National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/SA(M&E)/LAG-23/ / 8804-05

September 16, 2026

Chairman,
Water and Power Development Authority (WAPDA),
Room No.701, Wapda House, Sharah-e-Quaid-e-Azam,
Lahore

Subject: **ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE NOTICE ISSUED TO PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY 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.

Enclosure: **Order of the Authority**

(Syed Zawar Haider)
Director

CC: (for information)

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

National Electric Power Regulatory Authority

<u>In the matter of Show Cause Notice issued to Pakistan Water and Power Development Authority under Regulation 4(8) & 4(9) of the NEPRA (Fine) Regulations, 2021</u>

Order

1. 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. GL(Hydel)/05/2004, dated 03/11/2004)** to Pakistan Water and Power Development Authority (hereinafter referred to as the "Licensee" or "WAPDA") to engage in the generation business as stipulated in its Generation License; and

2. 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.

3. In terms of Rule 4 and 5 of the NEPRA Performance Standards (Generation) Rules, 2009 (hereinafter referred to as the "PSGR"), the Licensee submitted the data pertaining to Key Performance Indicators in respect of its generation facilities for the FY 2018-19 in the manner prescribed in Form-I annexed to the PSGR, particularly with respect to outage hours, which revealed that the total outage hours consumed by different units/machines of Tarbela, Mangla, Ghazi Barotha, Warsak and Chashma hydel power stations exceeded the allowed limit as specified in the Power Purchase Agreement (hereinafter referred to as the "PPA") signed between WAPDA and NGC (formerly NTDC) in the year 2011.

4. In view of the above, the Authority observed that in view of Section 14B(4) of the NEPRA Act, it is pertinent and legally binding that the generation facility is reliable. As per Section 32(4) of the NEPRA Act, a licensee is to enter into PPA subject to such terms and conditions including rates and charges of electric power as approved by the Authority. The Licensee in the given case is allowed to only avail outages specified in its PPA; higher outages therefore would constitute a contravention of the PPA and consequently the Act. Hence, the Authority observed that the Licensee has, prima facie, failed to perform its operations and discharge its responsibilities in accordance with Section 14B(4) of the NEPRA Act. 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").

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Explanation to the Licensee:

5. Accordingly, an Explanation dated 13.05.2022 was issued to the Licensee under Regulation 4(1) & 4(2) of the Fine Regulations, 2021. The salient features of the Explanation are as under:

"In terms of Rule 4 and 5 of the NEPRA Performance Standards (Generation) Rules, 2009 (hereinafter referred to as the "PSGR"), the Licensee has submitted data for the FY 2018-19 in the manner prescribed in Form-I annexed to the PSGR, with respect to outage hours which reveal that the total outage hours consumed by different units/machines of Tarbela, Mangla, Ghazi Barotha, Warsak and Chashma hydel power stations, have exceeded the limits prescribed in the Power Purchase Agreement (hereinafter referred to as the "PPA") in the following manner:"

Power Station	Unit No.	Installed Capacity (MW)	Total Outage Hours (FY 2018-19)		
			Actual	Allowed	Deviation
			1	2	3 = 1-2
Tarbela (3478 MW)	2	175	877.1	634	243.1
	5	175	962.3	634	328.3
	8	175	1114.7	634	480.7
	9	175	1109.7	634	475.7
	10	175	4120	634	3486
	11	432	5380.5	1565	3815.5
	12	432	4971.6	1565	3406.6
	13	432	4941.8	1565	3376.8
	14	432	4942.4	1565	3377.4
Mangla (1000 MW)	2	100	2087.6	1100	987.6
	5	100	8760	1100	7660
	6	100	8760	1100	7660
Ghazi Barotha (1450 MW)	1	290	1085.7	900	185.7
	2	290	960	900	60
	4	290	931.6	900	31.6
	5	290	974	900	74
Warsak (242.96 MW)	2	40	4454.2	2168	2286.2
	4	40	2501.3	2168	333.3
Chashma (184 MW)	2	23	8760	900	7860
	4	23	970	900	70
	8	23	8760	900	7860

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Licensee's Response:

6. In response, the Licensee submitted its reply vide letter dated 28.05.2022. The Authority after detailed deliberations rejected the response submitted by the Licensee against the above Explanation giving reasons for such rejection vide Order dated 14.10.2022.

Show Cause Notice to the Licensee:

7. Accordingly, a Show Cause Notice dated 14.10.2022 was issued to the Licensee under Regulation 4(8) & 4(9) of the Fine Regulations, 2021, based on violations alleged in the Explanation.

Licensee's Response:

8. In response, the Licensee submitted its reply vide letter dated 28.10.2022. The salient features of the response submitted by the Licensee are as follows:

   i. The following table presents the material continuing defaults of the Power Purchaser (CPPA-G) to WAPDA from FY 2016 to October 2022, which everyone in the power sector understands and agrees have gravely hampered WAPDA's financial capacity to operate and maintain its power plants.

