



# National Electric Power Regulatory Authority

Islamic Republic of Pakistan

2nd Floor, OPF Building, G-5/2, Islamabad  
Ph: 9206500, 9207200, Fax : 9210215  
E-mail: registrar@nepra.org.pk

**Registrar**

No. NEPRA/R/LAT-02/4572-74

June 10, 2010

Chief Executive Officer  
Karachi Electric Supply Company Ltd. (KESC)  
7th Floor, State Life Building No. 11,  
Abdullah Haroon Road  
Karachi

Subject: **Transmission Licence No. TL/02/2010**  
**Licence Application No. LAT-02**  
**Karachi Electric Supply Company Limited**

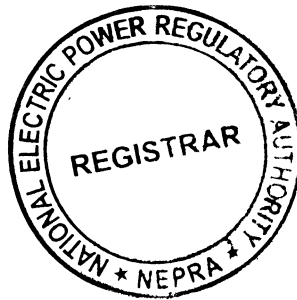
Reference: *Your letter No. SECK/Lic(Trans)/01 dated March 24, 2001.*


Enclosed please find herewith Transmission Licence No. TL/02/2010 granted by the Authority to Karachi Electric Supply Company Ltd. pursuant to Section 16 & 25 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 along with Determination of the Authority in the matter.

2. Pleas quote above mentioned Transmission Licence No. for future correspondence.
3. Please acknowledge the receipt of above mentioned Transmission Licence for the record of this office.

Enclosure:

- i) **Transmission Licence (No. TL/02/2010)**
- ii) **Determination of the Authority**



  
( Syed Safer Hussain )

Copy to:

1. Secretary, Ministry of Water & Power, 'A' Block, Pak Secretariat, Islamabad
2. Chief Executive Officer, NTDC, 414 WAPDA House, Shaharah-e-Qauid-e-Azam Lahore.
3. Director General, Pakistan Environmental Protection Agency, House No. 311, Main Margalla Road, F-11/3, Islamabad.

**National Electric Power Regulatory Authority  
(NEPRA)  
Islamabad – Pakistan**

**TRANSMISSION LICENCE**

**No. TL/02/2010**

In exercise of the Powers conferred upon the National Electric Power Regulatory Authority (NEPRA) under Section 16 & Section 25 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Authority hereby grants a Transmission Licence to:

**KARACHI ELECTRIC SUPPLY COMPANY LIMITED**  
**(Formerly the Karachi Electric Supply Corporation Limited)**

**Incorporated under the Companies Ordinance, 1984**

**Under Certificate of Incorporation**

**No. K-0000002/90797, dated January 9, 2008**

to engage in transmission of electric power in the Territory subject to and in accordance with the Articles and other terms and conditions of this Licence.

Given under my hand this 11<sup>th</sup> day of June, Two Thousand & Ten and expires on 10<sup>th</sup> day of June, Two Thousand & Thirty.

  
**Registrar**





**Article-1**  
**Definitions**

(1) In this licence unless there is anything repugnant in the subject or context:

(i) "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997);

(ii) "affiliate" in relation to any person, means any person who owns or controls, or is owned or controlled by, or is under common ownership or control with, that person, and for the purpose of this definition –

(a) "control" means the right, power or ability to influence or determine any decision in respect of the conduct of affairs of the person under control, and

(b) "ownership" means the ownership or the right to own the shares or other voting securities of the person owned;

(iii) "ancillary services" means the services ancillary or incidental to the safe, reliable, stable and efficient availability and utilisation of electrical energy and net capacity and include without limitation, the following, namely:-

(a) energy imbalance service;

(b) spinning reserve service;

(c) supplemental reserve service;

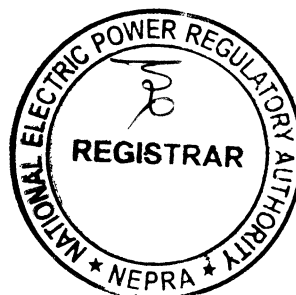
(d) reactive supply and voltage control service, and



*[Handwritten signature]*

(e) regulation and frequency response service.

- (iv) "applicable documents" means the NEPRA rules and regulations, the applicable Grid Code, the distribution code and any other document issued under any of the foregoing or pursuant to the exercise of the Authority's power under the Act, in each case of a binding nature applicable to the licensee or where applicable to its affiliates;
- (v) "applicant" means a person as described in Article-11(2) of this licence.
- (vi) "authorised electricity operator" means any person other than the licensee, who is authorised by the Authority through a licence or otherwise for the purpose of using the licensee's transmission system;
- (vii) "Authority" means the National Electric Power Regulatory Authority constituted under Section 3 of the Act;
- (viii) "available" means a generating unit or tie-line transfer that is both (a) available in accordance with the NTDC Grid Code and (b) declared as available for the generation of electricity;
- (ix) "competitive market operation date" means a date on which the first competitive trading period of a bilateral contracts market shall commence;

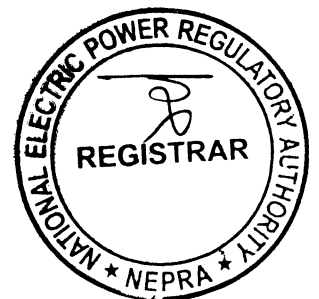




- (x) "consents" means all permissions or approvals required from any public sector entity;
- (xi) "core business" means each of the transmission business and tie-line business;
- (xii) "CPPA" means Central Power Purchasing Agency of NTDC or any other entity created for the like purpose;
- (xiii) "distribution facilities" means the electrical facilities of the licensee operating at distribution voltage and used for the movement or delivery of electrical power as delineated in the distribution licence (No. 09/DL/2003, dated July 21, 2003) of the licensee;
- (xiv) "economic dispatch" means the system of establishing economic precedence of electric power from available generating units or tie-line transfers directed by the licensee or any other entity established under competitive trading arrangements;
- (xv) "encumbrance" means any mortgage, charge, right of possession, assignment by way of security, right of possession or other form of security interest;
- (xvi) "generation facilities" mean the electrical facilities used for production of electrical power as delineated in the generation licence (No. GL/04/2002, dated November 18, 2002) of the licensee amended or modified time to time;




- (xvii) "Grid Code" means the NTDC Grid Code;
- (xviii) "laws" include all statutes, rules and regulations made pursuant thereto, judicial decisions, administrative practices or directions having the force of law in Pakistan, in each case as may be applicable to the licensee;
- (xix) "licence" means this transmission licence;
- (xx) "licensee" means Karachi Electric Supply Company Limited (KESC) to whom this licence is granted,
- (xxi) "NPCC" means National Power Control Centre of NTDC;
- (xxii) "NTDC" means National Transmission and Despatch Company Limited;
- (xxiii) "public sector entity" means any authority, agency, division or instrumentality of the Federal or Provincial Government or a local authority but does not include the Authority;
- (xxiv) "rules" means the National Electric Power Regulatory Authority rules made under section 46 of the Act;
- (xxv) "separate business" means each of the transmission business of the licensee, tie-line business of the



licensee, the provision of ancillary services and any other business of the licensee, undertaken separately;

- (xxvi) "system operator" means an entity of the licensee for the safe and reliable operation, control, switching and dispatch of transmission system and the generation facilities;
- (xxvii) "tie-line" means interconnection facility for the transfer of electric power between the licensee and other utilities or sources not governed by the Act;
- (xxviii) "transmission business" means the business of transmission of electric power carried on or to be carried on by the licensee pursuant to and in accordance with the terms of this licence in planning, development, construction and maintenance of the transmission system of the licensee and operation of such system for the transmission and dispatch of electric power including inter-connection services;
- (xxix) "transmission network operator" means an entity of the licensee for the operation and maintenance (O&M) of transmission system including planning and design for capacity expansion of its transmission system and least cost planning and siting of new generation facilities;
- (xxx) "transmission system" means one or more systems comprising electrical facilities including, without limitation, electrical lines or circuits, electrical plant, transformers, sub-stations, switches, meters,



interconnection facilities or other facilities operating at or above minimum transmission voltage constructed, owned, managed, controlled or operated by the licensee or by one or more special purpose transmission licensees and used for transmission of electric power from the generation facility to sub-stations or to or from other generation facilities or between sub-stations or to or from any interconnection facilities or from the distribution facilities of one licensee to the distribution facilities of another licensee or from a generation facility to a distribution facility or a bulk-power consumer.

