



BRIEF ON NEPRA



National Electric Power Regulatory Authority Pakistan

ESTABLISHMENT OF NEPRA

- o The Strategic Plan included the creation of an Independent regulatory Authority to provide a level playing field to all the stake holders and to assure prospective investors that an independent agency would be objectively deciding on regulatory matters of power sector without extraneous influence.
- o NEPRA was established by the Government of Pakistan in January 1995 through a Presidential Ordinance.
- o NEPRA was formally notified through promulgation of the Regulation of generation, Transmission and Distribution of Electric Power, as Act No. XL of 1997 on 13th December 1997.



Constitution of the Authority

- The Authority comprises of a Chairman, appointed by the Federal Government, and four members also appointed by the Federal Government on the recommendations of the Four Provincial Governments.
- The Chairman and the members are appointed for a tenure of four years and are eligible for a similar term provided that a member other than the Chairman shall not be appointed if he has already attained the age of sixty five years.
(Section 3 of the NEPRA Act)

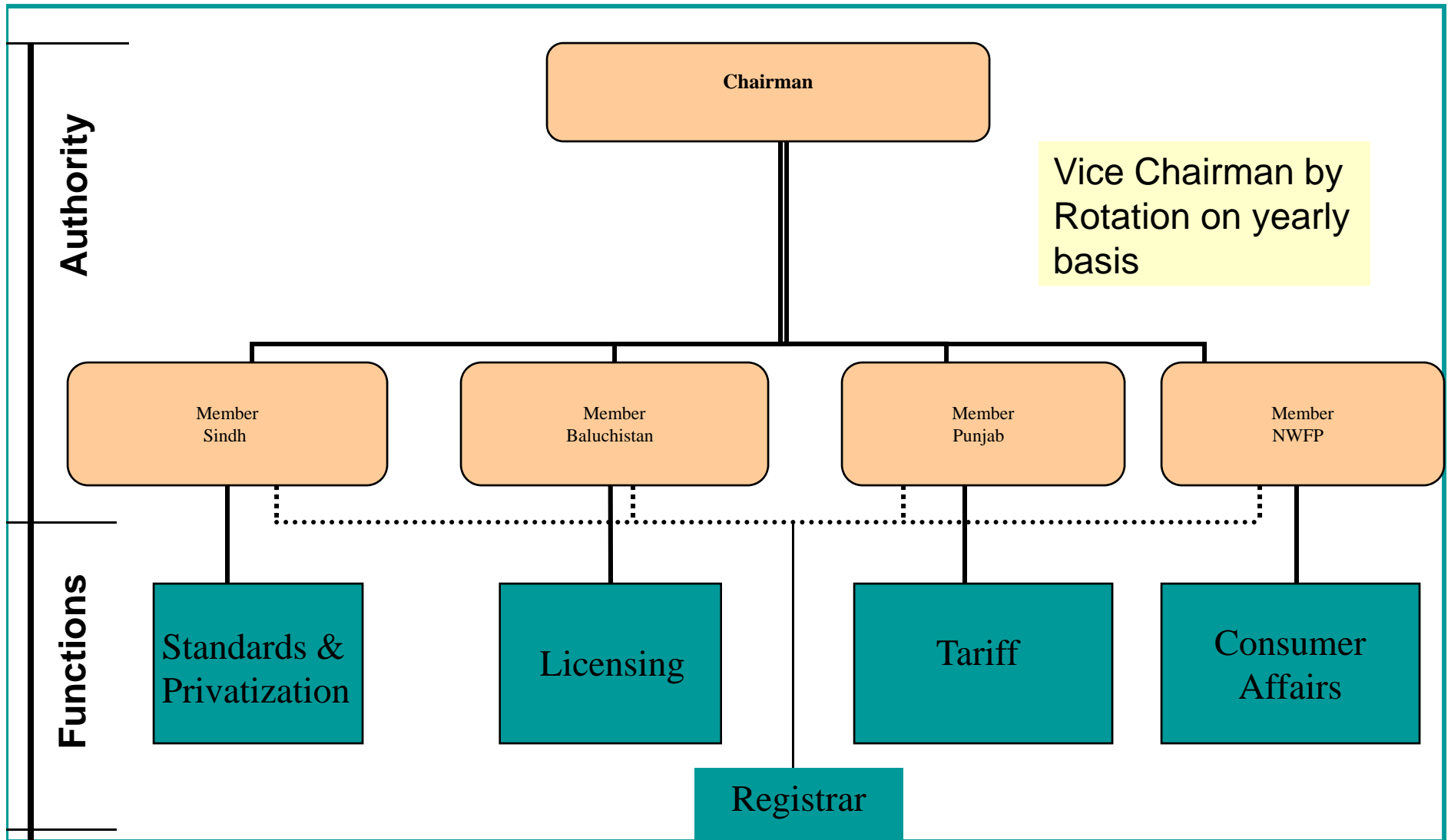


NEPRA: Functions

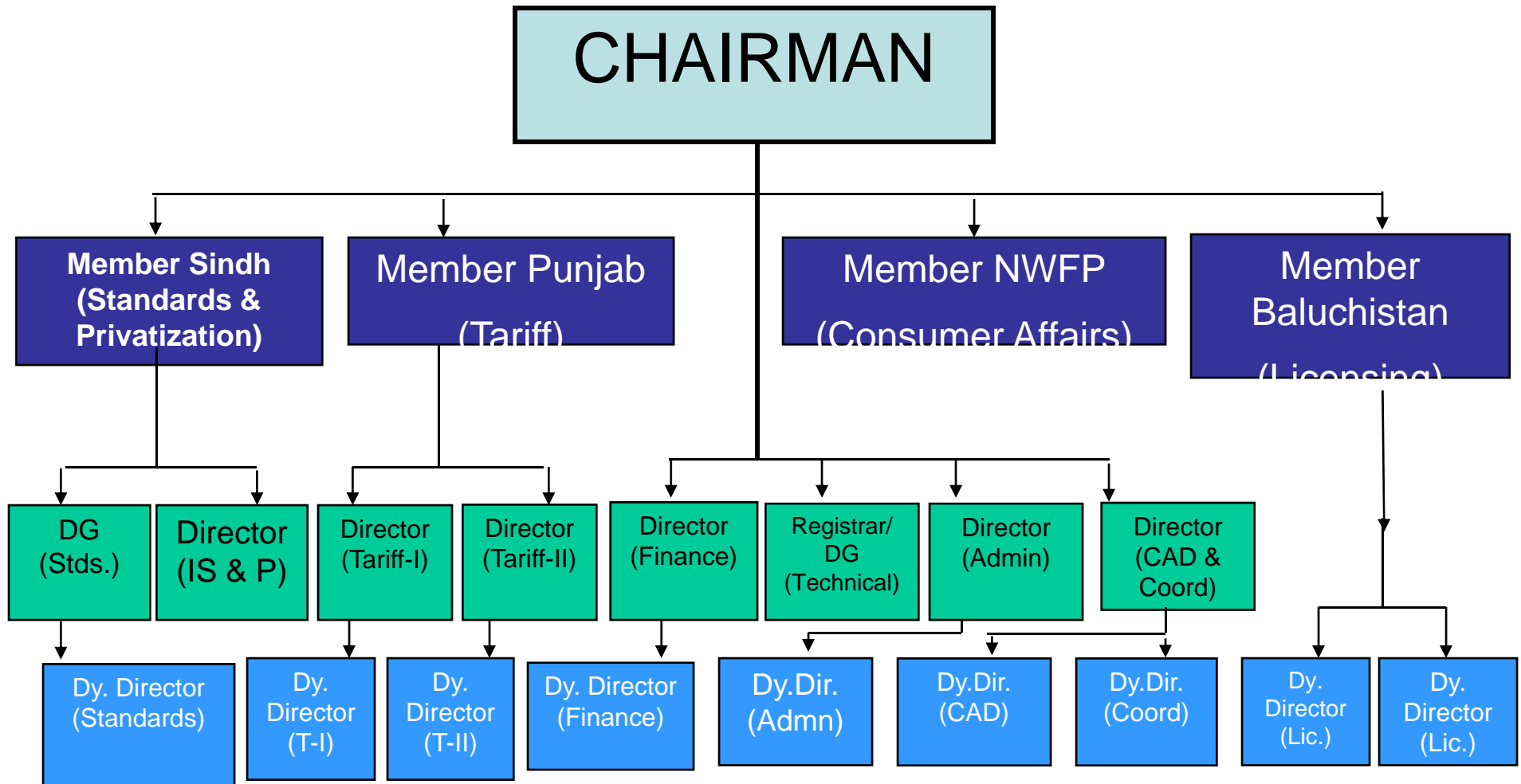
- o To grant licenses to Generation, Transmission or Distribution services.
- o To prescribe rules, regulations, standards and procedures
- o Determine tariff, rates, charges and other terms and conditions and recommend to the Federal Government for notification.
- o Enforce performance standards and operating codes.



