



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/SA(M&E)/LAD-03/ 17226

October 27, 2025

Chief Executive Officer,
Gujranwala Electric Power Company Limited (GEPCO),
565/A, Model Town, G.T Road,
Gujranwala

Subject: ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE NOTICE TO
GEPCO UNDER SECTION 27B OF THE NEPRA ACT, ON ACCOUNT OF
CONTINUED VIOLATION WITH REGARD TO EARTHING/GROUNDING OF
HT/LT STRUCTURES

Please find enclosed herewith, the Order of the Authority (total 10 pages) in the subject matter for information and compliance.

Enclosure: As above

(Iftikhar Ali Khan)



National Electric Power Regulatory Authority

ORDER

IN THE MATTER OF SHOW CAUSE NOTICE TO GEPCO UNDER SECTION 27B OF THE NEPRA ACT, ON ACCOUNT OF CONTINUED VIOLATION WITH REGARD TO EARTHING/GROUNDING OF HT/LT STRUCTURES.

1. Gujranwala Electric Power Company Limited (GEPCO) (the "Licensee") was granted a Distribution License (No. 04/DL/2023) by the National Electric Power Regulatory Authority (the "Authority") on 09.05.2023, for providing Distribution Services in its Service Territory as stipulated in its Distribution License, pursuant to section 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 ("NEPRA Act").

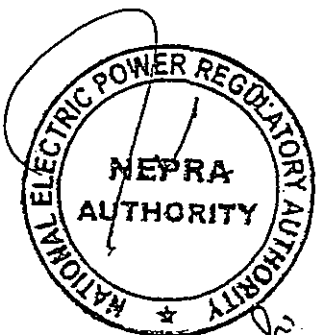
Background:

2. The Authority vide its Order dated September 12, 2024, imposed a fine of Rs. 10 million on the Licensee for failure to execute earthing/grounding in its service territory. Vide the said Order, the Authority also directed the Licensee to earth/ground all the remaining (100%) steel structures within three months and PCC Poles within one year. Failure to comply with the directions may lead to further penalties on the Licensee, which will be decided after the completion of the specified timelines.
3. Therefore, the Licensee was required to complete the earthing/grounding of the remaining steel structures, i.e., 250,977 Nos., by December 12, 2024; however, it has failed to do so. Rather than complying with the Authority's order, the Licensee vide its letter dated November 28, 2024, requested the Authority for an extension of time for the completion of the remaining HT/LT steel structures till June 2025. Further, no monthly progress of the execution work was shared by the Licensee in this regard.
4. The Authority considered and reviewed the request submitted by the Licensee and rejected it, deciding to issue a Show Cause Notice (SCN) to the Licensee on account of non-compliance with the Authority's Order dated September 12, 2024, and continued default since then. Consequently, the SCN was issued to the Licensee via NEPRA's letter dated March 04, 2025. The key points of the SCN are as follows:

2. **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

WHEREAS, pursuant to Rule 4(g)(ii), Overall Standards 7-Safety of NEPRA Performance Standards (Distribution) Rules:

"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."

4. **WHEREAS**, according to clause SR 4 Safety Management Criteria of Distribution Code:

- a. "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."

5. **WHEREAS**, as per clause DDC 4, Design Code- Earthing of Distribution Code:

"...The earthing of a distribution transformer, the neutral, and body of the transformer should be connected to ground rods as per IEC and PSI Standards Design Specifications. Earthing of Consumer Service and its meter shall be as per design standards adopted by the Licensees; and consistent with IEC, and IEEE Standards. The earth resistance of the distribution transformers and HT/LT structures/poles shall not be more than 2.5Ω and 5Ω respectively."

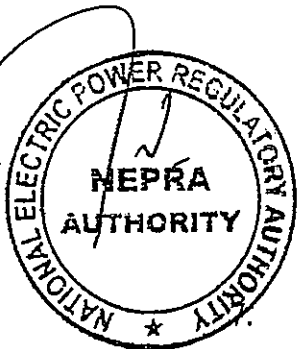
6. **WHEREAS**, pursuant to clause PR 1 Protection System Practices and System Co-ordination of Distribution Code:

"The Licensee shall follow suitable and necessary provisions regarding protection system practices and co-ordination such as the following but not limited to achieve the aims of proper functioning of the distribution system of the Licensee at all times:

- h. ...Provide protective earthing devices."

