



# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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**Registrar**

No. NEPRA/DG(M&E)/LAD-09/ 4076



March 22, 2024

Chief Executive Officer,  
Quetta Electric Supply Company (QESCO),  
Zarghoon Road,  
Quetta

Subject: **ORDER OF THE AUTHORITY IN THE MATTER OF EXPLANATION DATED 18.08.2023 ISSUED TO QESCO ON ACCOUNT OF THE ESTABLISHMENT OF SAFETY DIRECTORATE/DEPARTMENT – UNDER REGULATION 4(1) & (2) OF NEPRA FINE REGULATIONS, 2021**

Please find enclosed herewith, the Order of the Authority (total 06 pages) in the subject matter for information and compliance.

Enclosure: Order of the Authority (total 06 Pages)

  
(Engr. Mazhar Iqbal Ranjha)  






# National Electric Power Regulatory Authority

## ORDER

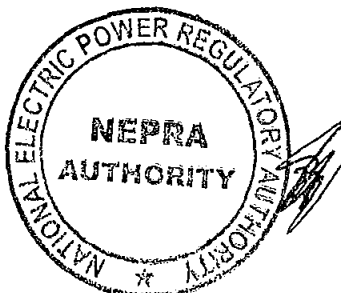
### IN THE MATTER OF EXPLANATION DATED 18.08.2023 ISSUED TO QESCO ON ACCOUNT OF THE ESTABLISHMENT OF SAFETY DIRECTORATE/DEPARTMENT - UNDER REGULATION 4 (1) & (2) OF NEPRA FINE REGULATIONS, 2021

1. Quetta Electric Supply Company (QESCO) (the "Licensee") was granted a distribution license (No. DL/08/2023) by the National Electric Power Regulatory Authority (the "Authority") on 09.05.2023 pursuant to section 20 read with 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 ("NEPRA Act")

#### BACKGROUND:

2. According to Section 7.1 of the Power Safety Code, all the Licensees are required to establish their independent directorate/department of Occupational Health Safety and Environment before December, 2021, and the same was informed to Licensee vide NEPRA letter dated 10.09.2021 followed by a reminder dated 02.03.2022 and a final notice dated 19.10.2022 were also issued. However, no response from Licensee was received despite lapse of the stipulated time.
3. Meanwhile, the same issue was raised during the hearing of Licensee dated 11.05.2023 at NEPRA in the matter of **Adjustment/Indexation Requests Filed by QESCO In Tariff Adjustment for FY 2023-24**. During the hearing, the Authority took serious notice and strictly directed Licensee to comply with the Authority's direction, within 30 days, failing which stern action shall be initiated.
4. Keeping in view the above directions, a letter dated 30.05.2023 was issued to Licensee and again directed to comply with directions and establish an independent Health, Safety and Environment Directorate/Department well within time. However, no response from Licensee was received.
5. It is a matter of record that despite repeated and continuous correspondence, the Licensee has failed to submit response to the direction of the honorable Authority. The Licensee also failed to establish independent Health Safety and Environment Directorate in its service territory despite lapse of two years' time. The Licensee should have understood that the HSE is basic requirement of any organization. Moreover, non-submission of response by the Licensee reflects that it lacks interest towards inculcating safety culture in its service territory.
6. Therefore, the Authority decided to initiate legal proceedings against the Licensee under NEPRA Fine Regulations, 2021.

