

REGISTERED No. M - 302
L.-7646



EXTRAORDINARY
PUBLISHED BY AUTHORITY

ISLAMABAD, FRIDAY, AUGUST 25, 2023

PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN
MINISTRY OF ENERGY
(Power Division)

NOTIFICATIONS

Islamabad, the 23rd August, 2023

THE ELIGIBILITY CRITERIA (ELECTRIC POWER SUPPLIER LICENCES)
RULES, 2023.

S. R. O. 1107(I)/2023.—In exercise of the powers conferred by section 46 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), read with section 23E thereof, the Federal Government is pleased to make the following rules, the same having been previously published in the daily newspapers and uploaded on the website as required under proviso to sub-section (1) of section 46 of the said Act, namely:—

1. **Short title and commencement.**— (1) These rules shall be called the Eligibility Criteria (Electric Power Supplier Licences) Rules, 2023.

(2) They shall come into force at once.

2. **Definitions.**— (1) In these rules, unless there is anything repugnant in the subject or context,—

2593(1—41)

Price : Rs. 60.00

[1654(2023)/Ex. Gaz.]

- (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 other voting securities of the person owned.
- (c) “applicant” means a person who submits an application before the Authority for grant of a licence to operate as electric power supplier;
- (d) “associated companies and associated undertakings” shall have the same meaning as defined in the Companies Act, 2017(XIX of 2017);
- (e) “Authority” means the National Electric Power Regulatory Authority established under section 3 of the Act;
- (f) “commercial code” means the commercial code prepared and maintained by the market operator pursuant to sections 23A and 23B of the Act and approved by the Authority;
- (g) “distribution code” means the distribution code, 2005, as may be amended or substituted from time to time subject to the approval of the Authority;
- (h) “electric power supply” means the supply of electric power to a consumer including a bulk power consumer pursuant to sections 23E and 23F of the Act, carried out by an electric power supplier licensed to do so under the Act and these rules;
- (i) “grid code” means the grid code prepared and maintained by the system operator pursuant to sections 23G and 23H of the Act and approved by the Authority;

- (j) “supply licence” means the licence for electric power supply granted by the Authority pursuant to section 23E of the Act; and
- (k) “supplier of last resort” means a person who holds an electric power supply licence for a specified service territory and is obligated to supply electric power to all consumers located in that service territory at the rates determined by the Authority and is also obligated to provide electric power supply to the bulk power consumers of other electric power supplier who defaults on its obligations of electric power supply:

Provided that the supplier of last resort may request the disconnection of any consumer, including a bulk power consumer, for default in payment of power charges or for involvement in theft of electric power.

(2) Words and expressions used but not defined in these rules shall have the same meaning as assigned thereto in the Act.

3. Eligibility criteria for grant of electric power supply licence.—
Any person submitting an application for grant of electric power supply licence shall fulfill the following eligibility criteria, that the applicant—

- (a) company is registered with the Securities and Exchange Commission of Pakistan (SECP):

Provided that the applicant proposing to supply electric power only to bulk power consumers in the Competitive Trading Bilateral Contract Market (CTBCM), other than supplier of last resort, shall be registered with the SECP exclusively for the electric power supply business:

Provided further that a generation company as an applicant for the supply licence shall be registered with the SECP exclusively for its generation as well as supply of electric power business and in such case shall maintain separate accounts for its each business.

- (b) shall fulfill minimum solvency requirements as provided in Schedule-I to be verified by the Authority, in order to adequately perform its duties and responsibilities under the Act, relevant rules, regulations, commercial code, its supply licence and any other legal instruments;

- (c) has a strategic business plan for three years duly certified by the chief executive officer or chief financial officer or company secretary, demonstrating its capability to undertake electric power supply business;
- (d) shall fulfill minimum human resource requirements as provided in Schedule-II to meet all of its service-level commitments and to perform the duties and responsibilities of an electric power supplier in an effective and efficient manner and to provide continuous and reliable electric power supply in accordance with the Act, rules and regulations and other legal instruments;
- (e) shall provide an affidavit substantially in the form attached herewith in Schedule-III by its duly authorized officer solemnly declaring and affirming therein that it shall always fulfill the obligations imposed on it under the National Electricity Policy and the National Electricity Plan made under section 14A of the Act;
- (f) shall have the ability to ensure prompt and effective coordination with the system operator, market operator and relevant distribution licensees to comply with the provisions of the grid code, distribution code, commercial code and other relevant legal instruments as applicable; and
- (g) shall have the ability to discharge the following public service obligations—
 - (A) quality of electric power supply service by—
 - (i) having automated systems or software tools for billing and collection;
 - (ii) having information exchange system for communications and transactions with the market operator, system operator, distribution licensees, and other relevant entities;
 - (iii) complying with the performance standards and any codes specified by the Authority for provision of electric power services, particularly, effective and timely billing and collection of charges, customer support services and resolution of consumer complaints;
 - (iv) ensuring timely dissemination of reporting requirements; and

- (v) maintaining the complete and accurate records and data in respect of all aspects of electric power supply business. All such records and data shall, unless provided otherwise under the law, be maintained for a period of five years after the creation of such record or data;
- (B) transparency of transactions by—
 - (i) ensuring compliance with the accounting standards and uniform system of accounts as specified by the Authority and in addition to that ensure compliance with international financial reporting standards (IFRS) as applicable in Pakistan;
 - (ii) sharing the necessary information and data through website or portal as required by any legal instrument; and
 - (iii) reporting all the information required by the Authority for the purpose of monitoring.
- (C) collection and deposit of following charges, as may be determined by the Authority, in a timely manner, including but not limited to—
 - (i) transmission use of system charges;
 - (ii) distribution use of system charges;
 - (iii) market and system operator fee; and
 - (iv) any other charges as provided in rule 5 of these rules; and
- (D) collection and deposit of any and all surcharges as may be imposed by the Federal Government and applicable taxes in a timely and effective manner.

4. **Provisions with respect to the supplier of last resort.**—(1) Only an applicant holding a distribution licence shall be eligible to obtain a supplier of last resort licence from the Authority in its specified service territory as defined in the distribution licence. Such applicant shall also fulfill the following requirements in addition to the requirements prescribed under rule 3 and the applicant shall—

- (a) demonstrate its capability to carry out detailed schemes and programs for supplying electric power to all consumers pursuant to the regulations specified by the Authority;
- (b) have a budget developed, demonstrating its financial requirements to ensure that it has adequate financial resources available to engage in electric power supply in an effective and efficient manner;
- (c) have the ability to provide electric power supply to the bulk power consumers of other electric power supplier who defaults on its obligations of electric power supply:

Provided that the applicant shall only provide this service to the bulk power consumers located in its service territory as defined in its distribution licence; and

- (d) have the ability to ensure timely publication of the Authority's approved rates, charges and other terms and conditions on its website.

(2) The applicant for supplier of last resort licence shall, except EX-WAPDA DISCOs and K-Electric, be registered with the SECP exclusively for its electric power supply and distribution businesses and shall not carry out any other business activity.

