



Registrar

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No. NEPRA/SA(M&E)/LAM-01/ 20666

December 03, 2025

Chief Executive Officer
Central Power Purchasing Agency Guarantee Limited (CPPA-G),
Shaheen Plaza, 73-West, Fazl-e-Haq Road,
Islamabad

Subject: ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE NOTICE TO
CENTRAL POWER PURCHASING AGENCY-GUARANTEE LIMITED UNDER
REGULATION 4(8) & 4(9) OF THE NEPRA (FINE) REGULATIONS. 2021

Enclosed please find herewith the Order of the Authority (total 15 Pages) in the subject matter for
information and compliance.

Enclosure: As above


(Wasim Anwar Bhinder)

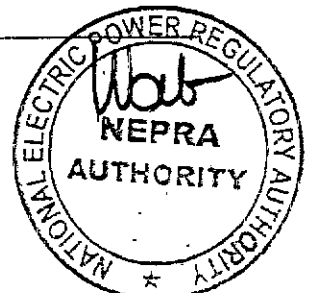


National Electric Power Regulatory Authority

In the matter of Show Cause Notice issued to Central Power Purchasing Agency-Guarantee Limited under Regulation 4(8) & 4(9) of the NEPRA (Fine) Regulations, 2021

Order

1. National Electric Power Regulatory Authority (hereinafter referred to as the "Authority" or "NEPRA") established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act") is mandated to regulate the provisions of electric power services; and
2. Central Power Purchasing Agency-Guarantee Limited (hereinafter referred to as the "CPPA-G" or the "Licensee") is a Company incorporated under the Companies Ordinance, 1984 (now Companies Act, 2017).
3. 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 purposes of this Act and the rules and regulations made hereunder.
4. According to Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000, not later than one hundred eighty days following the date of issue of the generation licence or the commissioning of the generation facility, whichever occurs later, the licensee shall prepare and file with the Authority, and shall at all times have in force and implement, an operating procedures manual covering all material operational, maintenance and similar other aspects relating to the generation facilities, with such details and particulars as may be specified in, or may be necessary or prudent to include to secure compliance with, the pooling and settlement arrangement, the grid code and the applicable distribution codes.
5. A total power system collapse occurred on 09.01.2021 which plunged the whole country into darkness and the system was completely restored on 10.01.2023 after a lapse of 20 hours. NEPRA being the regulator of the power sector took serious notice of the above-mentioned incident and constituted an Inquiry Committee (hereinafter referred to as the "IC") to probe into the matter. The IC conducted the said inquiry and submitted a comprehensive report before the Authority on the basis of which the Authority, inter alia, decided to initiate legal proceedings against different power plants on account of non-submission of operating procedures manual as per the requirement of Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000.

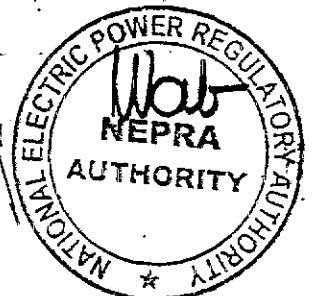


6. Accordingly, Explanations were issued to concerned power plants followed by Show Cause Notices. Hearings in the matter were scheduled on 6th, 7th and 8th September 2022, wherein, the representatives of the then National Power Control Centre (hereinafter referred to as the "NPCC" or the "System Operator") and the Licensee also participated. During the hearings, a number of power plants adopted the stance that they have submitted the draft operating procedures to the NPCC and the Licensee for approval, however, the same have not yet been signed by the NPCC and the Licensee. In view of the foregoing, the Authority, inter alia, directed the NPCC and the Licensee to finalize the operating procedures of all power plants in coordination with relevant stakeholders. Moreover, the Authority directed the NPCC and the Licensee to sign the black start procedures with power plants on which the black start facility is available but not active i.e. Orient Power, Sapphire Electric, Halmore Power, Engro Powergen Qadirpur, Rousch Power, and Foundation Power within one (01) month. However, the same was not done despite lapse of the stipulated time.
7. In view of the above, the Authority, during the public hearing held on 28.02.2023 in the matter of Fuel Charges Adjustment (FCA) of XWAPDA DISCOs for the month of January 2023, took serious notice of the non-finalization of the operating procedures with different power plants and non-signing of black start procedures with concerned power plants. Subsequently, a joint meeting of the NEPRA, NPCC and the Licensee at the professional-level was held on 10.03.2023, wherein, the above-mentioned issues were deliberated in detail and it was reiterated to comply with the aforesaid directions of the Authority by engaging all the relevant stakeholders. Accordingly, a letter dated 22.03.2023 was issued to the NPCC and the Licensee, wherein, they were directed to submit a concrete plan along with timelines regarding finalization of the operating procedures with different power plants and activation/commissioning of the black start facility available at concerned power plants.
8. However, the Authority observed with great concern that the operating procedures of different power plants were not finalized and the black start procedures with concerned power plants were not signed despite lapse of the considerable time. In view of the foregoing, the Authority observed that the Licensee has, prima facie, violated Section 48 of the NEPRA Act, by not complying with the repeated directions of the Authority issued in this regard from time to time. Therefore, the Authority decided to initiate legal proceedings against the Licensee under the NEPRA (Fine) Regulations, 2021 (hereinafter referred to as the "Fine Regulations, 2021").

