



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/SA(M&E)/LAD-35/ 14588

September 12, 2025

Chief Executive Officer,
Sukkur Electric Power Company (SEPCO)
Administration Block, Thermal Power Station,
Old Sukkur

Subject: **ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE NOTICE
ISSUED TO SEPCO UNDER REGULATIONS 4(15) NEPRA FINE REGULATIONS
2021, READ WITH SECTION 27B OF THE NEPRA ACT, ON ACCOUNT OF
CONTINUED VIOLATION REGARDING AT&C-BASED LOAD SHEDDING**

Please find enclosed herewith, the Order of the Authority (total 08 pages) in the subject matter for information and compliance.

Enclosure: As above


(Wasim Anwar Bhinder)

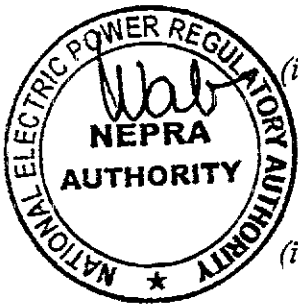


National Electric Power Regulatory Authority

ORDER

**IN THE MATTER OF SHOW CAUSE NOTICE ISSUED TO SEPCO UNDER
REGULATIONS 4(15) NEPRA FINE REGULATIONS 2021, READ WITH SECTION
27B OF THE NEPRA ACT, ON ACCOUNT OF CONTINUED VIOLATION
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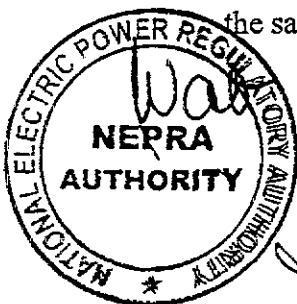
1. Sukkur Electric Power Company Limited (SEPCO) (the "Licensee") was granted a Distribution License (No. 21/DL/2011) by the National Electric Power Regulatory Authority (the "Authority") on 18.08.2011, for providing Distribution Services in its Service Territory as stipulated in its said Distribution License, pursuant to section 20 read with 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 ("NEPRA Act").
2. During hearings in the matter of Monthly Fuel Price Adjustments (FPAs) for DISCOs and K-Electric being held on monthly basis, number of complaints regarding unscheduled load shedding by the general public had been and are being received by the Authority. Upon inquiry, it was revealed that load shedding is being carried out on the basis of AT&C losses policy, which is not in line with the provisions of the NEPRA Act, 1997, and Performance Standards (Distribution) Rules, 2005, and has never been recognized by NEPRA.
3. According to Rule 4 (f) of NEPRA Performance Standards (Distribution) Rules, 2005 :
 - (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.*

4. The Authority further observed that the Licensee is even violating its own so-called AT&C policy and carrying out excessive load shedding as compared to the scheduled one. Moreover, few feeders were randomly selected, and observed that the Licensee has been failed to make improvements in technical and financial health of those feeders over last four years despite allowing colossal amounts under the O&M head by NEPRA and continuing their operations in the status quo, due to which, even good-paying consumers are suffering a lot.
5. Consequently, the Authority initiated legal proceedings against the Licensee. Upon conclusion of the proceedings, the Authority, through its Order dated April 03, 2024, imposed a fine of Rs. 50 million on the Licensee under the NEPRA Act and the NEPRA (Fine) Regulations, 2021, for violating Rule 4(f) of the Performance Standards (Distribution) Rules, 2005, read with Section 21(2)(b) & (f) of the NEPRA Act and Article 11 of the terms and conditions of its Distribution License.
6. It is a matter of grave concern that the Licensee has failed to comply with the aforementioned order of the Authority and continues to implement load shedding based on the AT&C criterion. This constitutes a persistent violation of applicable NEPRA laws and directives. Such practice adversely impacts consumers by subjecting them to unwarranted and prolonged outages, undermines service reliability, and reflects blatant disregard for the Authority's decisions. Additionally, NEPRA continues to receive a large volume of consumer complaints regarding excessive and unannounced load shedding within the Licensee's service area.
7. In view of the foregoing, the Licensee has failed to comply with the Order of the Authority and is in continued default of Rule 4(f) of the Performance Standards (Distribution) Rules, 2005, in conjunction with Section 21(2)(b) & (f) of the NEPRA Act and Article 11 of the terms and conditions of its License. Therefore, the Authority again initiated proceedings and decided to issue a Show Cause Notice (SCN) to the Licensee vide letter dated March 12, 2025, on account of the continued default of the licensee to carry out load shedding in violation of NEPRA law. The salient points of the said SCN are as follows:



“3. WHEREAS, pursuant to section 21(2)(b) of the NEPRA Act, the Licensee is responsible to provide distribution service and make sales of electric power within its territory on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority; and

4. **WHEREAS**, pursuant to 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; and

5. **WHEREAS**, Rule 4(f) of NEPRA Performance Standards (Distribution) Rules, 2005, states below:

(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 agricultural 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.