(3) Where any person is holding a distribution as well as a supplier of last resort licence, neither such person nor its affiliate or associated company shall be eligible to obtain any other supply licence or electric power trader licence.

5. Billing, collection and deposit of certain charges.—(1) Any person who has been granted a licence for supply of electric power as a competitive supplier by the Authority, shall bill and collect from its bulk power consumers, and make timely deposit to the relevant distribution licensee in the designated account, all the (i) grid charges including the amount of cross subsidy and (ii) other costs arising on account of market liberalization and advent of open access, namely, the capacity costs or stranded costs. The said charges shall be deposited by the competitive supplier on accrual basis, *i.e.* the amount actually billed to the consumers for the billing cycle.

(2) The Authority shall determine the (i) grid charges including the amount of cross subsidy and (ii) other costs arising on account of market liberalization and advent of open access, namely, the capacity costs or stranded

costs in accordance with the provisions of the National Electricity Policy, National Electricity Plan and such other economic and social policy objectives as may be provided by the Federal Government to the Authority, including the following, namely:—

- (a) the grid charges shall include, but not limited to the use of transmission and distribution system charges, market and system operator fee, metering service charges and cross subsidy. Such grid charges shall be imposed on uniform basis upon all bulk power consumers, namely, bulk power consumers of competitive suppliers shall pay equal amount of such grid charges which are being paid by equally placed other bulk power consumers of the respective supplier of last resort;
 - (b) the costs arising on account of market liberalization and advent of open access shall be the capacity charges or stranded costs to be paid by all bulk power consumers of a competitive supplier and the amount of such capacity charges shall be the same as the total generation capacity charges recovered from the equally placed bulk power consumers of the suppliers of last resort either in a volumetric form (kWh) or through fixed charges and such charges shall continue to be paid in the said manner till such time as may be reviewed by the Federal Government as per the procedure laid down in sub-rule (3) of this rule;
 - (c) the above charges shall be imposed on uniform basis across the country till the time the uniform tariff is applicable, and thereafter shall be applicable as per the tariff of each distribution company holding the supplier of last resort licence; and
 - (d) the periodic adjustment of any component of the above charges shall be made by the Authority from time to time similar to the periodic adjustment of tariff of other consumers of suppliers of last resort.
- (3) The principles, set forth in clause (b) of sub-rule (2), may be modified by the Federal Government as per the procedure laid down hereunder—
- (a) any proposal for deviation of capacity charges or stranded costs shall be submitted by the Division to which the business of electricity stands allocated to the Ministry of Finance;
 - (b) for evaluation of any such proposal, the Ministry of Finance shall hire an independent consultant to study the impact of such proposal on the national exchequer and remaining consumers of suppliers of last resort;

- (c) upon submission of the final report by the independent consultant to the Ministry of Finance, the Ministry of Finance shall only endorse such proposal where the fiscal space is available in the budget to support such modification in the charges and shall verify that no burden shall be passed on to the remaining consumers of the suppliers of last resort; and
- (d) any proposal endorsed by the Ministry of Finance shall be submitted to the Federal Government for consideration and approval.

(4) The Authority shall, in determining, modifying or revising (i) the grid charges including the amount of cross subsidy and (ii) other costs arising on account of market liberalization and advent of open access, namely, the capacity costs or stranded costs, perform its functions in accordance with the National Electricity Policy, National Electricity Plan and other principles provided by the Federal Government, including the principles contained in sub-rule (2) and as modified from time to time in accordance with sub-rule (3).

6. Compliance with the eligibility criteria.—(1) At the time of submission of an application, the applicant shall submit a sworn and verified affidavit to the Authority that it fulfills all the requirements of these rules for grant of the licence.

(2) The Authority while examining an application for grant of a licence under these rules shall ensure compliance with the above eligibility criteria and may require an applicant to submit additional information and documents in support of its application.

(3) The Authority shall periodically review compliance with minimum solvency requirements as set out in Schedule-I:

Provided that in case of a breach of these requirements, appropriate regulatory action shall be taken by the Authority.

(4) All requirements of these rules shall also be incorporated appropriately in the terms and conditions of the licence for ensuring compliance by the licensee during the term of the licence.

(5) While applying for modification, extension or renewal of a licence, the applicant shall fulfill all the eligibility requirements as set forth in these rules.

7. Term of the licence.— The supplier of last resort licence shall be granted by the Authority for a minimum term of twenty years. For all other suppliers, the licence shall be granted for a term which may extend up to twenty years, however, the term of the licence shall not be less than ten years.

SCHEDULE – I**[See rule 3(b)]****Minimum Solvency Requirements:**

(1) The applicant proposing to supply electric power only to bulk power consumers in the Competitive Trading Bilateral Contract Market (CTBCM), other than supplier of last resort, shall fulfill the following minimum solvency requirements:

- (i) shall have and maintain minimum long-term credit rating of “A” from a credit rating agency licensed by the SECP and submit a report to the Authority at the time of application;
- (ii) shall have and maintain minimum current ratio of 1:1;
- (iii) shall have minimum paid-up capital of one hundred and eighty million rupees; and
- (iv) shall have and maintain net worth at all times in an amount for its electric power supply business as provided hereunder, namely:—

Category	Energy Supply (GWh Annual)	Net Worth (Million Rupees)
(1)	(2)	(3)
1.	Up to 60	180
2.	Up to 300	700
3.	Up to 1,250	2,300
4.	Up to 3,000	6,000
5.	Above 3,000	12,000

Provided that in case of any deficiency in the net worth at any time, after grant of the supply licence, the Authority shall take appropriate regulatory action:

Provided further that the above-mentioned requirements may be revised by the Federal Government from time to time by notification in the official Gazette for the future applicants and for licensees who have already been granted a licence in accordance with these rules.

(2) The Ex-WAPDA DISCOs and K-Electric as applicants proposing to supply electric power in their respective service territories as suppliers of last resort shall be deemed eligible to apply for such licence:

Provided that the Federal Government may, from time to time by notification in the official gazette, prescribe any requirement in order to ensure solvency for the future applicants and for licensees who have already been granted a licence in accordance with these rules.

(3) All other applicants proposing to supply electric power as supplier of last resort in a specific service territory shall have and maintain the following requirements:

- (i) shall have and maintain minimum long-term credit rating of “A” from a credit rating agency licensed by the SECP and submit a report to the Authority at the time of application;
- (ii) shall have and maintain minimum current ratio of 1:1;
- (iii) shall have minimum paid-up capital of one hundred and fifty million rupees; and
- (iv) shall have and maintain minimum net worth of five hundred million rupees:

Provided that the above-mentioned requirements may be revised by the Federal Government from time to time by notification in the official gazette for the future applicants and for licensees who have already been granted a licence in accordance with these rules.

