

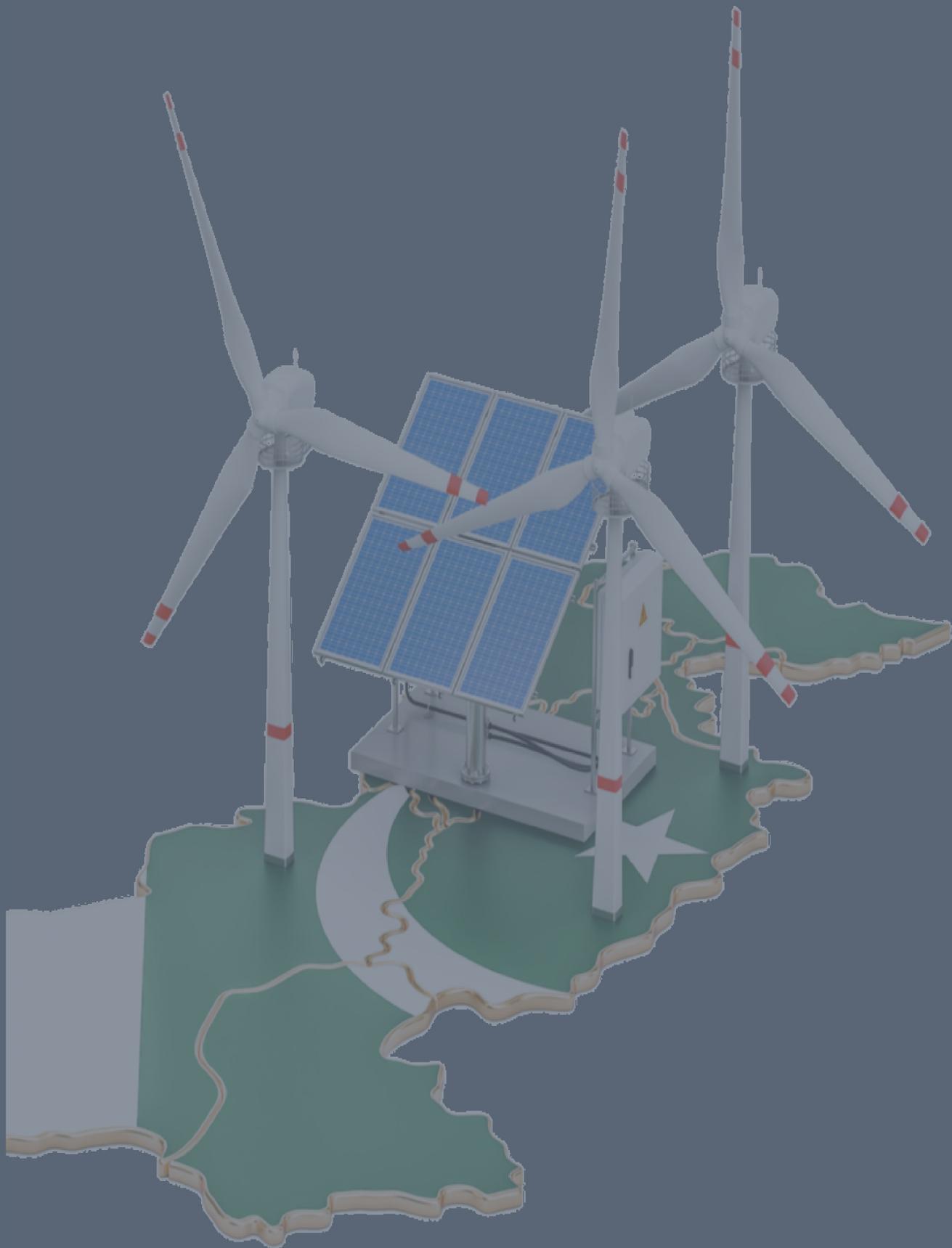
**NATIONAL ELECTRIC
POWER REGULATORY
AUTHORITY**

**2018-19
ANNUAL REPORT**



ANNUAL REPORT 2018-19







MISSION STATEMENT

To develop and pursue a regulatory framework for safe, reliable, affordable, modern, efficient and market-driven environment for provision of electric power to consumers in Pakistan and to maintain the balance between interests of consumers and service providers in line with the broad economic and social policy objectives of the Government and best international practices of the industry.

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CHAIRMAN'S MESSAGE

I joined NEPRA as Chairman on 5 August 2019 as a living example of Prime Minister of Pakistan's vision that Overseas Pakistanis will come back and serve the country.