- (2) Words and expressions used but not defined in this licence shall have the same meaning as in the Act and the rules.

## **Article-2** **Grant of Licence**

- (1) This licence is granted to the licensee to engage in the transmission business as transmission network and system operator within the territory as set out in Schedule-I and II to this licence in accordance with Section 16 and 25 of the Act.

- (2) The details specific to the transmission system of the licensee, including length of line, transmission line type (underground/overhead), connecting grids, technical limits, technical functional specifications and other information are set out in Schedule-I & II of this licence.

- (3) The licensee shall comply with and adhere to the National Electric Power Regulatory Authority rules, regulations, directions and orders as may be prescribed or issued by the Authority from time to time.





(4) For the purpose of this licence the minimum transmission voltage is declared to be 220 kilo volts and above. Provided that such other voltage levels may be considered for the generation facilities connected directly or indirectly to the transmission system of the licensee pursuant to section 15(4) of the Act.

(5) This licence is granted subject to the provisions of rules and applicable documents as amended from time to time.

**Article-3**  
**Licence Fee**



The licensee shall pay to the Authority the licence fee, in the amount, manner and time specified in the National Electric Power Regulatory Authority (Fees) Rules, 2002.

**Article-4**  
**Term and Renewal of Licence**

(1) This licence shall come into force from the date of issue and unless suspended or revoked earlier, it shall remain in force for a period of twenty (20) years.

(2) Subject to the provisions of the National Electric Power Regulatory Authority, Application Modification Procedure Regulations, 1999 the Authority may renew this licence for such further term as deemed appropriate. While considering renewal of licence the Authority may keep in view the performance of the licensee during the then expiring term and the interests of consumers and the electric power industry as a whole.

**Article-5**  
**Non-Exclusivity and Rights**

(1) This licence is issued on non-exclusive basis in terms of section 25 of the Act and Article-11 hereto and without prejudice to the system of NTDC existing within the territory of the licensee. Subject to above exceptions, the licensee shall

during the term of this licence have the right to plan, develop, construct, own, operate and maintain the transmission system as specified in Schedule-I & II.

(2) Notwithstanding anything contained in Article 5(1) of this licence; in the event of licensee's failure to plan, develop and construct the required transmission system upon request of NTDC in terms of Article-11(2) and Article-13(6) of this licence, NTDC will have the option to provide transmission services in the territory of the licensee.

**Article-6**  
**Co-ordination between CPPA/NTDC and the licensee**

(1) The licensee shall execute a Power Acquisition Contract (PAC) in respect of exchange of power between the licensee and the CPPA/NTDC.

(2) The PAC shall be filed with the Authority for approval within ninety (90) days of the grant of this licence.

(3) The PAC shall inter-alia determine the following between the licensee and the NTDC:-

- (a) dispatch and coordination;
- (b) exchange of power at rates approved by the Authority;
- (c) technical and operational parameters; and
- (d) quantum/ mechanism for purchase under the PAC.



(4) In order to ensure proper coordination in dispatch for reliable operation, the licensee shall arrange full metering of important electrical data at all its 220 KV and

other high voltage level Grid Stations where applicable, power plants and its live communication between licensee's control center and NPCC through SCADA.

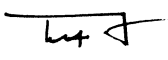

**Article-7**  
**Revocation and Suspension**

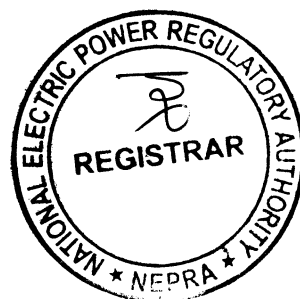
(1) Subject to Section 28 of the Act, the Authority may suspend or revoke this licence upon the persistent failure of the licensee to comply with the terms and conditions of the licence.

(2) The Authority shall determine, on a case to case basis, the degree of recurrence of a specific breach of any term or condition of this licence, provided that a breach shall be deemed to be recurring on a daily basis where the effects of breach are continuing beyond the time of breach and no measures for rectification thereof are undertaken by the licensee to the satisfaction of the Authority.

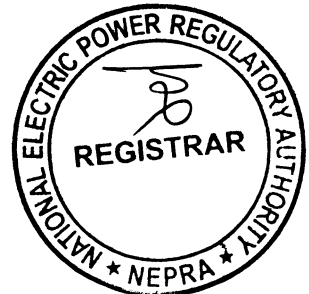
(3) Subject to the provisions of sub-articles (1) and (2), the occurrence of the following events shall constitute failure of the licensee to comply with the terms and conditions of this licence:-

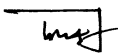

- (a) failure by the licensee to pay the licence fee when due;
- (b) a breach by the licensee of any of the provisions of the applicable documents which materially and adversely affects the standards, price and quality of service, the reliability and integrity of the transmission system, distribution systems or any generation facility, or the safe and efficient operation of the electric power industry, save where such breach occurs without the wilful or negligent default of the licensee;



- (c) failure of the licensee to prepare or adhere to any codes, programmes or manuals required to be prepared by the licensee and, where applicable, obtain approval of the Authority, where such failure has a material adverse effect on the performance by the licensee of its obligations under the applicable documents;
- (d) except for the purpose of amalgamation, reconstruction or reorganisation of the licensee approved by the Authority, the occurrence of any of the following events:-
- (i) the passing of a resolution by the shareholders for the winding-up of the licensee, with the majority required under the Companies Ordinance, 1984 (XLVII of 1984) to give effect to such resolution;
  - (ii) the appointment of a receiver, official assignee or administrator of the affairs of the licensee which appointment has not been set aside or stayed within ninety (90) days of the date of such appointment; or
  - (iii) the making by a court of competent jurisdiction of an order for the winding-up of the licensee that has not been stayed or set aside within thirty (30) days of the date of the order;



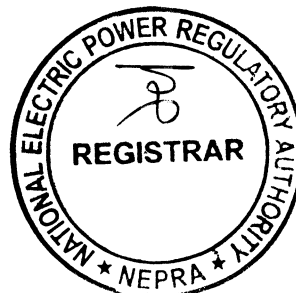
- (e) abandonment by the licensee of the operation of the transmission business or any part thereof;
- (f) the incurring by the licensee of cumulative operating losses in an amount which materially and adversely affects, or is likely to affect, the financial viability of the licensee and which disables or is likely to disable the licensee from carrying out its transmission business and the failure of the licensee to implement measures for improvement of its financial position within the time limit and with the results specified in this behalf by the Authority;
- (g) the assignment or transfer of this licence or the transfer, conveyance, loss or relinquishment by the licensee of the ownership or control or the right to own, control or operate the transmission business or any material part thereof without an authorization in accordance with the provisions of the Act or this licence. Except where such transfer, conveyance, loss or relinquishment is effected pursuant to a contract approved by the Authority for the management or operation of the transmission system by a person other than the licensee;
- (h) any statement or representation made or information provided by the licensee in the application for this licence or subsequently on the directions of the Authority or pursuant to any applicable documents proving to have been incorrect, inaccurate or misleading in any material aspect and having a material adverse effect on the licensee's ability to perform its obligations under this licence or causing the Authority to



issue or renew this licence in the belief of the accuracy and correctness of such statement, representation or information irrespective of whether or not the Authority would have issued this licence if it had knowledge of the inaccuracy of such statement, representation or information;

- (i) the exercise by the lenders, if any, of the licensee of their remedies under the documentation relating to loans by such lenders in respect of the transmission business, where the exercise of the remedies renders the licensee incapable of performing its obligations in its own right under this licence or the applicable documents including, without limitation, the removal of the management of the licensee from the control of the transmission business and the failure of the licensee to obtain approval of the Authority for the appointment of the successor management within one hundred and twenty (120) days after such removal;
- (j) any default by the licensee in the making of any payment, other than the licence fee, required to be made by it under the applicable documents within ninety (90) days of the due date thereof; or
- (k) failure of the licensee to comply with the objects, terms and articles of this licence due to supervening impossibility, where such non-compliance continues for a period of ninety (90) days consecutively or for a cumulative period of one hundred and twenty (120) days in a calendar year.

