



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

Registrar

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Web: www.nepa.org.pk, E-mail: registrar@nepa.org.pk

No. NEPRA/R/LAT-01 / 8287 - 8303

May 29, 2015

Managing Director,
National Transmission & Despatch Co. Ltd.
414 WAPDA House
Shaharah-e-Quaid-e-Azam
Lahore

Subject: **Modification-II in Transmission Licence # TL/01/2002**
M/s. National Transmission & Despatch Company Limited (NTDC)

It is intimated that the Authority has approved "Licensee Proposed Modification" in Transmission Licence No. TL/01/2002 (issued on 31.12.2002) in respect of NTDC pursuant to Regulation 10(11)(a) of the NEPRA Licensing (Application & Modification Procedure) Regulations, 1999.

2. Enclosed please find herewith Determination of the Authority in the matter of Licensee Proposed Modification in the Transmission Licence of NTDC along with Modification-II in the Transmission Licence No. TL/01/2002, as approved by the Authority.

Encl: As above


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(Syed Safer Hussain)

CC for information to:

1. Secretary, Ministry of Water & Power, 'A' Block, Pak Secretariat, Islamabad.
2. Managing Director, Private Power and Infrastructure Board (PPIB), 50-Nazimuddin Road, Sector F-7/4, Islamabad.
3. Chief Executive Officer, Alternative Energy Development Board (AEDB), 2nd Floor, OPF Building, Sector G-5/2, Shahrah-e-Jamhuriat, Islamabad.
4. Director, General, Pakistan Environmental Protection Agency, House No. 311, Main Margalla Road, Sector F-11/3, Islamabad.
5. Chief Executive Officer, Faisalabad Electric Supply Company (FESCO), Abdullahpur, Canal Bank Road, Faisalabad.
6. Chief Executive Officer, Gujranwala Electric Power Company Ltd. (GEPCO), 565/A, Model Town, G.T. Road, Gujranwala.
7. Chief Executive Officer, Hyderabad Electric Supply Co. Ltd., WAPDA Offices Complex, Hussainabad, Hyderabad

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8. Chief Executive Officer, Islamabad Electric Supply Co. Ltd., Street # 40, Sector G-7/4, Islamabad.
9. Chief Executive Officer, Lahore Electric Supply Company Ltd. (LESCO) 22-A, Queens Road, Lahore
10. Chief Executive Officer, Multan Electric Power Co. Ltd., MEPCO Headquarter, Khanewal Road, Multan.
11. Chief Executive Officer, Peshawar Electric Supply Company (PESCO) WAPDA House, Shami Road, Sakhi Chashma, Peshawar
12. Chief Executive Officer, Quetta Electric Supply Company (QESCO) Zarghoon Road, Quetta.
13. Chief Executive Officer, Sukkur Electric Power Company Ltd. (SEPCOL) Administration Block, Thermal Power Station, Old Sukkur.
14. Chief Executive Officer, Tribal Areas Electricity Supply Company Limited, Room No. 213, 1st Floor, WAPDA House, Shami Road, Sakhi Chashma, Peshawar

National Electric Power Regulatory Authority
(NEPRA)

Determination of Authority
in the Matter of Licensee Proposed Modification of
National Transmission & Despatch Company Limited

May 29, 2015
Case No. LAT-01

(A). Background

(i). Pursuant to Section-17 of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the NEPRA Act) and subject to Section 7(4) thereof, the Authority granted a Transmission Licence (No. TL/01/2002, dated December 31, 2002) to National Transmission & Dispatch Company Limited (NTDC),

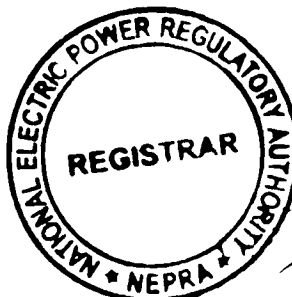
(ii). The above Transmission Licence granted to NTDC provides an exclusivity as a National Grid Company for providing transmission services in whole of the country except the area served by K-Electric Limited previously KESC.

(B). Communication of Modification

(i). NTDC in accordance with Regulation-10(2) of the NEPRA Licensing (Application & Modification Procedure) Regulations, 1999 (the Regulations), communicated a Licensee Proposed Modification (LPM) in its existing Transmission Licence on April 08, 2015.

(ii). In the "Text of the Proposed Modification", NTDC submitted that it plans to exclude the functions of Central Power Purchasing Agency (CPPA) from its Transmission Licence and accordingly various amendments are being suggested in the Transmission Licence. Regarding the "Statement of Reasons in Support of the Modification", it was submitted that the functions of the CPPA were allocated to NTDC as a stopgap measure in addition to its core transmission and system operation business. CPPA was contemplated to be a

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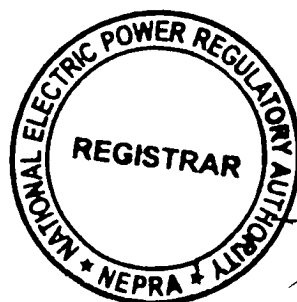


standalone entity but for practical reasons at the time of grant of Transmission Licence this could not be achieved. Therefore, it was included in the said Transmission Licence. The market is now at the point where a separate Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) can be established and operated effectively to carry out the envisioned market reforms. The Government of Pakistan, in pursuance of achieving a competitive market, has set up CPPA-G and is now in the process of transferring the agency functions (power procurement on behalf of ex-WAPDA DISCOS and the function of settlement, administration and development of competitive power market). While the power generation entities are finalizing their arrangements with CPPA-G, the functions of CPPA are no longer required to be housed in the Transmission Licence of NTDC.

(iii). About the "Statement of the Impact on the Tariff, Quality of Service (QoS) and the Performance by the Licensee of its Obligations under the Licence", it was submitted that NTDC was set up to carry out the transmission network and systems operation business. The Transmission Licence dated December 31, 2002 also emphasizes these as the core business. CPPA and development of competitive markets functions were in addition to its core business. This modification will help increasing the QoS and Performance by the licensee in accordance with the spirit of the Transmission Licence granted to it. Further, NTDC submitted that the proposed modification would not have any net impact on the retail tariff; and in fact, it would make financial management of power sector more efficient. The NTDC revenue requirement and use of system charges will be reduced to reflect the removal of the CPPA functions and associated costs and this will result in NTDC filing a tariff petition reflecting the changed costs.

(C). Processing of Modification

(i). After completion of all the required information as stipulated under the Regulation 10 (2) and 10 (3) of the Regulations by NTDC, the Authority accepted the LPM for further processing as stipulated in the Regulations.



(ii). The Registrar published the communicated LPM on May 16, 2015 in one (01) English and one (01) Urdu News Paper, informing the general public, interested/affected parties and other stakeholders about the communicated LPM and for inviting their views in favor or against the same.

(iii). Apart from the said, separate letters were also sent to Individual Experts, Government Ministries, their attached Departments and Various Representative Organization etc., conveying about the communicated LPM and publication of its notice in the press Further, the said entities were invited to assist the Authority by submitting their views and comments in the matter.