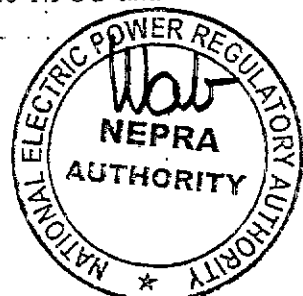
Explanation to CPPA-G:

9. Accordingly, an Explanation dated 12.12.2023 was issued to the Licensee under Regulation 4(1) & 4(2) of the Fine Regulations, 2021. The salient features of the Explanation are as follows:

WHEREAS the National Electric Power Regulatory Authority (hereinafter referred to as the "Authority" or "NEPRA") established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act") is mandated to regulate the provisions of electric power services; and



2. *WHEREAS the Central Power Purchasing Agency-Guarantee Limited (CPPA-G) (hereinafter referred to as the "Power Purchaser") is a Company incorporated under the Companies Ordinance, 1984 and is functioning as the market operator to carry out market operations under the NEPRA (Market Operator Registration, Standards and Procedure) Rules, 2015 (hereinafter referred to as the "Market Rules") since June 2015; and*
3. *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 purposes of this Act and the rules and regulations made hereunder; and*
4. *WHEREAS according to Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000, not later than one hundred eighty days following the date of issue of the generation licence or the commissioning of the generation facility, whichever occurs later, the licensee shall prepare and file with the Authority, and shall at all times have in force and implement, an operating procedures manual covering all material operational, maintenance and similar other aspects relating to the generation facilities, with such details and particulars as may be specified in, or may be necessary or prudent to include to secure compliance with, the pooling and settlement arrangement, the grid code and the applicable distribution codes; and*
5. *WHEREAS a total power system collapse occurred on 09.01.2021 which plunged the whole country into darkness and the system was completely restored on 10.01.2023 after a lapse of 20 hours. NEPRA being the regulator of the power sector took serious notice of the above-mentioned incident and constituted an Inquiry Committee (hereinafter referred to as the "IC") to probe into the matter. The IC conducted the said inquiry and submitted a comprehensive report before the Authority on the basis of which the Authority inter alia decided to initiate legal proceedings against different power plants on account of non-submission of operating procedures manual as per the requirement of Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000; and*
6. *WHEREAS Explanations were issued to concerned power plants followed by Show Cause Notices. Hearings in the matter were scheduled on 6th, 7th and 8th September 2022, wherein, the representatives of NPCC and CPPA-G also participated. During the hearings, a number of power plants adopted the stance that they have submitted the draft operating procedures manuals to NPCC and CPPA-G for approval, however, the same have not been signed by NPCC and CPPA-G. In view of the foregoing, the Authority inter alia directed NPCC and CPPA-G to finalize the operating procedures manuals of all power plants in coordination with relevant stakeholders and to sign the black start procedures with power plants on which the black start facility is available but not active i.e. Orient, Sapphire, Halmore, Engro Powergen Qadirpur, Rousch and Foundation Power within one (01) month. However, the same was not done despite lapse of the stipulated time; and*
7. *WHEREAS the Authority, during the public hearing held on 28.02.2023 in the matter of Fuel Charges Adjustment (FCA) of XWAPDA DISCOs for the month of January 2023, took serious notice of the non-finalization of operating procedures manuals of all power plants and non-signing of black start procedures with concerned power plants. Subsequently, as per directions of the Authority, a joint meeting of NEPRA, NPCC and CPPA-G was held on 10.03.2023, wherein, the above-mentioned issues were deliberated in detail and it was reiterated to comply with the aforesaid directions of the Authority by engaging all the relevant stakeholders. Accordingly, an email dated 13.03.2023 was sent to NPCC and*



CPPA-G, wherein, they were required to submit some essential information pertaining to the subject matter. Moreover, a letter No. NEPRA/DG (M&E)/LAT-01/6867 dated 22.03.2023 was also issued to NPCC and CPPA-G, wherein, they were directed to submit a concrete plan along with timelines regarding finalization of the operating procedures manuals of all power plants and activation/commissioning of the black start facility available at different power plants; and