(4) Notwithstanding the provisions of sub-article (1), the Authority shall not revoke or suspend this licence where the licensee demonstrates to the Authority's satisfaction that the breach of the terms of the licence is a direct result of the licensee's failure to obtain consent or its renewal despite its best efforts under the applicable laws.

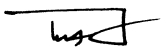
(5) Any decision to suspend or revoke this licence shall be taken in accordance with the NEPRA rules and regulations.

**Article-8**  
**Procurement of Electric Power**

(1) Pending approval of licensee's power acquisition programme in terms of sub-article (3) hereof, KESC shall purchase or procure electric power to meet its demand through contracts with generation licensees and CPPA and or Contract Registrar and Power Exchange Administrator (CRPEA) as defined in Article No. 8 of the transmission licence (No. TL/01/2002, dated December 31, 2002) of NTDC, duly approved by the Authority.

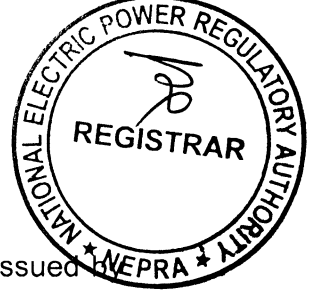
(2) Following approval of licensee's power acquisition programme in terms of sub-article (3), KESC may purchase or procure all or part of its power supplies from any of generation licensees in accordance with the licensee's power acquisition programme. Provided that this sub-article shall not apply to existing contracts between the licensee and generation licensees for the purchase of electric power duly approved by the Authority or contracts, which are supported by sovereign guarantees and all such contracts shall continue to remain enforceable up to their full term.

(3) The licensee pursuant to section 32 of the NEPRA Act shall submit to the Authority its power acquisition programme for approval within 90 days of the grant of this licence.



(4) The licensee may sell surplus power to Distribution Companies and Bulk Power Consumers (BPCs) through CRPEA.

**Article-9**  
**Competitive Trading Arrangements**



(1) The licensee shall comply with all the directions and instructions issued by the Authority from time to time to move towards a Competitive Trading Bilateral Contract Market (CTBCM).

(2) For the purposes of moving from the existing arrangement towards a competitive trading arrangement (CTA), the licensee shall continue to participate in the prevailing trading arrangements in its capacity as system operator and ancillary services provider for its transmission system as indicated in Schedule-I and II and comply with the commercial code governing such arrangements.

(3) During the currency of the Single Buyer Plus (SBP) trading arrangement phase, as stipulated in Article-8 of the transmission licence of NTDC, the licensee shall comply with all the directions and instructions of the Authority, issued from time to time as transition towards a competitive regime and the licensee shall comply with the CTBCM implementation plan to be drawn up by NTDC in consultation with the licensee, all other authorised electricity operators and Bulk Power Consumers (BPCs) in this context and approved by the Authority.

(4) Without prejudice to the provisions of sub-article 3, the licensee shall take all reasonable measures to give full and timely effect to the modifications made to this licence by the Authority pursuant to the power vested in it under section 26 of the Act.

(5) After Competitive Market Operation Date (CMOD) the licensee shall continue to be a party to the trading arrangements prior to the CMOD in its capacity as system operator and ancillary services provider for its transmission system and comply with the commercial code governing those arrangements for the purposes



of transition period until complete establishment of the market as per the provisions of the CTBCM implementation plan. Provided that:-

- (a) all contracts approved by the Authority prior to CMOD for the purchase of electric power or
- (b) contracts which are supported by sovereign guarantees, and extending beyond CMOD;

shall continue to remain enforceable up to their full term.



- (6) The licensee shall not take any measure to prevent or unduly delay changes to applicable documents to which it is a party and are required for the complete and timely enforcement and operation of the CTBCM.

**Article-10**  
**Accounting Practices and Audit**

(1) Subject to and in accordance with the terms of this licence, the licensee shall prepare the accounts in respect of each of its separate business and other businesses, if any, in accordance with the NEPRA rules and regulations respecting Uniform System of Accounts, provided that the Authority may, pending the prescription of such rules and regulations, require the licensee to prepare its accounts in accordance with the provisions of the Fifth Schedule to the Companies Ordinance, 1984 (XLVII of 1984), and to submit such accounts, duly audited in accordance with the provisions of such Ordinance in respect of each financial year not later than six months following the close of the financial year.

(2) The licensee shall ensure that Licensee and each of its affiliates maintains accounting and financial reporting arrangements which enable separate accounts to be prepared for each separate business and showing the financial affairs of each such separate business as if it were a separate company so that the revenues,

costs, assets, liabilities, capital, reserves and provisions of or reasonably attributed to, each separate business are separately identifiable in the books of the licensee from those of any other business, in sufficient detail.

(3) The licensee shall:-

- (a) maintain and preserve the books of account and accounting records in respect of each financial year for a period of five (5) years; and
- (b) prepare on a consistent basis for such financial records in respect of each financial year, accounting statement comprising of a profit and loss account, balance sheet and a statement of source and application of funds, together with notes thereto, and showing separately in respect of each separate business and in appropriate detail the amounts of any revenue, costs, assets, liability, reserve or provision which has been either:-
  - (i). charged from or to any other business, whether or not a separate business, together with a description of the basis of that charge; or
  - (ii). determined by apportionment or allocation between any separate business together with a description of the basis of the apportionment or allocation.



(4) Without prejudice to the provisions of the applicable documents regarding the audit of the accounts of the licensee, the Authority may, after giving the licensee an opportunity to be heard in this regard, appoint independent auditors of national repute from amongst a panel of auditors specified in this behalf by the Authority through a notification in the official Gazette, for the audit of the accounts of the licensee, where the Authority has reason to believe that the accounts provided to the Authority by the licensee do not provide a complete, true and fair view of the transmission business or any separate business of the licensee, provided that such audit shall be restricted to accounting matters under question and shall not be carried out more than once in a financial year.

(5) The costs of audit as referred to in sub-article (4) shall be borne by the licensee.

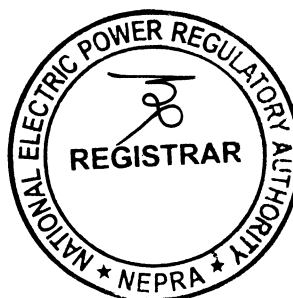
(6) The licensee shall ensure that the accounting statements in respect of each financial year prepared under sub - Article (3) (b) and the Auditor's report in respect of each financial year are made available to any person requesting them at a price not exceeding fair copying charges.

**Article-11**  
**Open Access**

(1) The licensee shall offer non-discriminatory open access transmission inter-connection services to NTDC or any other party who is either connected to or intend to be connected to its transmission system. The inter-connection services shall be offered in terms of non-preferential point-by-point and network service on comparable terms and conditions.

(2) The following parties are qualified to obtain inter-connection service from the licensee:-

(a) NTDC;



- (b) an authorized electricity operator or a person who is intending to become one; and
- (c) a person who is or intends to become a BPC taking power supply directly or indirectly from the licensee's transmission system.

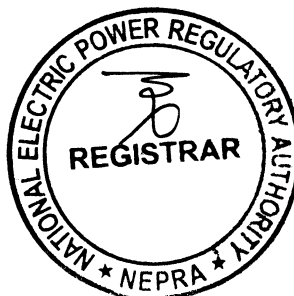
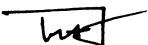
(3) The licensee shall administer its transmission system (offer to connect) in a fair, transparent and open manner setting out rules, policies, procedures and charges as described in this licence or applicable documents, to be developed by the licensee and approved by the Authority.

