 276 MMCFD gas to KE was reiterated by SSGC to NEPRA during the proceedings of LPM-IV for addition of KE's new gas based plants, based on which LPM-IV was processed and issued on 22nd August, 2013.

Additionally, a number of times power generation reports were supplied to NEPRA which clearly demonstrate generations by BQPS-II and KCCPP through local gas and that use of HSD was never included in the projections. Therefore, the fact that these plants have not been commissioned on HSD was within due knowledge of NEPRA. However, no directions for commissioning on HSD were given by NEPRA nor were the heat rates/O&M, cost/tariff determined by NEPRA for operation of these plants on HSD. Further without prejudice to the foregoing, we would like to point out that Rule 4 (1) of the NEPRA Fines Rules, 2002 requires Registrar to act within fifteen (15) days of coming to knowledge of the violation made to justify the issuance of Show Cause Notice, which in the instant case was within the due knowledge of NEPRA as early as March 17, 2009. Therefore, it is no longer competent for NEPRA to raise any objection through the issuance of the Show Cause Notice in relation to the same, as the same is ultra vires the NEPRA (Fines) Rules as well as NEPRA Act.

Additionally, in view of the CCOE directives to increase gas supply to KE as well as provide RLNG, KE is already operating its plants on RLNG with effect from the date of CCOE's directives to bridge the demand supply gap and to provide immediate relief to its consumers. Accordingly, KE filed LPM with NEPRA through letter dated April 23, 2018 requesting for addition of RLNG as an alternate fuel source for KE's power plants. KE evaluated the option of commissioning KCCPP and BQPS-II on HSD as an optional/back up fuel and in KE's opinion, post availability of RLNG, the redundancy of BQPS-II and KCCPP has been avoided, therefore, addition of HSD as an alternate fuel will increase the tariff and burden GoP/consumers unnecessarily.



b. Underutilization of BQPS-I:

We would like to reiterate that Net Capacity of 1107MW as mentioned in KE's generation license is the nameplate capacity with factor for the auxiliary consumption and does not account for any outages and reduction in dispatch due to technical considerations. The delivery of net capacity is also subject to seasonal variations, which have not been taken into account as well. It is further informed that KE was forced to delay its routine maintenance schedule of BQPS-I, and so during the affected period resulted in forced outages/reduced capacity and availability of the units due to maintenance during the peak summer months. It is also pertinent to mention that NEPRA team during its visit of KE's BQPS-I on 11th April, 2018, were shown and briefed about the maintenance work in progress for units of BQPS-I, including the different challenges/complexities associated with the undertaken maintenance. However, despite all such challenges, KE operated BQPS-I at around 90% availability.

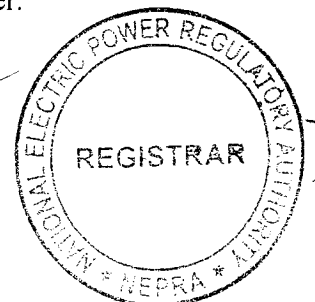
Further with respect to capacity payments, it is submitted that this issue has been raised for the first time and the same was not part of the Explanation issued by NEPRA dated April 18, 2018 and hence as such violates the principles of natural justice as well as in contravention of Rule 4 (1) of the NEPRA (Fines) Rules, 2002, which requires Registrar to act within fifteen days of coming to know of the violation made to justify the issuance of Show Cause Notice. Nonetheless, it is submitted that the capacity payments are derived on the basis of depreciated value of the plant, which is provided to the licensee over a certain predefined period. Whereas, the net capacity given in the License is the maximum capacity which is subject to planned and forced outages during the year and also varies during different seasons.

c. Unannounced Load Shedding:

We reiterate that grid logs do not represent hourly load shed but rather record the load in amperes at specific point in time and therefore any outage mentioned in the grid logs cannot be presumed to have occurred for the whole hour. Further, this log is only used to assess loading position of feeder. No law or regulation mandate sole usage of grid logs for monitoring and recording outages, therefore, the conclusion drawn by NEPRA on the basis of grid logs despite KE's request to not consider the same is non-reading and mis-reading of evidence.

Here it is aptly put forward that additional details pertaining to earlier load running on back feeding feeders, capacity of carrying additional load and tripping occurred, restoration of consumers via back feeding etc. were not sought earlier by NEPRA in its Explanation and that the same have been identified for the first time in this Show Cause Notice. Hence, alleging the same against KE is in contravention of NEPRA Fines Rules as well as against the rules of natural justice.