8. WHEREAS the Authority has observed with great concern, that the operating procedures manuals of all power plants have still not yet been finalized and the black start procedures with concerned power plants have still not yet been signed despite lapse of the considerable time and repeated directions of the Authority issued from time to time in this regard as mentioned in the preceding paras; and
9. WHEREAS in terms of observation given above, the Power Purchaser has prima facie violated Section 48 of the NEPRA Act, by not complying with the repeated directions of the Authority issued from time to time regarding finalization of operating procedures manuals of all power plants and signing of black start procedures with concerned power plants; and
10. WHEREAS the NEPRA Act falls within the definition of "Applicable Documents" as defined under NEPRA (Fine) Regulations, 2021 (hereinafter referred to as the "Fine Regulations, 2021") and for any violation of the Applicable Documents, fine could be imposed by the Authority; and
11. NOW THEREFORE in view of the above, the Power Purchaser is hereby called upon under Regulation 4(1) & 4(2) of the Fine Regulations, 2021 to either admit or deny the occurrence of the violation as mentioned above and explain its position in this regard within fifteen (15) days, failing which, it shall be presumed that the occurrence of the violation is admitted by the Power Purchaser, and the Authority shall proceed further on the basis of available record in accordance with the law.
12. This issues upon instructions of the Authority.

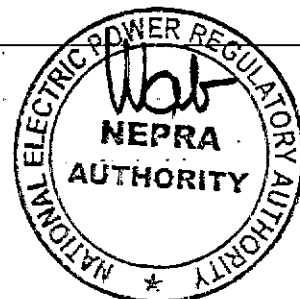
10. In response, the Licensee submitted its reply vide letter dated 29.12.2023. The Authority after detailed deliberations rejected the response submitted by the Licensee against the above Explanation giving reasons for such rejection vide Order dated 11.10.2024.

Show Cause Notice to CPPA-G:

11. Accordingly, a Show Cause Notice dated 11.10.2024 was issued to the Licensee under Regulation 4(8) & 4(9) of the Fine Regulations, 2021, based on violations alleged in the Explanation.

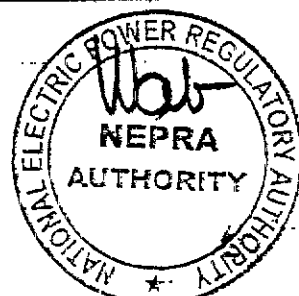
Submissions of CPPA-G:

12. In response, the Licensee submitted its reply vide letter dated 31.10.2024. The same has been summarized as follows:



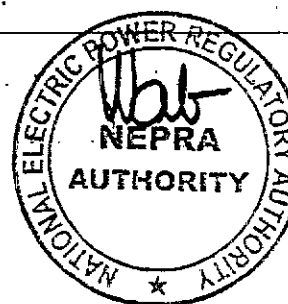
A. Regarding Non-Finalization of Operating Procedures with Different Power Plants:

- i. Operating Procedures under the PPA regime are to be finalized by the Power Purchaser and the Power Plants through the Operating Committee which comprises of six (06) members with three from the Power Purchaser and three from the Power Plant with rotating chairmanship having not a casting vote. The three (03) members from the Power Purchaser comprise two (02) from CPPA and one (01) from NPCC.
- ii. The delay in finalizing Operating Procedures (OPs) is primarily due to the generation companies/IPP's failing to cooperate, despite CPPA-G's limited role and compliance with regulatory directives, and that most OPs are already operational despite pending formal agreements on certain chapters.
- iii. The Power Purchaser has successfully finalized and signed OPs for sixty-nine (69) power plants.
- iv. NEPRA, in its Show Cause notice, highlighted the need to refer disputed matters during the development of Operating Procedures (OPs) to an Expert, as outlined in the Power Purchase Agreement (PPA). Section 2.5 of the PPA requires that OPs align with Prudent Electrical and Utility Practices and the Technical Limits defined in Schedule 5, which detail constraints on operation, maintenance, and dispatch. Hence, until Technical Limits, particularly for coal-fired power plants like Thar Coal Block-I, Thar Energy Limited, and Thal Nova Power Thar Limited, are agreed upon by CPPA, NPCC, and the plants, the expert referral process is not applicable.
- v. Progress on finalizing OPs has been delayed due to ongoing discussions on OP-3 (Despatch Procedures), OP-5 (Blackout Recovery), OP-8 (Complex Loading), and OP-13 (Technical Limits). Key unresolved issues include frequency, startups, ramp rates, and time to synchronize with the grid. Power plants believe that once NEPRA makes decisions under the LPM, ramp rates and synchronization time issues may be resolved, with CPPA having already submitted comments to NEPRA for consideration.
- vi. Regarding the frequency issue, power plants have requested exemptions under the Grid Code 2023 from the Grid Code Review Panel (GCRP), but progress was stalled due to NEPRA's delay in approving GCRP's Code of Conduct, which was only finalized in August 2024. GCRP, where CPPA is only a contributing member, can now start reviewing exemption requests. On the startups issue, NPCC has not agreed with the power plants' proposals, and discussions continue at the operating committee level using OEM data.
- vii. There are various power plants where Technical Limits in Schedule 5 are agreed between the Parties (Seller and Purchaser) but Operating Procedures are still pending like Saif Power, Sapphire Electric, Sahiwal Coal and Wind Power Plants including Hydrochina Dawood Power (Private) Limited, Sachal Energy Development (Private) Limited, Master Wind Energy Limited, Zephyr Power (Pvt.)