(4) The licensee shall ensure a fair, non-discriminatory and effective management, operation and planning of the transmission congestion, in order to optimize the transportation costs attributable to transmission congestion within the licensee's transmission system. The licensee shall also ensure that the resultant financial impact of transmission congestion is equitably distributed among the parties connected to or intending to be connected to its transmission system.

**Article-12**  
**Use of System Charges**

(1) The licensee shall submit to the Authority an application for determination of Use of System Charges (UOSC) in respect of licensee's transmission business within time directed by the Authority, following the grant of this licence.

(2) The Authority shall determine UOSC in respect of licensee's transmission business pursuant to NEPRA Tariff Standards and Procedure Rules – 1998. The licensee shall make available to general public the UOSC specifying the Authority's approved rates, charges and other terms and conditions for transmission and inter-connection services.




**Article-13**  
**Connection and Use of System – Requirement to Offer Terms**

(1) Within sixty (60) days following the grant of this licence the licensee shall propose to the Authority a form to be used for the preparation of charges statements in respect of connection and use of the licensee's transmission system. The Authority shall within fifteen (15) days after submission approve that form in consultation with the licensee or direct such modification or revision as deemed necessary.

(2) The licensee shall within ninety (90) days following approval of the form accorded by the Authority subject to sub-article (1), submit to the Authority for approval a statement setting out the basis upon which the use of system charges and charges for inter-connection services (connection charges) in each case, as part of the transmission business, shall be calculated in all cases in such manner and with such detail as shall be necessary to enable any authorised electricity operator in respect of the service territory to make a reasonable estimate of the charges which may be payable by such person for the use of licensee's transmission system.

(3) The charges statement shall include such details and set out the methods by which and the principles on which the use of system charges and connection charges shall be calculated.

(4) The use of system and connection charges shall be calculated on a basis which reflects the costs prudently incurred or to be incurred, less any gains achievable through efficiencies, in the provisions, procurements, installation, operation or maintenance of the facilities for use of system or the connection including, without limitation, in respect of any work, replacement or reinforcement of the transmission system or any part thereof, as the case may be, together with a reasonable return on the capital represented by such costs, in any event, in accordance with Article-15 of this licence.



(5) Subject to the provisions of sub-article (8) and not later than thirty (30) days following receipt of an application from a licensee for use of the licensee's transmission system, the licensee shall offer to enter into an agreement with the applicant:-

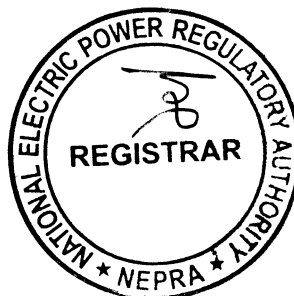
- (a) to accept specified quantities of electric power to be provided by or on behalf of a licensee into the licensee's transmission system at specified entry point or points; and/or
- (b) to deliver such quantities of electric power as adjusted for transmission losses to a licensee or to a bulk power consumer connected to the transmission system of the licensee at specified exit point or points on the licensee's transmission system; and
- (c) to specify the use of system charge as approved by the Authority, which are to be paid by the applicant.

(6) Subject to the provisions of sub-article (8) and not later than ninety (90) days following receipt of an application made by any person the licensee shall offer to enter into an agreement with the applicant:-

- (a) for carrying out of any work necessary to connect the licensee's transmission system to any other system for the transmission or sale of electricity;
- (b) for carrying out of any work required in connection with necessary extension, reinforcement or modification of the licensee's transmission system for the transmission or sale of electricity;



- (c) for obtaining any consents necessary for carrying out works;
  - (d) for the installation of appropriate metering equipment at the entry point(s) and at the exit point(s);
  - (e) for setting the date by which work needed to permit the applicant access to the licensee's transmission system or extend or reinforce the licensee's transmission system will be completed;
  - (f) to specify Authority approved connection charge, which is to be paid by the applicant.
- (7) The principles for determining the costs directly or indirectly incurred in carrying out work under any agreement referred to in sub-article (3), shall have regard to:
- (a) any benefit or loss that may accrue to the licensee or any other person or persons as a result of carrying out the work;
  - (b) the likelihood of the licensee recouping a portion of the costs from other parties.
- (8) The licensee shall not later be obliged to offer terms or enter into an agreement:



- (a) if the applicant ceases to be a licensee or an authorised person; or
- (b) if the person making the application does not undertake to be bound in so far as it is applicable, by the terms of the Applicable Grid Code.
- (9) Any dispute arising between the licensee and an applicant shall be referred to NEPRA whose decision shall be final and binding on the parties.
- (10) The licensee shall, within thirty (30) days of the receipt of a request for information from potential applicant send information in the licensee's possession that may be reasonably required by the applicant to make the application.
- (11) Not later than three (3) working days following receipt of an application from a licensee or an authorised person for use of the licensee's transmission system or connection to the licensee's transmission system, the licensee shall confirm receipt of such application in writing to the applicant. The date that the licensee shall be deemed to have received the application shall be the date that the licensee would have signed as received from a mail delivery/courier service.

**Article-14**

**Non-discrimination in the Provision of Use of System and Connection to the System and Prohibition of Cross-subsidy**

- (1) The licensee shall not discriminate between authorised electricity operators, BPCs, classes of BPCs, persons or classes of persons in the:
- (a) provision of access and use of the licensee's transmission system; or





- (b) carrying out of works for the purpose of connection to the licensee's transmission system.

(2) The licensee shall charge uniformly for the provision of use of system to any authorised electricity operator or class or classes of authorised electricity operators, BPCs or persons and such charges shall not differ for the provision of similar items under use of system to any other authorised electricity operator or class or classes of authorised electricity operator, BPCs or persons except where such differences are attributable to the cost associated with the provisioning of such services. Any dispute arising on account of the application of this sub-article shall be referred to NEPRA whose decision in the matter shall be final and binding on all parties.

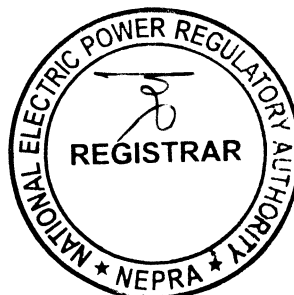
(3) In setting its charges for use of system and connection, the licensee shall not restrict, distort or prevent competition in generation, transportation or sale of electricity as allowed or established under the CTA.

(4) The licensee shall ensure that none of its separate business shall give or receive subsidy to or from any other business of the licensee or of an affiliate or related undertaking of the licensee.

**Article-15**  
**Basis of Charges for Use of System and Connection to System**

(1) The statement referred to in Article 13, in respect of use of the licensee's transmission system shall include:

- (a) a schedule of charges for transport of electric power under use of system;



- (b) the rules and methodology of calculation which will be used to quantify the use of system charges to be made or levied by the licensee in respect of the transmission;
- (c) the methods by and principles on the basis of which the charges (if any) for availability of circuit capacity on the licensee's transmission system will be calculated;
- (d) a schedule of charges (if any) which may be devised for the provision and installation of metering equipment or electrical plant at entry or exit points, the provision and installation of which is ancillary to the grant of use of system, and the maintenance of meters or electrical plant; and
- (e) the methods and principles on the basis of which entry and exit charges for connection in operation will be calculated.