Based on my just first month's experience of working at NEPRA with the fellow honorable Authority members, one from each of the four provinces of Pakistan, and the top notch professionals from various fields, I felt confident that my decision of moving back and serving my motherland would surely be a great experience both in terms of bringing professional and personal satisfaction by making some positive contribution in regulating the vital power industry which is the backbone of economy in Pakistan.

Under my leadership, NEPRA will be governed purely on merit with three major focus areas 1) Integrity 2) Competence 3) Energy with the following cardinal principles:

- Accountability to Allah
- Justice for all
- Dignity of work
- Result Orientation
- Free flow of Communication

Energy systems around the world are going through rapid transitions and affect many aspects of our lives as consumers, investors and policy makers. Although the state of electricity affairs in Pakistan is in process of improvement, there is a need to accelerate the pace at which things are moving. With an aim to make NEPRA the innovation frontier on the long road towards providing affordable, reliable and environmentally sustainable electricity access for all of the citizens of Pakistan and safeguarding the rights of all power sector stakeholders in the country, I endeavor to put my best efforts as Chairman NEPRA.

NEPRA, as a power sector regulator, practices a policy of transparency in all of its actions and decisions through continuous consultations with stakeholders and public hearings. NEPRA Amendment Act 2018 has brought forth fresh challenges of governance and regulation for the power sector. This Act envisages a competitive power market creating retail and wholesale markets and further bifurcates the distribution and supply of power businesses respectively. Professionals at NEPRA are working on developing guidelines for filing of tariff petitions by distribution and supplier licensees. We are encouraging all distribution companies to file multiyear tariff petitions so that there is an increased level of predictability and stability in the market, which is vital for improving the flow of investment to ensure the power sector growth.

Keeping in view the current energy security concerns in the country, NEPRA issued 1152 Generation Licenses for Conventional Power Plants, Renewable Energy Projects, Hydropower Projects and Net Metering during the financial year 2018-19. As a power sector regulator, NEPRA kept on improving its existing regulations and other legislative tools to make room for innovation at policy as well as the

implementation end of the power sector business. In addition to this, NEPRA places a special emphasis on resolving consumer complaints with a considerable number of professionals dedicated for complaint handling and a complaint closure rate of 93% for the year 2018-19.

On this occasion, I would like to place on record the dedication and commitment of NEPRA Members, professionals and staff for working as a team, in service to the country, that will be further strengthened under my leadership through target and result oriented working environment.

Although I joined NEPRA after completion of financial year 2018-19, it is my profound pleasure to present the Annual Report of National Electric Power Regulatory Authority for the year 2018-19, including details of the activities that have taken place throughout the year.

(Tauseef H. Farooqi)
Chairman



THE AUTHORITY

COMPOSITION AND PROFILES

As per clause 3(1) of the NEPRA Act, the Federal Government shall, by notification in the official Gazette, establish an Authority consisting of a Chairman to be appointed by the Federal Government and four Members, one from each Province, to be appointed by the Federal Government after considering recommendations of the respective Provincial Governments. There shall be a Vice Chairman, appointed from amongst the members for a period of one year, by rotation as per clause 3(2) of the Act.



Mr. Tauseef H. Farooqi joined NEPRA as Chairman on 5 August 2019. Mr. Farooqi has over 27 Years of Techno-Commercial experience with specialization of managing the Commercial/Business side of IPP/IWPP Projects. He started his career with WAPDA in 1991 and has the distinguished honor of working on both Technical and Finance sides. He then worked with global Companies in Power, Water, and Energy Sectors on Multi-billion Dollars Projects like International Power of UK from 1997 to 2000 on Pakistan's largest Kot Addu Power Plant. Since 2000, he has developed top three (3) IWPP Projects in Abu Dhabi, first with CMS Energy of USA on Taweelah A2 (710 MW and 50 MIGD, a 750 Million USD Project) and Shuweihat S1 (1500 MW and 100 MIGD, a 1.5 Billion USD Project). In 2005 he joined Marubeni of Japan on their largest investment outside Japan in Taweelah B, Abu Dhabi's largest Power Plant, (2000 MW and 160 MIGD, a 3 Billion USD Project).

Mr. Farooqi is an Electrical Engineer from University of Engineering & Technology Lahore, MBA from Lahore University of Management Sciences and a graduate in Executive Program in Management from world's renowned Columbia Business School of USA.