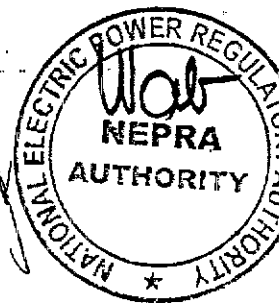


Limited, ACT Wind (Pvt) Limited, Lucky Renewables (Private) Limited, Liberty Wind Power- I Ltd., Lakeside Energy Limited, Liberty Wind Power-II (Pvt.) Ltd., Metro Wind Power Limited, NASDA Green Energy Limited, DIN Energy Ltd., Master Green Energy Limited, ACT2 DIN Wind (Pvt) Ltd. and Gul Ahmed Electric Limited. In these cases, it is apprised that verification of invoices by CPPA is strictly made in accordance with stipulations of PPA/EPA. The aforesaid IPPs are causing hindrance in finalization of OPs and are asking CPPA to include the provisions in Operating Procedures which are not covered in the PPAs.

- viii. Briefly stating, Saif Power and Sapphire Power are reluctant to follow the GT's starting sequence which is not supported by NPCC and CPPA. About Sahiwal Coal the operating procedures have been agreed by the Parties and are ready for execution in due course of time. Wind IPPs are not agreeing on NPMV settlement mechanism as mentioned in Schedule 10 of EPA & OP-14 and asking to alter calculation of WTGs under specific condition i.e. Eref > Erev, which is beyond the provisions of EPA so CPPA is not supporting this request of Wind IPPs.
- ix. CPPA considers that till date no dispute notice has been received in CPPA under Article 18.2 of the PPA/EPA which requires to refer the case to an expert for redressal. In these cases, CPPA from past practice has witnessed that the Power Plants employ delaying tactics and then eventually agree to the signing of the finalized OP. Thus, Power Purchaser believes that referring the matter to the expert shall cause incurrence of significant shared associated costs which need to be avoided in terms of budgetary constraints of the Power Purchaser.
- x. Regarding Zorlu Enerji Pakistan Limited, it is apprised that owing to 05 non-operational Vensys made wind turbines, the matter has been referred to an expert under Article 18.2 of the EPA by the Parties for redressal. Based on outcome of the expert decision, the Operating Procedures may be processed and finalized.
- xi. Regarding Karot Power, the company has filed an exemption request to GCRP on the frequency issue in view of Grid Code 2023. NPCC intends to include frequency limits as mentioned in Grid Code 2023 against Schedule 5 of PPA which is not being agreed by the Karot power. Once the GCRP grants exemption to Karot Power based on frequency values as available in Schedule 5 of the PPA, the progress and finality of Operating Procedures could be achieved.
- xii. HNDS, Helios, Meridian and SK Hydro have been commissioned after serving of an explanation letter by NEPRA dated 12-12-2023 which may be excluded from the purview of Show Cause Notice. The draft operating procedures have been shared by Power Purchaser for agreement.
- xiii. CPPA is striving hard to conclude Operating Procedures of Public Sector Power Plants including GENCO's, Nuclear, and WAPDA Hydel Power Plants.



- xiv. Regarding GENCO's (GENCO-I and III) and Nuclear Power plants (C1, C2, C3 and C4) the Operating Procedures have been shared by CPPA and response on the same is still awaited. Only GENCO-II has provided its response which is under evaluation at CPPA end. Regarding, K-2 and K-3 Power Plants the PPA is not yet approved therefore progress on Operating Procedures could not be made.
- xv. About WAPDA hydel Power Plants the operating procedures have been agreed by the Parties and are ready for execution in due course of time. It is worth mentioning that Operating Procedures of Mangla Power House have been signed on 30-10-2024.
- xvi. Regarding Shishi, Reshun and Machai, there is no PPA signed between the Parties.
- xvii. Regarding Jagran-I, the Operating Procedure has been signed on 31-10-2024.
- xviii. Regarding Pehur, the power plant exits the PPA regime and now opted for wheeling arrangement.
- xix. About Daral Khawar and Ranolia, it is submitted that there is no provision in PPA to develop operating procedures however, based on best industry practices CPPA has shared the Operating Procedure to Daral Khawar and Ranolia for concurrence and implementation. Currently, Ranolia is non-operational and is on Other Force Majeure Event (OFME) owing to floods in Swat region.
- xx. Regarding Neelum Jhelum, Interim Agreement has been signed that is on take and pay arrangement. Once NEPRA gives the final Tariff to the Company then the final PPA can be signed and accordingly OPs can be signed.
- xxi. Regarding Port Qasim Electric Power Company Limited (PQEPC), on 26-05-2023, PQEPC forwarded a letter to NEPRA concerning the dispute between PQEPC and CPPA/NPCC regarding recovery of the Complex from a local or widespread blackout. NEPRA in response to the same, indicated in their letter dated 01-09-2023, that they are reviewing the case and will make decision soon. In case, NEPRA decides to refer the case to an expert under the PPA, the same may be instructed to CPPA year ago. It is PQEPC who referred the case to NEPRA for kind guidance of the Authority. Moreover, kind attention of the Authority is drawn to the NEPRA (Complaint Handling and Dispute Resolution Procedure) Rules, 2015 dated 16-09-2015 whereby the Authority may consider the disputes among licensees for resolution.
- xxii. The Operating Procedure of Engro Power Thar Limited could not be progressed owing to litigation issue. It is noteworthy that CPPA made recourse to the NEPRA (Complaint Handling and Dispute Resolution Procedure) Rules, 2015 dated 16-09-2015 and the company took stay orders from Sindh High Court on 85% availability and the matter is still sub judice. CPPA is of the considered view that the dispute