(2) The statement referred to in Article 13, in respect of connection to the licensee's transmission system shall include:

- (a) a schedule listing those items (including the carrying out of works and the provision of installation of electric lines or electrical plant or meters) of significant cost that may be required for the purpose of connection to the licensee's transmission system for which connection charges may be made or levied and including (where practicable) indicative charges for each such item and an explanation of the methodology and the principles on which such charges are calculated;




- (b) the methodology and principles upon which any charges will be made for the extension or reinforcement of the licensee's transmission system rendered (in the opinion of the Authority) necessary or appropriate by virtue of providing the connection or use of system to any person seeking such connection or use of system;
  - (c) the methodology and principles upon which connection charges will be made in circumstances where electric lines or electrical plant to be installed are (at the licensee's discretion) of greater size or capacity than that required for use of system by the person seeking connection;
  - (d) the methodology and principles upon which any charges (including any capitalised charge) will be made for maintenance and repair of electric lines, electrical plant or meters provided and installed for making a connection to the licensee's transmission system ; and
  - (e) the methodology and principles upon which charges will be made for disconnection from the licensee's transmission system and the removal of electrical plant, electric lines and meters following disconnection.
- (3) Connection charges for those items referred to in sub-article (2) shall be set at a level that will enable the licensee to recover:

- (a) the appropriate proportion of the costs directly or indirectly incurred in carrying out any works, the extension or reinforcement of the licensee's transmission system or the provision and installation,



maintenance and repair or removal following  
disconnection of any electric lines, electrical plant or  
meters; and

- (b) a reasonable return on the capital represented by such  
costs.

(4) In addition to the statement required to be filed under Article-22 (2) of this  
licence, the licensee shall submit a statement within six (06) calendar months after  
the grant of this licence, providing the following: -

- (a) an information that may be necessary to enable any  
person seeking use of the licensee's transmission  
system to identify and evaluate the opportunities  
available when connecting to and making use of the  
licensee's transmission system; and
- (b) a commentary prepared by the licensee indicating the  
licensee's views as to those parts of the licensee's  
transmission system most suited to new connections  
and transport of further transfer of electricity.

(5) The licensee shall include in every statement given or sent under sub-article  
(4) above and Article 22 (2) the information required therein except that the  
licensee may with the prior consent of the Authority omit from such statement any  
details as to power flows, circuit capacity, loading or other information, disclosure  
of which would, in the view of the Authority, seriously and prejudicially affect the  
commercial interest to the licensee or any third party.



(6) The licensee shall at least once every year after the grant of this licence submit a revised statement to the Authority so that the information contained in it shall continue to be accurate in all material respects.

(7) The licensee shall not alter the form of the statements prepared in accordance with sub-articles (1) to (4) without prior approval of the Authority.

(8) The licensee shall provide a copy of the statements prepared in accordance with sub-articles (1) to (4) to any person who requests a copy of such a statement or any modified or revised version thereof.

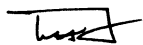
(9) The licensee may make a reasonable charge for any statement provided pursuant to sub-article (8) to any person.

**Article-16**  
**Grid Code**

(1) The licensee shall implement and comply with the provisions of the Applicable Grid Code.

(2) In implementing and complying with the Applicable Grid Code, the licensee shall ensure that it shall not unduly discriminate in any manner between the purchasers, procurers, providers or recipients of electric power or ancillary services. The licensee shall coordinate with NTDC in respect of the implementation of the Applicable Grid Code in line with the provisions of the PAC to be executed between the licensee and the NTDC.

(3) Upon request of the licensee or any other authorised electricity operator following consultation with the licensee the Authority may issue directions relieving the licensee of its obligation to comply with certain provisions of the Applicable Grid Code in respect of a portion of the transmission system.



**Article-17**  
**Compliance with Distribution Code**

(1) The licensee shall comply with the relevant provisions of the Distribution Code of any distribution licensee to the extent applicable to the licensee in discharge of its obligations under this licence.

(2) The licensee shall comply with any request of a distribution company with respect to its obligations to comply with the Distribution Code so long such compliance by the licensee is not in violation of the Applicable Grid Code.

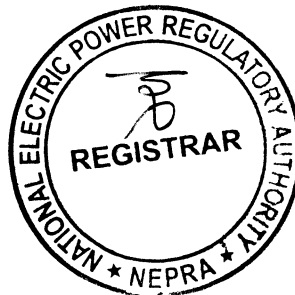
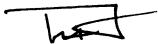
**Article-18**  
**Prohibited Activities**

The licensee shall not levy any rate or charge or impose any condition for the transmission of electric power, which has not been approved by the Authority as a UOSC or a connection charge.

**Article-19**  
**Purchasing of Ancillary Services**

(1) Upon such notification of the date by the Authority in the Official Gazette, the licensee shall have the right to purchase and offer, provide and charge for ancillary services apart from electrical energy and electrical capacity made available or provided pursuant to this licence.

(2) In contracting for the provision of ancillary services pursuant to sub-article (1), the licensee shall purchase or otherwise acquire ancillary services from the most economical sources available to it having regard to the quantity and nature of the services required to enable it to discharge its obligation under this licence and to the diversity, number and reliability of the services at that time available for purchase.



(3) Prior to the date referred to in sub-article (1), nothing contained in this licence shall be construed so as to:

- (a) regard ancillary services independent of or separate from electric power save to the extent of bilateral contracts: or
- (b) confer a right on the licensee to offer, provide or charge for ancillary services as services independent of or separate from the availability of electrical capacity or electrical energy and all obligations of licensee in this respect shall mean and include ancillary services.

(4) This Article shall cease to apply on CMOD.




**Article-20**  
**Non-discrimination in the Provision of Use of Tie-lines**

(1) In the provision of use of tie lines the licensee shall not discriminate between authorised electricity operators, BPC, classes of BPCs, persons or classes of persons.

(2) Without prejudice to sub-article (1), in the provision of use of tie-line, due regard shall be had to the circumstances of provision, including volumes, conditions of interruptability, and the date and duration of the agreement.

(3) The licensee shall not in setting its charges for use of tie line restrict, distort or prevent competition where applicable or intended.

(4) The licensee shall not be in breach of this Article where by reason of having previously granted use of tie-line, there is no further available capacity in respect of which to grant use of tie-line.

(5) Notwithstanding the provisions of the Article, the licensee shall not be liable to offer to enter into an agreement with any person or classes of persons if it is tantamount to a violation of the provisions of the Act or the Licence.

(6) In case of dispute in respect of provision of use of tie lines, the matter shall be referred to the Authority whose decision shall be final and binding on all parties.

**Article-21**  
**Commercial Code**

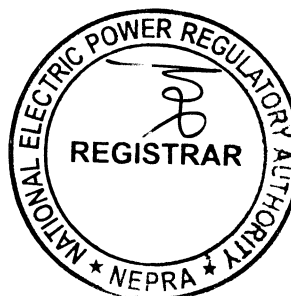
The licensee shall at all times abide by the commercial code approved by the Authority to facilitate trading under different market conditions and between and amongst licensees and BPCs.

**Article-22**  
**System Planning**

(1) The licensee shall develop short term and long term plans of the licensee's transmission system in accordance with the Applicable Grid Code and such other standard of planning as the licensee may propose following consultation with any licensee and authorised electricity operator and approved by the Authority.

(2) The licensee shall not later than six (6) calendar months after the grant of this licence prepare and submit a statement to the Authority in a form approved by the Authority in respect of each of the five (5) succeeding financial years forecast of power flows, circuit capacity, and loading on each part of the licensee's transmission system and fault levels for each transmission node.

(3) The licensee shall develop or modify its transmission system, according to NEPRA approved plans.



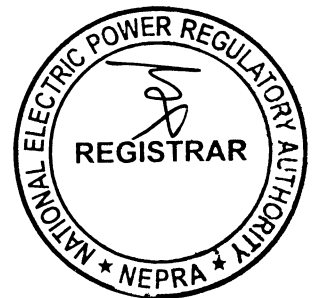


**Article-23**  
**Investment programmes, Acquisition and Disposal of Assets**

(1) The licensee shall, no later than one hundred and eighty (180) days following the notification of the NEPRA rules pursuant to section 32 of the Act, submit the licensee's investment programme to the Authority for approval.