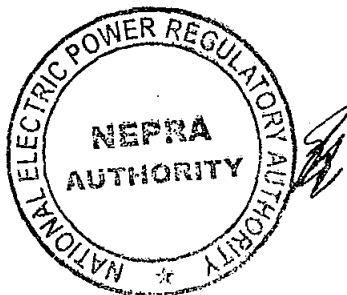
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## EXPLANATION:

7. In view thereof, an Explanation was served to the Licensee under Regulation 4(1) and 4(2) of NEPRA (Fine) Regulation, 2021, vide NEPRA's letter dated August 18, 2023, on account of violation of Performance Standards, Distribution Code, Power Safety Code, and other applicable documents. The salient points of the Explanation are as under:
3. *WHEREAS, the Rules and Regulations framed under the NEPRA Act as well as the Distribution License and Distribution Code fall within the definition of "applicable documents" as defined under NEPRA (Fines) Regulations 2021, (Fine Regulations) and for any violation of the applicable documents, fine could be imposed by the Authority; and*
  4. *WHEREAS, pursuant to the section 21 (2) (f) of the NEPRA Act, the Licensee is required to follow the performance standards laid down by the Authority for distribution and transmission of electric power, including safety, health and environmental protection; and*
  5. *WHEREAS, pursuant to section (48) of the NEPRA Act, the Authority shall have the power to issue such directives, codes guidelines, circulars or notifications as are necessary to carry out the purpose of this Act and the Rules and Regulations made hereunder; and*
  6. *WHEREAS, pursuant to section 5.1 of Power Safety Code, if Licensee fails to comply with the requirements of Power Safety Code and other applicable documents, NEPRA may initiate legal proceedings against the licensee or registered persons under NEPRA (Fines) Regulations, 2021; and*
  7. *WHEREAS, pursuant to section 7.1 of Power Safety Code, Licensee shall establish, implement, maintain and communicate "Occupational Health, Safety & Environment (HSE) Management System Manual" depending upon its own requirements, organizational needs, types of activities, processes, products, services and risks/aspects. Licensee shall cover all its operational sites and adopt industry's best practices and standards related to its work activities besides compliance to Power Safety Code and other requirements; and*
  8. *WHEREAS, the Authority always promotes the Occupational Health Safety and Environment in power sector of Pakistan, and from time to time different seminars/meetings with licensees are conducted on HSE to promote HSE culture; and*
  9. *WHEREAS, the Authority took serious notice of numerous number of fatal and non-fatal accidents occurring at workplaces in the power sector of Pakistan, and the Authority vide its letters dated September 10, 2021, followed by a reminder dated March 02, 2022, and Final Notice dated October 19, 2022, issued directions to its licensee to establish an independent and functional directorate/department of Occupational Health, Safety and Environments latest by December 2021 with*

*Signature*



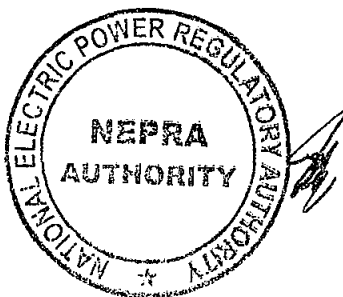
*dedicated, experienced, qualified and trained HSE Staff, under the direct control of Chief Executive Officer or equivalent; and*

10. **WHEREAS**, the Authority directed licensee that the minimum number of HSE personnel shall be evaluated on a case-to-case basis, depending upon the level of risk, criticality of operational activities, and the need of supervision. Moreover, HSE positions shall not be filled by irrelevant officials without relevant qualifications and certification or charged for on ad-hoc basis/additional charge. The appointed/deputed HSE personnel shall have technical background and possess at least one of the approved safety qualifications; and
11. **WHEREAS**, the Authority during the hearing in the matter of Adjustment/Indexation requests filed by DISCOs for Adjustment in tariff for FY 2023-24 took serious notice for non-compliance with the Authority's directions issued to the Licensee and directed that a final chance is hereby given to the licensee to establish a Safety Directorate. The same was also communicated to the licensee vide letter dated 30.05.2023; and
12. **WHEREAS**, the licensee was directed in light of Section (48) of NEPRA Act to comply with the directions of the Authority and submit a compliance report within stipulated time, if the licensee fails to comply with directions of the Authority, legal proceedings may be initiated against licensee under applicable laws; and
13. **WHEREAS**, after a lapse of stipulated time frame given by the Authority, the licensee has prima facie failed to comply with the directions of the Authority to establish the Health Safety and Environment directorate/department and to promote safety culture in its service territory; and
14. **WHEREAS**, the Licensee has prima facie failed to respond to the Authority directions and has committed violations of Section 7.1 and 5.1 of Power Safety Code, read with Section 21(2)f of NEPRA Act, Article 11 of the terms and conditions of License's Distribution Licensee, and is in non-compliance with the repeated directions of Authority, thereby, is also in violation of section 48 of the NEPRA Act; and