Engr. Bahadur Shah
Vice Chairman/Member (M&E)

Mr. Bahadur Shah joined NEPRA on July 01, 2019 as Member (Khyber Pakhtunkhwa). He did his M.Sc engineering from University of Birmingham UK and has more than 32 years of power sector experience to his credit. Prior to joining NEPRA, he has served in Energy Development Organization of Khyber Pakhtukhwa (PEDO) as General Manager/CEO/ Managing Director. Having served in Public Sector, he has working experience with all energy sector stakeholders including Power Ministries, PPIB, NEPRA, AEDB, NTDC, private sector and donors including ADB, World Bank, KfW etc.



Mr. Saif Ullah Chattha
Member (Tariff)

Mr. Saif Ullah Chattha joined NEPRA as Member (Punjab) in March 2017. Before joining NEPRA, he has served the Provincial as well as the Federal Governments on a number of high profile assignments. He joined the Civil Service of Pakistan (District Management Group) in 1983 and served in various prominent positions in Punjab, Baluchistan and Gilgit Baltistan as Assistant Commissioner, Deputy Secretary, Deputy Commissioner and Chief Secretary. In Islamabad he has served as Federal Secretary, Ministry of Water & Power and Ministry of Overseas Pakistanis & Human Resources Division and as Principal Additional Secretary, Ministry of Communications.

He has also served as Principal Staff Officer to Prime Minister of Pakistan and Counsel General/Trade Minister of Pakistan in Montreal, Canada.



Mr. Rehmatullah Baloch
Member (CA)

Mr. Rehmatullah Baloch joined NEPRA as Member (Balochistan) on March 21, 2018. Before joining NEPRA, he has served in WAPDA in various positions and QESCO as Chief Executive Officer.

He has 30 years of vast experience in the power sector. Major achievements include considerable improvement in QESCO's revenue, contribution towards enhanced installed capacity of the Grid Stations & Transmission lines of Balochistan Province and construction of 12x132 KV New Grid Stations with around 1200 KM allied Transmission Lines in the remote areas of Balochistan despite serious security threats.

In recognition of his contribution to the power sector he has been conferred commendation certificates by Chairman WAPDA (2003), CEO QESCO (2010) and Chief Minister, Balochistan (2014).



Mr. Rafique Ahmed Shaikh
Member (Licensing)

Mr. Rafique Ahmed Shaikh joined NEPRA as Member (Sindh) in December 2018. He is an engineer by profession and has more than 16 years of work experience with national and international electric power utilities. Besides degree in engineering, Mr. Shaikh has acquired Master Degree in Business Administration. Throughout his career, Mr. Shaikh has worked in various managerial capacities in the areas of Power Generation, Distribution and electricity Regulations. He has demonstrated skills in leadership, strategic planning, improving operational efficiencies, team building and managing costs. Mr. Shaikh is very well versed with the regulatory regime of power sector in Pakistan as he has dealt with the issues of Regulatory compliances at various electric power utilities.

Mr. Shaikh manifests young and energetic leadership with an impetus for change. He has flair for innovation and adaptation to the modern regulatory concepts for objective based regulations. Mr. Shaikh is keen to work with stakeholders for development of a competitive market of electricity in Pakistan.

POWERS AND FUNCTIONS

The National Electric Power Regulatory Authority has been established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 to exclusively regulate the provision of electric power services in Pakistan. The Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 [Act No. XII of 2018] (The Act) has overhauled the role and responsibilities of NEPRA.

The powers and functions of the Authority as delineated in The Act are:

- a. grant of licenses under this Act:
 - specify procedures and standards for registration of persons providing electric power services
 - aid and advise the Federal Government, in the formulation of national electricity plan
 - ensure efficient tariff structures and market design for sufficient liquidity in the power markets
- b. specify procedures and standards for investment programmes by generation companies and persons licensed or registered under this Act.
- c. specify and enforce performance standards for generation companies and persons licensed or registered under this Act.
- d. specify accounting standards and establish a uniform system of account by generation companies and persons licensed or registered under this Act.
- e. specify fees including fees for grant of licenses and renewal thereof.
- f. review its order, decisions or determinations.
- g. settle disputes between licensees in accordance with the specified procedure.
- h. issue guidelines and standard operating procedures.
 - promote the development of a market, including trading, in accordance with the national electricity policy and the national electricity plan.
- i. determine tariff, rates, charges and other terms and conditions for supply of electric power services by the generation, transmission and distribution companies and recommend to the Federal Government for notification.
- j. review organizational affairs of generation companies and persons licensed or registered under this Act to avoid any adverse effect on the operation of electric power services and for continuous and efficient supply of such services.
- k. encourage uniform industry standards and code of conduct for generation companies and persons licensed or registered under this Act.
- l. tender advice to public sector projects.
- m. submit reports to the Federal Government in respect of activities of generation companies and persons licensed or registered under this Act.
- n. perform any other function which is incidental or consequential to any of the aforesaid functions.