Further, NEPRA has misinterpreted KE's comments with respect to feeder category, In this regard, it is clarified that the category of feeders is updated/changed in KE's system on the basis of their loss profile in accordance with KE's SOP. Here it is pertinent to mention that in line with KE's load shed SOP, Categories of two feeders were changed on the basis of their loss profile, i.e. Café Millat was changed from VHL to HL and Nazimabad pumping was changed from ML to LL and the same were shared with NEPRA team during their visit on 11th April, 2018. In compliance with rule 4 (f) of the NEPRA Performance Standards (Distribution) Rules 2005, KE carried out load management during the affected period aptly demonstrating the priority order and also rotated load shed in a non-discriminatory manner.



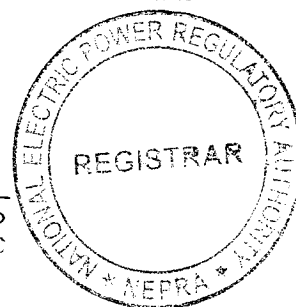
Hearing:

12. The Authority considered the response of the Licensee and decided to allow an opportunity of hearing under Rule 4 (11) of the Fine Rules. Accordingly, hearing in the matter was held on 06.03.2019. During the hearing, following submissions were made by the representatives of the Licensee:
- Regarding commissioning of plants on alternate fuel, it is submitted that the same were not commissioned on HSD due to commitment of SSGC to provide gas as per agreed quota and court bindings on SSGC. From very first day, KE operates its plants on single fuel and submits generation data, forecasting data and subsequent forecast tariff, however, no such direction/explanation was issued by NEPRA to KE regarding commissioning of alternate fuel. Now KE has shifted on RLNG as back up fuel.
 - It is also a fact that there are some disadvantages of operating plants on HSD such as double maintenance cycle including double cost, low efficiency, destroying HRSG, higher/double tariff and affecting availability & reliability etc.
 - With respect to underutilization of BQPS-I, it is submitted that it was not underutilized, but it was under forced outages due to some faults despite of regular maintenance and timely overhauling. It is also submitted that BQPS-I is an old & deteriorated plant. Due to old technology, there are some technical limitations which affect its generation. Tripping of one unit generator and leakage of boiler tube of another unit during the same period of gas curtailment were the main reasons of less generation of BQPS-I. Since, it is beyond the control of KE, therefore, it cannot be considered as KE's slackness.
 - The instances mentioned in 3rd allegation are based on grid logs which actually does not reveal the shedding of load for whole hour and also does not highlight the back feeding data. Further, the outages occurred due to technical faults cannot be considered as extended load management. Grid logs should not be considered as basis to assess load shedding hours. For this purpose, a complete outage management system is being rolled out which will automatically record all the data. The same is in the knowledge of NEPRA.
 - Load shedding was carried out as per policy, however, duration of outages pertaining to some feeders was extended due to technical faults. The Explanation shows 23 feeders containing higher duration of outages, however, all the feeders were restored within prescribed time by back feeding except two. One is Abdullah Mor and other is Michael Academy. The problem/confusion is that grid logs do not indicate back feeding data.

Analysis/Findings of the Authority:

Operation of Plants on Alternate/Back-up Fuel:

13. The Licensee has submitted that option to commission KCCPP and BQPS-II on HSD was not exercised due to commitment given by SSGC for supply of at least 276 MMCFD natural gas to K-Electric in line with Economic Coordination Committee (ECC) decision. Moreover, neither the direction for commissioning on HSD was given by NEPRA nor were the heat rates/O&M cost/tariff was determined for operation of these plants on HSD. The Authority has considered the submissions of the Licensee and observes that NEPRA team

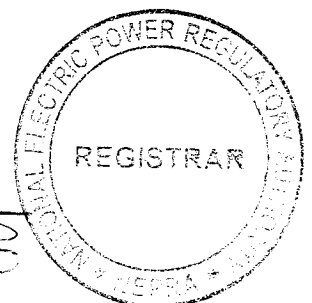


visited the gas based combined cycle power plants i.e. KCCPP (240MW) and BQPS-II (560MW) and noted that infrastructure for HSD operations at both the power plants is available. Being a prudent utility, the Licensee should have complied with the terms of its license and commissioned its dual fuel options in order to cope up an emergency situation, which the Licensee failed to do. Resultantly, the gap between power supply and power demand increased and duration of load shedding extended throughout the city. As far as NEPRA direction is concerned for operation on alternate fuel, it is clarified that the terms and conditions of generation license issued to the Licensee are binding on the Licensee which clearly provide for the primary and alternate/back up fuels and in this regard no further direction from NEPRA was required. Regarding the argument of non-determination of tariff by NEPRA on HSD, it is observed that it was the primary responsibility of the Licensee under the law to approach NEPRA for determination of tariff components for operation of its generation facilities on alternate fuel to ensure the continuity of supply, which it has failed to discharge.