SCHEDULE – II

[See rule 3(d)]

Minimum Human Resources Requirements:

(1) The applicant proposing to supply electric power to bulk power consumers in the Competitive Trading Bilateral Contract Market (CTBCM), other than supplier of last resort, shall have at least one full-time professional having relevant experience in each of the following disciplines, namely:—

Sr. No.	Disciplines	Qualification	Required Experience
(1)	(2)	(3)	(4)
1.	Electric power systems	Degree in engineering	Ten years' experience in the power sector
2.	Power procurement, forecasting, energy risk management, contract management	Degree in engineering or sixteen years of education in business management	Five years
3.	Finance	A member of recognized body of professional accountants with five years' experience or MBA (finance)/M.Com with 10 years' experience	

(2) The Ex-WAPDA DISCOs and K-Electric as applicants proposing to supply electric power in their respective service territories as suppliers of last resort shall employ at least forty percent of their sanctioned strength at all times in order to perform their functions and duties.

Explanation.— The “sanctioned strength” shall mean the number of posts in various scales and cadres, which have been duly approved by the board of directors of an applicant.

(3) All other applicants proposing to supply electric power as supplier of last resort in a specific service territory shall fulfill the minimum human resource requirements as provided under clause (2).

(4) The above-mentioned requirements in clause (1), (2) and (3) may be revised by the Federal Government from time to time by notification in the official Gazette for the future applicants as well as for licensees who have already been granted a licence in accordance with these rules.

SCHEDULE – III

[See rule 3(e)]

Affidavit

I, [NAME, DESIGNATION], being the duly authorized representative of [NAME OF APPLICANT], duly authorized in this regard by virtue of [BOARD RESOLUTION /POWER OF ATTORNEY] dated [DATE], hereby solemnly affirm and declare that the Applicant is compliant with and shall always fulfill the obligations imposed on it under the National Electricity Policy and National Electricity Plan made under section 14A of the Act.

THE ELIGIBILITY CRITERIA (MARKET OPERATOR LICENCE) RULES, 2023

S. R. O. 1108(I)/2023.—In exercise of the powers conferred by section 46 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), read with section 23A thereof, the Federal Government is pleased to make the following rules, the same having been previously published in the daily newspapers and uploaded on the website as required under proviso to sub-section (1) of section 46 of the said Act, namely:—

1. **Short title and commencement.**—(1) These rules shall be called the Eligibility Criteria (Market Operator Licence) Rules, 2023.

(2) They shall come into force upon the coming into force of sections 23A and 23B of the Act.

2. **Definitions.**—(1) In these rules, 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) “applicant” means a person who files an application before the Authority for grant of a licence to operate as market operator;
- (c) “Authority” means the National Electric Power Regulatory Authority established under section 3 of the Act;
- (d) “commercial code” means the commercial code the applicant is required to submit along with its application pursuant to section 23A (4) of the Act, consistent with the CTBCM; and
- (e) “CTBCM” means Competitive Trading Bilateral Contract Market (CTBCM) design as approved by the Authority from time to time.

(2) Words and expressions used but not defined in these rules shall have the same meaning as assigned thereto in the Act.

3. **Eligibility criteria for grant of market operator licence.**—Any person who submits an application pursuant to section 23A of the Act for grant of a market operator licence, shall fulfill the following eligibility criteria, that the applicant—

- (a) company is registered with the Securities and Exchange Commission of Pakistan (SECP);
- (b) has developed a draft commercial code;
- (c) has strategic business plan for three years duly certified by the chief executive officer or chief financial officer or company secretary;
- (d) shall fulfill minimum solvency requirements as provided in Schedule-I;

- (e) shall have a budget developed, demonstrating its financial requirements to ensure that it shall have adequate financial resources available to operate as market operator in an effective and efficient manner;
- (f) shall fulfill minimum technical and human resources requirements as provided in Schedule-II in order to perform the duties and responsibilities of the market operator in a proper and efficient manner;
- (g) shall have the ability to discharge the following public service obligations—
 - (A) quality of service by—
 - (i) establishing standardized and non-discriminatory procedures for—
 - (a) the registration of market participants and market contracts;
 - (b) dispute resolution mechanism in the market for market participants;
 - (c) market oversight to investigate and review all market activities and ensure compliance with the commercial code by all relevant entities; and
 - (d) maintaining the complete and accurate records and data in respect of all aspects of market settlement and payments;
 - (ii) disseminating reliable market information and data in a timely manner; and
 - (iii) disseminating reporting requirements in a timely manner;
 - (B) transparency of transactions by-
 - (i) ensuring compliance with the accounting standards and uniform system of accounts as specified by the Authority and in addition to that ensure compliance with international financial reporting standards (IFRS) as applicable in Pakistan;

- (ii) sharing all the information and data through website or portal that is necessary for operations of competitive wholesale market; and
 - (iii) reporting all the information required by the Authority for the purpose of monitoring.
- (C) collection and making of payments in a timely manner by establishing appropriate procedures; and
- (D) collection and deposit of any and all surcharges as may be imposed by the Federal Government as well as applicable taxes in a timely and effective manner; and
- (h) shall have or develop a robust IT strategy outlining the planning and execution roadmap to ensure transparency, effectiveness, efficiency, and security in all operations of the market operator, comprising of—
- (i) a secure and reliable data storage and network infrastructure for hosting the backend as well as key applications;
 - (ii) a reliable data backup and recovery system for operational continuity;
 - (iii) an effective information security mechanism, to ensure confidentiality, integrity, and the secure availability of data as part of an IT governance framework; and
 - (iv) an effective and efficient mechanism of analysis and reporting of information through transparency portals, website, and other secure information sharing techniques.

4. **Term of the licence.**— The market operator licence shall be granted by the Authority for a minimum term of thirty years.

SCHEDULE – I

[See rule 3(d)]

Minimum Solvency Requirements:

(1) In order to carry out its operations in an effective and efficient manner, the market operator, after grant of the license, shall maintain cash or cash equivalent of an amount equal to two months' estimated expenditures. This amount shall be part of market operator's fee, which will be approved by the Authority.

(2) For ensuring the sustainable and creditworthy market, the market operator shall administer the market settlement and payment system in an efficient and timely manner and for that purpose, the market operator shall:

- (i) administer and maintain the settlement guarantee fund (SGF) as stipulated in the commercial code as well as specify an amount to be deposited by each market participant in the said fund; and
- (ii) establish the credit cover mechanism and require the market participants to provide and maintain such credit cover as stipulated in the commercial code.

(3) The above-mentioned requirements in clause (1) and (2) may be revised by the Federal Government from time to time by notification in the official gazette for the licensee who has already been granted a licence in accordance with these rules.

SCHEDULE – II
[See rule 3(f)]

Minimum Technical Resources Requirements:

(1) The applicant shall have or deploy the following minimum technical resources:

- (i) Enterprise Resource Planning (ERP) system;
- (ii) Market Management System (MMS);
- (iii) marginal prices simulation software tool;
- (iv) secured IT infrastructure for administration of the market; and
- (v) secured website for dissemination of market information.