raised by Engro Thar pertaining to Schedule/OP and regulatory directive is not the dispute for the expert but a matter amenable before NEPRA.

xxiii. The updated details of Operating Procedures in terms of signed/unsigned is mentioned as follows:

S. No	Type of Power Plant	Signed Ops	Unsigned OPs
1	Hydel	7	4
2	RFO	11	-
3	RLNG/Gas	15	2
4	Coal	2	6
5	GENCOs	-	5
6	Nuclear	-	6
7	Wind	20	16
8	Solar	7	3
9	Bagasse	7	-
10	Total	69	42

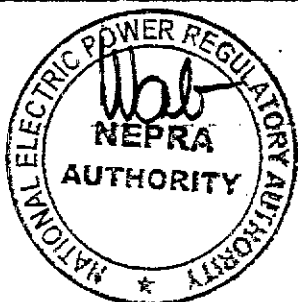
xxiv. As to obligation under Rule 16(1) of NEPRA Licensing (Generation) Rules, 2000, it is submitted that it is responsibility of Generation Licensee to comply with the provisions of the generation license and it has no link with the Operating Procedures (OPs) under relevant provisions in Power Purchase Agreement of respective power plants. Operating Procedures under the Power Purchase Agreement are different in scope and application.

B. Regarding Non-Signing of Black Start Procedures with Different Power Plants:

NPCC vide a letter dated 21-12-2021 has earlier shared list of power plants which are required for black start facility. However, NPCC vide a letter dated 27-03-2023 addressed to NEPRA provided a revised list of Power Plants where Black Start Facilities are required which are near load centers preferably connected at lower transmission voltages so that system recovery process could be initiated simultaneously at multiple geographical locations of the network for quick restoration of power supplies. Progress or status is given as under:

A. Black Start Facilities Available and Active:

- Black Start Facility at Uch Power Plant available and Black Start Procedure signed dated 01-04-2022.
- Black Start Facility at Liberty Daharki Power Limited available and Black Start Procedure signed dated 13-10-2022.
- Black Start Facility at Tarbela, Mangla and Warsak Hydropower Stations available and active. Black Start Procedure for each plant was shared by NPCC with WAPDA on 14-11-2023. Black Start Operation was also tested as follows:



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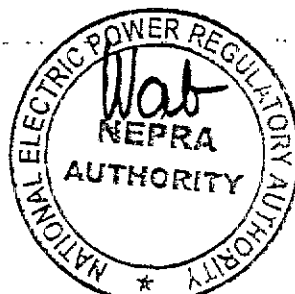
Warsak Hydropower Station on 21-11-2023.
 Tarbela Hydropower Station on 07-12-2023.
 Mangla Hydropower Station on 18-12-2023.
 Liberty Power Daharki on 19-12-2023.
 UCH-I Power on 10-02-2024.

B. Black Start Facilities Available But Not Active:

Black Start Facilities are available at Orient Power Company, Sapphire Electric Company, Foundation Power Company (Daharki) Limited and Halmore Power Company. However, these facilities are not active to provide support to the system during a black-out. After kick-off meetings with each Company, it was identified that for energization of dead bus, certain modifications at the plant would be required. Subsequently, each Company approached OEM for the same. In first phase of the process, OEMs desired certain line parameters of related transmission lines which were arranged from DISCO concerned by NPCC and passed on to OEMs by the Companies. After preliminary assessment, OEM of each plant has quoted a price for carrying out study and suggesting modifications. Consequently, these IPPs requested CPPA to allow payment of the quoted prices for the study to move ahead. The Cost Impact is summarized as follows:

Power Plant Name	Proposed Cost	Amount
Halmore Power Generation Company	BS Switching Study	USD 90,700
	Plant Modification	To be provided by the Company
	BS Charges	-do-
Sapphire Electric Company	BS Switching Study	USD 90,700
	Plant Modification	To be provided by the Company
	BS Charges	-do-
Orient Power Company	BS Switching Study	USD 90,700
	Plant Modification	USD 35,915
	BS Charges	To be provided by the Company
Foundation Power Company (Daharki) Limited	BS Switching Study	USD 90,700
	Plant Modification	To be provided by the Company
	BS Charges	Fixed Charges: PKR 137 million Variable Charges: 3.3 million/hr

- ii. Although NEPRA has determined tariffs for Orient Power Company, Sapphire Electric Company, Foundation Power Company (Daharki) Limited, Halmore Power Company incorporating the cost of Black Start Facilities as part of their project cost however, based on discussions in operating committee meetings, the above IPPs vide letters dated 08-11-2023, 15-11-2023, 22-11-2023, 30-11-2023 respectively have been advised by CPPA to approach NEPRA for approval of cost involved in modification required for activation of BS Facilities (if any). Accordingly, Halmore Power approached NEPRA vide letter dated 26-01-2024 for determination of Black Start Charges.

