



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/SA(M&E)/TRF-369/ 20629

December 01, 2025

Chief Executive Officer
Lucky Electric Power Company
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Subject: ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE NOTICE
ISSUED TO M/S LUCKY ELECTRIC POWER COMPANY LIMITED UNDER
REGULATION 4(8) &4(9) OF THE NEPRA (FINE) REGULATIONS, 2021

Please find enclosed herewith the Order of the Authority (Total 07 pages), in the subject matter for information and record.

Enclosure: As above


(Wasim Anwar Bhinder)

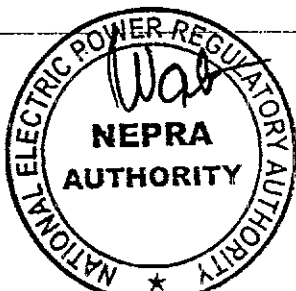


National Electric Power Regulatory Authority

**In the matter of Show Cause Notice issued to M/s Lucky Electric Power Company Limited
under Regulation 4(8) & 4(9) of the NEPRA (Fine) Regulations, 2021**

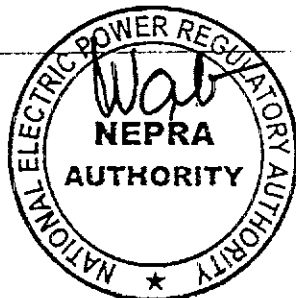
Order

1. The National Electric Power Regulatory Authority (herein after referred to as the "Authority" or the "NEPRA") established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (herein after referred to as the "NEPRA Act") is mandated to regulate the provisions of electric power services.
2. Pursuant to Section 15 of the NEPRA Act (now section 14B after promulgation of Regulation of Generation, Transmission and Distribution of Electric Power Amendment Act 2018), the Authority has granted a Generation License (No. IGSPL/66/2016, dated 03/03/2016) to Lucky Electric Power Company Limited (LEPCL) (hereinafter referred to as the "Licensee") to engage in the generation business as stipulated in its Generation License.
3. Pursuant to Section 14B(4) of the NEPRA Act, in the case of a generation facility connecting directly or indirectly to the transmission facilities of the national grid company, the licensee shall make the generation facility available to the national grid company for the safe, reliable, non-discriminatory, economic dispatch and operation of the national transmission grid and connected facilities.
4. According to Rule 10(6) of the NEPRA Licensing (Generation) Rules, 2000, the licensee shall at all times comply with the provisions of the Grid Code, including, without limitation, in respect of the availability of the net capacity or in respect of the outages, maintenance and operation of its generation facilities, and shall provide the national grid company with all information reasonably required by the later to enable it to dispatch the generation facilities of the licensee.
5. Clause OC 8.1.1 of Operation Code-System Recovery of Grid Code deals with the procedures for the restoration of power supplies following a Total Shutdown or a Partial Shutdown of the System and the re-synchronization of specific parts of the System that have been islanded.
6. Clause OC 8.1.4 of Operation Code-System Recovery of Grid Code states that OC 8 applies to the System Operator, NTDC, distribution companies, Operators of power plants,



and Users of the System. Contingency arrangements are required to be established by the System Operator with each externally-connected Party/consumers.

7. Clause OC 8.2.1 of Grid Code states that a total shutdown of the System is a situation when there is no internal generation online and operation and there is no power supply available from external-connections. The restoration of power supply from such a situation is a Black start recovery. A partial shutdown is when there is no online operating generation or External Connection to a part of the System Operator to instruct Black Start Recovery procedures to restore supplies to that part of the system.
8. Clause OC 8.2.2 of Grid Code states that during restoration of power supplies following a Total Shutdown or Partial Shut Down of the System, it may be necessary to operate the system outside normal frequency and voltage as stated in OC 4. It may also be necessary for the System Operator to issue instructions that are contrary to the balancing mechanism or code, and also to normal contractual obligations in order to ensure restoration of supplies.
9. Clause OC 8.2.3 of Grid Code states that following a total Shutdown of the System designated power plants that have the ability to Start Up without any External Connection to the system shall be instructed to commence Black Start recovery procedures. These procedures, which are to be agreed in advance, may include the restoration of blocks of focal load demand that can be restored in agreement with the local distribution company. Local procedures may include the restoration of power supplies via Embedded Generators. The System Operator has the responsibility for the re-energization of the interconnected transmission system, and the re-synchronization of the stem blocks of islanded blocks of locally restored supplies.
10. The power system breakdown occurred on 23.01.2023 at 07:34:43:800 Hrs which plunged the whole country into darkness and the system was completely restored on 24.01.2023 after 20 hours approximately. NEPRA, being a regulator of power sector, took serious notice of the above incident and constituted an Inquiry Committee (IC) to probe into the matter. The IC visited power houses, grid stations, sites and offices in the process of inquiry. During the course of inquiry, the matter was examined in detail by inquiring the concerned officials and in the process, relevant documents were also obtained to arrive at the right conclusion.
11. The information related to supply restoration time of power plants and synchronization of its first unit after complete system breakdown dated 23.01.2023 was provided by System Operator (NPCC). The submitted information revealed that the supply at Licensee's bus bar was restored at 04:43 Hrs on 24.01.2023 and the Licensee was instructed by the NPCC through Notice to Synch (NTS) as per PPA to synch its Complex at 11:23 Hrs on 24.01.2023. However, the Licensee had synchronized its Complex at 19:34 Hrs on 24.01.2023 i.e. after a lapse of 08:11 Hrs, thereby, prima facie, the Licensee failed to comply with the NPCC's instructions in a timely manner as per terms & conditions of PPA which severely hampered the restoration process of power system.