Minimum Human Resource Requirements:

(2) The applicant shall have or recruit the following minimum human resources:

- (i) at least one professional in the following disciplines with relevant experience:

Sr. No.	Discipline	Qualification	Required Experience
(1)	(2)	(3)	(4)
1.	Electric power system	Degree in engineering	Twelve years' experience in power sector
2.	Electric power market simulations	Degree in electrical engineering or degree in finance	Ten years' experience in power sector
3.	Finance	A member of recognized body of professional accountants with five years' experience or MBA (finance)/M.Com with 10 years' experience	
4.	Legal	LLB or LLM	Ten years' experience in the relevant field
5.	IT	Bachelors' degree (sixteen years of education) in computer science, information technology or equivalent	Five years' experience in the relevant field

- (ii) at least five professionals having an engineering degree with at least five years' experience in power sector;
- (iii) at least five professionals having an engineering degree with at least three years' experience in power sector; and
- (iv) at least five IT professionals having a bachelor's degree (sixteen years of education) in information technology, computer sciences or equivalent with minimum three years' experience in the relevant field.

(3) The above-mentioned technical and human resource requirements may be revised by the Federal Government from time to time by notification in the official gazette for the licensee who has already been granted a licence in accordance with these rules.

THE ELIGIBILITY CRITERIA (SYSTEM OPERATOR LICENCE) RULES, 2023

S. R. O. 1109(I)/2023.— In exercise of the powers conferred by section 46 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), read with section 23G thereof, the Federal Government is pleased to make the following rules, the same having been previously published in the daily newspapers and uploaded on the website as required under proviso to sub-section (1) of section 46 of the said Act, namely:—

1. **Short title and commencement.**— (1) These rules shall be called the Eligibility Criteria (System Operator Licence) Rules, 2023.

(2) They shall come into force upon the coming into force of sections 23G and 23H of the Act.

2. **Definitions.**—(1) In these rules, 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) “applicant” means a person who files an application before the Authority for grant of a licence to operate as system operator;
- (c) “Authority” means the National Electric Power Regulatory Authority established under section 3 of the Act;
- (d) “dispatch” means the issuance of instructions to a generation facility by the system operator to schedule and control the operation of said generation facility in order to make available or commence, increase, decrease or cease the injection of electric power into the transmission and distribution network or to provide ancillary services, in accordance with the grid code;
- (e) “grid code” means the grid code the applicant is required to submit along with its application pursuant to section 23G(4) of the Act;
- (f) “hourly marginal price” means the variable cost incurred for the production of an additional unit of energy in the system to serve the incremental demand and shall be used for settling hourly energy imbalances, if any; and
- (g) “Security Constrained Economic Dispatch” or “SCED” means the allocation of system demand to individual generation facilities to effect the most economical production of electricity for optimum system economy, security and reliability with due consideration of variable generation costs, incremental network losses, load flow and other operational considerations as may be determined solely by the system operator.

(2) Words and expressions used but not defined in these rules shall have the same meaning assigned thereto in the Act.

3. **Eligibility criteria for grant of system operator licence.**— Any person who submits an application for grant of a system operator licence shall fulfill the following eligibility criteria, that the applicant—

- (a) company is registered with the Securities and Exchange Commission of Pakistan;
- (b) has developed a draft grid code;
- (c) has strategic business plan for three years duly certified by the chief executive officer or chief financial officer or company secretary;
- (d) shall have a budget developed demonstrating its financial requirements to ensure that it shall have adequate financial resources available to operate as the system operator in an effective and efficient manner. This budget shall demonstrate the applicant's ability to ensure effective and efficient performance of its functions, duties and responsibilities as required under section 23G and 23H of the Act and to be recovered through system operator fee as determined by the Authority;
- (e) shall fulfill minimum technical and human resources requirements as provided in Schedule-I in order to perform the duties and functions of the system operator in an effective and efficient manner;
- (f) shall have the ability to discharge the following public service obligations, namely:—
 - (i) quality of service by—
 - (A) establishing the standardized and non-discriminatory procedures for—
 - (a) Security Constrained Economic Dispatch (SCED);
 - (b) system planning for long-term capacity;
 - (c) operational planning, transmission scheduling, generation outage and maintenance coordination plans; and

- (d) maintaining the complete and accurate records and data in respect of all aspects of the system operator's duties and responsibilities;
 - (B) calculating hourly marginal prices in a timely manner; and
 - (C) disseminating reporting requirements in a timely manner;
- (ii) transparency of transactions by—
 - (A) ensuring compliance with the accounting standards and uniform system of accounts as specified by the Authority and in addition to that ensure compliance with international financial reporting standards (IFRS) as applicable in Pakistan;
 - (B) sharing the information and data through website or portal related to short term forecasts, transmission congestions, loading and available capacity of transmission lines, dispatch based on unit commitment, market prices, reserves and all information that is necessary for implementation of competitive wholesale market; and
 - (C) reporting all the information required by the Authority for the purpose of monitoring; and
- (g) shall have or develop a robust IT strategy outlining the planning and execution roadmap for ensuring transparency, effectiveness, efficiency, and security in all operations of the system operator, comprising of—
 - (i) a secure and reliable data storage and network infrastructure for hosting backend as well as key applications;
 - (ii) a reliable data backup and recovery system for operation continuity;
 - (iii) an effective information security mechanism, to ensure confidentiality, integrity and the secure availability of data as part of an IT governance framework; and
 - (iv) an effective and efficient mechanism of analysis and reporting of information through transparency portals, website and other secure information sharing techniques.

4. **Term of the licence.**—The system operator licence shall be granted by the Authority for a minimum term of thirty years.

SCHEDULE – I
[See rule 3(e)]

Minimum Technical Resources Requirements:

- (1) The applicant shall have or deploy the following minimum technical resources:
 - (i) software tools to perform the power system studies to determine system security constraints, and Security Constrained Economic Dispatch (SCED);
 - (ii) software application or tool for calculation of hourly marginal prices;
 - (iii) software tools to perform operational planning;
 - (iv) software tools to perform system planning for long-term capacity;
 - (v) tools for operational and long-term demand forecasting; and
 - (vi) secured IT infrastructure for administration of system operator functions.

Minimum Human Resources Requirements:

- (2) The applicant shall have or recruit the professionals in the following disciplines with relevant experience:

Sr. No.	Discipline	Qualification	Required Experience	Minimum Professionals
(1)	(2)	(3)	(4)	(5)
1.	Power system operations and controls	Degree in electrical engineering	Fifteen years in power sector	Five
2.	Power system operations and controls	Degree in electrical engineering	Eight years' experience in power sector for at least ten professionals	Sixty
3.	System planning for long term capacity	Degree in electrical engineering	Five years' experience in power sector for at least five professionals	Fifteen
4.	Finance	A member of recognized body of professional accountants with five years' experience or MBA (finance)/M.Com with 10 years' experience		One
5.	IT	Bachelors' degree (sixteen years of education) in Computer Science, Information Technology or equivalent	Ten years' experience in the relevant field	One

(3) The above-mentioned technical and human resource requirements may be revised by the Federal Government from time to time by notification in the official gazette for the licensee who has already been granted a licence in accordance with these rules.