14. The Licensee has further claimed that it has complied with the CCOE's directions and provides relief to the consumers by operating its plants on RLNG as an alternate fuel. In this regard, it is important to mention here that RLNG is being used by the Licensee after taking action by NEPRA since April 23, 2018, whereas, during the affected period i.e. 27.03.2018 to 10.04.2018, there was no alternate arrangement at Licensee's part to meet the consumer demand and to provide uninterrupted power supply. The Licensee during hearing in the matter of Show Cause Notice has submitted that there are lot of disadvantages to commission plants on HSD such as double maintenance cycle including double cost, low efficiency, destroying HRSG, higher tariff and affecting machine's availability and reliability. The Authority has examined the submission of the Licensee and observes that the Licensee's claims are not justified as there are other thermal power plants in Pakistan which are operating on dual fuel mode, but never raised such concerns. The Authority has also observed that the Licensee is hiding its inefficiency by giving such lame excuses as plants on HSD will only be operated in an emergency situation to avoid unannounced load shedding in Karachi. Hence, the Authority is of the considered opinion that the Licensee, *prima facie*, failed to discharge its obligations to make available its generation facilities on primary/alternate fuel in accordance with the terms and conditions of the generation license particularly with respect to section 3 – Fuel details and Section B – Fuel Details of Schedule-I of License No. 04/GL/2002, modified on March 17, 2009 and August 22, 2013 respectively.

Underutilization of BQPS-I:

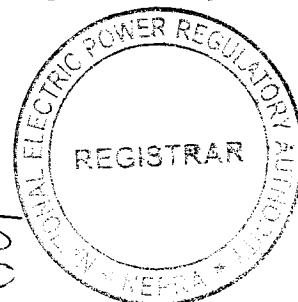
15. The Licensee has submitted that net capacity of 1107 MW as mentioned in generation license does not account for any outages and reduction in dispatch due to technical considerations. Further during the affected period, the available operating capacity of BQPS-I was further reduced due to forced outage/maintenance of some of its units. During the course of hearing, the Licensee has submitted that tripping of one unit's generator and leakage of boiler of another unit were the main reasons of less generation of BQPS-I. The Authority has considered the submissions of the Licensee and observes that the Licensee has admitted that BQPS-I was underutilized and gave some reasons which seem not justified. The reasons/issues such as tripping of generator and leakage of boiler could be



addressed by carrying out regular maintenance. The Licensee should have taken preventive measures to avoid such forced outages rather making them as justified ground for underutilization. The Authority also observes that it is very impractical approach of the Licensee to argue that deliverable capacity excluding units under outages should be considered as the net capacity of the Licensee for the period under review. The Authority is of the view that the Licensee is bound to ensure the net capacity that it has committed in generation license. It is further observed that capacity payments are being made to the Licensee at 1107 MW for BQPS-I, therefore, the Licensee is required to make available its net capacity at all the time. Hence, the assessment of utilization of BQPS-I was carried out as per the net capacity and found that it was underutilized during the period of 27.03.2018 to 10.04.2018. In addition, the Licensee has claimed that now NEPRA cannot include the issue of capacity payments as the same was not part of Explanation and violates the principles of natural justice. In this regard, it is clarified that no new issue is included in Show Cause Notice which goes beyond the Explanation. This is an impact which is being passed on to the consumers despite the non-availability of committed net capacity i.e. 1107 MW by the Licensee. In view of foregoing, the Authority is constrained to believe that the Licensee reduced the net capacity of BQPS-I, *prima facie*, in contravention of the terms and conditions of the generation license particularly with respect to Schedule-II of Generation License No. 04/GL/2002 as modified on February 28, 2018.

Unannounced Load Shedding:

16. With respect to unannounced load shedding, the Licensee has submitted that grid logs do not represent hourly load shed but rather record the load in amperes at specific point in time and therefore cannot be treated as outage for the whole hour. The Licensee has further submitted that grid log is only used to assess loading position of feeder but does not indicate the back feeding data. The Licensee has also submitted that load shedding was carried out as per policy, however, duration of outages pertaining to some feeders was extended due to some technical faults. Out of 23 feeders as highlighted in Explanation, all were restored via back feeding except two. The Authority has considered the submissions of the Licensee and observes that grid logs are the main source to assess the load shedding duration on any feeder. Moreover, if the tripping on any feeder records for less than an hour, then it must be clearly mentioned in the grid log. However, this is not the case here, no such entry in the grid log was made. Furthermore, the Licensee's claim that most of the time it back fed the supply and accordingly actual duration of load shedding was less than the mentioned in the Explanation, the Authority observes that the Licensee has not substantiated the claim of back feeding through any cogent evidence/data. The Licensee should have submitted the figures pertaining to earlier load running on back feeding feeders, capacity of carrying additional load and tripping occurred (if any) due to overloading. Moreover, it is not clarified by the Licensee that whether 100% consumers were restored by back feeding or otherwise.
17. Regarding the claim of the Licensee that all feeders were restored via back feeding except two, the Authority observes that the statement given by the Licensee seems generic. The Licensee should have substantiated its claim with the detail of back feeding data which it