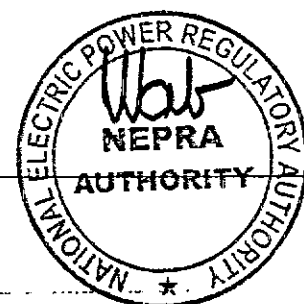


- iii. Subsequently, in response to the request of CPPA vide a letter dated 24-05-2024, 25-05-2024 and 25-05-2024 to Foundation Power, Orient Power and Sapphire Electric respectively, Orient and Sapphire Electric have also approached NEPRA vide letters dated 27-06-2024 and 08-08-2024 for determination of Black Start Charges. Once approval of cost by NEPRA is granted, modification, activation and signing of Black Start Procedures will be completed accordingly.
- iv. Regarding Engro Powergen Qadirpur Limited and Rousch (Pakistan), Power Limited, it is submitted that NPCC vide a letter dated 27-03-2023 has conveyed minimum essential requirement of Black Start facility to NEPRA with its copy to CPPA wherein both aforesaid plants have been excluded. Therefore, CPPA did not take up the matter of activation of Black Start Facilities with these plants and hence did not submit activation status before the Authority.
- v. It is apprised that Rousch (Pakistan) Power Limited has although submitted draft black start operating procedures dated 03-06-2022 for reviewal of technical aspects and informed that extra costs and commercial aspects associated with black start facility need to be decided as well.
- vi. Moreover, it is pertinent to mention that Rousch (Pakistan) Power Limited was installed under 1994 Power Policy prior to inception of NEPRA and its tariff was granted by GoP instead of NEPRA. Furthermore, it is apprised that the PPA of Rousch (Pakistan) Power Limited has been terminated on 30-09-2024.

Hearing:

13. The Authority considered the response submitted by the Licensee and decided to provide an opportunity of hearing to the Licensee under Regulation 4(11) of the Fine Regulations, 2021. Accordingly, hearing in the matter was held on 20.02.2025, wherein, the representatives of the Licensee participated and updated regarding WAPDA Hydel Plants that in addition to Mangla, OPs have also been signed with Tarbela, Tarbela 4th Extension, Warsak, Golen Gol, Gomal Zam and others are under discussion. Moreover, the Licensee shared the updated status of OPs as follows:

S. No	Type of Power Plant	Signed OPs	Unsigned OPs *
1	Hydel	7	4
2	RFO	11	-
3	RLNG/Gas	15	2
4	Coal	3	5
5	GENCOs	-	5
6	Nuclear	-	6
7	Wind	21	15
8	Solar	10	-
9	Bagasse	8	-
10	Total	75	37

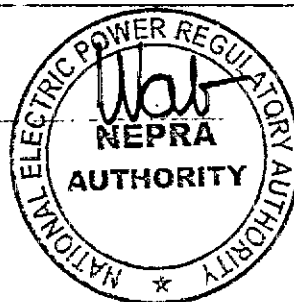


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14. Analysis/Findings of the Authority:

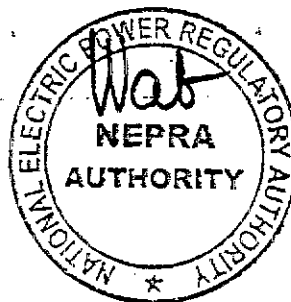
A. **Regarding Non-Finalization of Operating Procedures with Different Power Plants:**