KEY HIGHLIGHTS

Generation Business

A total number of 1155 Generation Licenses were issued for Conventional Power Plants, Renewable Energy Projects, Hydropower Projects and Net Metering.

Tariff was determined for successful bidders, through competitive bidding, of two medium sized Hydropower projects to be constructed in Khyber Pakhtunkhwa.

Generation Tariff was determined for 300 MW Coal-fired Power Plant at Gwadar.

The existing mechanism of Fuel Cost Component was modified on account of utilization of RLNG for Northern Power Generation Company Limited and Jamshoro Power Company Limited.

Determination was issued regarding review against decision in the matter of Induction of Security Cost for CPEC Projects in the Power Tariff to ensure Security Sustainability.

Generation Tariff Determinations were issued to 16 companies based on Wind Power and 02 companies based on Solar Power.

Decision was also issued on use of RLNG by K-Electric as alternative fuel.

Transmission Business

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) was registered as Market Operator.

The review filed by K-Electric against decision regarding transmission tariff for Sindh Transmission & Dispatch Company Limited was also processed.

Distribution and Supply Business

Four applications were admitted for the grant of electric supplier license.

Request of the Federal Government for determination of uniform consumer-end tariff, as per the amended NEPRA Act, was decided in December, 2018 and notified by the Federal Government.

Others

Market Operator Fee for CPPA-G for FY 2017-18 was determined.

Consumer complaint closure rate of 93% was achieved.

116 Authority Regulatory Meetings and 104 Public Hearings were held.

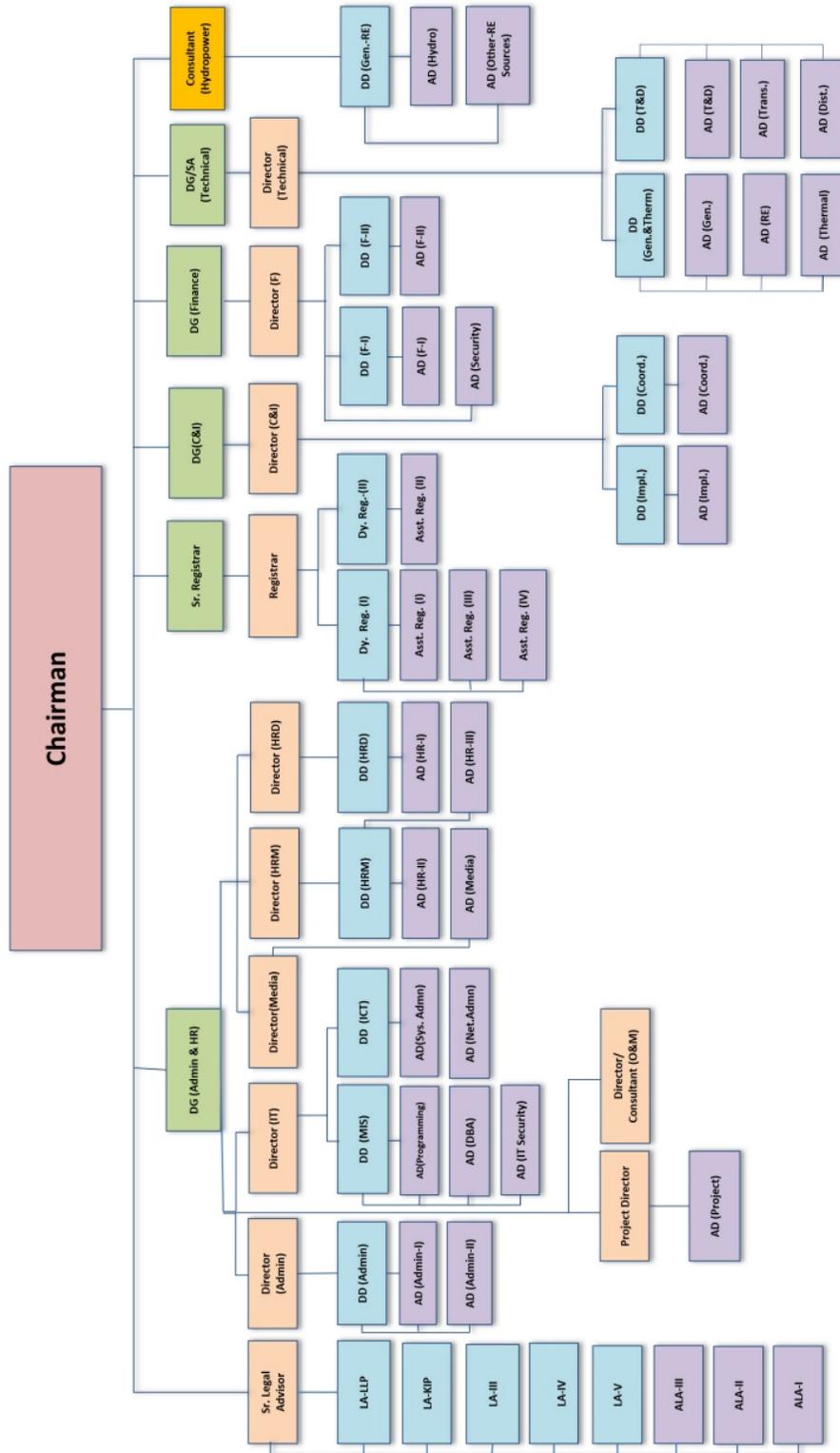
Legal proceedings against GENCOs for excess auxiliary power and higher outage hours were initiated.