6. **WHEREAS**, the Authority initiated legal proceedings against the Licensee and after concluding the same, vide order dated April 03, 2024 ("Order"), imposed a fine of Rs 50 Million on the Licensee under NEPRA Act, and NEPRA (Fine) Regulations, 2021 for violation of Rule 4(f) of Performance Standards (Distribution) Rules, 2005, read with Section 21 (2)(b) & (f) of the NEPRA Act, and Article 11 of the terms & conditions of its Distribution



License. Accordingly, notice of demand has also been issued to the Licensee vide letter dated June 05, 2024; and

7. **WHEREAS**, it is a matter of serious concern that the Licensee has failed to implement the aforesaid order of the Authority and continues to follow load shedding based on AT&C criteria, which constitutes an ongoing violation of the aforementioned NEPRA laws. This practice by the Licensee adversely affects consumers by imposing undue power outages, disregarding Authority directives, and undermining service reliability. Furthermore, NEPRA is still receiving numerous complaints from consumers regarding excessive and unannounced load shedding within the Licensee's service territory; and

8. **WHEREAS**, the Licensee has failed to comply with the Order of the Authority and is in continued default of Rule 4(f) of the Performance Standards (Distribution) Rules, 2005, in conjunction with Section 21(2)(b) & (f) of the NEPRA Act and Article 11 of the terms and conditions of its License; and

9. **NOW, THEREFORE**, in view of the above, the Licensee is hereby served with a Show Cause Notice and directed to submit reply within fifteen (15) days of receipt of this Show Cause Notice as to why an additional fine of one hundred thousand rupees for every day during which the contravention has continued from the date of the Order should not be imposed upon the Licensee under Section 27B of the NEPRA Act."

8. Moreover, in order to follow the due process of law, a hearing in the matter was held on May 14, 2025, wherein the CEO SEPCO, along with its team, participated and made the following submissions:

i. The AT&C-based load shedding was started by SEPCO in March 2014 upon the directions of the Ministry of Energy.

ii. The Categories/slabs of the losses were defined by PITC. Therefore, SEPCO is carrying out the AT&C-based load shedding based on said directives.

The decision of the Authority has been challenged in the NEPRA Appellate Tribunal, and an appeal has been filed.

iv. Earlier, the tribunal was non-functional, but now the Chairman has been appointed. Therefore, SEPCO will pursue the case on that forum.

FINDINGS:

9. In response to the Show Cause Notice, the Licensee vide its letter dated March 20, 2025, submitted that there are no "procedures" prescribed for the imposition of any fines under Section 46(2)(d) of the NEPRA Act, 1997, contending that the subject proceedings are *void ab initio*. They also claim that the National Electric Power Regulatory Authority (Fine) Regulations, 2021, are "illegal and ultra vires" because rules for fines should be framed by the Federal Government under Section 46, not by



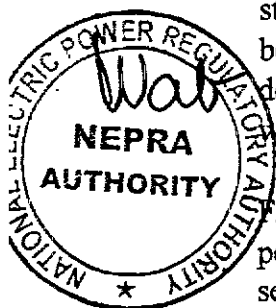
NEPRA through regulations under Section 47. Furthermore, Licensee suggests that fines should not be issued during the pendency of an appeal before the NEPRA Appellate Tribunal.

However, the NEPRA Act, 1997, specifically Section 27B, which was added in 2018, explicitly grants NEPRA the power to impose penalties for default or contravention. This section mandates that any person, including a company, contravening the Act, rules, or regulations, or failing to comply with licence conditions, is punishable with a minimum fine of ten million Rupees up to two hundred million Rupees, with additional daily fines for continuing default. It explicitly states that a fine "shall only be imposed under this section after providing a reasonable opportunity of being heard". This statutory provision directly establishes NEPRA's authority to levy fines, irrespective of the Licensee's argument about the omission of a prior Section 29.