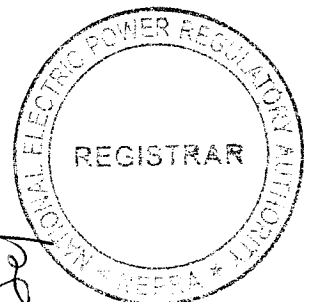


has failed to do. Furthermore, if only load shedding hours are to be considered by excluding outages, even then, the Explanation reveals that load shedding on 14 feeders ranged from 5 to 11 hours which itself is the violation of Performance Standards Rules and the Licensee's own criteria. The Licensee has also raised its concern that now NEPRA has sought details of additional things such as earlier load running on back feeding feeders, capacity of carrying additional load, tripping occurred and restoration which were not part of Explanation and the same have been identified first time in Show Cause Notice. Hence, alleging the same is in contravention of NEPRA Fine Rules. In this regard, it is clarified that the Licensee made a claim in its defense that feeders were restored via back feeding and the Authority sought the information which was relied upon by the Licensee. Therefore, this is not a separate issue which goes beyond the Explanation.

18. Such conduct of the Licensee shows that the Licensee has failed to adhere load shedding principles as prescribed under law to ensure un-interrupted power supply to its consumers. Therefore, the Licensee *prima facie* is in violation of Rule 4 (f) of Performance Standards Rules and section 21(2) (b) of the NEPRA Act.

Decision

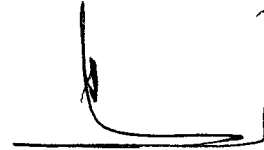
19. Considering the submissions of the Licensee in light of the Generation License, Performance Standards Rules and other applicable documents, the Authority is of the considered opinion that the Licensee has failed to provide any satisfactory reply and decides that;
- (a) the Licensee has failed to discharge its obligations to make available its generation facilities both on primary and alternate fuel in accordance with the terms and conditions of the generation license particularly with respect to section 3 – Fuel details and Section B – Fuel Details of Schedule-I of License No. 04/GL/2002 as modified on March 17, 2009 and August 22, 2013 respectively, therefore a fine of Rs. 1,000,000/- (One Million) is imposed on the Licensee;
 - (b) the Licensee has failed to operate its generation facilities at the capacities prescribed under the terms and conditions of the generation license particularly with respect to Schedule-II of Generation License No. 04/GL/2002 as modified on February 28, 2018, therefore a fine of Rs. 1,000,000/- (One Million) is imposed on the Licensee; and
 - (c) the Licensee has failed to adhere the obligation of uninterrupted power supply under section 21 (2) (b) of NEPRA Act and principles of load shedding in terms of Rule 4 (f) of Performance Standards Rules, therefore a fine of Rs. 1,000,000/- (One Million) is imposed on the Licensee;



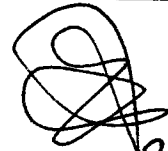
20. Accordingly, the Licensee is directed to pay the fine to the tune of Rs. 3,000,000/- (Three Million) in designated bank of the Authority within a period of 15 days from the date of issuance of this order and forward a copy of the paid instrument to the Registrar Office for information, failing to which the Authority shall recover the amount due under section 41 of the Act read with relevant provisions of the NEPRA Fine Rules as arrears of the land revenue.

AUTHORITY

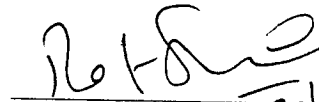
Engr. Bahadur Shah
VC/Member (M&E)



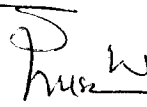
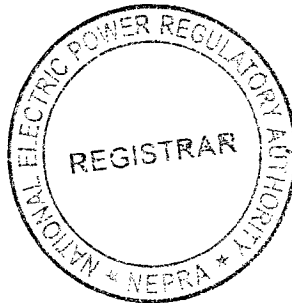
Rehmatullah Baloch
Member (CA)


25/9/19

Rafique Ahmed Shaikh
Member (Licensing)


27/9/19

Dated 3 - 10 - 2019.


03/10/19