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SAARC Training for Professionals of Afghanistan on NEPRA Licensing Regime
September 17, 2019
Scheme of Today’s Presentations

Licensing Regime in Power Sector of Pakistan

- Evolution of the Licensing Regime
- Mechanism & Process of Licensing
- Net Metering Concept & Process
Scheme of this Presentation

Evolution of Licensing Regime in Power Sector of Pakistan

- Before NEPRA Act, 1997
- After NEPRA Act, 1997
- After NEPRA Amendment Act, 2018
Licensing Regime before Enactment of NEPRA Act, 1997

- The Power Sector was consisted of two Vertically Integrated Companies, WAPDA and KESC.
- WAPDA was responsible for provision of Electric Power Services in all areas of Pakistan except in Karachi and its adjoining areas.
- KESC was responsible for provision of Electric Power Services in Karachi and its adjoining areas.
- Independent Power Producers (IPPs) were allowed after 1990. PPAs were signed between Govt. of Pakistan and IPPs.
- Practically, there was no Licensing Regime in place.
Licensing Regime After Enactment of NEPRA Act, 1997

Under Section-7 of the NEPRA Act 1997, the Powers and Functions of the Authority include

“To Grant Licenses Under the Act”
NEPRA Act, 1997 introduced Licensing Regime in the Power Sector of Pakistan;

Three main categories of Licences were introduced:

- Generation
- Transmission
- Distribution
Provisions of NEPRA Act, 1997
Regarding Licensing

- Section 15 (Generation Licence);
- Section 16 (Transmission Licence);
- Section 17 (National Grid Company);
- Section 19 (Special Purpose Transmission Licence);
- Section 20 (Distribution Licence)
Provisions of NEPRA Act, 1997 Regarding Licensing

- Section-25 (Licences of Territory Served by KESC);
- Section-25A (Registration);
- Section 26 (Modification);
- Section 27 (Assignment of Licences Prohibited)
- Section 28 (Revocation)
Relevant Rules Covering Licensing Regime Under NEPRA Act, 1997

- NEPRA Licensing (Distribution) Rules, 1999;
- NEPRA Licensing (Generation) Rules, 2000;
- NEPRA (Fees) Rules, 2002;
- NEPRA (Fines) Rules, 2002;
- NEPRA (Market Operator Registration, Standards and Procedure) Rules, 2015;
Relevant Regulations Covering Licensing Regime Under NEPRA Act, 1997 (cont…) 

- NEPRA Licensing (Application & Modification Procedure) Regulations, 1999;
- NEPRA (Supply of Electric Power) Regulations, 2015;
- NEPRA (Wheeling of Electric Power), Regulations 2015;
Licensing Regime After Enactment of NEPRA Act, 1997

- Following type of Licences were issued under three Main Categories of Licences

<table>
<thead>
<tr>
<th>Generation</th>
<th>Transmission</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENCOs</td>
<td>General Transmission Licence (NTDC, KEL)</td>
<td>X-WAPDA DISOCOs</td>
</tr>
<tr>
<td>IPPs</td>
<td>Special Purpose Transmission Licence</td>
<td>KEL</td>
</tr>
<tr>
<td>CPPs</td>
<td></td>
<td>SPPs</td>
</tr>
<tr>
<td>SPPs</td>
<td></td>
<td>CPPs</td>
</tr>
<tr>
<td>Net Metering</td>
<td></td>
<td>Housing Colonies</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

National Electric Power Regulatory Authority
A Pictorial List of NEPRA Licensees
NEPRA Act, 1997 was amended in 2018 to provide a way forward for introducing **Competitive Electricity Market** in Pakistan.

Following categories of Licences were introduced:

<table>
<thead>
<tr>
<th>Generation</th>
<th>Transmission</th>
<th>Distribution</th>
<th>Market Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be De-Licensed after 2023</td>
<td>National Grid Company</td>
<td>Existing DISCOs</td>
<td>Market Operator (existing</td>
</tr>
<tr>
<td></td>
<td>Provincial Grid Company</td>
<td></td>
<td>CPPA-G)</td>
</tr>
</tbody>
</table>

National Electric Power Regulatory Authority
NEPRA Act, 1997 was amended in 2018 to provide a way forward for introducing **Competitive Electricity Market** in Pakistan.

Following categories of Licences were introduced:

- **System Operator**
  - Envisaged to be National Power Control Centre (NPCC)

- **Supplier**
  - Existing DISCOs
  - Other Entities

- **Trader**
  - Existing IPPs
  - Other Entities
Provisions of NEPRA Amendment Act, 2018 Regarding Licensing

- Section 14C (Generation Licence);
- Section 16 (Transmission Licence);
- Section 17 (National Grid Company);
- Section 19 (Special Purpose Transmission Licence);
- Section 20 (Distribution Licence)
Provisions of NEPRA Amendment Act, 2018 Regarding Licensing

- Section 18A (Provincial Grid Company);
- Section 23A (Market Operator);
- Section 23C (Electric Power Trader Licence)
- Section 23E (Electric Power Supplier Licence);
- Section 23G (System Operator Licence);
Provisions of NEPRA Amendment Act, 2018
Regarding Licensing

- Section-25 (Licences of Territory Served by KESC);
- Section-25A (Registration);
- Section 26 (Modification);
- Section 27 (Assignment of Licences Prohibited)
- Section 28 (Revocation)
Relevant Rules & Regulations Covering Licensing Regime Under NEPRA Amendment Act, 2018

- The Authority is in the process of formulating new Rules (through Federal Government) and Regulations to incorporate amendments introduced under the NEPRA Amendment Act, 2018;

- The day to day business is being run under the existing Rules and Regulations as discussed in above slides.
Year Wise Licence Issued

Grand Total: 338

National Electric Power Regulatory Authority
### Year Wise Licensed Capacity (MW)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>153.23</td>
</tr>
<tr>
<td>2002</td>
<td>9275.21</td>
</tr>
<tr>
<td>2003</td>
<td>4469.81</td>
</tr>
<tr>
<td>2004</td>
<td>19320.90</td>
</tr>
<tr>
<td>2005</td>
<td>835.73</td>
</tr>
<tr>
<td>2006</td>
<td>1332.99</td>
</tr>
<tr>
<td>2007</td>
<td>1302.54</td>
</tr>
<tr>
<td>2008</td>
<td>933.81</td>
</tr>
<tr>
<td>2009</td>
<td>1174.42</td>
</tr>
<tr>
<td>2010</td>
<td>901.47</td>
</tr>
<tr>
<td>2011</td>
<td>837.02</td>
</tr>
<tr>
<td>2012</td>
<td>273.03</td>
</tr>
<tr>
<td>2013</td>
<td>1351.23</td>
</tr>
<tr>
<td>2014</td>
<td>576.83</td>
</tr>
<tr>
<td>2015</td>
<td>4360.44</td>
</tr>
<tr>
<td>2016</td>
<td>7014.76</td>
</tr>
<tr>
<td>2017</td>
<td>5069.96</td>
</tr>
<tr>
<td>2018</td>
<td>1941.92</td>
</tr>
<tr>
<td>Total</td>
<td>61125.30</td>
</tr>
</tbody>
</table>
Category Wise Licences

National Electric Power Regulatory Authority

Count of Licence No. 338
Fuel Wise Licensed Capacity

National Electric Power Regulatory Authority
Thanks