National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

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No. NEPRA/SA(M&E)/LAG-78/ 21669 October 30, 2026

Chief Executive Officer
Saif Power Limited (SPL),
4th Floor, Kashmir Commercial
Complex (KCC), Fazal-e- Haq Road,
Block -E, Blue Area, Islamabad

Subject: **Order of the Authority in the matter of Show Cause Notice issued to M/s. Saif Power Limited under Regulation 4(8) & 4(9) of the NEPRA (Fine) Regulations, 2021**

Please find enclosed herewith Order of the Authority (total 05 pages) in the subject matter for information and record.

Enclosure: Order of the Authority

Wasim Anwar

(Wasim Anwar Bhinder)

National Electric Power Regulatory Authority

In the matter of Show Cause Notice issued to M/s Saif Power 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 provision 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/04/2006, dated 21/06/2006)** to Saif Power Limited (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 latter 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 the 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 operating; 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 that has

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become shutdown; and it is necessary for 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 local load demand that can be restored in agreement with the local distribution company. Local procedures may include the restoration of power supplies via Embedded Generator. The System Operator has the responsibility for the re-energisation of the interconnected transmission system and the re-synchronization of the system blocks of islanded blocks of locally restored supplies.

10. The total power system collapse occurred on January 23, 2023 at 07:34:43:800 Hrs which plunged the whole country into darkness and the system was completely restored on January 24, 2023 after 20 hours approximately. NEPRA, being a regulator of power sector, took cognizance of the above incident and constituted an Inquiry Committee (IC) to probe into the matter. During the course of inquiry, the IC visited power houses, grid stations, sites, offices and obtained relevant documents to arrive at the right conclusion.

11. The information related to supply restoration time of power plants and synchronization of their units 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 22:35 Hrs on 23.01.2023 and the Licensee was instructed by NPCC through Notice to Synch (NTS) as per PPA to synch Unit GT-1 at 23:26 Hrs on 23.01.2023 and Unit STG at 00:50 Hrs on 24.01.2023. However, the Licensee had synchronized the aforementioned units at 01:30 Hrs on 24.01.2023 and 01:08 Hrs on 24.01.2023 respectively i.e. after a lapse of 2:04 Hrs and 0:18 Hrs respectively, 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").

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Explanation

13. Accordingly, an Explanation dated September 22, 2023 was issued to the Licensee under Regulation 4(1) & 4(2) of the Fine Regulations, 2021. The basis of Explanation included the following:

> *4. **WHEREAS,** the information related to supply restoration time of power plants and synchronization of their units 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 22:35 Hrs on 23.01.2023 and the Licensee was instructed by NPCC through Notice to Synch (NTS) as per PPA to synch Unit GT-1 at 23:26 Hrs on 23.01.2023 and Unit STG at 00:50 Hrs on 24.01.2023. However, the Licensee had synchronized the aforementioned units at 01:30 Hrs on 24.01.2023 and 01:08 Hrs on 24.01.2023 respectively i.e. after a lapse of 2:04 Hrs and 0:18 Hrs respectively, 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*

Licensee's Response

14. In response, the Licensee submitted its reply vide letter dated October 09, 2023. The Authority, after detailed deliberations, rejected the response submitted by the Licensee to the above Explanation vide Order dated December 05, 2024, recording reasons for such rejection.

Show Cause Notice

15. Accordingly, a Show Cause Notice vide letter No. NEPRA/DG(M&E)/LAG-78/18913 dated December 05, 2024 was issued to the Licensee under Regulation 4(8) and 4(9) of the Fine Regulations, 2021. The Licensee, through letter dated January 04, 2025, submitted its reply to the Show Cause Notice, the salient points of which are as follows:

i. The Show Cause Notice (SCN) and Explanation are issued without jurisdiction, misplaced, and contrary to applicable framework. The Licensee's obligations to meet the Power Purchaser's dispatch instructions/notice to synchronise is exclusively regulated by the Licensee's Power Purchase Agreement ("PPA"), which also provides for penalties/remedies in case the Licensee is unable to meet the same. Regulation 4(1) of the NEPRA Fine Regulations covers only the 'NEPRA Act, 1997' and the applicable documents (license, rules, regulations, and Grid Code), not the PPA. No provision of the Act, Rules, or Grid Code has been cited that the Licensee has allegedly violated.

ii. The Explanation was issued with a period of nine (09) months lapsing between the event and the Explanation. This is directly contrary to the requirements of Regulation 4 (1) of the Regulations and the requirements of the law, it is respectfully submitted that this is contrary to settled legal principles consistently upheld by the superior courts of Pakistan to the effect that where the term *'shall'* is employed by the Legislature the provision is mandatory and any deviation therefrom is illegal and any proceedings commenced in this

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instance would be void and non est. On this basis alone, the SCN and Explanation are liable to be withdrawn.

iii. The Power Purchaser has already penalized the Licensee for the alleged delayed synchronization; therefore, any additional penalty by NEPRA would constitute double punishment, contrary to law, the principles of natural justice, and constitutional rights.

iv. The Licensee itself acknowledged that synchronization of one of its GTs and the ST occurred with certain delay relative to the timelines under the PPA. The Licensee further submitted that such delay arose due to automated start-up sequencing and system safety requirements necessary to operate the Complex within its Technical Limits and in accordance with Prudent Utility Practices.

v. The SCN makes references to certain provisions of the NEPRA Act, Licensing Generation Rules and the Grid Code which are even otherwise not applicable in this particular instance.

Hearing

16. The Authority, after consideration of the Licensee's response, resolved to provide the Licensee an opportunity of hearing in accordance with Regulation 4(11) of the Fine Regulations, 2021. Consequently, the hearing was held on August 08, 2025 at the NEPRA Head Office, Islamabad, wherein, the representatives of the Licensee participated and made their submissions.

Analysis/Findings of the Authority

17. The Authority, while considering the overall factual and operational circumstances in which the alleged deviation occurred, including the contractual relationship governing the relevant stakeholders, observes that the matter relating to the NTS arose within and is substantially addressed by the existing contractual framework, which itself contemplates and provides consequences for deviations of this nature. The Authority further observes that, having regard to the nature, extent and materiality of the alleged deviation, the material available on record does not disclose circumstances warranting the imposition of a penalty under the Act. The Authority has also duly considered the proportionality of further enforcement action and in keeping with the principles of fairness and natural justice, considers it essential to adopt a consistent regulatory approach in respect of matters arising from the same system event, particularly where the underlying facts and circumstances are materially comparable. In view of the above, the Authority decided to accept the response of the Licensee to the Show Cause Notice dated December 05, 2024, in wake of the total power system collapse of January 23, 2023, under regulation 4(12) of NEPRA (Fine) Regulations, 2021 and close the matter.

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Decision of the Authority

18. The Authority has considered and accepted response submitted by the Licensee to the Show Cause Notice issued to it. Accordingly, the matter is hereby closed in terms of Regulation 4(12) of the Fine Regulations, 2021.

Authority

Engr. Maqsood Anwar Khan
Member

Amina Ahmed
Member

Ghulamullah Shaikh
Member

Waseem Mukhtar
Chairman

Announced on 30th Oct, 2026 at Islamabad.

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