WAPDA's Receivables from CPPA-G (at the end of each FY) (Rs. Billion)								
FY	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Oct, 22**
Amount	19.48	53.47	101.32	192.28	219.55	243.07	274.76	289.99

   Hence, if the default of one party on its obligations triggers a consequential default by the other party, then the second party finds a logical and fair excuse for such consequential defaults.

   ii. In Para-8 of NEPRA's Order, it has been argued that WAPDA has not substantiated its claim regarding roll-over of scheduled outages to subsequent years, as allowed under the PPA. In this regard, the following explanations, along with supporting data sheets, are attached for NEPRA's consideration. These clearly demonstrate the actual utilization of outages for different power stations and the pattern of under-/over-utilization under the roll-over concept, carried out in close coordination with the system operator and in the larger interest of keeping the power system stable and economical.

   It is highlighted that the roll-over provisions were incorporated in the PPA based on past experience and existing practices at that time. For example, Tarbela Units 1–10 and Mangla Units 1–10 can be operated at various loads, providing the system operator flexibility for system stabilization. Therefore, the annual maintenance of these units is carried out in alternate years, in coordination with NPCC, under the relevant provisions of the PPA.

   At the Ghazi Barotha Power Complex, annual/biennial maintenance of generating units is also distributed across different years. Likewise, major overhauling of units at the Warsak Power Station is performed in different years. Moreover, the scheduled maintenance of WAPDA power stations is carried out during the lean-water period to avoid or minimize generation loss. Accordingly, any excessive utilization can be offset through roll-over in adjacent years, as per the following details:

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Tarbela: 2014-15 against 2013-14; 2015-16 against 2016-17; and 2017-18 against 2018-19 & 2019-20.

Ghazi Barotha: 2018-19 against 2017-18.

Warsak: 2013-14 against 2012-13; 2014-15 against 2015-16; and 2016-17 against 2017-18.

iii. In Para-9 of the Authority's Order, it is stated that the licensee should have clearly addressed these force majeure eventualities in the PPA and agreed on certain modalities with the Power Purchaser. In this context, it is reiterated that WAPDA's PPA was signed in 2011, whereas the eventualities of the Tarbela Extension Project and the Mangla Refurbishment Project arose several years later.

iv. NEPRA must acknowledge—and indeed appreciate—that the Tarbela Extension Project and the Mangla Refurbishment Project were undertaken to increase cheap and environment-friendly electricity generation in the country over the long term. These projects will, in a very short period, compensate for the temporary deficit they caused in generation values.

For example, two recently refurbished Mangla units are now adding 270 MW to the national grid against the PPA and Generation License value of 200 MW, and this additional 70 MW capacity is still not reflected in the PPA or the Generation License. However, since it is beneficial for the power system and the country, such actions were undertaken in good faith. To fulfill regulatory requirements, WAPDA and CPPA-G are currently negotiating the incorporation of necessary changes into the PPA through Amendment No. 4.

v. WAPDA would like to be heard in person to avail the last opportunity to substantiate its stance.

Hearing:

9. The Authority considered the response submitted by the Licensee and decided to provide an opportunity of hearing to it under Regulation 4(11) of the Fine Regulations, 2021. Hearing in the matter was earlier scheduled for 13.12.2022, however, the same was adjourned for 21.12.2022 upon the Licensee's request. Accordingly, the hearing was held as per above-mentioned schedule, wherein, the representatives of the participated and made their submissions.

10. During the hearing, the Licensee requested the Authority to give fifteen (15) days' time for preparation so that it can give a detailed presentation to the Authority. Accordingly, the Authority acceded to the request of the Licensee and a presentation in the matter was earlier scheduled for 17.01.2023, however, the same was first adjourned for 19.01.2023 and then for 24.01.2023 upon the Licensee's request. Accordingly, the presentation was held as per

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above-mentioned schedule, wherein, the representatives of the Licensee participated and made the following submissions:

i. During the period under discussion, although WAPDA was deficient at the Chashma Plant, it contributed 302 million additional units through Tarbela and Mangla (1,018 million additional units from Tarbela and Mangla against a loss of 716 million units at Chashma). Therefore, no loss was passed on to the consumers on this account.

ii. In terms of instantaneous load, WAPDA contributed additional load ranging from 115 MW to 276 MW from Tarbela and Mangla to compensate for the capacity loss of 23 MW to 46 MW from the Chashma HPS generating units during the period under discussion. WAPDA did not claim any additional capacity charges for this valuable contribution to the National Grid, which ultimately benefitted the consumers.

iii. Historically, all units of the Chashma HPS performed efficiently prior to the occurrence of faults on Units #2 and #8. The average annual energy generation for the preceding 12 years was 97% of the PC-I estimation. Even after the occurrence of faults on Units #2 and #8, remedial measures were initiated in a timely manner; however, the pace of restoration work was slowed due to the following factors:

   a. Exact estimation of work and spare parts after dismantling, which required mobilization and de-mobilization of the OEM.

   b. Lengthy processing time for CFE releases and LC establishment.

   c. Arrangement of NOCs for OEM foreign experts.

   d. Prevailing security situation of the site area, being a high-security zone.