Organogram of NEPRA



NEPRA ORGANIZATION CHART



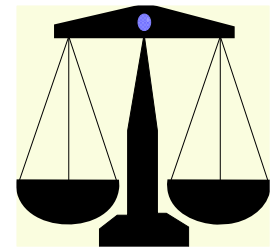
Act/Rules/Procedures (Framed by NEPRA)



- Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997). Enacted by Parliament in December 1997.
- Tariff Standards and Procedure Rules, 1998.
- Licensing, Application & Modification Procedure Regulations 1999,
- Licensing (Distribution) Rules, 1999.
- Licensing (Generation) Rules, 2000.
- Fees and Fines Rules, 2002.
- Consumer Eligibility Criteria (Regulations), 2003.
- Resolution of Disputes between IPPs & other Licensees, 2003
- Performance Standards Distribution Rules 2005
- Performance Standards Transmission Rules 2005
- Interim Power Procurement (Procedure & Standards) regulations 2005
- Grid Code, Distribution code 2005
- Consumer Service Manual 2007

NEPRA FUNCTIONS and STAKEHOLDERS' PARTICIPATION

- Salient features while drafting rules, determinations and tariff Cases widely advertised for soliciting stakeholder's participation
- Experts/Consumer advocates invited by special invitation
- Public Hearings for tariff and issue of license.
- All decisions in writing (giving reasons).
- All regulatory decisions open to public and posted on website
- Decisions can be challenged in court.



TARIFF METHODOLOGY

- The Company/ Licensee files a petition for determination of its tariff according to NEPRA Tariff Standard Procedure Rules -1998
- The Authority on the basis of information decides whether prima facie case exists for admission of the tariff petition
- In case Authority admits the petition for consideration it gives notice to all the stakeholders through advertisement in the national newspapers inviting them to participate in the tariff proceedings through personal participation or through written comments
- After public hearing based on the evidence provided by the petitioner and the stakeholders, the Authority determines the tariff and recommends to the Federal Government for notification in the official gazette pursuant to Section 31 (4) of NEPRA Act
- Generation and Transmission Tariff is determined on cost plus basis.

Performance Standards

o Generation

- ❖ Gradually be deregulated so that market forces would put pressures on operators to improve performance
- ❖ PPA's with IPP's set standards of performance for operators
- ❖ Draft Generation performance standards circulated

o Transmission

- ❖ Performance Standards (Transmission) Rules 2005 framed and have been sent to the Government for notification.
- ❖ Grid Code has been approved and notified.

o Distribution

- ❖ Performance Standards (Distribution) Rules 2005 have been notified in the official gazette
- ❖ Distribution Code has been approved and notified



Safeguarding interests of Consumers

- Unrestricted self Generation & Bilateral Contracts.
- Affordable tariff for all categories.
- Life line consumers
- Redressal of Complaints:
 - ❖ Utility services obligation
 - ❖ Provincial offices of inspection established by the Provinces
 - ❖ Consumer Affair Division at NEPRA attended/rectified over 1800 Nos complaints since inception.
 - ❖ Court of Law
- Representation through Consumer/human rights
- Education/Information through media/website.
- Conferences/Workshops on Energy Conservation



INITIATIVES TAKEN BY NEPRA

- NEPRA has allowed Captive Power Plants to sell surplus power to the National Grid or Disco with rates negotiated mutually.
- Time of Use rates have been prescribed for all consumer categories above 5 KW. Discos have been directed for speedy implementation. Average differential for peak and off –peak is substantially attractive (the peak is considered from sunset onwards for 4 hours i.e. from 5 PM to 9 PM).
- Technical Audit of Discos to ensure monitoring and implementation of loss targets is being undertaken
- A flexible tariff setting mechanism for private sector hydro power projects has been prescribed by NEPRA.



COMPETITION

Competition for the market:

- Addition of generation capacity through ICB
- Concept of Service territory and concessional territory in the distribution business introduced to accelerate electrification of remote areas

Competition in the market:

- Single-buyer-Plus market model introduced to move towards multi-seller, multi-buyer market structure. Transmission licence provided the first blue-print of market structure

NEPRA VISION ABOUT MARKET