(2) The licensee shall not, except under prior authorisation, acquire whether on ownership basis, lease, hire-purchase or other mode of possession or use, any tangible or intangible asset of a nature or value inconsistent with or which is not expressly or by necessary implication stated in the licensee's investment programme approved by the Authority provided however that, until such time the licensee's investment programme is approved by the Authority in terms of sub-article (1), the Authority shall grant an authorization required under this Article when the licensee demonstrates to the Authority's satisfaction that:

- (a) there is a need for investment in the transmission system, which the licensee proposes to undertake;
- (b) the licensee has examined the economic, technical, system and environmental aspects of all available alternatives to the proposals for investing in or acquiring new transmission assets;
- (c) that the proposed investment is the least cost alternative out of the feasible alternatives subject to clauses (b) above;
- (d) the licensee will meet its obligation to purchase economically in a manner to be proposed by the licensee and approved by the Authority.





Transmission Licence  
Karachi Electric Supply Company Limited  
(formerly The Karachi Electric Supply Corporation)  
6<sup>th</sup> Floor, State Life Building No. 11  
Abdullah Haroon Road  
Karachi

(3) The licensee shall not, except under prior authorisation, sell or dispose in any manner any tangible assets comprised in the transmission system or any intangible assets accruing or likely to accrue to the licensee from the transmission business in a manner inconsistent with or which is not expressly stated in the licensee's investment programme approved by the Authority, provided that until such time the licensee's investment programme is approved by the Authority in terms of sub-article (1), the licensee may dispose or sell assets of a value not exceeding Rs. one hundred million.

#### **Article-24**

#### **Acquisition of Controlling Interests in the Licensee**

Save to the extent of generation and distribution business of the licensee, no other generation or distribution business shall have controlling interests in the licensee. Upon acquiring information that any person intends to acquire a controlling interest in it, the licensee shall inform NEPRA forthwith of the proposed acquisition and shall furnish to the Authority with all relevant details in its possession.

#### **Article-25**

#### **Compliance with Performance Standards**

The licensee shall conform to the relevant performance standards rules as may be prescribed by the Authority from time to time.

#### **Article-26**

#### **Availability/Dispatch for Reliable Power Supplies**

(1) The licensee shall follow the best prudent utility practices to maintain its transmission system for smooth and reliable transmission of power to its distribution facilities.

(2) The licensee shall ensure continuous power supply to all consumers, connected to its network and ensure dispatch of power from its own generation

facilities, IPPs and other power plants under PPAs as per load requirements in accordance with the provisions of the Applicable Grid Code as applicable to the licensee.

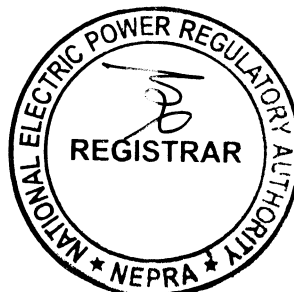
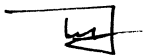
**Article-27**  
**Transmission system, Security Standard and Quality of Service**

(1) The licensee shall plan, operate and maintain the licensee's transmission system in accordance with the Applicable Grid Code and subject to the approval of the Authority, such other standards of planning and operation as the licensee may, following consultation with any relevant authorised electricity operator liable to be materially affected, adopt from time to time.

(2) Within three (3) months after the end of each financial year the licensee shall submit to the Authority a report providing details of the performance of the licensee during the previous financial year in maintaining transmission system security and availability and quality of service.

(3) The criteria referred to in sub-article (2), against which the licensee's performance will be measured will be set out in a statement drawn up consistent with NEPRA Performance Standards (Transmission) Rules, 2005.

(4) The Authority may, following consultation with the licensee and, where appropriate with other licensees and relevant authorised electricity operator, issue directions relieving the licensee of its obligations under sub-article (1) in respect of certain parts of the licensee's transmission system.



**Article- 28**  
**Compliance with Environmental Standards**

The licensee shall conform to the environmental standards as may be prescribed by the relevant competent authority from time to time.

**Article-29**  
**Availability of Resources**

(1) The licensee shall at all times act in a manner to ensure that it has sufficient management and financial resources to enable it to:

- (a) carry out the transmission businesses; and
- (b) comply with its obligations under this licence, the Act and applicable documents.



(2) No later than two (2) calendar months following the beginning of each financial year, the licensee shall submit a statement in writing to the Authority informing the Authority of its ability or inability as the case may be to fulfil its obligations under sub-article(1).

(3) The licensee shall, as soon as it becomes aware, notify the Authority of any circumstances that may prevent it from fulfilling its obligations under sub-article (1).

**Article-30**  
**Industry Standards and Codes of Conduct**

(1) The licensee shall participate in such measures and activities as may be initiated by the Authority for the development of industry standards and uniform codes of conduct.

(2) The licensee shall be obliged to comply with such industry standards and uniform codes of conduct which may be specified by the Authority as having a

bearing on the safety, reliability, stability, integrated operability and efficiency of the whole or a material part of the electric power system.

**Article-31**  
**Insurance**

The licensee may pending decision of the Authority in respect of insurance to be obtained by the entire electric power industry, obtain and maintain such policies of insurance as deemed fit and appropriate in accordance with the prudent utility practices.

**Article-32**  
**Maintenance of Records**

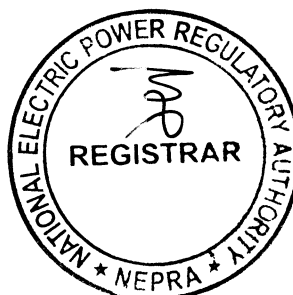
(1) The licensee shall keep complete and accurate records and data in respect of all aspects of each of its separate business.

(2) All such records and data shall, unless provided otherwise under the laws or the applicable documents, be maintained for a period of five (5) years after the creation of such record or data, provided that the licensee shall not destroy or dispose of any such records or data after the aforesaid period without thirty (30) days prior written notice to the Authority. The licensee shall not dispose of or destroy any records or data that the Authority directs the licensee to preserve.

(3) The Authority shall have the right, upon forty-eight (48) hours prior written notice to the licensee to examine the records and data of the licensee at any time during normal office hours.

**Article-33**  
**Safety to Public**

The licensee shall plan, design, operate and maintain its transmission system in such a manner so as not to endanger public life or property.

**Article-34**  
**Health and Safety of Employees**

The licensee, in consultation with other licensees and representatives of the employees, shall establish and maintain an appropriate machinery or forum for the joint consideration of issues of mutual concern in respect of the health and safety of licensee's employees at work.

**Article-35**  
**Provision of Information to the Authority and General Public**

(1) Pursuant to section 44 of the Act, the licensee shall furnish to the Authority, in such manner and at such times as the Authority may require, such information and shall procure and furnish such reports, as the Authority may require and deem necessary.

(2) Without prejudice to sub-article (1), the Authority may direct the licensee to furnish the Authority with accounting information that is more extensive than or differs from that required to be prepared and supplied to the Authority under Article 10 hereof.

(3) The licensee shall provide information to any person requesting such information, which is necessary and required by that person for carrying out analysis or contracts for the provisions under this licence.

(4) The licensee may charge a reasonable price for providing such information to that person.

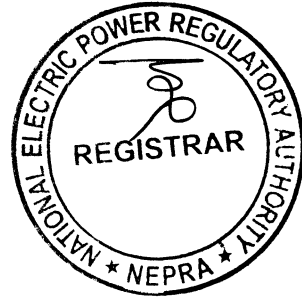
**Article-36**  
**Interpretation of the Licence Provisions**

The Authority shall, in accordance with the provisions of the Act make the interpretation of any or all of the provisions of this licence. The Authority's decision in this regard shall be final.