THE ELIGIBILITY CRITERIA (TRANSMISSION LICENCES)
RULES, 2023

S. R. O. 1110(I)/2023.— In exercise of the powers conferred by section 46 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), read with section 16, 17 and 18A thereof, the Federal Government is pleased to make the following rules, the same having been previously published in the daily newspapers and uploaded on the website as required under proviso to sub-section (1) of section 46 of the said Act, namely:—

1. **Short title and commencement.**— (1) These rules shall be called the Eligibility Criteria (Transmission Licences) Rules, 2023.

(2) They shall come into force at once.

2. **Definitions.**—(1) In these rules, 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) “applicant” means a person who submits an application before the Authority for grant of a transmission licence to operate as a national grid company, provincial grid company or special purpose transmission company as the case may be;
- (c) “commercial code” means the commercial code prepared and maintained by the market operator pursuant to sections 23A and 23B of the Act and approved by the Authority; and
- (d) “grid code” means the grid code prepared and maintained by the system operator pursuant to sections 23G and 23H of the Act and approved by the Authority.

(2) Words and expressions used but not defined in these rules shall have the same meaning as assigned thereto in the Act.

3. **Eligibility criteria for grant of a transmission licence.**—(1) Any person desirous of submitting an application for grant of a transmission licence to operate as a national grid company or provincial grid company or in case where any such transmission licence has already been granted by the Authority pursuant to section 18A of the Act, shall fulfill the following eligibility criteria, that the applicant—

- (e) company is registered with the Securities and Exchange Commission of Pakistan;
- (f) shall fulfill minimum solvency requirements as provided in Schedule-I to ensure effective and efficient performance of its duties and responsibilities;
- (g) shall fulfill minimum technical and human resource requirements as provided in Schedule-II in order to perform its duties and responsibilities;
- (h) shall have the capability to coordinate and ensure compliance with the instructions issued by the system operator regarding operations on the transmission facilities, transmission scheduling, transmission congestion management and system planning for long term capacity pursuant to the Act and grid code;
- (i) shall have the ability to ensure prompt and effective coordination with the system operator, market operator and other relevant entities to comply with the provisions of the grid code, commercial code and other relevant legal instruments as applicable;
- (j) shall have the ability to ensure its quality of transmission service by—
 - (i) establishing and maintaining the standardized and non-discriminatory procedures for the timely provision of inter-connection services and maintenance of transmission facilities;
 - (ii) ensuring compliance with grid code and performance standards specified by the Authority for provision of transmission services;
 - (iii) fulfilling the requirements of minimum technical resources as prescribed under these rules;

- (iv) sharing the information and data through website or portal related to the approved transmission system expansion plan and information regarding network constraints; and
- (v) maintaining the complete and accurate records and data in respect of transmission services. All such records and data shall, unless provided otherwise under the law, be maintained for a period of five years after the creation of such record or data; and
- (k) shall have a robust IT strategy outlining the planning and execution roadmap for ensuring transparency, effectiveness, efficiency and security in all operations, comprising—
 - (i) a secure and reliable server, storage and network infrastructure for hosting backend as well as key applications;
 - (ii) a reliable data backup and recovery system for operation continuity;
 - (iii) an effective information security mechanism, to ensure confidentiality, integrity and the secure availability of data as part of an IT governance framework; and
 - (iv) an effective and efficient mechanism of analysis and reporting of information through transparency portals, website and other secure information sharing techniques.

(2) In addition to the requirements of sub-rule (1), the applicant for national grid company licence shall have the ability to prepare a transmission system expansion plan in the country pursuant to the system planning for long term capacity undertaken by the system operator as per the provisions of the grid code.

(3) The applicant for provincial grid company licence shall also have the ability to support national grid company for preparation of transmission system expansion plan as well as distribution licensees for preparation of plan for the expansion and augmentation of transmission & distribution facilities of such distribution licensees.

4. **Eligibility criteria for grant of special purpose transmission licence.**—Any person submitting an application for grant of a transmission licence to operate as special purpose transmission company shall fulfill the following eligibility criteria, that the applicant—

- (l) company is registered with the Securities and Exchange Commission of Pakistan;
- (m) shall fulfill minimum solvency requirements as provided in Schedule-I in order to construct, operate and maintain the specific transmission facility according to the conditions provided in section 19 of the Act and other applicable legal instruments;
- (n) shall fulfill minimum technical and human resource requirements as provided in Schedule-II in order to construct, operate and maintain the specific transmission facility according to the conditions provided in section 19 of the Act and other applicable legal instruments;
- (o) shall have the ability to ensure prompt and effective coordination with the system operator, market operator and other relevant entities to comply with the provisions of the grid code, commercial code and other relevant legal instruments as applicable; and
- (p) shall also have the ability to support national grid company for preparation of transmission system expansion plan as well as distribution licensees for preparation of plan for the expansion and augmentation of transmission & distribution facilities of such distribution licensees.

5. **Compliance with the eligibility criteria.**—(1) At the time of submission of an application under rule (3) or rule (4), the applicant shall submit a sworn and verified affidavit to the Authority that it fulfills all the requirements of these rules for grant of the licence.

(2) The Authority while examining an application for grant of a licence under these rules shall ensure compliance with the above eligibility criteria and may require an applicant to submit additional information and documents in support of its application.

(3) All requirements of these rules shall also be incorporated appropriately in the terms and conditions of the licence for ensuring compliance by the licensee during the term of the licence.

(4) While applying for modification, extension or renewal of a licence, an applicant shall be required to fulfill all the eligibility requirements set forth in these rules.

6. **Term of the licence.**— The transmission licence shall be granted by the Authority for a minimum term of thirty years.

SCHEDULE – I
[See rule 3(1)(b) and 4(b)]

Minimum solvency requirements:—

(1) National Grid Company:—

The applicant for national grid company licence shall have minimum paid-up capital equivalent to twenty billion rupees.

(2) Provincial grid company:—

The applicant for provincial grid company licence shall fulfill the following minimum solvency requirements:

- (i) shall have and maintain minimum long-term credit rating of “A” from a credit rating agency licensed by the SECP and submit a report to the Authority at the time of application;
- (ii) shall have minimum paid-up capital equivalent to five hundred million rupees; and
- (iii) shall have minimum long-term debt-to-equity ratio equal to 80:20 for transmission project.

(3) Special purpose transmission company:—

The applicant for special purpose transmission licence shall fulfill the following minimum solvency requirements:

- (i) shall have and maintain minimum long-term credit rating of “A” from a credit rating agency licensed by the SECP and submit a report to the Authority at the time of application;
- (ii) shall have minimum paid-up capital equivalent to one hundred million rupees; and
- (iii) shall have minimum long-term debt-to-equity ratio equal to 80:20 for transmission project.

(4) The above-mentioned requirements in clause (1), (2) and (3) may be revised by the Federal Government from time to time by notification in the official gazette for the future applicants as well as for licensees who have already been granted a licence in accordance with these rules.