- i. The Authority has reviewed the submissions of the Licensee and notes that, although some progress has been made, finalizing Operating Procedures (OPs) for only 75 out of 112 companies (approximately 67%) still reflects a significant compliance gap. More than one-third of power plants remain without finalized OPs, despite the fact that these are mandatory contractual and regulatory requirements under both the Power Purchase Agreement (PPA) and the NEPRA Licensing (Generation) Rules, 2000. This partial compliance undermines operational transparency, system reliability, and compliance with Rule 16 of the NEPRA Licensing (Generation) Rules, 2000.
- ii. In its response to the Show Cause Notice, the Licensee has admitted that in 17 cases—including Saif Power, Sapphire, and 15 Wind IPPs—Technical Limits have already been agreed upon, yet the OPs remain pending. The Licensee's justification—that no formal dispute notice has been received under Article 18.2—is legally unconvincing. The absence of a formal dispute notice does not absolve the Licensee of its obligation to take proactive steps, especially when, according to the Licensee, power plants are resisting OP finalization by making demands not covered under the PPA. Moreover, the Licensee should have signed and executed the OPs for all undisputed clauses to ensure operational readiness and compliance with the PPA obligations.
- iii. The Licensee has also submitted that NEPRA had previously highlighted the need to refer unresolved OP issues to an Expert under the PPA. However, the Licensee has claimed that this is not currently applicable to certain coal-fired power plants—specifically Thar Coal Block-I, Thar Energy Limited, and Thal Nova—as their Technical Limits are still under discussion. In this context, the Authority notes that the Licensee has appeared to shift the blame to NEPRA for delays in finalizing OPs where Technical Limits remain unsettled—particularly in the cases of Thar Coal Block-I, Thar Energy Limited, and Thal Nova Power Thar Limited. However, the core dispute concerning startup allowances does not relate to NEPRA, and should have been mutually resolved by CPPA-G, NTDC, and the concerned power plants under the PPA framework. Furthermore, the Licensee should have signed and executed the OPs for all undisputed clauses to ensure operational readiness and compliance with the PPA obligations.
- iv. The Licensee has stated that OPs have been signed with Tarbela, Mangla, Tarbela 4th Extension, Warsak, Golen Gol, and Gomal Zam, while others are under discussion. However, the Authority notes that the Licensee has not identified any disputes preventing finalization of OPs for other WAPDA hydropower plants. This suggests internal delays or inefficiencies.



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- v. Regarding the non-finalization of OPs for PQEPC, the Licensee has submitted that the dispute pertains to OP-5, specifically concerning Complex Restoration after Blackout. It also referenced deductions made against PQEPC's capacity payments, despite the availability of a Force Outage (FO) allowance under the signed Emergency Procedure (EP). In this regard, the Authority observes that if the Power Purchaser believed that the EP were intended to serve as a temporary arrangement linked specifically to the transmission constraints present at the time of COD, it should have taken steps to ensure that this intent was clearly and explicitly reflected in the written documentation. The EP, as a binding operational framework, should have included a clearly defined validity period or conditionality clause stating that the 72-hour allowance would only remain applicable until the identified transmission issues were resolved or until a mutually agreed technical milestone was achieved. In the absence of such express limitations, the language in the EP—particularly the clause suggesting their applicability to all local or widespread blackouts until the end of the PPA—created room for broad interpretation. This ambiguity enabled PQEPC to rely on a literal reading of the document to assert continued entitlement to the 72-hour allowance, regardless of the changed technical circumstances.
- vi. Concerning EPTL, the Licensee has stated that the OPs could not progress due to a pending litigation issue. The Licensee invoked the NEPRA (Complaint Handling and Dispute Resolution Procedure) Rules, 2015, while EPTL obtained a stay order from the Sindh High Court regarding the 85% availability requirement. The matter remains sub judice. However, the Authority notes that following a meeting between NEPRA and EPTL's operating committee, EPTL expressed willingness to sign the OPs immediately and agreed to an additional 3 hours and 30 minutes for restoration following a grid blackout, with any time beyond this to be treated as a Forced Outage under the PPA. The Licensee, however, refused as per EPTL—linking the OP signing to a retrospective amendment in the PPA to revise the Targeted Availability. EPTL rejected this linkage, asserting that such a revision contradicts the mutually agreed terms of the PPA. In this case, the Authority notes that the Licensee should have signed and executed the OPs for all undisputed clauses to ensure operational readiness and compliance with the PPA obligations.
- vii. Regarding Zorlu Enerji and Karot Power, the Licensee has submitted that the matter of five non-operational Vensys-made wind turbines at Zorlu Enerji has been referred to an Expert under Article 18.2 of the Energy Purchase Agreement (EPA), and that OP finalization will depend on the Expert's decision. For Karot Power, the Licensee has reported that the company has requested a frequency limit exemption under the Grid Code 2023, as it does not agree with NPCC's proposal to revise Schedule 5 of the PPA. Finalization of OPs is therefore pending the outcome of this exemption request. In both cases, the Authority observes that the Licensee should have signed and executed the OPs for all uncontested clauses to ensure compliance and operational readiness.



- viii. The Licensee has further submitted that it has shared draft OPs with HNDS, Helios, Meridian, SK Hydro, the GENCOs, and the C1, C2, C3, and C4 Nuclear Power Plants. However, only GENCO-II has responded, and its response is under evaluation. No responses have been received from the other plants. The Licensee has also stated that the PPAs for K2 and K3 Nuclear Power Plants have not yet been approved, and hence, OP development could not progress. In this regard, the Authority observes that the Licensee should have elevated the level of communication with these plants to expedite OP finalization. In case of persistent non-responsiveness, the Licensee should have informed the Authority of the non-compliant plants, along with relevant correspondence.
- ix. The Licensee has claimed that the Operating Procedures Manual under Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000, and the Operating Procedures required under Section 2.5 of the PPA differ in scope. This claim is misleading. The Authority observes that both documents require the development and implementation of OPs that align with the Grid Code, Prudent Utility Practices, and Technical Limits. The assertion of separate scopes appears to be a semantic argument aimed at evading regulatory oversight and cannot be upheld, as both sets of requirements share the same intent: ensuring reliable, coordinated generation and dispatch practices.