Regarding procedural matters, while Section 46 allows the Federal Government to make "rules" for matters "required to be prescribed," Section 47 of the Act empowers NEPRA itself to make "regulations not inconsistent with the provisions of this Act and the rules" for the performance of its functions. Crucially, Section 47(2)(f) specifically authorizes NEPRA to make regulations for the "manner and procedure of show cause notices". The Act also defines "specified" as "specified by regulations made under this Act," further reinforcing NEPRA's power to define procedures through regulations. In accordance with this authority, NEPRA has indeed issued the National Electric Power Regulatory Authority (Fine) Regulations, 2021, under Section 47, which outline a detailed "Procedure" in Regulation 4. This procedure includes steps such as seeking explanations, issuing show cause notices if explanations are rejected or denied, and providing opportunities to be heard. The fine amounts stipulated in the First Schedule of these 2021 Regulations are consistent with the ranges provided in Section 27B of the Act. Therefore, NEPRA's power to frame regulations for the procedure of show cause notices and fines is explicitly provided in the Act, distinct from the Federal Government's power to frame rules.

Furthermore, the Licensee's argument that fines should not be issued or enforced during the pendency of an appeal is directly contradicted by Section 12G(5) of the Act, which states unequivocally: "A decision or order of the Authority or Tribunal, as the case may be, shall be given full force and effect during the pendency of any appeal of such determination". This provision ensures that NEPRA's decisions remain effective even while under appeal.

Finally, concerning the underlying violations, NEPRA's mandate includes specifying performance standards for distribution companies to ensure "safe, efficient and reliable service," which includes standards for the "principles and priorities of load shedding". Distribution licensees, like SEPCO, are legally obliged to "follow the performance standards laid down by the Authority". NEPRA's broader functions include protecting the "interests of consumers" and ensuring "transparency and impartiality". While distribution companies (DISCOs) are government-owned and may follow government policy, they are still bound by the performance standards and regulatory framework set by NEPRA.

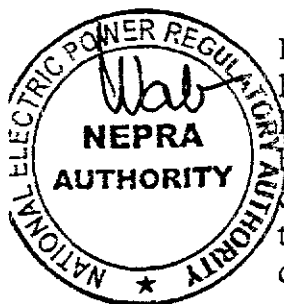


10. The Licensee has submitted that in accordance with the NEPRA Performance Standards Rules, as referred in these paras, the Licensee's plan to shed up 30% of its connected load at a time upon instructions from System Operator and it used to give instructions on daily basis to the Licensee for scheduled load shedding and for load shedding to maintain system voltage and/or frequency in accordance with the Grid Code. Further to that, NPCC used to maintain, overview, and instruct Power Dispatch Centre (PDC) of the Licensee about the quantum of load to be disconnected. The Licensee also submitted that there is no complaint on the part of NTDC for any violation of the procedures given. When the Licensee conducts loadshedding upon the instructions of NPCC or NTDC, then the responsibility of violation, If any, could not be attributed to the Licensee, and in those situations, the Licensee has not heard even that NEPRA has initiated action against NTDC or NPCC for issuing instructions of load shedding beyond the scope of relevant rules. It is therefore a request from the Licensee that a Regulator provide any information/data containing conduct of load shedding on the basis of the NEPRA Performance Standards Rules, 2005, as a precedent for the Licensee so that it could accordingly acts upon.

The Authority has considered the submissions of the Licensee and is of the view that it is highly unlikely that the System Operator (NPCC) would issue instructions to any DISCO, including the Licensee, to carry out load shedding on a commercial basis, which the Licensee refers to as "scheduled load shedding." If such instructions were indeed given, it was the Licensee's responsibility to provide concrete evidence to NEPRA so that appropriate action could be taken against NPCC. However, no such evidence has been presented. It is important to clarify that NEPRA has never authorized or instructed any of its licensees to conduct commercial or scheduled load shedding beyond what is permitted under the regulatory framework. NPCC's instructions are limited solely to maintaining system stability, including voltage and frequency control, as per the Grid Code.

Moreover, with respect to the Licensee's request to share information regarding the conduct of load shedding, it is clarified that NEPRA Performance Standards (Distribution) Rules are very much clear that DISCOs could carry out load shedding only in the case of Generation Shortage, Transmission Constraints, Voltage Outside Limits, etc., which is referred to as forced load shedding. Further Rule 4(f) of PSDR provided the priority categories to carry out load shedding, 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.