12. In view of the above, the Authority observed that the Licensee was bound to follow the instructions of the NPCC, which it failed to do. Hence, the Authority observed that the Licensee has, prima facie, failed to comply with Section 14B (4) of the NEPRA Act, Rule 10(6) of the NEPRA Licensing (Generation) Rules, 2000 and Clauses OC 8.1.1, 8.1.4, 8.2.1 8.2.2 & 8.2.3 of the Grid Code. In view of the foregoing, the Authority decided to initiate legal proceedings against the Licensee under NEPRA (Fine) Regulations, 2021 (hereinafter referred to as the "Fine Regulations, 2021").

Explanation:

13. Accordingly, an Explanation dated 22.09.2023 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:

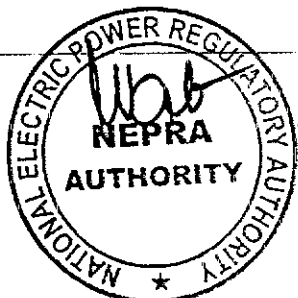
WHEREAS, the National Electric Power Regulatory Authority (herein after referred to as the "Authority" or the "NEPRA") established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (herein after referred to as the "NEPRA Act") is mandated to regulate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

2. *WHEREAS, pursuant to Section 15 of the NEPRA Act (now section 14B after promulgation of Regulation of Generation, Transmission and Distribution of Electric Power Amendment Act 2018), the Authority has granted a Generation License (No. IGSPL/66/2016, dated 03/03/2016) to Lucky Electric Power Company Limited (LEPCL) (hereinafter referred to as the "Licensee") to engage in the generation business as stipulated in its Generation License; and*

3. *WHEREAS, the power system breakdown occurred on 23.01.2023 at 07:34:43:800 Hrs which plunged the whole country into darkness and the system was completely restored on 24.01.2023 after 20 hours approximately. NEPRA, being a regulator of power sector, took serious notice of the above incident and constituted an Inquiry Committee (IC) to probe into the matter. The IC visited power houses, grid stations, sites and offices in the process of inquiry. During the course of inquiry, the matter was examined in detail by inquiring the concerned officials and in the process, relevant documents were also obtained to arrive at the right conclusion; and*

4. *WHEREAS, the information related to supply restoration time of power plants and synchronization of its first unit after complete system breakdown dated 23.01.2023 was provided by System Operator (NPCC). The submitted information revealed that the supply at Licensee's bus bar was restored at 04:43 Hrs on 24.01.2023 and the Licensee was instructed by the NPCC through Notice to Synch (NTS) as per PPA to synch its Complex at 11:23 Hrs on 24.01.2023. However, the Licensee had synchronized its Complex at 19:34 Hrs on 24.01.2023 i.e. after a lapse of 08:11 Hrs, thereby, prima facie, the Licensee failed to comply with the NPCC's instructions in a timely manner as per terms & conditions of PPA which severely hampered the restoration process of power system; and*

5. *WHEREAS, pursuant to Section 14B (4) of the NEPRA Act, in the case of a generation facility connecting directly or indirectly to the transmission facilities of the national grid company, the licensee shall make the generation facility available to the national grid company for the safe, reliable, non-discriminatory, economic dispatch and operation of the national transmission grid and connected facilities, subject to the compensation fixed by the*



Authority for voltage support and uneconomic dispatch directed by the national grid company; and