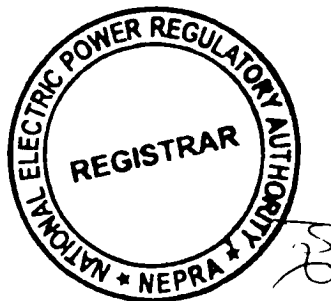
(D). Comments of Stakeholders

(i). In reply to the above, the Authority received comments from three (03) stakeholders. These included Master Wind Energy Limited (MWEL), The Federation of Pakistan Chambers of Commerce & Industry (TFoPCoC&I) and Mr. Anwar Kamal of Anwar Kamal Law Associates (AKLA).

(ii). The salient points of the comments offered by the above mentioned stakeholders are summarized in the following paragraphs: -

- (a). MWEL expressed its no objection to the proposed modification of NTDC;
- (b). TFoPCoC&I submitted that it has no reservation on the proposal of NTDC;
- (c). AKLA stated that the Transmission Licence of NTDC was granted after long proceedings and debates with all stakeholders in 2002. CPPA and the System Operator were placed under the umbrella of NTDC. The activity which CPPA is performing is a licensed activity, which it is performing under the Licence of NTDC. To exclude these activities from the Licence of NTDC will therefore require a licensed CPPA (G) immediately without any gap AKLA expressed that as the issue under consideration is of prime

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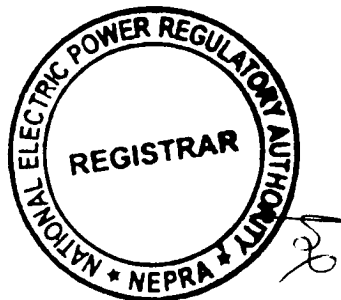
importance, it is expected that the Authority will conduct a Public Hearing in the matter after framing all material issues including the future of the power sector and the structure of the road map to achieve the ultimate objective of future Power Sector Market.

(iii). The Authority has considered the comments of AKLA which primarily raise two objections. Firstly, a public hearing needs to be held in the matter and secondly that the Authority should have granted a licence to CPPA-G.

(iv). In this regard, it would be pertinent to highlight that there is no requirement of holding a public hearing in the LPM under the Regulations, except where the Authority intends to modify a licence and the licensee does not agree to the Authority Proposed Modification. Further, the Authority would like to reiterate that due process has been followed as envisaged in the Regulations. The Regulations require that the LPM will be advertised in the newspaper inviting public comments, if any, within the period of fourteen (14) days. Moreover, process of advertising in newspaper and seeking public comments fulfils the requirement of involvement of stakeholders and is akin to public hearing.

(v). As for the requirement of licence of CPPA-G, it is clarified that NEPRA (Market Operators Registration Standards and Procedure) Rules 2015 have been framed under Section 46 of the NEPRA Act. As the name indicates, these Rules provide for registration and functioning of a market operator such as CPPA-G. Therefore, the Authority is of the considered view that the said Rules give the legal sanctity to CPPA-G in the regulatory framework of NEPRA in power sector, hence objection raised by the commentator as to requirement of licensing for CPPA-G stands addressed.

(vi). It is pertinent to mention here that re-organization of the business structure of NTDC is in furtherance of the decision of the Economic Co-ordination Committee of the Cabinet dated April 30 2015. The said decision



reiterates policy objectives enshrined in National Power Policy of 2013 approved by Council of Common Interest.

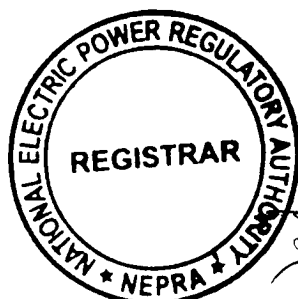
(vii). The Authority is of the considered view that the purpose and objective of establishment of CPPA-G cannot be undermined. Separating the functions and business of settlement and development of competitive market from NTDC and assigning it to an independent company i.e. CPPA-G will establish, govern and promote an efficient and transparent billing, settlement and payment system. Consequently, CPPA-G will emerge as a market operator and will be responsible for the development and implementation of Competitive Power Market.

(E). Approval of LPM

(i). In terms of Regulation-10(5) of the Regulations, the Authority is entitled to modify any licence subject to and in accordance with such further changes as the Authority may deem fit if, in its opinion such modification (a). does not adversely affect the performance by the licensee of its obligations; (b). does not cause the Authority to act or acquiesce in any act or omission of the licensee in a manner contrary to the provisions of the NEPRA Act or the rules or regulations made pursuant to the NEPRA Act; (c). is or is likely to be beneficial to the consumers; (d). is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the licence; and (e). is reasonably necessary to ensure the continuous, safe and reliable supply of electric power to the consumers keeping in view the financial and technical viability of the licensee.

(ii). Primarily, NTDC seeks modification to the Article 7 and 8 of the Transmission Licence which deal with the commercial and competitive market operations. We understand that establishment of CPPA-G as an independent market operator would entail deletion of such articles and make other appropriate amendments in NTDC Transmission Licence.

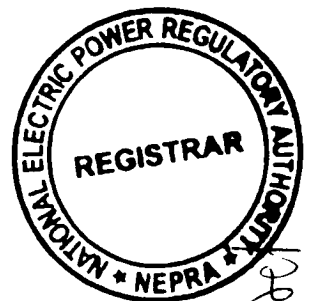
(iii). The Authority has observed that the communicated LPM will help NTDC in increasing the quality of service and performance in accordance with



the spirit of the Transmission Licence granted to it. Further, communicated LPM of NTDC will not have any net impact on the retail tariff; and in fact, it will make financial management of power sector more efficient. The revenue requirement of NTDC and use of system charges will be reduced to reflect the removal of the CPPA functions and associated costs. Resultantly, NTDC will be required filling a tariff petition reflecting the said changes.

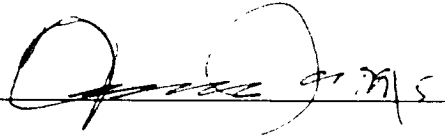
(iv). The Authority considers that the communicated LPM has not caused it to act or acquiesce in any act or omission of the licensee in a manner contrary to the provisions of the NEPRA Act or the rules or regulations made there under. Further, the LPM is likely to be beneficial to the consumers and other stakeholders as NTDC will be concentrating on its core functions. In consideration of the said, the Authority considers that the LPM is reasonably necessary for the NTDC to effectively and efficiently perform its obligations under the licence and is reasonably necessary to ensure the continuous, safe and reliable supply of electric power to the consumers keeping in view the financial and technical viability of the licensee.