#### **SUBMISSIONS OF LICENSEE:**

8. In response, the Licensee vide its letter dated 06.09.2023 submitted the response against said Explanation. The summarized points of the same are as under:

*It is submitted that consonance to the Authority's directives issued in Power Safety Code, QESCO is in process of establishment of independent Occupational Health, Safety, and Environmental directorate/department in the light of directions issued by NEPRA. In this regard, the said matter was presented before the BoD of QESCO and BoD has approved establishment of independent Health, Safety, and Environment (HSE) department in QESCO against agenda item No.10 in its meeting held on*



10-08-2023 circulated vide company secretary Letter No. 154C.S/QESCO/BoD dated 28.08.2023.

Now, QESCO is seeking approval regarding recruitment and creation of posts from Ministry of Energy (Power Division) keeping in view its directions issued vide letter No. 12(3)/2018-DISCOs dated 28.05.2022.

Once the approval obtained from ministry the recruitment process will be initiated for Health, Safety, and Environment (HSE) department for its effective operationalization

#### HEARING:

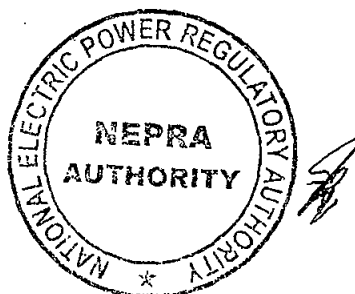
9. Moreover, in the best interest of justice, hearing opportunity on the subject matter was also provided to the Licensee which was held on 17.10.2023, wherein, the following submissions were made by the Licensee's representatives:

*The representative of Licensee stated that BoDs QESCO has just given approval for establishment Safety Directorate and further the proposal is sent for approval from the committee of the Power Division. As the approval process gets completed, we can process further in the matter.*

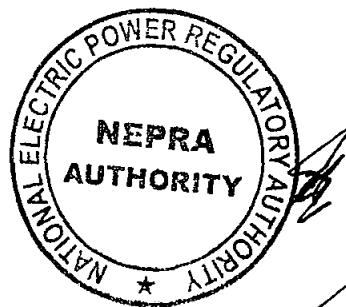
#### FINDING/ANALYSIS

10. The Licensee has contended that the process for the establishment of the Safety Management System in line with the directions of the Honorable Authority has been initiated. The said matter was presented before the BoD of QESCO. Accordingly, BoD has approved the proposal i.e., the establishment of an independent Health, Safety, and Environment (HSE) department in QESCO in its meeting held on 10-08-2023. The Licensee has further submitted that it is currently seeking approval regarding recruitment and creation of posts from Ministry of Energy (Power Division). Once the approval is obtained from the Ministry, the recruitment process will be initiated for effective operationalization of Health, Safety, and Environment (HSE) department. The Authority has considered the submissions of Licensee and observes that Licensee is not taking the Authority's directions seriously and have shown very slow progress in the subject matter. It is pertinent to mention that the Licensee was directed in December 2021 to establish a Safety Directorate, and despite numerous reminders and telephonic/verbal directions during hearings in other matters, the Licensee has failed to respond. This lack of responsiveness led to the initiation of legal proceedings.