In addition to the load shed upon instructions from NPCC, the Licensee is carrying out load shedding based on AT&C-losses criteria, which is a clear violation of NEPRA laws. Moreover, as per weekly monitoring of load shedding on random feeders, it has been observed that the Licensee is not even following its so-called load shedding criteria, and the consumers are facing extended hours of load shedding even more than their scheduled load shedding hours. The role of NPCC or RCC in giving directions does not mean the Licensee is not accountable for its own actions. It is the Licensee's duty to follow regulatory limits and ensure that consumers' rights are protected. Simply passing the responsibility to NPCC or RCC is not a valid defense.



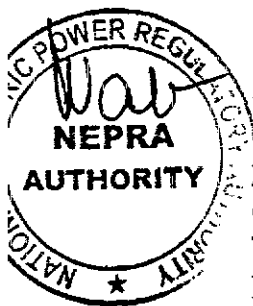
Furthermore, it appears that the Licensee is trying to hide its inefficiencies and showing a reduction in line losses by implementing AT&C load shedding for the majority of consumers instead of implementing corrective measures to improve feeder losses. The Licensee should focus on efficiently utilizing its O&M and Investment funds allowed under STG, DOP, and ELR heads of its MYT in order to address this issue.

11. The Licensee has also submitted that it is being proposed to impose fine as a continuity of earlier imposed fine owing to continuity of the violations but it is submitted that the earlier proceedings were under Regulations 4 (1) and (2) of NEPRA (Fines) Regulations, 2021 but in the continuity thereof, now the subject letter is under section 27-B of NEPRA Act but why not under the earlier observed law. This sole reason makes the subject letter illegal and not maintainable. That for proceedings to be conducted under 27-B, prescribing a procedure in the form of "Rules" is still not there; therefore, there may be no legal sanctity attached to the subject letter so issued. It is reiterated that the same is illegal and without any lawful authority; therefore, it should be withdrawn.

Whereas, it is reiterated here that Section 46 allows the Federal Government to make "rules" for matters "required to be prescribed," Section 47 of the Act empowers NEPRA itself to make "regulations not inconsistent with the provisions of this Act and the rules" for the performance of its functions. Crucially, Section 47(2)(f) specifically authorizes NEPRA to make regulations for the "manner and procedure of show cause notices". The Act also defines "specified" as "specified by regulations made under this Act," further reinforcing NEPRA's power to define procedures through regulations. In accordance with this authority, NEPRA has indeed issued the National Electric Power Regulatory Authority (Fine) Regulations, 2021, under Section 47, which outline a detailed "Procedure" in Regulation 4. This procedure includes steps such as seeking explanations, issuing show cause notices if explanations are rejected or denied, and providing opportunities to be heard. The fine amounts stipulated in the First Schedule of these 2021 Regulations are consistent with the ranges provided in Section 27B of the Act. Therefore, NEPRA's power to frame regulations for the procedure of show cause notices and fines is explicitly provided in the Act, distinct from the Federal Government's power to frame rules.

12. **Decision of the Authority:**

In light of the submissions made by the Licensee, the evidence available on record, and the applicable provisions of NEPRA laws as well as the terms and conditions of the Distribution License issued to the Licensee, the Authority hereby rejects the response submitted by the Licensee against the Show Cause Notice dated March 20, 2025. Accordingly, the Authority directs the Licensee to immediately cease and refrain from continuing AT&C-based load shedding in contravention of the Authority's directives and the applicable legal framework. Further, the Authority imposes a fine of Rs. 100,000 (Rupees One Hundred Thousand) per day on the Licensee for each day of persistent contravention with effect from the date of the Authority's original Order dated April 04, 2024, until the violation is rectified to the satisfaction of the Authority. The fine is imposed under the provisions of the NEPRA Act and the NEPRA (Fine) Regulations, 2021, on account of violation of Rule 4(f) of the Performance Standards (Distribution) Rules, 2005, read with Section 21(2)(b) & (f) of the NEPRA Act, and Article 11 of the terms and conditions of the Distribution License.



The Licensee is directed to deposit the imposed fine in the designated bank account of the Authority within fifteen (15) days from the issuance of this Order and to furnish a copy of the paid instrument to the Registrar's Office for record. Failure to comply shall entail recovery of the outstanding amount under Section 41 of the NEPRA Act as arrears of land revenue or through any other appropriate legal means, in addition to such further legal action as the Authority may deem fit against the Licensee.

AUTHORITY

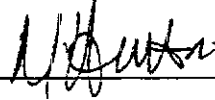
Rafique Ahmed Shaikh
Member (Technical)



Amina Ahmed
Member (Law)



Engr. Maqsood Anwar Khan
Member (Development)



Waseem Mukhtar
Chairman



Dated 12th September, 2025