6. **WHEREAS**, according to Rule 10 (6) of the NEPRA Licensing (Generation) Rules, 2000, the licensee shall at all times comply with the provisions of the grid code, including, without limitation, in respect of the availability of the net capacity or in respect of the outages, maintenance and operation of its generation facilities, and shall provide the national grid company with all information reasonably required by the latter to enable it to dispatch the generation facilities of the licensee; and

7. **WHEREAS**, Clause OC 8.1.1 of Grid Code deals with the procedures for the restoration of power supplies following a Total Shutdown or a Partial Shutdown of the System and the re-synchronization of specific parts of the System that have been Islanded; and

8. **WHEREAS**, Clause OC 8.1.4 of Grid Code states that OC 8 applies to the System Operator, NTDC, distribution companies, Operators of the power plants, and Users of the System. Contingency arrangement are required to be established by the System Operator with each Externally-connected Party/Consumers; and

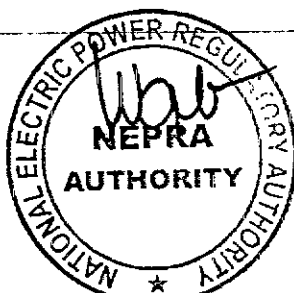
9. **WHEREAS**, Clause OC 8.2.1 of Grid Code states that a total shutdown of the System is a situation when there is no internal generation online and operation and there is no power supply available from external-connections. The restoration of power supply from such a situation is a Black start recovery. A partial shutdown is when there is no online operating generation or External Connection to a part of the System Operator to instruct Black Start Recovery procedures to restore supplies to that part of the system; and

10. **WHEREAS**, Clause OC 8.2.2 of Grid Code states that during restoration of power supplies following a Total Shutdown or Partial Shut Down of the System, it may be necessary to operate the system outside normal frequency and voltage as stated in OC 4. It may also be necessary for the System Operator to issue instructions that are contrary to the balancing mechanism or code, and also to normal contractual obligations in order to ensure restoration of supplies; and

11. **WHEREAS**, Clause OC 8.2.3 of Grid Code states that following a total Shutdown of the System designated power plants that have the ability to Start Up without any External Connection to the system shall be instructed to commence Black Start recovery procedures. These procedures, which are to be agreed in advance, may include the restoration of blocks of focal load demand that can be restored in agreement with the local distribution company. Local procedures may include the restoration of power supplies via Embedded Generators. The System Operator has the responsibility for the re-energization of the interconnected transmission system, and the re-synchronization of the stem blocks of islanded blocks of locally restored supplies; and

12. **WHEREAS**, the Licensee was bound to follow the instructions of the NPCC, which it failed to do. Hence, the Licensee, prima facie, failed to comply with Section 14B (4) of the NEPRA Act, Rule 10(6) of the NEPRA Licensing Generation Rules, 2000 and Clauses OC 8.1.1, 8.1.4, 8.2.1 8.2.2 & 8.2.3 of the Grid Code; and

13. **WHEREAS**, the Licensee is required to follow the provisions of NEPRA Act, Rules & Regulations made thereunder, generation license, tariff determinations and other applicable documents and any violation thereof attracts appropriate proceedings against the licensee including but not limited to the imposition of fines under NEPRA (Fine) Regulations, 2021; and



14. ***NOW THEREFORE***, in view of the above, Licensee is hereby called upon under Regulation 4(1) and 4(2) of the NEPRA (Fine) Regulations, 2021 to either admit or deny the occurrence of the above-mentioned violations of the Section 14B (4) of the NEPRA Act, Rule 10(6) of the NEPRA Licensing Generation Rules, 2000 and Clauses OC 8.1.1, 8.1.4, 8.2.1 8.2.2 & 8.2.3 of the Grid Code and in case of your failure to respond within fifteen (15) days of receipt thereof, the Authority shall proceed in accordance with law including but not limited to imposition of fine.

Licensee's Response:

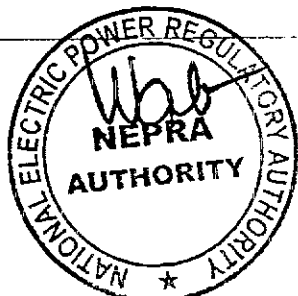
14. In response, the Licensee submitted its reply vide letter dated 05.10.2023. The Authority after detailed deliberations rejected the response submitted by the Licensee against the above Explanation giving reasons for such rejection vide Order dated 11.10.2024.