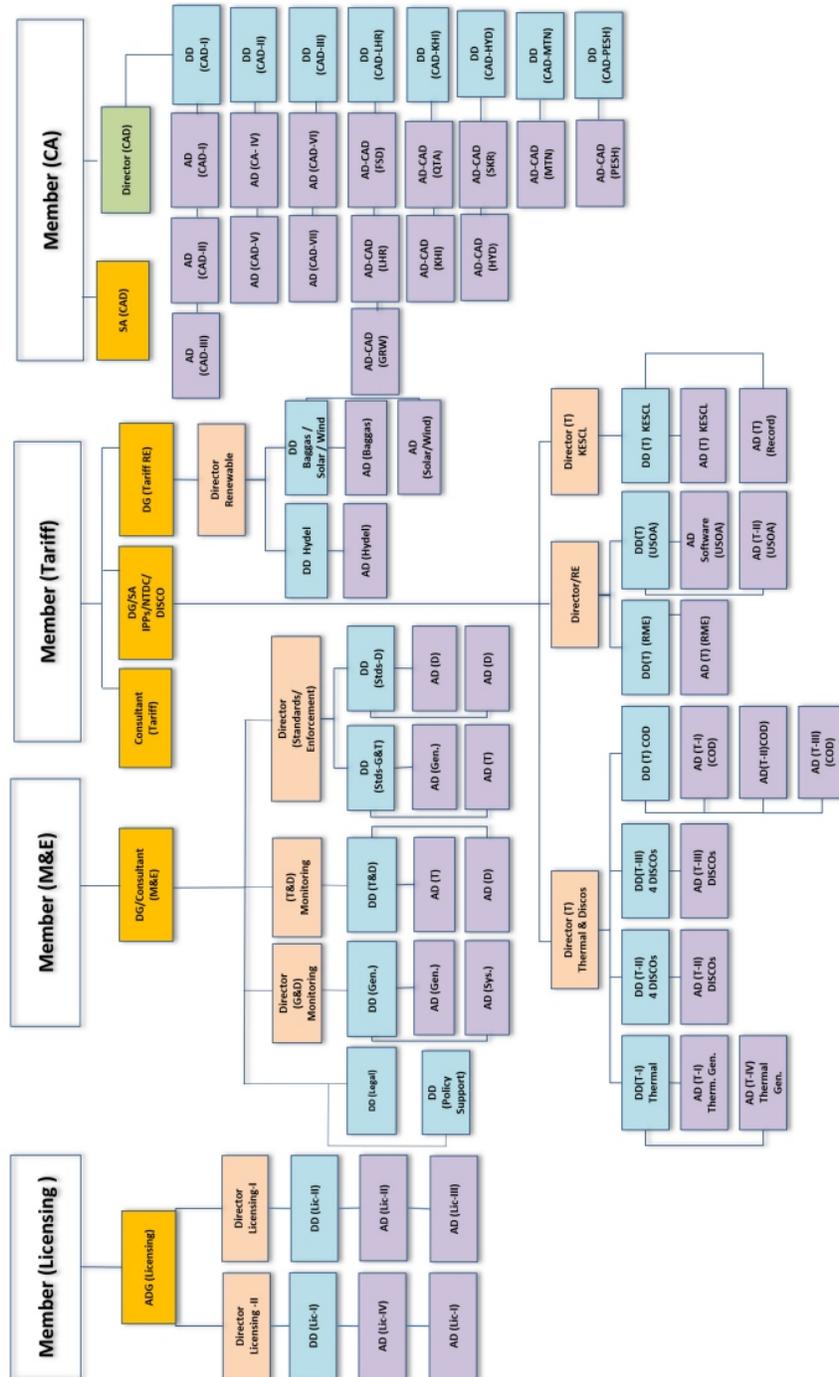
Legal proceedings against CPPA-G on account of non-imposition of liquidated damages on GENCOs and against NTDC on account of poor operational performance, underutilization of power plants, delay in approval of grid interconnection studies and frequent grid failure were initiated.