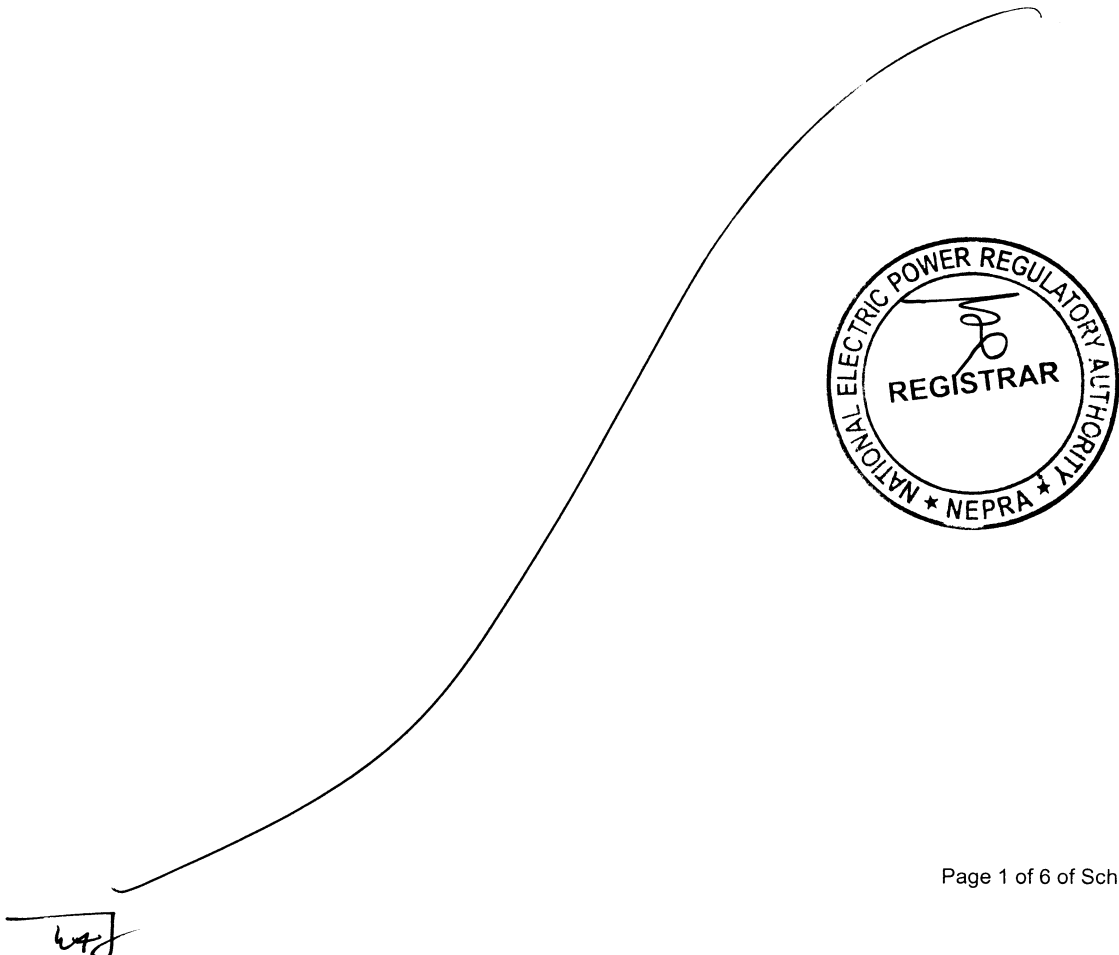
**Article-37**  
**Dispute Resolution**

Any dispute or disagreement relating to any matter arising out of, or in connection with, the activities covered under this licence shall be submitted to the Authority for decision under the NEPRA Rules and Regulations.

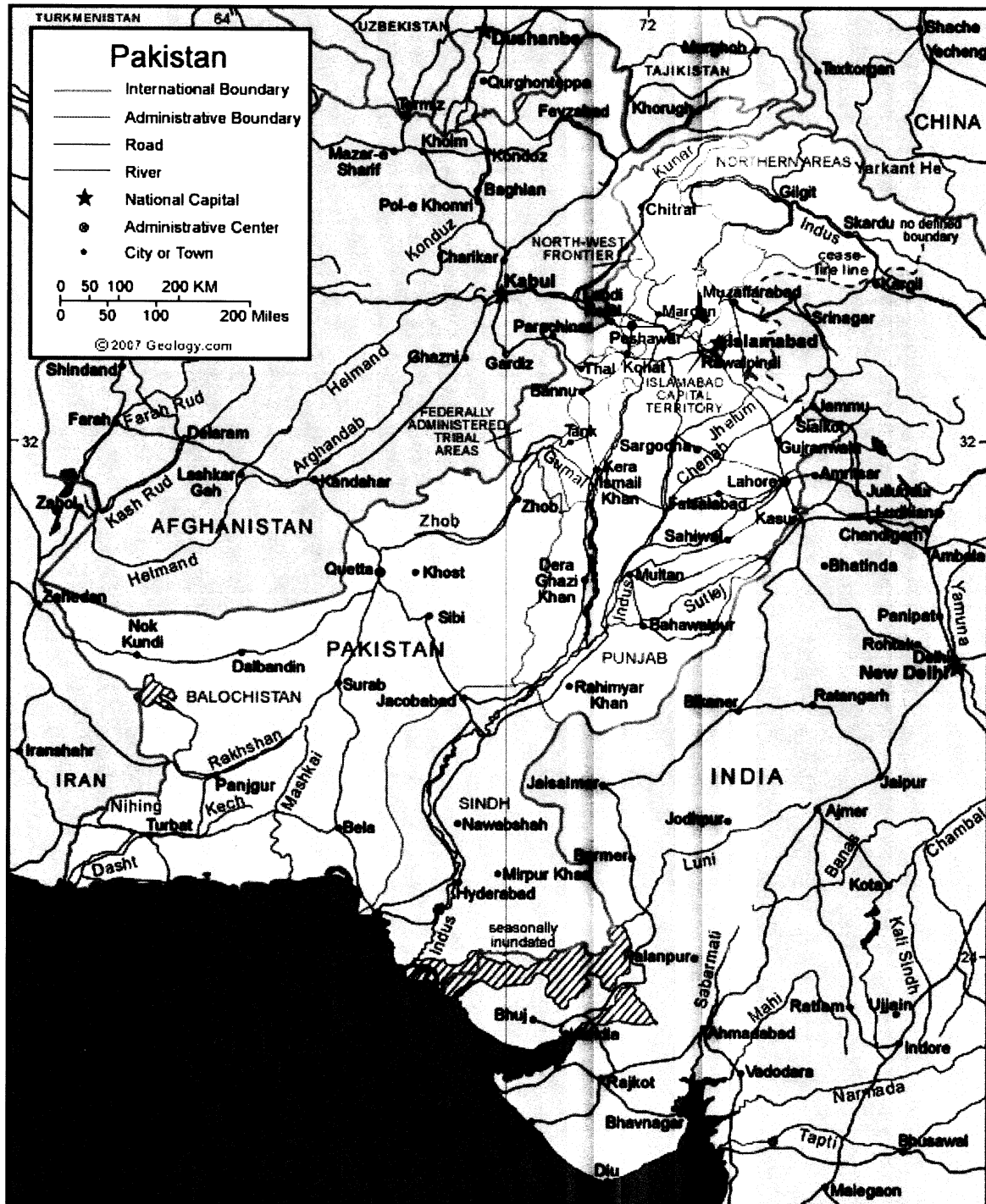


## Schedule-I

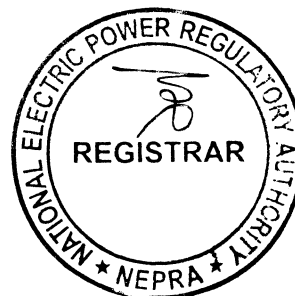
### Territorial Map & Single Line Diagram of Network