Show Cause Notice to the Licensee:

15. 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 the Licensee:

16. In response, the Licensee submitted its reply vide letter dated 08.11.2024. The salient features of the response submitted by the Licensee are as follows:
- i. LEPCL denies all allegations in the Show Cause Notice (SCN) and asserts that NEPRA didn't follow proper legal procedures under the NEPRA (Fine) Regulations, 2021. The company argues that NEPRA incorrectly rejected its explanation under Regulation 4(7) instead of 4(8), did not establish "reasonable cause" for the SCN, and failed to specify the alleged violations in detail, making the SCN procedurally flawed and liable for withdrawal.
 - ii. On merits, LEPCL contends that NEPRA has not substantiated how the company violated Section 14B(4) of the NEPRA Act, Rule 10(6) of the Licensing (Generation) Rules, or various clauses of the Grid Code. LEPCL emphasizes that its operations complied with all regulatory requirements, and any alleged delays or discrepancies had already been addressed under contractual obligations, making additional regulatory penalties unjustified.
 - iii. LEPCL denies non-compliance allegations and asserts that it restored its complex as quickly as technically possible after the grid system tripping while following prudent utility practices.
 - iv. LEPCL's plant was in a "Warm Start" phase after a shutdown of between 8 to 72 hours, requiring 400 minutes for synchronization as per the technical limits. Additionally, under the agreed procedures for blackout recovery, 240 extra minutes are allowed, totaling 640 minutes. Although LEPCL had concerns about the

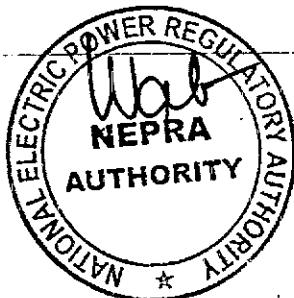


restoration time due to potential plant damage from sudden interruptions, NPCC verbally acknowledged this but didn't formalize it in the procedures. LEPCL argues that the blackout and resulting damage were due to the System Operator's mishandling, so they shouldn't be penalized. They assert that the NTS recovery time should be counted from the start of the boiler systems at 15:20 hrs, as the earlier time was part of the Black Start recovery. From that point, LEPCL took only 4 hours and 14 minutes, staying within the permissible limit, and thus did not violate any procedures or the Grid Code.

- v. LEPCL argues that no specific timeframe is defined in the Grid Code or regulations for synchronization after a grid failure, making any penalty arbitrary and unwarranted.
- vi. LEPCL's coal-fired power plant requires significantly more time and power (20–35 MW) to restart during a blackout compared to gas turbine or engine-operated plants, which need much less power and can support black start capabilities. Due to this high startup power requirement, LEPCL depends on the transmission system for feedback power. The company has communicated these technical constraints and submitted detailed emergency procedures to NPCC. LEPCL emphasized that the specific limitations of coal-fired plants must be considered when assessing restoration times and had already submitted relevant details and correspondence to NPCC in a letter dated 11.05.2023, referencing a similar power outage in September 2022, before the January 2023 event under discussion.
- vii. Any penalty should be proportionate, taking into account the absence of a defined timeframe, the technical challenges involved, and LEPCL's good faith actions. The detailed timeline and Shift Reports clarify the situation. Additionally, penalizing LEPCL again for the same incident would violate the principle of double jeopardy, as the delay in synchronization was a single event already addressed through Liquidated Damages under the PPA, and further regulatory penalties would be unjustified.
- viii. The reference by NEPRA to Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000 regarding the lack of a finalized Operating Procedure Manual is unjustified, as no specific allegation was made in the Call for Explanation issued on 22.09.2023. According to the NEPRA (Fine) Regulations, 2021, a Show Cause Notice can only be issued for alleged violations mentioned in the explanation request. LEPCL has already finalized and signed the Operating Procedure Manual with CPPA-G on 05.12.2023.

Hearing:

17. 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 06.03.2025 at the NEPRA Head



Office, Islamabad, wherein, the representatives of the Licensee participated and made their submissions.

Analysis/Findings of the Authority:

18. The Authority has gone through the submissions of the Licensee, and observes that the Licensee has provided satisfactory reply to the Show Cause Notice issued to it.

Decision of the Authority:

19. In view of the above, the Authority decides to accept the response submitted by the Licensee to the Explanation issued to it and order to close the matter in terms of Regulation 4(12) of the Fine Regulations, 2021.

Authority

Rafique Ahmed Shaikh
Member (Technical)

Amina Ahmed
Member (Law)

_____ *Amina Ahmed*

Engr. Maqsood Anwar Khan
Member (Development)

_____ *Maqsood Anwar Khan*

Waseem Mukhtar
Chairman

_____ *Waseem Mukhtar*

Announced on 1st Dec, 2025 at Islamabad.



Kumar