WHEREAS, as per clauses 12.2.4 and 12.2.5 of Chapter 12 of the Consumer Service Manual:

"12.2.4. The earthing systems installed shall be dimensioned and regularly tested to ensure protection from shock hazards.



12.2.5. The steel structure installed on the public places shall be earthed at one point through steel/copper conductor, in accordance with the DISCO laid down procedures."

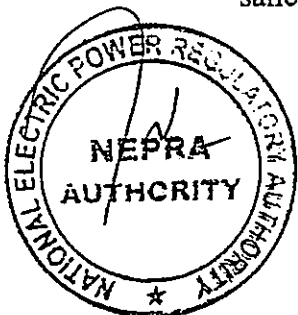
8. **WHEREAS**, the Authority initiated legal proceedings against the Licensee and after concluding the same, vide order dated September 12, 2024 ("Order"), imposed a fine of Rs 10 Million on the Licensee on account of violations of Section 21(2)(f) of the NEPRA Act, Article 11 of the Distribution License read with Rule 4(g) of the NEPRA Performance Standards (Distribution) Rules, Clause 4 of Safety Requirements, Clause 4 of Design Code & Clause 1 of Protection Requirements of the Distribution Code and Clause 12.2 of Chapter 12 of the Consumer Service Manual, due to its failure pertaining to 100% execution of earthing/grounding of its HT/LT poles /structures in its service territory; and
9. **WHEREAS**, Vide the said Order, the Authority also directed the Licensee to earth all the remaining structures i.e. 250,977, within three months and PCC poles within one year of the issuance of the Order. The Authority further warned the Licensee that failure to comply with the directions of the Authority may lead towards further penalties on the Licensee; and
10. **WHEREAS**, the Licensee was required to complete the earthing/grounding of the remaining steel structures i.e. 250,977 Nos., by December 12, 2024, however, it has failed to do so. Rather complying with the Authority's Order, the Licensee vide its letter dated November 28, 2024 (received in this office on December 04, 2025, requested the Authority an extension of time for the completion of the remaining HT/LT steel structures till June 2025. The Authority considered the request put forth by the Licensee, after detailed deliberations, rejected the same, and decided to initiate proceedings with respect to the recurring fine on account of continued default of the Authority's Order by the Licensee; and
11. **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."

5. In response, the Licensee vide its letter dated March 18, 2025, submitted its reply. The salient points of the same are as follows:

"Paragraphs 1-8:

Based on the provisions of the Act and Rules, Regulations, Codes, and the Consumer Service Manual framed thereunder, the contents of paragraphs 1-8 of the letter No. NEPRA/DG(M&E) /LAD-03/3325 dated March 04, 2025, are correct to their existence.

Paragraph 9:



Regarding paragraph No. 9, it is clarified that;

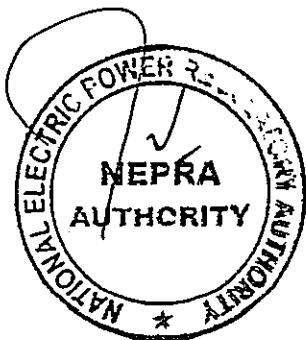
- a. GEPCO submitted its following first comprehensive plan on December 29, 2022, vide letter No 58648-49, outlining a five-year strategy to ensure its 100% Earthing system.

Phase	Proposed Period	Details
1	FY 2022-23	i. A Comprehensive Survey will be conducted to check all the Steel Structures/PC Poles throughout GEPCO to identify and maintain the record regarding existing Permanent Earthing. ii. Depth of underground water has been significantly increased that's why the existing Permanent Earthing could not achieve the moisture required for a suitable, less resistive conducting path to safely ground fault currents. Hence, the length of Earth Rod. method and design of the Earthing system required a comprehensive revision keeping in view the geographical terrain conditions. During this period GEPCO will also request the Design Department NTDC for revision of Specifications regarding Permanent Earthing. iii. Earth Resistance Values of all the existing Permanent Earthing will be checked to determine conformity with prescribed standards
2	FY 2023-24	50,000 HT Steel Structures will be properly grounded
3	FY 2024-25	75,718 HT Steel Structures will be properly grounded
4	FY 2025-26	75,000 HT Steel Structures will be properly grounded
5	FY 2026-27	50,259 HT Steel Structures will be properly grounded

The plan emphasized the scope of work to ensure proper earthing, as the existing earthing system could not achieve the required 5-ohm resistance due to a lowered water table.