   All these factors fall under Force Majeure, as WAPDA had no control over most of these issues.

iv. It is pertinent to mention that Unit #8 has already been restored and has been in operation since 05.09.2022. Work on Unit #2 is in progress, although at a slow pace due to delays in CFE releases and LC establishment.

v. Since WAPDA holds a composite generation license for all its hydel power stations, in principle, its performance may be viewed collectively, considering its overall contribution.

vi. An outstanding amount of approximately Rs. 247 billion is still pending from CPPA-G. WAPDA has not imposed LDs despite having the right to do so and despite delays of over two years.

vii. NEPRA may acknowledge—and indeed appreciate—that the Tarbela 4th Extension and the Mangla Refurbishment Project (MRP) have been undertaken to increase cheap and environment-friendly electricity generation, which will, in a very short period, offset the deficit caused in generation values. Moreover, WAPDA and CPPA-G, after finalizing the necessary changes in the PPA through Amendment No. 4 regarding outage allowances, have submitted the document to NEPRA for further processing.

Re-Hearing:

11. Since the constitution of the Authority changed since last hearing, the Authority decided to conduct re-hearing in the matter. Accordingly, hearing in the matter was held on 18.08.2025, wherein, the representatives of the Licensee participated and re-iterated their earlier submissions.

Analysis/Findings of the Authority:

12. The Authority has examined the record of proceedings, including the Show Cause Notice issued to the Licensee, the response filed thereto, and the submissions made by the representatives of the Licensee during the hearings held in this matter.

13. Insofar as the hydel power stations other than Chashma are concerned, the Authority finds the explanation furnished by the Licensee to be satisfactory and accepts the same. As regards Chashma Hydel Power Station, it is an admitted position that outages in excess of the limits specified in the PPA were availed during the period under review. The Licensee has sought to justify this deficiency on two grounds, both of which the Authority has considered and finds unpersuasive.

i. First, the Licensee has contended that the shortfall at Chashma (716 million units, and a capacity shortfall of 23 MW to 46 MW) stood offset by additional generation from Tarbela and Mangla (1,018 million units, and additional load of 115 MW to 276 MW), such that no loss was passed on to the consumer and no additional capacity charges were claimed. The Authority does not find this submission to be in accordance with prudent utility practice or the terms of the PPA, which prescribes outage allowances separately and specifically for each power station. Compliance is to be assessed on a station-specific basis, and the under-performance of one station cannot be treated as compensated by the over-performance of another. Acceptance of such a proposition would render the station-wise outage limits under the PPA meaningless. This argument is accordingly rejected.

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ii. Second, the Licensee has submitted that the faults on Units 2 and 8 of Chashma Hydel Power Station, and the consequent delay in restoration despite timely remedial measures, constituted Force Majeure events. The Authority notes that the Licensee has not placed on record any evidence of having invoked the Force Majeure provisions of the PPA with the CPPA-G, nor of any determination or approval by the CPPA-G recognizing these events as such. An event does not acquire the character of Force Majeure merely by assertion; it must be established in accordance with the procedure prescribed under the PPA. In the absence of such procedure having been followed, this submission is also unjustified and is accordingly rejected.

In view of the foregoing, the Authority finds that the deficiency on the part of the Licensee at Chashma Hydel Power Station, i.e., availing outages in excess of the limits allowed under the PPA, stands established, and the explanation furnished by the Licensee in this regard does not merit acceptance.

Decision:

14. In view of the findings recorded above, the Authority has decided to close the instant proceedings in their entirety under Regulation 4(12) of the Fine Regulations, 2021.

~~15.~~ Notwithstanding this closure, the deficiencies observed in respect of Chashma Hydel Power Station, and the Authority's observations thereon as recorded above, shall stand recorded as part of this Order. While no action is being taken against the Licensee under the applicable Fine Regulations in the instant proceedings, the deficiency so identified at Chashma Hydel Power Station shall remain open to be dealt with in accordance with the relevant provisions of the PPA executed between the Licensee and the CPPA-G, including any consequences that may arise thereunder. Nothing contained in this Order shall be construed as condoning the deficiency identified above, or as affecting the rights and obligations of the Licensee and the CPPA-G under the PPA in this regard. The instant proceedings stand disposed of in the above terms.

Authority

Engr. Maqsood Anwar Khan
Member

Amina Ahmed
Member

Amina Ahmed

Waseem Mukhtar
Chairman

Announced on 16th Sep, 2026 at Islamabad.

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