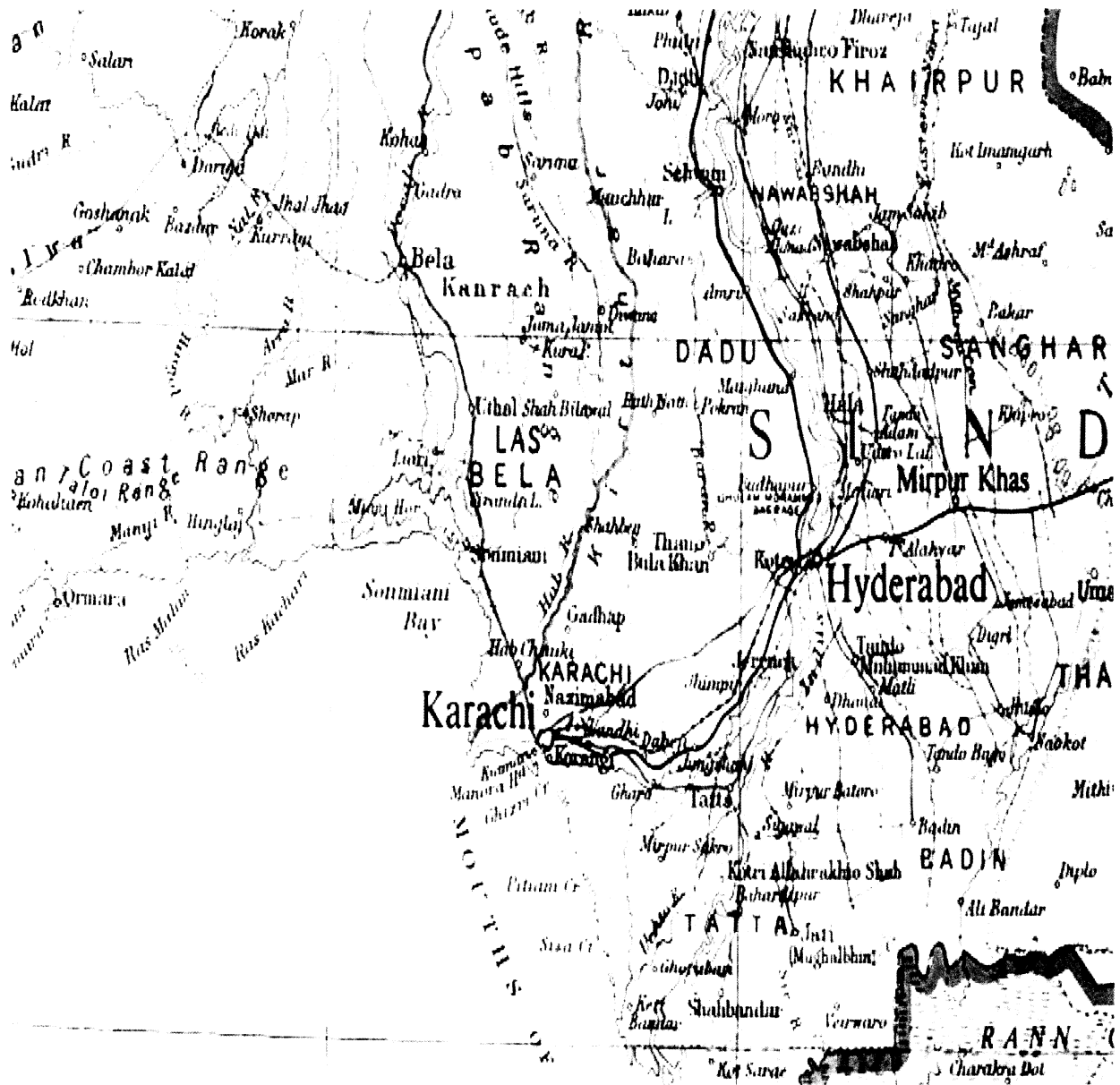




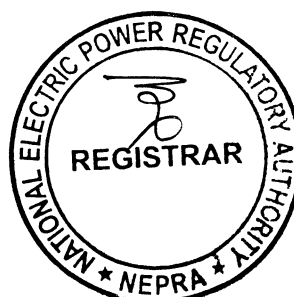


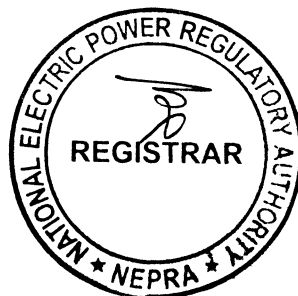
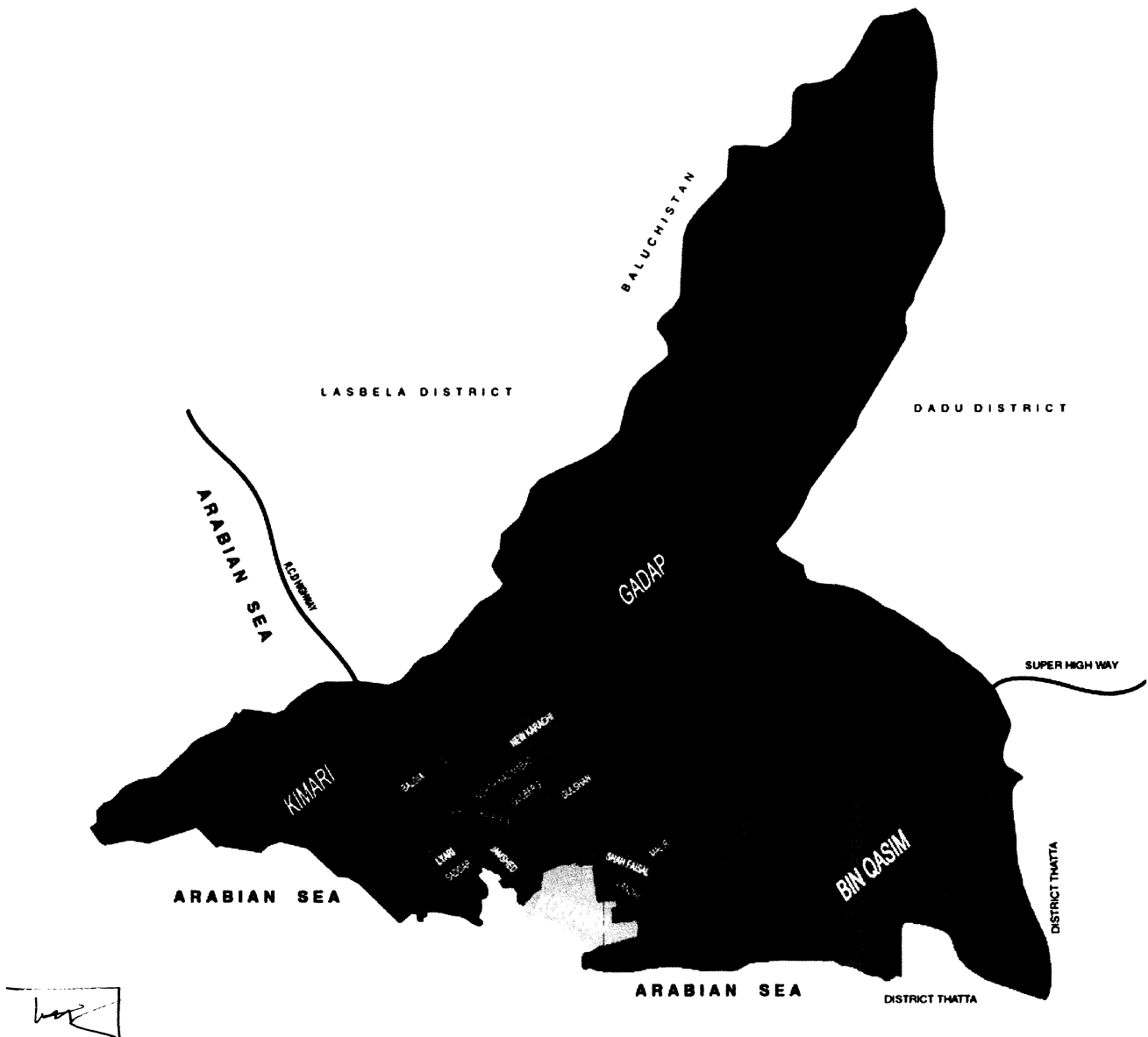
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# THE KARACHI ELECTRIC SUPPLY CORPORATION LIMITED

## TRANSMISSION PROJECT DEPARTMENT

### KESC PROPOSED GEOGRAPHICAL TRANSMISSION NETWORK