GEPCO also proposed a need to conduct a detailed analysis of all steel structures and PCC poles to assess the current earthing values and collaborate with the design department to revise standards accordingly.

- b. However, in response, NEPRA issued an explanation letter bearing No. 2528 on April 27, 2023, criticizing the plan and seeking clarification on the change in the number of structures. NEPRA also demanded a separate plan for PCC poles but did not provide any timeline for completing the required earthing work for either steel structures or PCC poles.



- c. In June 07, 2023, GEPCO vide letter No. 120091-93, clarified that a third-party has been engaged to tag and quantify its assets, with the work expected to be completed by Oct 2023, after which the exact numbers would be determined. GEPCO also prioritized steel structures, emphasizing that there had been no fatal accidents related to PCC poles.
- d. After a hearing on July 19, 2023, NEPRA issued further directives on August 8, 2023, demanding a detailed earthing plan for both steel structures and PCC poles. In response, GEPCO submitted a revised plan, which is tabulated below:

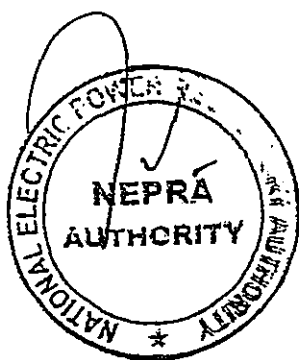
Phase	Description of Material	Quantity of not properly earthed	No. of poles to be earthed per month	No. of poles to be earthed per year	Year of completion
I	HT/LT Steel Structures	200,782	5,580	66,960	31.08.2026
II	PCC Poles	Will be taken up after the completion of phase-I			

The plan included a timeline for completing the earthing of over 200,782 steel structures by 2026 and PCC poles afterwards as phase-II as intimated vide letter No. 18367-69/GMO/08/2023 dated: 25.08.2023 (Annex-E). However, NEPRA did not respond to this letter, which created an ambiguity, as apparently NEPRA had agreed to the plan.

- e. Thereafter, GEPCO initiated the tendering process for earthing of HT/LT Steel Structure across its divisions, starting with administrative approval obtained on September 15, 2023. The tender advertisements were published on September 30, 2023, and the tenders were opened on October 17-18, 2023. After the hectic discussion in the BOD meeting, the approval was granted by the BOD GEPCO, and the work orders for 13 divisions were awarded on March 22, 2024, with a contract period of 365 days, set to be completed by March 22, 2025. However, the tender for the Phalia division was initially scrapped on October 18, 2023, due to the non-participation of bidders and was later re-advertised.

Similarly, on June 5, 2024, works for 09 other divisions were awarded accordingly with a contract period of 365 days, set to be completed by June 5, 2025.

- f. Meanwhile, NEPRA issued a show cause notice on January 2, 2024, for GEPCO's failure to execute the 100% earthing of HT/LT structures and poles, and again no timeline for the completion of the work was intimated in this show cause notice.



g. GEPCO submitted its comprehensive reply to NEPRA vide letter No.67065/HSE-10 dated 11/01/2024, but in response, NEPRA imposed a fine of Rs. 10 million through an order dated September 12, 2024. This was done without providing any target timeline for the completion of the work or acknowledging the work plan submitted by GEPCO.

Paragraph-10

The contents of the instant paragraph are agreed upon and acknowledged. However, it is important to note that the contracts for the projects were awarded before the NEPRA's deadline, i.e., December 2024 for Structures. These contracts were signed based on the agreed-upon target timelines i.e. March 22, 2025, and June 05, 2025, and GEPCO is obligated to fulfill the terms and from them could lead to violations of the Public Procurement Regulatory Authority (PPRA) rules and conditions of the contract agreements. Adhering to the contracted timelines is crucial, as deviating from them could lead to violations of the PPRA Rules 2004.