(v). The Authority is satisfied that NTDC/the Licensee has complied with all the requirements of the Regulations pertaining to the LPM. Accordingly, the Authority in terms of Regulation-10(11)(a) of the Regulations approves the communicated LPM without any changes. Accordingly, the already granted Transmission Licence (TL/01/2002, dated December 31, 2002) in the name of NTDC is hereby modified. The changes in "Articles of the Licence", "Schedule-I" and "Schedule-II" of the Transmission Licence are attached as annexure to this determination. The grant of the LPM will be subject to the provisions contained in the NEPRA Act, relevant rules and regulations framed there under, terms & conditions of the Transmission Licence and other applicable documents.




Authority

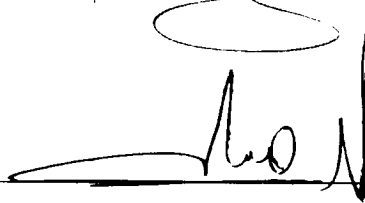
Syed Masood-UI-Hasan Naqvi
Member



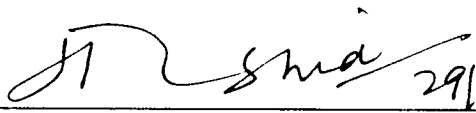
Himayat Ullah Khan
Member


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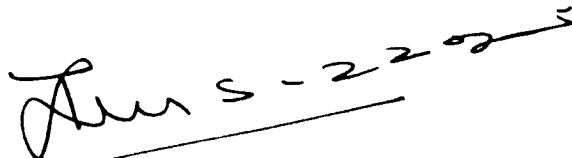
Khawaja Muhammad Naeem
Member

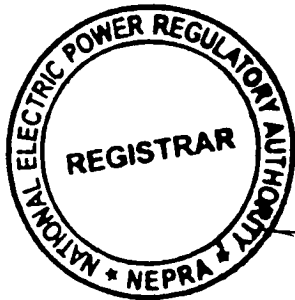


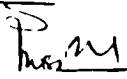
Maj. (R) Haroon Rashid
Member/Vice Chairman


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Brig. (R) Tariq Saddozai
Chairman






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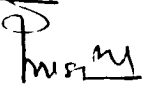
**National Electric Power Regulatory Authority
(NEPRA)
Islamabad – Pakistan**

**TRANSMISSION LICENCE
No. TL/01/2002**

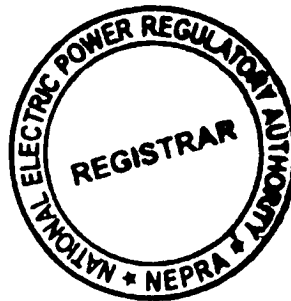
In exercise of the Powers conferred upon the National Electric Power Regulatory Authority (NEPRA) under Section-26 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, the Authority hereby modifies the Transmission Licence granted to National Transmission & Despatch Company Limited (issued on December 31, 2002 and expiring on December 30, 2032), to the extent of changes mentioned as here under:-

- (i). Changes in Articles of the Transmission Licence are attached as Revised/Modified Articles of Transmission Licence;
- (ii). Changes in Schedule-I are attached as Revised/Modified Schedule-I; and
- (iii). Changes in Schedule-II are attached as Revised/Modified Schedule-II.

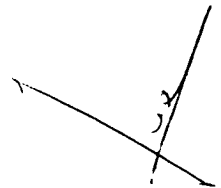
This **Modification-II** is given under my hand this 29th of **May Two Thousand & Fifteen.**



Registrar



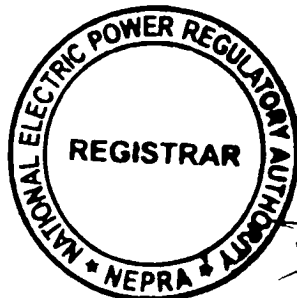




Article-1
Definitions

1.1 In this Licence unless there is anything repugnant in the subject or context:

- (a). "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997);
- (b). "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:-
- (i). "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
- (ii). "ownership" means the ownership or the right to own the shares or voting securities of the person owned;
- (c). "ancillary services" means the services ancillary or incidental to the safe, reliable, stable and efficient availability and utilization of electrical energy and net capacity and include without limitation, the following, namely.-
- (i). energy imbalance service;
- (ii). spinning reserve service;
- (iii). supplemental reserve service;
- (iv). reactive supply and voltage control service; and
- (v). regulation and frequency response service;
- (d). "applicable documents" means the NEPRA rules and regulations, the grid code, the distribution code and any documents issued under any of the foregoing or pursuant to the exercise of the



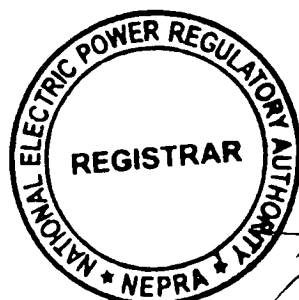
Authority's powers under the Act, in each case of a binding nature applicable to the Licensee or where applicable, to its affiliates and to which the Licensee or any of its affiliates may be subject.

- (e). "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 transmission system of the Licensee;
- (f). "Authority" means the National Electric Power Regulatory Authority constituted under section 3 of the Act;
- (g). "available" means a generating unit or tie-line transfer that is both
- (i). available in accordance with the Grid Code; and
 - (ii). declared as available for the generation of electricity;
- (h). "balancing services" means services to be rendered under a balancing arrangement for the purpose of bilateral contracts for dispatching plants, access to additional generation for system needs and establish a price for each operating time period at which differences between contractual and real time positions are settled;
- (i). "competitive market operation date" means a date on which the first competitive trading period of a bilateral contracts market shall commence.
- (j). "Competitive Trading Bilateral Contract Market (CTBCM)".
- (k). "consents" means all permissions or approvals required from any public sector entity;
- (l). "core business" means each of the transmission business and tie-line business;

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- (m) "CPPA-G" means the Central Power Purchasing Agency Company (Guarantee) Limited;
- (n). "economic dispatch" means 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;
- (o). "encumbrance" means any mortgage, charge, right of possession, assignment by way of security or other form of security interest;
- (p). "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 or its affiliates;
- (q). "Licence" means this Transmission Licence;
- (r). "Licensee" means "National Transmission and Despatch Company Limited" to whom this Licence is granted;
- (s). "Power Purchase Agreement" (PPA) means those agreements between hydels and WAPDA or IPPs (operating under a power policy of GoP) or GENCOs and NTDC to supply power.
- (t). "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;
- (u). "rules" means the National Electric Power Regulatory Authority rules made under section 46 of the Act;



- (v). "separate business" means each of the transmission business of the Licensee, tie-line business of the Licensee, and any other business of the Licensee, undertaken separately;
- (w). "small power producers" means owner of a generation facility of below 100 MW gross capacity, who was engaged in generation and sale of electric power as on April 22, 2000 and who has not signed any power purchase agreement with WAPDA or K-Electric Limited or an implementation agreement with the Government of Pakistan;
- (x). "tie-line" means interconnection facility for the transfer of electric power between the Licensee and other utilities not governed by the Act;
- (y). "total system" means the Licensee's transmission system and the transmission and distribution systems of all authorised electricity operators located in Pakistan;
- (z). "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 Licensee's transmission system and operation of such system for the transmission and dispatch of electric power including the balancing services and inter-connection services;
- (aa). "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.