Legal proceedings against DISCOs for violating Performance Standards, Distribution Code and other applicable documents are under process.

For the first time, Authority conducted public hearings at Karachi through video link.

ORGANOGRAM







**NEPRA AND POWER
SECTOR REGULATION**

ROLE OF NEPRA IN THE POWER SECTOR

NEPRA was established in 1997 as part of a strategic plan for unbundling the power sector in order to make it reliable, efficient and progressive in addition to safeguarding the interests of both producers and consumers. NEPRA performs its functions in accordance with the provisions of the NEPRA Act.

NEPRA, as the power sector regulator, provides recommendations to various fora including Power Division, Council of Common Interests (CCI), Economic Coordination Committee (ECC), Senate, Public Accounts Committee (PAC) and the Federal Cabinet.

Regulatory Framework

The Regulatory Framework of Rules and Regulations applied by NEPRA to regulate the power sector comprises the following:

- NEPRA Competitive Bidding Tariff (Approval Procedure) Regulations, 2017
- NEPRA (Import of Electric Power) Regulations, 2017
- NEPRA Guidelines to Lay Down the Methodology & Process for Determination of Revenue Requirement and UOSC for Transmission Licensee
- NEPRA (Selection of Engineering, Procurement and Construction Contractor by Independent Power Producers) Guidelines, 2017
- NEPRA (Wheeling of Electric Power Regulations), 2016
- NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015
- NEPRA (Supply of Electric Power) Regulations, 2015
- NEPRA Standard Operating Procedures (SOPs) for Examination and Provision of Copies of Documents, 2015
- NEPRA (Sale of Electric Power by Renewable Energy Companies) Guidelines, 2015
- NEPRA Guidelines for determination of Consumer End Tariff (Methodology and Process), 2015
- NEPRA (Interconnection for Renewable Generation Facilities) Regulations, 2015
- Power Safety Code for Transmission and Distribution Licensees, 2015
- Complaint Handling and Dispute Resolution (Procedure) Rules, 2015
- Market Operator Registration Standards and Procedure Rules, 2015
- Commercial Code 2015 of CPPA-G
- NEPRA Upfront Tariff (Approval & Procedure) Regulations, 2011
- Consumer Service Manual, 2010
- Performance Standards (Generation) Rules, 2009
- Uniform System of Accounts Rules, 2009
- NEPRA Review Procedure Regulations, 2009
- NEPRA Competitive Bidding Tariff (Approval Procedure) Regulations, 2008
- Performance Standards (Transmission) Rules, 2005

- Performance Standards (Distribution) Rules, 2005
- Grid Code, 2005
- Distribution Code, 2005
- Interim Power Procurement (Procedure & Standards) Regulations, 2005
- Eligibility Criteria for Consumers of Distribution Companies, 2003
- NEPRA (Resolution of Disputes between Independent Power Producers and other Licensees) Regulations, 2003
- Fees Rules, 2002
- Fines Rules, 2002
- Fees Pertaining to Tariff Standards & Procedure Regulations, 2002
- Licensing (Generation) Rules, 2000
- Licensing (Distribution) Rules, 1999
- Application Modification Procedure Regulations, 1999
- Tariff Standards & Procedure Rules, 1998

Enforcement of NEPRA Rules and Regulations is done through the Departments of Licensing, Tariff, Monitoring & Enforcement, Standards and Consumer Affairs.