12. In addition, the Licensee has asserted that its Board of Directors (BoD) approved the mentioned initiative during a meeting held on 10.08.2023, emphasizing that this approval could have been obtained earlier. If the Licensee had presented this matter before the BoD at the time when NEPRA issued directions in December 2021, the approval process could have been expedited. Unfortunately, the Licensee failed to take proactive actions. The delay on Licensee's part has resulted in a number of accidents since December 2021, and these incidents could have been prevented if the proposed efforts had been taken earlier.



13. Moreover, Licensee has tried shifted its responsibility upon the Ministry of Energy (Power Division) and has submitted that the case is under further approval for sanctioning of posts and subsequent recruitment from the Ministry. Keeping in view the submission of Licensee, the Authority has noted that the Licensee shows the lethargic attitude towards the development of safety culture in its service territory. The Authority observes that the Licensee received its initial directive in December 2021 to establish a Safety Directorate, with subsequent reminders and verbal instructions during hearings on different matters. Despite these repeated directions, the Licensee did not timely respond. The Licensee now asserts that the process has been initiated and will be completed in due course of time. However, this raises concerns about the Licensee's approach towards the compliance with Authority's directives, as it fails to provide a specific timeline for completion of task. Additionally, the Licensee has only commenced the process pending since two years after initiation of legal proceedings by NEPRA, highlighting a lack of proactive action that could have prevented fatal accidents.
14. The Licensee should have given the final timelines for the completion of said task so that long pending issues could be finalized in a timely manner. Overall, it can be said that Licensee has taken this effort after the initiation of legal proceedings by the Authority which could have been started on its own a lot earlier being the prudent utility. Hence, it is constrained to believe that Licensee has failed to comply with the Authority's directions and is in violation of NEPRA Act, Power Safety Code, and other applicable documents.
15. Therefore, it is concluded that the Licensee has failed to comply with the Authority's directions to establish an independent directorate of Health Safety and Environment in its territory despite repeated correspondence. Further, the Licensee has also failed to submit a satisfactory response against the served explanation. Therefore, the Licensee is in violation of Sections 7.1 and 5.1 of the Power Safety Code, read with Section 21(2)f of the NEPRA Act, Article 11 of the terms and conditions of Licensee's Distribution Licensee, and is in non-compliance with the repeated directions of Authority, thereby, is also in violation of section 48 of the NEPRA Act.

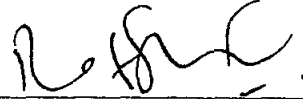


## DECISION

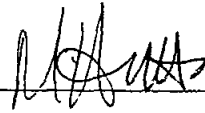
16. After due deliberations and taking into account the submissions/arguments made by the Licensee during the hearing and available record and in light of the NEPRA Act, NEPRA (Fine) Regulations, 2021, and other applicable documents, the Authority is of the considered opinion that the Licensee has failed to provide any satisfactory reply to the Explanation served to it, therefore, the Authority hereby decides to issue a Show Cause Notice to the Licensee in terms of Regulations 4(8) & (9) of the NEPRA (Fine) Regulations, 2021.

## AUTHORITY

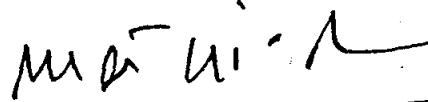
Rafique Ahmed Shaikh  
Member (Technical)



Engr. Maqsood Anwar Khan  
Member (Licensing)



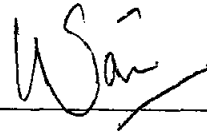
Mathar Niaz Rana (nse)  
Member (Tariff)



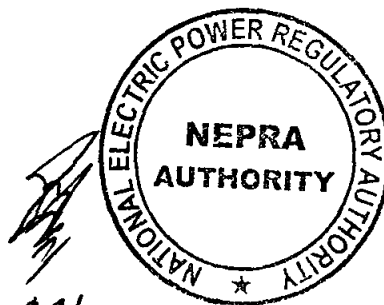
Amina Ahmed  
Member (Law)



Waseem Mukhtar  
Chairman



Dated 22/03/2024



22/03/24