As far as the earthing of PCC poles is concerned, tender notices for 25 divisions of GEPCO were floated on March 2, 2025. These tenders are scheduled to be opened on March 18 and 19, 2025.

Paragraph-11

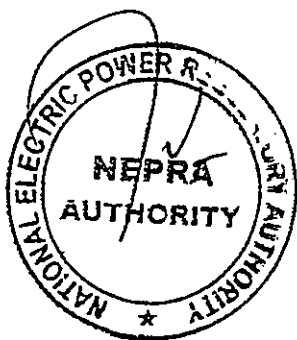
The contents of the instant paragraph are agreed upon and acknowledged. While we understand the compliance deadline set by NEPRA, given the facts mentioned above, we respectfully request an extension of the deadline for completing the Earthing of the remaining structures to June 30, 2025, as previously requested in the communication dated November 28, 2024.

Furthermore, according to the final report submitted by M/S Crow Hussein Ch., the third party engaged in asset tagging for GEPCO, the actual and final quantity of HT and LT steel structures is provided as 229,400 (No).

It is worth mentioning here that GEPCO has completed the Earthing of 103,096 (No.) HT/LT Steel Structures upto March 13, 2025. a percentage of which have been checked by the NEPRA's regional representative.

Paragraph-12

Detailed submissions made in the preceding paragraph are evidence of the fact that the GEPCO now stands passed the initial and hectic procedural / approval requirements. The matter of earthing of HT/LT steel structures and PCC Poles has entered the execution phase. It is admired that the progress so far made would not have been possible without the concerted and continuous directives and follow-up of the honorable Authority. It is also, very respectfully, opined that any further pecuniary injunction at this stage will be counterproductive and distractive of the focus and, thus, not in the best interest of the cherished objective and steady ongoing progress by GEPCO. Any further penalty, as



proposed, shall also impede the financial ability of GEPCO to fund of projects, including the earthing/grounding project.

6. In order to fulfill the requirement of law, the Authority decided to provide an opportunity of hearing to the Licensee in light of NEPRA (Fine) Regulations, 2021, before finalizing the proceedings in the matter. Accordingly, a hearing in the matter of SCN issued to GEPCO was held on July 22, 2025, wherein GM (Operation) of the Licensee, along with his team, participated and made the following submissions:
- i. GEPCO stated that the target was set for June 2025, and approximately 90% of the target has been achieved. As per third-party data, a total of 229,400 structures were identified, and 182,294 structures have been earthed during the project period.
 - ii. GEPCO explained that an additional 24,384 structures were already earthed prior to this phase, and around only 22,720 structures, representing less than 10% of the total, are pending. These structures are expected to be completed within the next 2 months.
 - iii. GEPCO further stated that the task was particularly challenging due to the pole-to-pole nature of earthing work, and GEPCO has arguably the highest number of poles, adding to the complexity of the assignment.
7. Subsequently, the Licensee vide its letter dated July 21, 2025, submitted its latest progress report pertaining to the execution work of earthing of Structures/Poles. The summary of the same is iterated below:

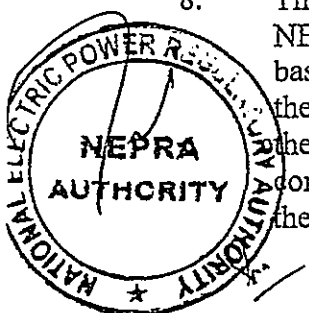
"The progress of earthing work of HT/LT Steel Structures & Round Steel Poles as on July 21, 2025, is as follows:

<i>Quantity of HT/LT Steel Structures & Round Steel Poles as per M/s Crowe Hussain Survey (Nos.)</i>	<i>Quantity Re-Earthed as on 21.07.2025 (Nos.)</i>	<i>Quantity found already adequately Earthed (Nos.)</i>	<i>Balance Quantity to be Re-Earthed (Nos.)</i>
229,400	182,296	24,384	22,720

It is pertinent to mention that a nominal quantity of about 10% is balance, and its earthing process is in progress, which is expected to be completed within two months."