1.2 Words and expressions used but not defined herein bear the meaning given thereto in the Act or in the rules.

Article-2 **Grant of Licence**

2.1 This Licence is granted to the Licensee to engage in the transmission business within the territory as set out in Schedule-I to this Licence.

2.2 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-II of this Licence.

2.3 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.

2.4 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.

2.5 This Licence is granted subject to the provisions of rules 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

4.1 This Licence is effective and valid for a term of thirty (3) years from the date of its issuance i.e. December 31, 2002.

4.2 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.

4.3 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
Exclusivity

5.1 The Licensee shall during the term of this Licence have the exclusive right in respect of the Service Territory specified in Schedule-I of this Licence to (a). carry out transmission of electric power; (b). engage in other activities incidental to the transmission business; and (c). operate transmission facilities of a special purpose transmission licensee pursuant to Section 19 of the Act.



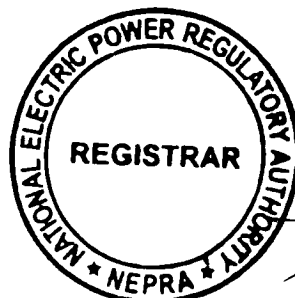
Article-6
Revocation and Suspension

6.1 Subject to section 28 of the Act, the Authority may suspend or revoke this Transmission Licence upon the persistent failure of the Licensee to comply with the terms and conditions of the Licence.

6.2 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.

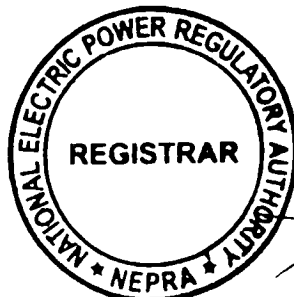
6.3 Subject to the provisions of sub-articles 6.1 and 6.4, the occurrence of the following events shall constitute failure of the Licensee to comply with the terms and conditions of this Licence:-

- (a). failure of 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 willful 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



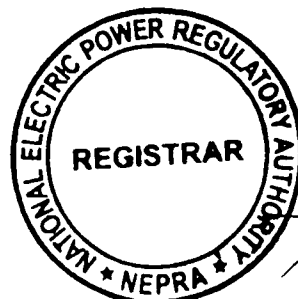
applicable documents;

- (d). except for the purposes of an amalgamation, reconstruction or re-organisation 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

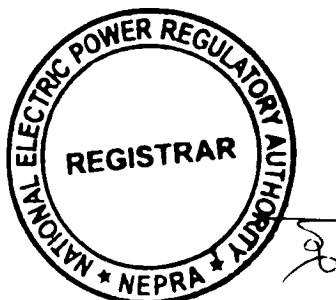
- (k). failure of the Licensee to comply with the objects, terms and articles of this Licence due to supervening impossibility, where such non-compliance continues for a period of ninety (90) days consecutively or for a cumulative period of one hundred and twenty (120) days in a calendar year.

6.4 Notwithstanding the provisions of sub-article 6.1, 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.

6.5 Any decision to suspend or revoke this Licence shall be taken in accordance with the NEPRA rules and regulations.

Article-7
Procurement of Electric Power

7.1 The Licensee will not expand, modify or extend any Power Purchase Agreements with IPPs that it has signed or has been assigned/novated under 2002 Licence, except to transfer or novate those PPAs to CPPA-G from the date hereof, provided that (i) as a transitional arrangement, the licensee will sign a Business Transfer Agreement with CPPA-G transferring the management of the billing and settlement functions of PPAs signed by or novated in favour of NTDC; and (ii) the licensee shall submit every two (2) months a progress and delays, if any, and measures to be taken to accelerate the process and resolve causes of delays, until the transfer/assignment is completed.



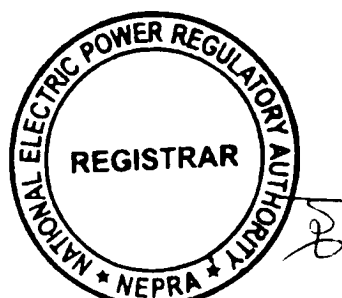
7.2 Subject to Article 7.1, the Licensee shall ensure that neither the Licensee nor any of its affiliates or related undertakings on its own or in concert with others purchase or acquire electric power for the purpose of sale to a third party, save for the purpose of balancing and ancillary services for the provision of a safe and reliable system, as may be established in competitive trading arrangement approved by the Authority.

7.3 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 development of competitive electricity market and complete and timely enforcement and operation of competitive electricity market.

Article-8
Accounting Practices and Audit

8.1 Subject to and in accordance with the terms of this Transmission 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.

8.2 The Licensee shall ensure that the 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

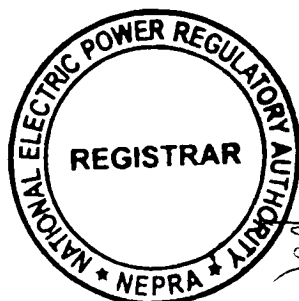


separately identifiable in the books of the Licensee and its affiliates from those of any other business, in sufficient detail.

8.3 The Licensee and any of its affiliates 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.

8.4 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.

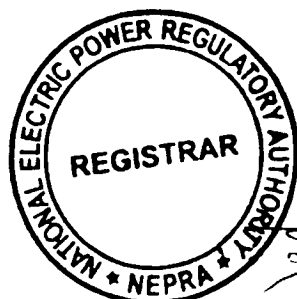
8.5 The costs of audit as referred to in sub-article 8.4 shall be borne by the Licensee.

8.6 The Licensee shall ensure that the accounting statements in respect of each financial year prepared under sub-article 8.3 (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-9
Open Access

9.1 The Licensee shall offer a non-discriminatory open access transmission inter-connection service to any party or parties who are either connected to or intend to be connected to its transmission system. The inter-connection service shall be offered in terms of non-preferential point-by-point and network service on comparable terms and conditions. The following parties are qualified to obtain inter-connection service from the Licensee:-

- (a) an authorized electricity operator or a person who is intending to become one; and
- (b) a person who is or intends to become a Bulk Power Consumer taking power supply directly from the transmission system of the Licensee.



9.2 The Licensee shall administer its transmission access (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.

9.3 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 transmission system of the Licensee. 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-10 **Tariff**

10.1 Not later than thirty (30) days of the complete transfer or novation of all PPAs to CPPA-G, the Licensee shall submit to the Authority an application for determination/modification of tariff in respect of transmission business of the Licensee.

10.2 The Authority shall determine tariff in respect of the transmission business of the Licensee pursuant to NEPRA (Tariff Standards and Procedure) Rules, 1998. The Licensee shall make available to general public the tariff specifying the rates, charges and other terms and conditions for transmission and inter-connection services approved by the Authority.