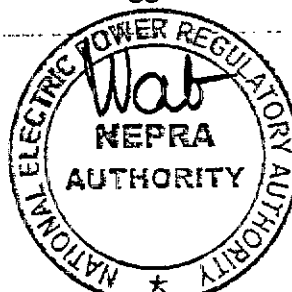
B. Regarding Non-Signing of Black Start Procedures with Different Power Plants:

- i. The Licensee has submitted that although NEPRA has determined tariffs for Orient Power, Sapphire Electric, Foundation Power, and Halmore Power incorporating the cost of Black Start Facilities as part of their project cost however, based on discussions in operating committee meetings, the above IPPs have been advised by the Licensee to approach NEPRA for approval of cost involved in modification required for activation of BS Facilities (if any). In this regard, the Authority observes that before advising the IPPs to approach NEPRA regarding their claim, the Licensee should have conducted due diligence. The Licensee should be well aware that if a Black Start Facility is available in a power plant, it must remain active at all times and no additional payment is required for its maintenance, as it is an integral part of the complex.

Moreover, as per the relevant provisions of the Grid Code, NEPRA Performance Standards (Generation) Rules, 2009, and the PPAs of these plants, these IPPs are obligated to provide Ancillary Services. The definition of Ancillary Services, as mentioned in the PPAs of these plants, clearly includes the provision of Black Start. The same is reproduced below:

"Services provided by the Company from the Complex other than the provision of Net Electrical Output, such services shall include Reactive Power, black start, voltage control and frequency regulation."

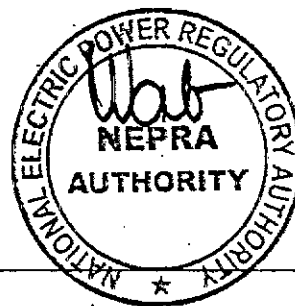
As far as the payment for Ancillary Services is concerned, the PPA is silent on this matter. However, a conjunctive reading of the PPA suggests that the consideration



for payments under Article IX would include the provision of Ancillary Services. Therefore, there is no question of any additional payment for the Black Start Facility. If any study is to be conducted or any preventive mechanism is to be adopted, it should be at the expense of the Power Producer.

Nevertheless, the IPPs who have approached NEPRA, such as Orient Power, Sapphire Electric, and Foundation Power, have been duly informed about this. The lapse on the part of the Licensee is the failure to ensure that operating procedures for Black Start Facilities were signed, despite the passage of considerable time, and despite the clear obligation in the PPA to provide Ancillary Services, including, but not limited to, the Black Start Facility.

- ii. Regarding Engro Powergen Qadirpur and Rousch Power, the Licensee has defended its inaction by pointing to NPCC's revised list excluding these plants. In this regard, the Authority observes that if the facility was previously installed, its activation should have been ensured regardless of its current prioritization. Rousch Power had submitted draft black start procedures in 2022 and indicated commercial issues, but the Licensee failed to conclude this process before the PPA's termination on 30-09-2024.
- iii. Overall, the Licensee's position lacks legal and regulatory strength. It overlooks the binding nature of PPAs and NEPRA regulations. The Licensee has not demonstrated proactive enforcement of these obligations, and its approach reflects delays, inconsistencies, and a lack of clarity in dealing with the matter.



Decision:

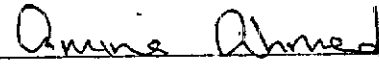
15. Keeping in view the relevant provisions of the NEPRA Act, other applicable documents, submissions of the Licensee and available record, the Authority observes that the Licensee has constituted violation of Section 48 of the NEPRA Act and the provisions of other applicable documents by failing to finalize the Operating Procedures with different power plants and by not signing the Black Start Procedures with concerned power plants, despite repeated directions of the Authority. Therefore, the Authority decides to impose a fine of twenty five million Rupees on the Licensee.
16. Accordingly, the Licensee is directed to pay the fine of twenty five million Rupees in designated bank of the Authority within a period of fifteen (15) days after the date of issuance of this order and forward a copy of the paid instrument to the Registrar Office for information, failing which the Authority shall recover the amount due under Section 41 of the NEPRA Act read with relevant provisions of the Fine Regulations, 2021 as arrears of the land revenue.

Authority

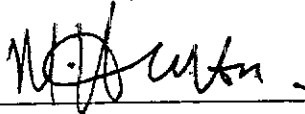
Rafique Ahmed Shaikh
Member (Technical)



Amina Ahmed
Member (Law)



Engr. Maqsood Anwar Khan
Member (Development)



Waseem Mukhtar
Chairman.



Announced on 3rd Dec, 2025 at Islamabad.