Grant of Licenses

Under the NEPRA Act, the Authority has the exclusive power to consider applications for grant of licenses for Generation, Transmission and Distribution in the country. No person, except under the authority of a license issued by NEPRA, can construct, own or operate generation, transmission or distribution facilities. The grant of licenses is governed by the Licensing Generation Rules, 2000 and Distribution Rules, 1999 while all licenses are subject to prescribed terms and conditions.

Determination of Tariff

Electricity Tariffs are determined as prescribed in the Tariff Standards and Procedure Rules, 1998 (Tariff Rules), keeping in view the principles of economic efficiency, quality of service and guidelines in terms of Rule 17 of the Tariff Rules. A transparent procedure is followed through meaningful participation of key stakeholders and due diligence is exercised for assessment of appropriate level of expenses and rate of return allowed to the licensees. This is a key element for attracting and retaining Foreign Direct Investment (FDI) in the sector.

Prescribe and Enforce Performance Standards

Performance Standards (Generation) Rules 2009, Performance Standards (Transmission) Rules 2005 and Performance Standards (Distribution) Rules 2005 have been issued to ensure service quality and reliable service to all consumers. These standards are to be observed by all licensees and adherence to quality of standards is ensured through site visits, preparation of performance evaluation reports and legal proceedings against delinquents.

Monitoring and Enforcement of the Regulatory Framework

Monitoring and Enforcement (M&E) is an important function of regulation to ensure that the licensees operate in accordance with the conditions of the license and that the protection of consumers is ensured. Monitoring of licensees is conducted as per provisions of the respective license for critical analysis of their performance and imposing penalties and fines on defaulters. The Performance Standards Rules for Generation, Transmission and Distribution specify the criteria to be used for monitoring of the performance of the licensees and are available on the NEPRA website

Transparency

Transparency in power sector market is the key element for striking a balance for the interests of the investors, public sector enterprises, consumers and for ensuring the trustworthiness of regulatory decisions. Transparency is ensured through the following:

- i. Seeking comments of stakeholders and general public through press advertisements, official letters and NEPRA website.
- ii. Conducting Public Hearings.
- iii. Availability of licenses granted and determinations on the website of NEPRA.
- iv. Availability of all Rules and Regulations on the website of NEPRA.
- v. Availability of Annual Evaluation Reports of DISCOs' and NTDC on NEPRA website.