Article-11 **Connection and Use of System - Requirement to Offer Terms**

11.1 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 transmission system of the



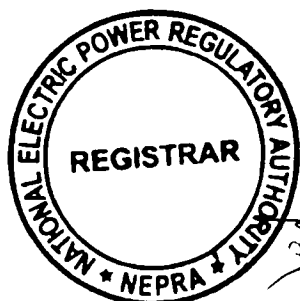
Licensee. The Authority shall within fifteen (15) days after submission approve that form in consultation with the Licensee or direct such modification or revision as deemed necessary.

11.2 The Licensee shall within ninety (90) days following approval of the form accorded by the Authority subject to sub-article 11.1, 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.

11.3 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.

11.4 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, procurement, 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 13 of this Licence. Provided that if determined earlier by the Authority as part of Licensee tariff, the use of system and connection charges approved through this Article shall not be in variance with the tariff so determined.

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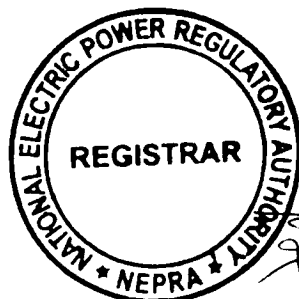


11.5 Subject to the provisions of sub-article 11.8 and not later than thirty (30) days following receipt of an application from a licensee for the use of the transmission system of the Licensee, the Licensee shall offer to enter into an agreement with the applicant:-

- (a). to accept specified quantities of electric power to be provided by or on behalf of a licensee into the transmission system of the Licensee 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 transmission system of the Licensee; and
- (c). to specify tariff and the use of system charge as approved by the Authority, which are to be paid by the applicant.

11.6 Subject to the provisions of sub-article 11.8 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 transmission system of the Licensee to any other system for the transmission;
- (b). for carrying out of any work required in connection with necessary extension, reinforcement or modification of the transmission system of the Licensee for the transmission;
- (c). for obtaining any consents necessary for carrying out works;



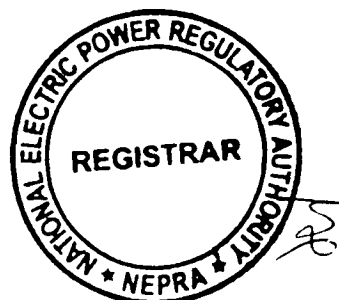
- (d). for the installation of appropriate metering equipment at the entry point(s) and at the exit point(s);
- (e). for setting the date by which work needed to permit the applicant access to the transmission system of the Licensee or extend or reinforce the transmission system of the Licensee will be completed;
- (f). to specify the Authority approved connection charge, which is to be paid by the applicant.

11.7 The principles for determining the costs directly or indirectly incurred in carrying out work under any agreement referred to in sub-article 11.3, 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.

11.8 The Licensee shall not be obliged to offer terms or enter into an agreement: -

- (a). in the event of any failure of the Licensee:
 - (i). to fulfill its responsibilities under Section 18 of the Act;
 - (ii). to comply with any industry standard, health and safety regulation;
 - (iii). to comply with the Grid Code;
 - (iv). to comply with its responsibilities under this Licence;
- (b). the applicant ceases to be a licensee or an authorised person; or
- (c). the person making the application does not undertake to be bound insofar as it is applicable, by the terms of Grid Code.



11.9 Any dispute arising between the Licensee and an applicant shall be referred to Authority whose decision shall be final and binding on the parties.

11.10 The Licensee shall, within thirty (30) days of the receipt of a request for information from potential applicant send information in the possession of the Licensee that may be reasonably required by the applicant to make the application.

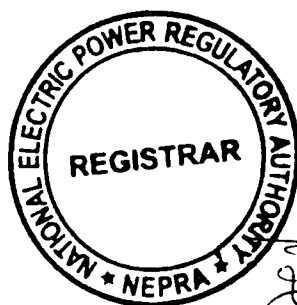
11.11 Not later than three (3) working days following receipt of an application from a licensee or an authorised person for use of the transmission system of the Licensee or connection to the transmission system of the Licensee, the Licensee shall confirm receipt of such application in writing to the 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-12

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

12.1 The Licensee shall not discriminate between any authorised electricity operators, BPCs, classes of BPCs, persons or classes of persons in the:

- (a). provision of access and use of the transmission system of the Licensee; or
- (b). carrying out of works for the purpose of connection to the transmission system of the Licensee.



12.2 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 the Authority whose decision in the matter shall be final and binding on all parties.

12.3 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 competitive trading arrangement.

12.4 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-13

Basis of Charges for Use of System and Connection to System

13.1 The statement referred to in Article 11, in respect of use of the transmission system of the Licensee 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 transmission system of the Licensee 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.

13.2 The statement referred to in Article 11, in respect of connection to the transmission system of the Licensee 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 transmission system of the Licensee 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 transmission system of the Licensee 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 discretion of the Licensee) 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 transmission system of the Licensee; and
- (e). the methodology and principles upon which charges will be made for disconnection from the transmission system of the Licensee and the removal of electrical plant, electric lines and meters following disconnection.

13.3 Connection charges for those items referred to in sub-article 13.2 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 transmission system of the Licensee 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.

13.4 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 transmission system of the Licensee and fault levels for each transmission node, together with:

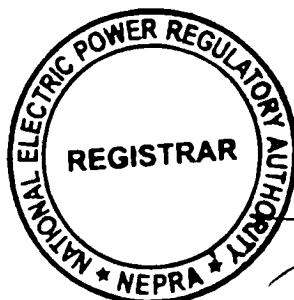
- (a). any additional information that may be necessary to enable any person seeking use of the transmission system of the Licensee to identify and evaluate the opportunities available when connecting to and making use of the Licensee's transmission system; and
- (b). a commentary prepared by the Licensee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

13.5 The Licensee shall include in every statement given or sent under sub-article 13.4 the information required by 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 of the Licensee or any third party.

13.6 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.

13.7 The Licensee shall not alter the form of the statements prepared in accordance with Articles 13.1 to 13.4 without the prior approval of the Authority.

13.8 The Licensee shall provide a copy of the statements prepared in accordance with Articles 13.1 to 13.4 to any person who requests a copy of such a statement or any modified or revised version thereof.



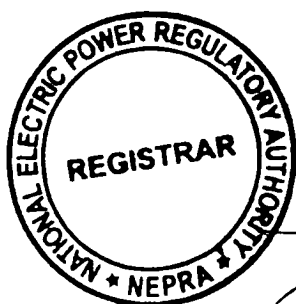
13.9 The Licensee may make a reasonable charge for any statement provided pursuant to sub-article 13.8 to any person.

Article-14
Transfer Price

14.1 Subject to the provisions of Article 7 and Article 19 of the Licence, the Licensee shall specify transfer price for the users of its transmission system or the methodology on the basis of which such price is established on a monthly, daily, part of the day, hourly or such other periods as the Authority may specify.