SCHEDULE – II

[See rule 3(1)(c) and 4(c)]

Minimum technical resources requirements:—

- (1) The applicant seeking a transmission licence for operation as national grid company shall have or deploy the following minimum technical resources:
 - (i) software tools and capability to prepare the transmission system expansion plan for country in coordination with system operator, other transmission companies and the distribution companies;
 - (ii) tools for power system studies and analysis, protection and control;
 - (iii) infrastructure and equipment to develop, operate, rehabilitate and maintain the transmission facilities including inter-connection to meet the requirement for stable and reliable grid as per the provisions of grid code and performance standards specified by the Authority for the provision of transmission services;
 - (iv) tools and plants required for the human and equipment safety;
 - (v) expertise in design and execution of civil and electrical works; and
 - (vi) secured Information and Communications Technology (ICT) infrastructure for operation & control of its transmission facilities and for coordination with the system operator.
- (2) The applicant seeking licence to operate as a provincial grid company shall have or deploy the following minimum technical resources:
 - (i) tools for power system studies and analysis, protection and control;

- (ii) infrastructure and equipment to develop, operate, rehabilitate and maintain the transmission facilities including inter-connection to meet the requirement for stable and reliable grid as per the grid code and performance standards specified by the Authority for the provision of transmission services;
- (iii) tools and plants required for the human and equipment safety;
- (iv) expertise in design and execution of civil and electrical works; and
- (v) secured Information and Communications Technology (ICT) infrastructure for operation & control of its transmission facilities and for coordination with the system operator.

(3) The applicant for special purpose transmission licence shall have or deploy the following minimum technical resources:

- (i) systems and controls for establishing inter-connection facilities, development and maintenance of its transmission facilities as per the grid code;
- (ii) ability to construct, operate and maintain its specific transmission facility;
- (iii) tools and plants required for the human and equipment safety;
- (iv) expertise in design and execution of civil and electrical work;
- (v) secured Information and Communications Technology (ICT) infrastructure for operation & control of its transmission facilities and for coordination with the system operator.

(4) The above-mentioned requirements in clause (1), (2) and (3) may be revised by the Federal Government from time to time by notification in the official gazette for the future applicants as well as for licensees who have already been granted a licence in accordance with these rules.

Minimum human resources requirements:—

(1) All applicants shall employ at least fifty percent of their sanctioned strength at all times in order to perform their functions and duties.

Explanation.—The “sanctioned strength” shall mean the number of posts in various scales and cadres, which have been duly approved by the board of directors of an applicant.

(2) The above-mentioned requirements in clause (1) may be revised by the Federal Government from time to time by notification in the official gazette for the future applicants as well as for licensees who have already been granted a licence in accordance with these rules.

THE ELIGIBILITY CRITERIA (ELECTRIC POWER TRADER LICENCES)
RULES, 2023

S. R. O. 1111(I)/2023.—In exercise of the powers conferred by section 46 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), read with section 23C thereof, the Federal Government is pleased to make the following rules, the same having been previously published in the daily newspapers and uploaded on the website as required under proviso to sub-section (1) of section 46 of the said Act, namely:—

1. **Short title and commencement.**—(1) These rules shall be called the Eligibility Criteria (Electric Power Trader Licences) Rules, 2023.

(2) They shall come into force at once.

2. **Definitions.**— (1) In these rules, 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) “applicant” means a person who submits an application before the Authority for grant of license to operate as electric power trader;
- (c) “commercial code” means the commercial code prepared and maintained by the market operator pursuant to sections 23A and 23B of the Act and approved by the Authority;
- (d) “grid code” means the grid code prepared and maintained by the system operator pursuant to sections 23G and 23H of the Act and approved by the Authority; and
- (e) “trader license” means the license for trading in electric power granted by the Authority pursuant to section 23C of the Act.

(2) Words and expressions used but not defined in these rules shall have the same meaning as assigned thereto in the Act.

3. **Eligibility criteria for grant of electric power trader licence.—**
Any person desirous of submitting an application for grant of electric power trader licence shall fulfill the following eligibility criteria, that the applicant—

- (a) company is registered with the Securities and Exchange Commission of Pakistan exclusively for its electric power trader business;
- (b) shall fulfill minimum solvency requirements as provided in Schedule-I to be verified by the Authority, in order to adequately perform its duties and responsibilities under the Act, relevant rules, regulations, commercial code, its licence and other relevant legal instruments;
- (c) has a strategic business plan for three years duly certified by the chief executive officer or chief financial officer or company secretary, demonstrating its capability to undertake electric power trade business;
- (d) shall fulfill minimum technical and human resource requirements as provided in Schedule-II to operate and manage the electric power trade business, in order to perform the duties and responsibilities of an electric power trader in an effective and efficient manner in accordance with the Act, relevant rules and regulations and other relevant legal instruments;
- (e) shall have the ability to ensure prompt and effective coordination with the system operator, market operator and relevant transmission and distribution licensees to comply with the provisions of the grid code, distribution code commercial code, and other relevant legal instruments as applicable; and
- (f) shall have the ability to discharge the following public service obligations—
 - A. quality of service by—
 - (i) having automated systems or software tools for invoicing, collection and making of payments;

- (ii) having information exchange system for communications and transactions with the market operator, system operator, distribution licensees, and other relevant entities;
 - (iii) complying with the performance standards and any codes specified by the Authority for provision of electric power services, particularly, effective and timely invoicing, collection and making of payments, and resolution of customer complaints;
 - (iv) ensuring timely dissemination of reporting requirements; and
 - (v) maintaining the complete and accurate records and data in respect of all aspects of trading business. All such records and data shall, unless provided otherwise under the law or specified by the Authority, be maintained for a period of five years after the creation of such record or data;
- B. transparency of transactions by—
- (i) ensuring compliance with the accounting standards and uniform system of accounts as specified by the Authority and in addition to that ensure compliance with international financial reporting standards (IFRS) as applicable in Pakistan;
 - (ii) sharing the necessary information and data through website or portal as required by any legal instrument; and
 - (iii) reporting all the information as specified or required by the Authority for the purpose of monitoring;
- C. collection and deposit of any charges, as may be determined by the Authority from time to time, in a timely manner; and
- D. collection and deposit of any and all surcharges as may be imposed by the Federal Government and applicable taxes in a timely and effective manner.

4. **Compliance with the eligibility criteria.**—(1) At the time of submission of an application under rule (3), the applicant shall submit a sworn and verified affidavit to the Authority that it fulfills all the requirements of these rules for grant of the licence.

(2) The Authority while examining an application for grant of a licence under these rules shall ensure compliance with the above eligibility criteria and may require an applicant to submit additional information and documents in support of its application.

(3) The Authority shall periodically review compliance with minimum solvency requirements as prescribed in Schedule-I and in case of breach of these requirements, appropriate regulatory action shall be taken.

(4) All requirements of these rules shall also be incorporated appropriately in the terms and conditions of the licence for ensuring compliance by the licensee during the term of the licence.

(5) While applying for modification, extension or renewal of a licence, an applicant shall be required to fulfill all the eligibility requirements set forth in these rules.

5. **Term of the licence.**—The electric power trader licence shall be granted by the Authority for a term which may extend up to twenty years, however, the term of the licence shall not be less than ten years.