Findings:

8. The Licensee has submitted that the contracts for the projects were awarded before the NEPRA's deadline, i.e., December 2024 for Structures. These contracts were signed based on the agreed-upon target timelines, i.e., March 22, 2025, and June 05, 2025, and the Licensee is obligated to fulfill the terms and from which could lead to violations of the Public Procurement Regulatory Authority (PPRA) rules and conditions of the contract agreements. Adhering to the contracted timelines is crucial, as deviating from them could lead to violations of the PPRA Rules 2004.

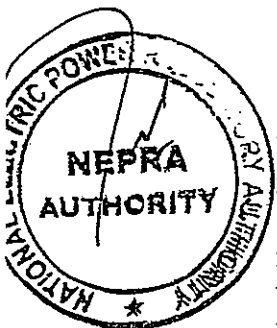


The submission of the Licensee has been considered by the Authority and found to be misconceived, as the Authority's order dated September 12, 2024, explicitly required the execution of the remaining 100% of structures within three months, i.e., by December 12, 2024. However, the contracts awarded in December 2024 carried completion dates of March and June 2025, which are in clear violation of the mandated timeline. The Licensee had adequate time after the issuance of the order to ensure alignment of contractual terms with NEPRA's directions. Reliance on PPRA Rules 2004 as a justification is untenable, since regulatory deadlines and procurement requirements could have been met concurrently through timely planning and effective contract management.

9. The Licensee has submitted that while we understand the compliance deadline set by NEPRA, given the facts mentioned above, we respectfully request an extension of the deadline for completing the Earthing of the remaining structures to June 30, 2025, as previously requested in the communication dated November 28, 2024. The Licensee further submitted that, according to the final report submitted by M/S Crow Hussein Ch., the third party engaged in asset tagging for the Licensee, the actual and final quantity of HT and LT steel structures is provided as 229,400 (No). The Licensee also submitted that it has completed the Earthing of 103,096 (No.) HT/LT Steel Structures upto March 13, 2025, a percentage of which have been checked by the NEPRA's regional representative.

The Authority rejected the Licensee's request to extend the deadline for completing the remaining structures to June 2025, as it was already beyond the mandated period. Even if this extended timeline had been accepted, the Licensee has still fallen short of its own self-committed target, with approximately 22,000 structures remaining unearthed as of July 21, 2025. This not only reflects continued non-compliance with the Authority's directions but also demonstrates persistent delays in executing a critical public safety measure, despite ample time and repeated commitments by the Licensee. Therefore, the submissions of the Licensee are devoid of merit and do not warrant any relaxation in the compliance requirements already mandated by the Authority.

10. The Licensee has submitted that it now stands past the initial and hectic procedural/approval requirements. The matter of earthing of HT/LT steel structures and PCC Poles has entered the execution phase. It is admired that the progress so far made would not have been possible without the concerted and continuous directives and follow-up of the Honorable Authority. The Licensee further submitted that any further pecuniary injunction at this stage will be counterproductive and detractive of the focus and, thus, not in the best interest of the cherished objective and steady ongoing progress by the Licensee. Any further penalty, as proposed, shall also impede the financial ability of the Licensee to fund projects, including the earthing/grounding project.



The submissions of the Licensee have been considered by the Authority and are found misplaced and unconvincing. While it is noted that the project has now entered the execution phase and that progress has been made, this progress has occurred only after repeated directives and continuous follow-up by the Authority, indicating a lack of timely proactive action on the Licensee's part. The assertion that any further pecuniary penalty would be counterproductive is untenable, as regulatory enforcement, including financial penalties, is a legitimate and necessary tool to ensure compliance with safety-related obligations. The imposition of penalties is intended to reinforce, not undermine,