14.2 Prior to CMOD, the total transfer price for the authorised electricity operators receiving electric power through the transmission system of the Licensee shall comprise:-

- (a). an element of generation component worked out by the Licensee following the principles laid down in Article 20, save to the extent that Article 14.2 clause (a) shall not be applicable to a BPC or a distribution licensee for that part of power which they are purchasing directly from generation licensee(s). Provided that the Licensee may include an element in respect of power purchased by the Licensee on behalf of the BPC or distribution licensee to meet its obligations under balancing services;
- (b). an element of transmission tariff determined by the Authority for the Licensee in respect of its transmission business pursuant to Article 13;
- (c). an element of tariff on account of connection charges to the extent applicable.



14.3 Provided that, the Authority may in the absence of the elements stated in Article 14.2 clauses (a) and (c) above, allow the Licensee to specify its total tariff corresponding to Article 14.2 clause (b).

14.4 Subsequent to CMOD, charges for the authorised electricity operators receiving electric power through Licensee's transmission system shall be subject to the terms and conditions of CTBCM.

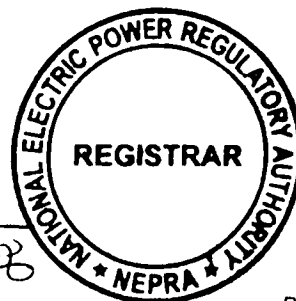
Article-15
Grid Code

15.1 The Licensee shall ensure that there is in force at all times a Grid Code, which meets the requirements under this Article. The Licensee shall implement and comply with the provisions of such Grid Code.

15.2 The Licensee shall in consultation with authorised electricity operators periodically review and where necessary, propose revision of the Grid Code for the approval of the Authority.

15.3 In implementing and complying with the Grid Code, the Licensee shall ensure that neither it nor its affiliates shall unduly discriminate in any manner between the purchasers, procurers, providers or recipients of electric power or ancillary services.

15.4 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 Grid Code in respect of a portion of the transmission system.



Article-16
Compliance with Distribution Codes

16.1 The Licensee shall comply with the relevant provisions of the Distribution Code of any distribution licensee to the extent applicable to the Licensee in the discharge of its obligations under this Licence.

16.2 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 Grid Code.

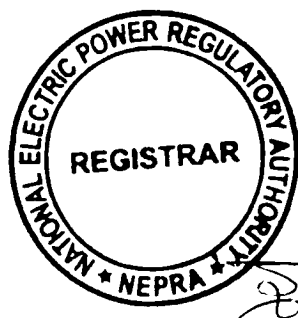
Article-17
Functional Separation

17.1 The Licensee shall ensure that each of the following functions are performed independently in both accounting and management terms:

- (a). transmission network planning, design and operation and maintenance (the "wire business");
- (b). system operation and dispatch;

17.2 The Licensee shall ensure that none of its core businesses shall be held or carried on through any affiliate or related undertaking of the Licensee.

17.3 The Licensee shall ensure that any of the businesses of the Licensee other than core businesses (non-core activity) shall be held by or through wholly owned subsidiaries of the Licensee.



Article-18
Prohibited Activities

18.1 The Licensee shall not at any time, directly or indirectly, acquire or undertake, any beneficial interest in or associate itself with, as far as the generation, distribution, marketing or trading businesses of electric power are concerned with any other licensee or persons involved in the generation and distribution businesses or intending to generate or distribute, market or trade electric power within or outside its service territory.

18.2 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 tariff.

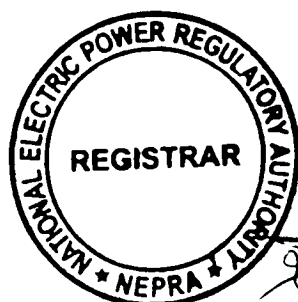
Article-19
Transmission System Operation, Central Despatch

19.1 The Licensee shall carry out the dispatch of:

- (a). all generation facilities that shall make their generation facilities available to the Licensee pursuant to Section 15(4) of the Act, except those which have been allowed to operate as Small Power Producers;
- (b). available transfers on tie lines.

19.2 While carrying out the dispatch function the Licensee shall have due regard to information provided to it by authorised electricity operators regarding: -

- (a). forecast levels of electric power available to be transferred across any tie-line; and



- (b). the requirements of the approved transmission system security standards referred to in Article 27.

19.3 The Licensee shall undertake operational planning:-

- (a). for matching generation output (including a reserve of generation to provide a security margin of generation availability) with forecast demand after taking into account inter alia:
- (i). non-availability of generation sets and/or tie-line transfers;
 - (ii). constraints from time to time imposed by technical limitations on the total system or any part of it; and
 - (iii). electricity delivered to the total system from generation sets not subject to central dispatch; and
- (b). in accordance with the Grid Code and subject to Article 15.4 of this Licence, for the release of portions of the transmission system of the Licensee for maintenance, repair, extension or reinforcement.

19.4 The Licensee shall carry out an economic dispatch for all generating units and for transfers on tie lines in accordance with the Grid Code save if any other dispatch mode is required pursuant to CTBCM.

19.5 The Licensee shall schedule and issue instructions for the dispatch of generating units and of tie-line transfers taking account of the following factors:-



- (a). forecast demand, including transmission losses;
- (b). economic and technical constraints that are imposed on the total system or any part of it from time to time;
- (c). constraints in the availability of hydro power and of gas;
- (d). dynamic operating characteristics of available generating units and inter-connector transfers;
- (e). forecast transfer of electricity across any tie-line; and
- (f). other matters provided for in the Grid Code.

19.6 The Licensee shall schedule and issue instructions for dispatch of generating units and transfer across tie-lines:-

- (a). in ascending order of costs per unit of energy for the generation and delivery or transfer into the total system; and
- (b). to match adequately at all times, the aggregate demand forecast taking account of information provided by licensees and authorised electricity operators, together with an appropriate margin of reserve.

19.7 The cost per unit of energy referred to in Article 19.6 (a) will be calculated for each generating unit. An independent assessor, if required by the Authority shall be engaged by the Licensee to verify such calculations. The cost per unit of energy shall be approved by the Authority and will be subject to an annual review. Any revision shall take into consideration improvement in efficiency and changes pursuant to automatic fuel cost adjustment mechanism.

19.8 The Licensee shall establish and operate with the approval of the Authority, systems for balancing services and ancillary services to be paid of



received by licensees and authorised electricity operators in accordance with the commercial code in operation.

19.9 The Licensee shall maintain records for a period of five (5) years. Such record shall consist of the following information:

- (a). generating units and transfers across tie-lines available or declared as available;
- (b). cost per unit of energy of generating units and tie-line transfers declared as available;
- (c). generating units and transfers across tie-lines facilities scheduled for dispatch or dispatched;
- (d). ancillary services called for by the Licensee and provided;
- (e). kilo watt-hours of electric power taken from the total system by any purchaser of electric power.

19.10 The Licensee shall furnish to the Authority any information required in respect of the economic dispatch system or any aspect of its operation.

Article-20
Purchase of Ancillary Services

20.1 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.