SCHEDULE – I
[See rule 3(b)]

Minimum solvency requirements:—

- (1) The applicant shall fulfill the following minimum solvency requirements:
 - (i) shall have and maintain minimum long-term credit rating of “A” or above from a credit rating agency licensed by the Securities and Exchange Commission of Pakistan (SECP) and submit a report to the Authority at the time of application;
 - (ii) shall have and maintain minimum current ratio of 1:1;
 - (iii) shall have paid-up capital more than five hundred million rupees; and
 - (iv) shall have and maintain net worth at all times in an amount for its electric power trader business as provided hereunder:

Category	Trading Volume (GWh Annual)	Net Worth (Million Rupees)
(1)	(2)	(3)
1.	Up to 300	500
2.	Up to 600	1,000
3.	Up to 1800	2,400
4.	Up to 4,000	4,400
5.	Up to 6,000	6,600
6.	Above 6,000	13,200

Provided that in case of any deficiency in the net worth at any time, after grant of the trader licence, the Authority shall take appropriate regulatory action:

Provided further that the above-mentioned requirements may be revised by the Federal Government from time to time for the future applicants and for licensees who have already been granted a licence in accordance with these rules.

SCHEDULE-II

[See rule 3(d)]

Minimum technical resources requirements:

- (1) The applicant shall have the following minimum technical resources:
 - (i) IT systems or software tools for its energy risk and portfolio management; and
 - (ii) information exchange system for communications and transactions with the market operator, system operator, and other relevant entities.

(2) The above-mentioned requirements in clause (1) may be revised by the Federal Government from time to time by notification in the official gazette for the future applicants as well as for licensees who have already been granted a licence in accordance with these rules.

Minimum human resources requirements:—

- (1) The applicant shall have at least one full-time professional having relevant experience in each of the following disciplines:

Sr. No.	Disciplines	Qualification	Required Experience
(1)	(2)	(3)	(4)
1.	Electric power systems	Degree in engineering	Ten years experience in the power sector
2.	Power procurement, forecasting, energy risk management, contract management	Degree in engineering or sixteen years of education in business management	Five Years
3.	Finance	A member of recognized body of professional accountants with five years' experience or MBA (finance)/M.Com with 10 years' experience	

(2) The above-mentioned requirements in clause (1) may be revised by the Federal Government from time to time by notification in the official gazette for the future applicants as well as for licensees who have already been granted a licence in accordance with these rules.

THE ELIGIBILITY CRITERIA (DISTRIBUTION LICENCES) RULES, 2023

S. R. O. 1112(I)/2023.—In exercise of the powers conferred by section 46 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), read with section 20 thereof, the Federal Government is pleased to make the following rules, the same having been previously published in the daily newspapers and uploaded on the website as required under proviso to sub-section (1) of section 46 of the said Act, namely:—

1. **Short title and commencement.**—(1) These rules shall be called the Eligibility Criteria (Distribution Licences) Rules, 2023.

(2) They shall come into force at once.

2. **Definitions.**—(1) In these rules, 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) “applicant” means a person who files an application before the Authority for grant of a distribution licence;
- (c) “commercial code” means the commercial code prepared and maintained by the market operator pursuant to sections 23A and 23B of the Act and approved by the Authority;

- (d) “distribution code” means the distribution code approved by the Authority;
- (e) “distribution licence” means the licence for distribution of electric power granted by the Authority pursuant to section 20 of the Act; and
- (f) “grid code” means the grid code prepared and maintained by the system operator pursuant to sections 23G and 23H of the Act and approved by the Authority.

(2) Words and expressions used but not defined in these rules shall have the same meaning as assigned thereto in the Act.

3. **Eligibility criteria for grant of distribution licence.**—(1) Any person desirous of submitting an application for grant of distribution licence shall fulfill the following eligibility criteria, that the applicant—

- (a) company is registered with the Securities and Exchange Commission of Pakistan;
- (b) shall specify the service territory in respect of which it intends to engage in the distribution of electric power;
- (c) shall fulfill minimum solvency requirements as provided in Schedule-I to be verified by the Authority, in order to adequately perform its duties and responsibilities under the Act, relevant rules, regulations, commercial code, its distribution licence and any other legal instruments;
- (d) shall fulfill minimum technical and human resource requirements as provided in Schedule-II to meet all of its service-level commitments and to perform the duties and responsibilities of distribution licensee in an effective and efficient manner and to provide continuous and reliable electric power in accordance with the Act, rules and regulations and other legal instruments;
- (e) shall have the ability to ensure prompt and effective coordination with the system operator, market operator and other relevant entities to comply with the provisions of the grid code, commercial code, distribution code and other relevant legal instruments as applicable;

- (f) shall have the ability to ensure its quality of distribution service by—
 - (i) establishing and maintaining the standardized and non-discriminatory procedures for the timely provision of connections, redressal of complaints, effective customer services and maintenance of distribution facilities;
 - (ii) ensuring compliance with grid code, distribution code and performance standards specified by the Authority for distribution of electric power;
 - (iii) fulfilling the requirements of minimum technical resources prescribed under these rules;
 - (iv) sharing the information and data through website or portal related to forecasts, transmission and distribution plans and information regarding network constraints; and
 - (v) maintaining the complete and accurate records and data in respect of distribution services. All such records and data shall, unless provided otherwise under the law, be maintained for a period of five years after the creation of such record or data; and
- (g) shall have a robust IT strategy outlining the planning and execution roadmap for ensuring transparency, effectiveness, efficiency and security in all operations of the distribution of electric power comprising—
 - (i) a secure and reliable data storage and network infrastructure for hosting backend as well as key applications;
 - (ii) a reliable data backup and recovery system for operation continuity;
 - (iii) an effective information security mechanism, to ensure confidentiality, integrity and the secure availability of data as part of an IT governance framework; and
 - (iv) an effective and efficient mechanism of analysis and reporting of information through transparency portals, website and other secure information sharing techniques.

(2) In addition to the requirements in sub-rule (1), the applicant shall have the ability to prepare a distribution plan in coordination with system operator, national grid company, provincial grid company and other distribution licensees as per the provisions of the grid code and distribution code.

4. **Compliance with the eligibility criteria.**—(1) At the time of submission of an application under rule (3), the applicant shall submit a sworn and verified affidavit to the Authority that it fulfills all the requirements of these rules for grant of the licence.

(2) The Authority while examining an application for grant of a licence under these rules shall ensure compliance with the above eligibility criteria and may require an applicant to submit additional information and documents in support of its application.

(3) All requirements of these rules shall also be incorporated appropriately in the terms and conditions of the licence for ensuring compliance by the licensee during the term of the licence.

(4) While applying for modification, extension or renewal of a licence, an applicant shall be required to fulfill all the eligibility requirements set forth in these rules.

5. **Term of the licence.**—The distribution licence shall be granted by the Authority for a minimum term of twenty years.

SCHEDULE – I

[See rule 3(1) (c)]

Minimum solvency requirements:—

(1) The Ex-WAPDA DISCOs and K-Electric as applicants for distribution licence in their respective service territories shall be deemed eligible to apply for such licence:

Provided that the Federal Government may, from time to time by notification in the official gazette, prescribe any requirement in order to ensure solvency for the future applicants and for licensees who have already been granted a licence in accordance with these rules.