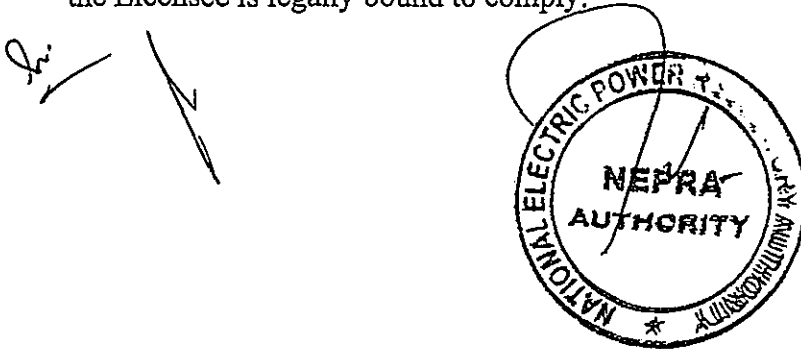
the urgency of completing critical safety measures, and the Licensee's financial management priorities cannot override its statutory duty to protect public safety and meet binding timelines set by the Authority. Therefore, the submissions of the Licensee are without merit and do not justify exemption from the imposition of penalties necessary to ensure timely compliance with the Authority's safety directives.

11. It is pertinent to highlight here that, a Notice of Demand was issued to the Licensee vide NEPRA's letter dated July 23, 2025. In response, the Licensee, through its letter dated August 01, 2025, submitted that it has already challenged the Authority's Order dated September 12, 2024, before the NEPRA Appellate Tribunal (NAT) vide Appeal No. 238/NT/2024. In this regard, the decision of the NAT is reiterated as below:

"Prays for interim relief. Subject to submission of postdated cheque equal to fine amount within 60 days to the satisfaction of the Registrar NEPRA, operation of the impugned order only to the extent of recovery of the fine amount will remain suspended.

Vide impugned order, direction has also been passed to the appellant for taking safety measures. Such direction has been passed to save the lives of public at large, guaranteed by the Constitution of the Islamic Republic of Pakistan. There can be no denial that the very object of the Appellant DISCO is to take all safety measures as per Law, Rules and S.O.Ps, to save the lives of masses, including employees of DISCO and their properties. Equity demands that implementation of such beneficial orders be not restrained, so we are not inclined to grant any interim relief to this extent and this prayer is declined."

12. The honorable Appellate Tribunal, while admitting the appeal, suspended the operation of the said Order, subject to the submission of a post-dated cheque equivalent to the amount of the fine. In compliance with the Tribunal's decision, the Licensee has submitted post-dated Cheque No. 8807208526 dated February 19, 2025, to NEPRA for further proceedings.
13. From the above, it is abundantly clear that the NAT has only suspended recovery of the fine amount, while expressly upholding NEPRA's directions regarding safety measures. The Tribunal categorically emphasized that beneficial orders ensuring public safety must not be restrained and denied relief to that extent. Accordingly, all other parts of the Authority's order dated September 12, 2024, remain fully operative, and the Licensee is legally bound to comply.

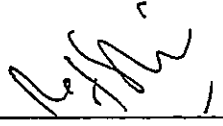


Decision

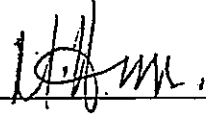
14. After due deliberations and taking into account the submissions/arguments made by the Licensee during the hearing and in light of the NEPRA Act, NEPRA (Fine) Regulations, 2021, and other applicable documents, the Authority is of the considered opinion that the Licensee has failed to provide any satisfactory reply to the Show Cause Notice served to it, therefore, the Authority hereby decides to impose a fine amounting to PKR 100,000/- (Rupees One Hundred Thousand) on the Licensee for every day on continued contravention, since the Authority's original order dated September 12, 2024, in the matter of continued violation for non-compliance in ensuring 100% earthing of HT/LT Structures within its service territory.

AUTHORITY

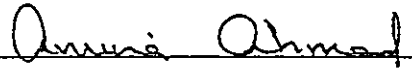
Rafique Ahmed Shaikh
Member (Technical)



Engr. Maqsood Anwar Khan
Member (Development)

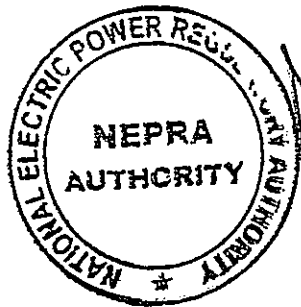


Amina Ahmed
Member (Law)



Waseem Mukhtar
Chairman

Dated 27-10-2025



 27/10/25

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