20.2 In contracting for the provision of ancillary services pursuant to Article 20.1, 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 Article 19 and to the diversity, number and reliability of the services available at the time of purchase.

20.3 Prior to the date referred to in Article 20.1, 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 pursuant to SBP arrangement; 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.

Provided that, this Article shall cease to apply on the competitive market operation date.

Article-21
Non-discrimination in the Provision of Use of Tie-lines

21.1 In the provision of use of tie lines the Licensee shall not discriminate between any authorised electricity operators, BPC, classes of BPCs, persons or classes of persons.

21.2 Without prejudice to Article 21.1, in the provision of use of tie line, due regard shall be had to the circumstances of provision, including volumes, conditions of interruption, and the date and duration of the agreement.

21.3 The Licensee shall not in setting its charges for use of tie line restrict, distort or prevent competition where applicable or intended.



21.4 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.

21.5 Notwithstanding the provisions of this 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.

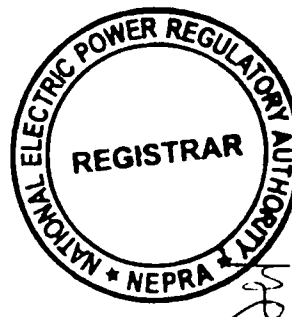
21.6 In case of dispute in respect of provision of use of tie lines, the matter shall be referred to the Authority whose decision shall be final and binding on all parties.

Article-22
Commercial Code

22.1 The Licensee will comply with all relevant provisions in the Commercial Code approved by the Authority relevant to transmission, reliable operation, balancing and ancillary services, dispatch and provision of information to CPPA-G as market operator or the power exchange as applicable.

Article-23
System Planning

23.1 The Licensee shall develop short term and long term plans of the transmission system of the Licensee in accordance with the 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.



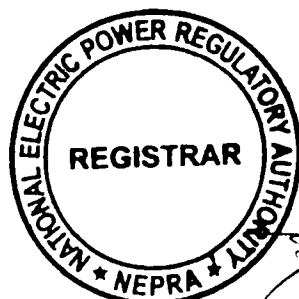
23.2 The Licensee shall develop or modify its transmission system according to plan approved by the Authority.

Article-24
Investment Programmes, Acquisition and Disposal of Assets

24.1 The Licensee shall, not later than one-hundred and eighty (180) days following the notification of the NEPRA rules pursuant to Section 32 of the Act, submit the investment programme of the Licensee to the Authority for approval.

24.2 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 investment programme of the Licensee approved by the Authority provided however that, until such time the investment programme of the Licensee is approved by the Authority in terms of Article 24.1, the Authority shall grant an authorization required under this Article when the Licensee demonstrates to satisfaction of the Authority 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 clause (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.

24.3 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 investment programme of the Licensee approved by the Authority, provided that until such time the investment programme of the Licensee is approved by the Authority in terms of Article 24.1, the Licensee may dispose or sell assets of a value not exceeding Rs. one hundred million.

Article-25
Acquisition of Controlling Interests in the Licensee

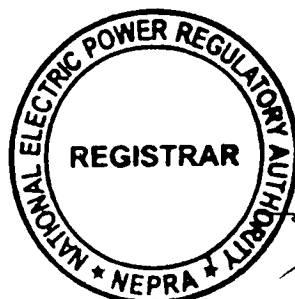
The Licensee shall ensure that there is no controlling interest by a generation or distribution business in it. Upon acquiring information that any person intends to acquire a controlling interest in it, the Licensee shall inform Authority forthwith of the proposed acquisition and shall furnish to the Authority with all relevant details in its possession.

Article-26
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-27
Transmission System Security Standard and Quality of Service

27.1 The Licensee shall plan, operate and maintain the transmission system of the Licensee in accordance with the 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.

27.2 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.

27.3 The criteria referred to in Article 27.2, against which the performance of the Licensee will be measured will be set out in a statement drawn up consistent with NEPRA Performance Standards (Transmission) Rules, 2005 and approved by the Authority in consultation with the Licensee.

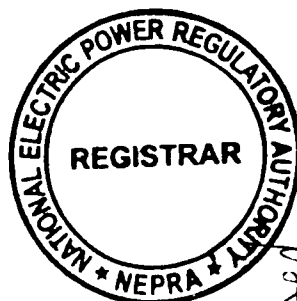
27.4 The Authority may, following consultation with the Licensee and, where appropriate with other licensees and relevant authorised electricity operator, issue directions relieving the Licensee of its obligations under Article 27.1 in respect of certain parts of the transmission system of the Licensee.

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

29.1 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 the applicable documents.

29.2 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 fulfill its obligations under Article 29.1.

29.3 The Licensee shall, as soon as it becomes aware, notify the Authority of any circumstances that may prevent it from fulfilling its obligations under Article 29.1.

Article-30
Industry Standards and Codes of Conduct

30.1 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.

30.2 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

32.1 The Licensee shall keep complete and accurate records and data in respect of all aspects of each of its separate businesses.

32.2 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.

32.3 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

35.1 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.

35.2 Without prejudice to Article 35.1, 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 8.

35.3 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.