(2) All other applicants for distribution and supplier of last resort licence in a specific service territory shall have and maintain the following solvency requirements for both the businesses:

- (i) shall have and maintain minimum long-term credit rating of “A” from a credit rating agency licensed by the SECP and submit a report to the Authority at the time of application;
- (ii) shall have and maintain minimum current ratio of 1:1;
- (iii) shall have minimum paid-up capital of one hundred and fifty million rupees; and
- (iv) shall have and maintain minimum net worth of five hundred million rupees:

Provided that the above-mentioned requirements may be revised by the Federal Government from time to time by notification in the official gazette for the future applicants and for licensees who have already been granted a licence in accordance with these rules.

SCHEDULE – II
[See rule 3(1) (d)]

Minimum technical resources requirements:—

(1) The applicant shall have or develop the following minimum technical resources:

- (i) infrastructure and equipment to construct, operate & maintain transmission and distribution network in its service territory;
- (ii) expertise in installing, operating, maintaining and inspecting electric meters and associated equipment used for recording consumption of electric power for its consumer;
- (iii) software tools to conduct the system studies, prepare the plan for the rehabilitation, expansion and augmentation of transmission and distribution facilities in the respective service territory, which shall be aligned with the transmission system expansion plan prepared by the national grid company;
- (iv) software tools for demand forecasting;
- (v) tools and plants required for the human and equipment safety;
- (vi) expertise in design and execution of civil and electrical works; and

- (vii) secured Information and Communications Technology (ICT) infrastructure for operation & control of its transmission and distribution facilities and for coordination with the system operator and the transmission licensees.

Minimum human resources requirements:—

- (2) All applicants shall employ at least forty percent of their sanctioned strength at all times in order to perform their functions and duties.

Explanation:— The “sanctioned strength” shall mean the number of posts in various scales and cadres, which have been duly approved by the board of directors of an applicant.

- (3) The above-mentioned requirements in clause (1) and (2) may be revised by the Federal Government from time to time by notification in the official gazette for the future applicants as well as for licensees who have already been granted a licence in accordance with these rules.

THE REGISTRATION (MANNER AND CONDITIONS FOR ENTITIES
PROVIDING ELECTRIC POWER SERVICES) RULES, 2023

S. R. O. 1113(I)/2023.—In exercise of the powers conferred by section 46 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), read with section 25A thereof, the Federal Government is pleased to make the following rules, the same having been previously published in the daily newspapers and uploaded on the website as required under proviso to sub-section (1) of section 46 of the said Act, namely:—

- 1. **Short title and commencement.**— (1) These rules shall be called the Registration (Manner and Conditions for Entities providing Electric Power Services) Rules, 2023.

- (2) They shall come into force at once.

- 2. **Definitions.**—(1) In these rules, 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) “applicant” means a person who files an application before the Authority for registration for providing electric power services;

- (c) “Authority” means the National Electric Power Regulatory Authority established under section 3 of the Act;
- (d) “commercial code” means the commercial code prepared and maintained by the market operator pursuant to sections 23A and 23B of the Act and approved by the Authority; and
- (e) “grid code” means the grid code prepared and maintained by the system operator pursuant to sections 23G and 23H of the Act and approved by the Authority.

(2) Words and expressions used but not defined in these rules shall have the same meaning as assigned thereto in the Act.

3. **Manner and conditions for registration.**— Any person who submits an application before the Authority for grant of registration under section 25A of the Act for providing electric power services shall fulfill the following conditions and submit the information and documents required as under:—

- (a) the details of specific electric power services which the applicant is providing or intends to provide;
- (b) if applicable, copies of applicant company’s certificate of incorporation with the Securities and Exchange Commission of Pakistan;
- (c) if applicable, copies of memorandum and articles of association certified by the relevant company registration office;
- (d) if applicable, copies of applicant’s strategic plan for the next three years duly certified by the chief executive officer or chief financial officer or company secretary;
- (e) the applicant shall have and maintain minimum capital equivalent to ten million rupees:

Provided that the Federal Government may revise this amount periodically by notification in the official Gazette for the future applicants as well as for persons who have already been registered by the Authority under these rules;

- (f) if applicable, documents showing that the applicant shall have a budget developed to ensure that it has adequate financial resources available to provide the specific electric power services in an effective and efficient manner;

- (g) if applicable, copies of the applicant's audited annual financial statements for the last three years;
- (h) documents showing that the applicant shall have or deploy the technical resources, including without limitation, the necessary tools, systems and controls, and facilities in order to provide the specific electric power services in an effective and efficient manner;
- (i) documents showing that the applicant shall have or develop the IT infrastructure to ensure its effective and efficient provision of the specific electric power services;
- (j) documents showing that the applicant shall have or recruit the human resources and professional competencies in order to provide the specific electric power services in an effective and efficient manner;
- (k) if applicable, documents showing that the applicant shall have the ability to ensure prompt and effective coordination with the system operator and market operator, as required under the grid code, commercial code and other legal instruments;
- (l) documents showing that the applicant shall have the capability to—
 - (i) ensure timely dissemination of all reliable information and data and reporting requirements pertinent to the provision of the specific electric power services as required under any legal instrument; and
 - (ii) maintain the complete and accurate records and data in respect of all aspects of the specific electric power services.
- (m) if applicable, the applicant shall demonstrate, through supporting documents, that it shall have the capacity to ensure the timely collection and deposit of all taxes and surcharges as may be imposed by the Federal Government or as required by the applicable laws;
- (n) if applicable, the applicant shall submit a draft code or standardized procedures for its effective and efficient provision of the specific electric power service;
- (o) if applicable, the applicant shall submit copies of any registration or authorization issued prior to the commencement of these rules by the Authority or the Federal Government, as the case may be, to provide electric power services;

- (p) all documents submitted in support of the application shall be certified by the duly authorized officer of the applicant; and
- (q) an authorized officer of the applicant shall submit a sworn and verified affidavit as to the correctness, authenticity and accuracy of the application, documents and information submitted.

4. **Registration.**—(1) Subject to the provisions of the Act and these rules, the Authority may register an applicant which has satisfied the prescribed conditions, for a minimum term of ten years.

(2) Registration of any person under these rules shall only be made in the public interest and it shall be ensured that there is no conflict of interest where an applicant is providing more than one electric power service.

5. **Modification of registration.**— Subject to the provisions of the Act and these rules, the Authority may at any time during the term of a registration, modify such registration on its own motion or on an application made by the registered person as per the specified procedures.

6. **Renewal of registration.**— The Authority may renew or extend the term of a registration according to the specified procedures.

7. **Revocation or suspension of registration.**— If any registered person contravenes or fails to comply with any relevant legal provisions, the Authority may suspend or revoke the registration as per procedure stipulated under the Act.

8. **Power to make regulations.**—The Authority may pursuant to section 47 of the Act make regulations to carry out purposes of the Act and such regulations may specify standards and procedures with regard to registration as are necessary to perform its functions.

[F. No. 2(3)/2021-Policy.]

MUHAMMAD NAEEM,
Section Officer (Policy).