35.4 The Licensee may charge a reasonable price for providing such information to that person.

Article-36
Interpretation of the Licence Provisions

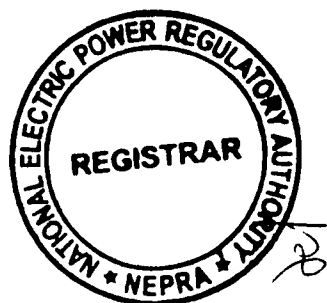
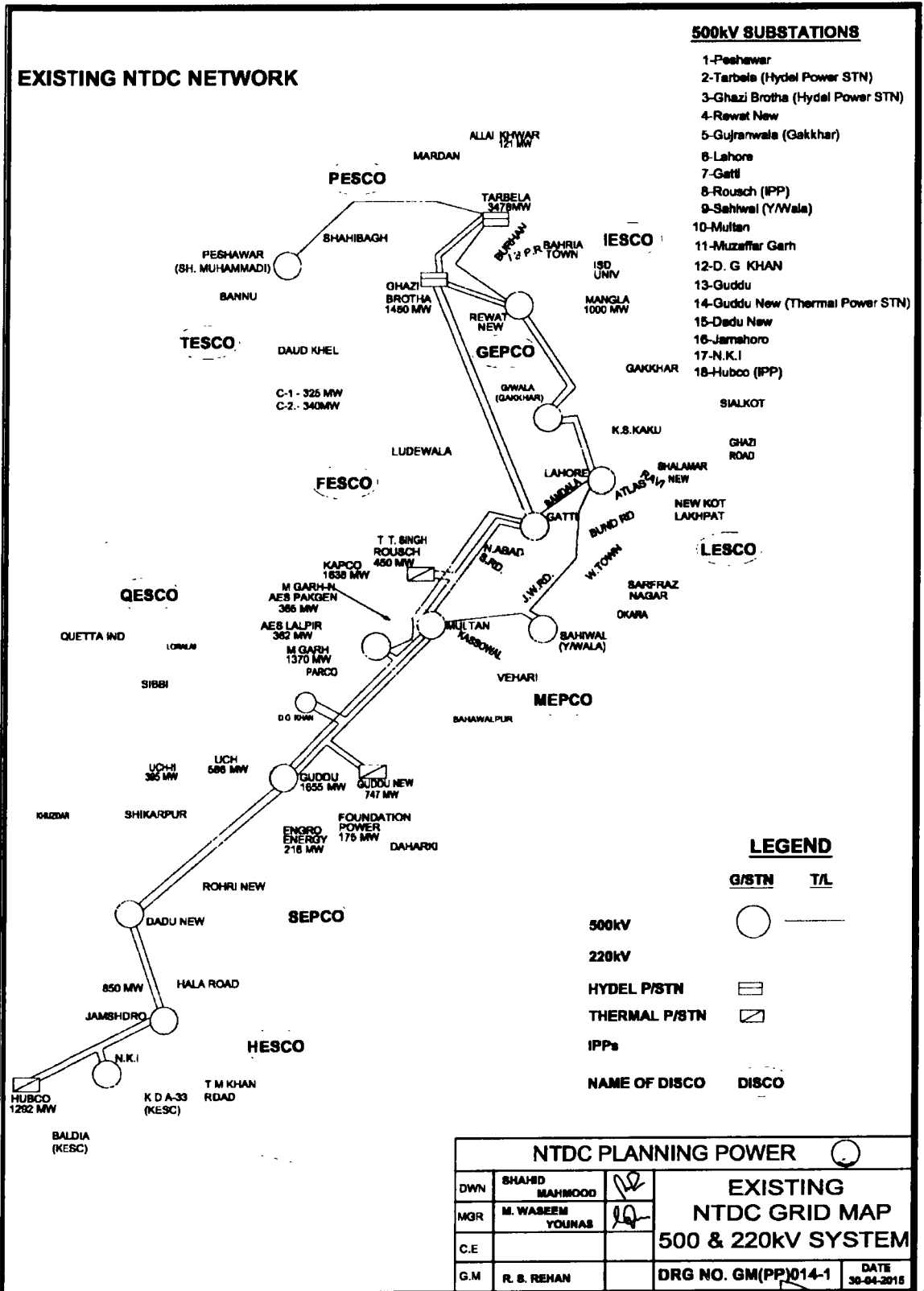
The Authority shall, in accordance with the provisions of the Act make the interpretation of any or all of the provisions of this Licence. The decision of the Authority in this regard shall be final.



SCHEDULE-I

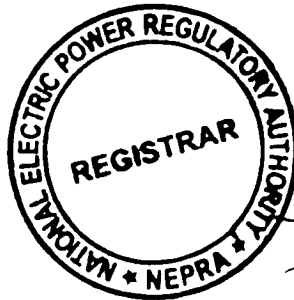
The Territory within which
the Licensee is allowed to engage in the Transmission business is
described in this Schedule.





SCHEDULE-II

The details specific to the transmission system of the Licensee, including length of line, transmission line type (overhead), connecting grids, technical limits, technical functional specifications and other information are set out in this Schedule.



**LIST OF EXISTING 500 kV SUBSTATIONS IN
NTDC NETWORK**

<u>Sr. No.</u>	<u>Name of Substation</u>	<u>500/220 kV Transformer Capacity (MVA)</u>	<u>220/132 kV Transformer Capacity (MVA)</u>
1	ShaikhMuhammadi (Peshawar)	3 × 450	1 × 250 + 3 × 160
2	Tarbela	2 × 237	
3	Ghazi Brotha	2 × 600	
4	Rewat New	3 × 450	2 × 250 + 1 × 160
5	Gakkhar (Gujranwala)	2 × 600	3 × 160
6	Lahore (Sheikhupura)	4 × 600	3 × 160
7	Gatti	4 × 450	
8	Multan New	2 × 450	3 × 160
9	Sahiwal (Yousafwala)	2 × 600	4 × 160
10	M.Garh	2 × 600	
11	Guddu	3 × 450	
12	D.G.Khan	2 × 600	
13	Guddu New Thermal Power Station		
14	Dadu New	2 × 450	3 × 160
15	Jamshoro	2 × 450	2 × 160
16	NKI	2 × 600	

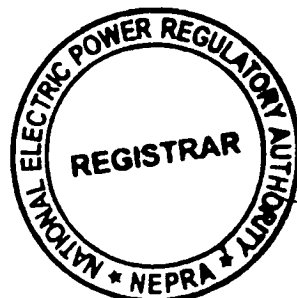
IPP- 500 kV Substations

17. Rousch
18. Hubco



**LIST OF EXISTING 220 kV SUBSTATIONS IN
NTDC NETWORK**

<u>Sr. No.</u>	<u>Name of Substation</u>	<u>220/132 kV Transformer Capacity(MVA)</u>
1	Mardan	1 x 250 + 2 x 160
2	ShahiBagh New	3 x 160
3	Bannu New	3 x 160
4	Burhan	4 x 160
5	Sangjani (ISPR)	3 x 160
6	IslamabadUniversity	2 x 250
7	Mangla	3 x 138
8	Gakkhar	4 x 160
9	Sialkot	3 x 160
10	K.S. Kaku	3 x 160
11	Bund Road	3 x 250 + 1 x 160
12	Ravi	3 x 250
13	KotLakhat New	3 x 250
14	Shalamar New	3 x 160
15	Wapda Town	3 x 160
16	Ghazi Road (temporary)	1 x 160
17	Sarfraz Nagar	3 x 160
18	Okara	1 x 250
19	Ludewala New	3 x 160
20	Nishatabad	1 x 160 + 3 x 63.5
21	Bandala New	1 x 250
22	Summandri Road	3 x 160
23	Jaranwala Road	4 x 160



<u>Sr. No.</u>	<u>Name of Substation</u>	<u>220/132 kV Transformer Capacity(MVA)</u>
24	DaudKhel	2 x 160
25	Vehari	3 x 160
26	T.T.Singh	1 x 250
27	Kassowal	2 x 160
28	N.G.P.S Multan	1 x 63.3 + 2 x 160
29	Muzaffarhgarh New	2 x 160
30	Bahawalpur	2 x 250 + 1 x 160
31	Hala Road	3 x 160
32	Sibbi	2 x 160
33	Loralai	2 x 250
34	Khuzdar	2 x 160
35	Quetta Industrial	3 x 160
36	Shikarpur New	3 x 160
37	Rohri	2 x 250
38	Daharki	1 x 250 + 1 x 160
39	T.M. Khan Road	2 x 160

IPP- 220 kV Substations

- 40. Atlas Power
- 41. Chashma Nuclear
- 42. KAPCO
- 43. AES Lalpir
- 44. AES Pakgen
- 45. Uch-I
- 46. Uch-II

220 kV Substations (Private)

- 47. PARCO
- 48. Bahria Town