**DECISION MAKING
PROCESS**

DECISION MAKING PROCESS

The Authority's Regulatory Decision Making Process

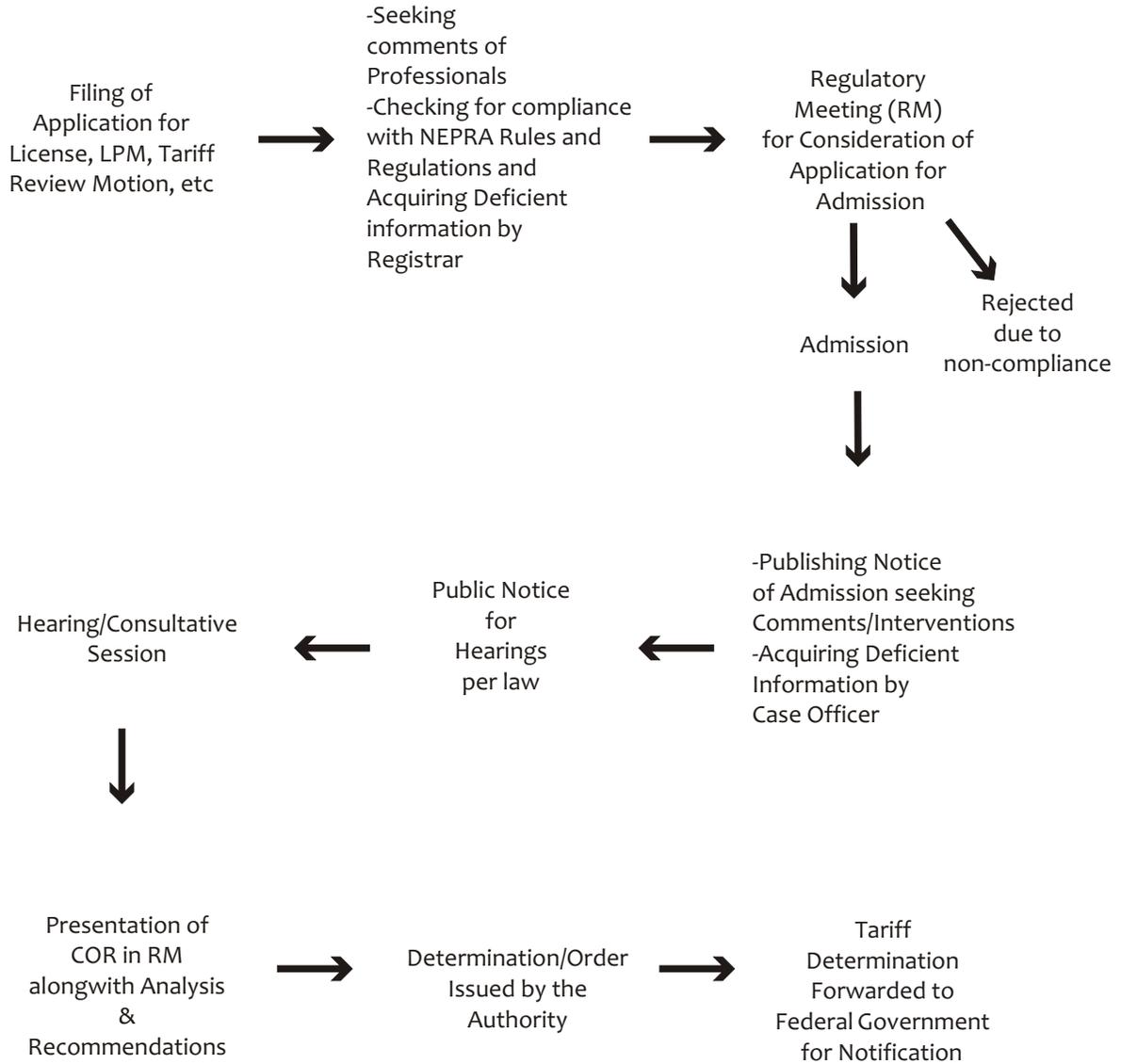
NEPRA is a quasi-judicial body delegated to regulate the power sector including issuing licenses, determining tariffs, monitoring for maintenance of proper standards and quality of services as well as addressing complaints of consumers. The Authority exercises its power under the NEPRA Act and Rules and Regulations made thereunder and is also empowered to review its own decisions.



Session on Determination of Rate of Return

All petitions are examined in the light of relevant rules, which, inter-alia, involve interactive process of consultation with all stakeholders including consumers through public hearings and seeking comments through countrywide advertisements. This provides the Authority with a wide range of information which it evaluates before arriving at a decision. Following figure shows the steps involved in this process from the receipt of an application to the transmission of the Determination to the Federal Government for the requisite notification:

SEQUENCE OF DECISION MAKING PROCESS





**REGULATORY ACTIVITIES
IN FY 2018-19**

GENERATION

The business of power generation is regulated by NEPRA under Section 14(B-D) of the Act.

1.1 Generation Licenses

During 2018-19, 12 Generation Licenses, with a cumulative installed capacity of 652.54 MW, were issued for following technologies.

Licenses/Source	Number	Capacity (MW)
Coal	2	336.50
Hydel	1	11.80
Wind	1	50.00
Solar	3	66.24
Bagasse	4	148.00
Solid Waste	1	40.00
Total	12	652.54

1.1.2 Distributed Generation/Net-Metering Licenses

During the period under consideration 1143 distributed generation licenses, with total installed capacity of 19.55 MW, were issued under the net metering regime.

1.1.3 Modification in Existing Licenses

Modification in the already granted generation licenses were issued to five licensees for different reasons including addition/deletion of BPCs, extension of term of license, change of fuel, change of technology, enhancement of capacity, exclusion of units, enhancement of useful life and supplying power to BPCs through wheeling.

1.1.4 Cancellation of License

Four Generation Licenses were cancelled on the request of licensees.

1.2 Generation Tariff

In pursuance of powers conferred under the Amended NEPRA Act, NEPRA determines Generation, Transmission and Distribution tariff for different categories of licensees. Electricity tariffs are determined in accordance with NEPRA (Tariff Standards & Procedure) Rules, 1998.

1.2.1 Hydropower Generation Tariff

Tariff was determined for successful bidders, through competitive bidding, of two medium sized Hydropower projects of 100 MW each to be constructed in Khyber Pakhtunkhwa.



View of Neelum Jhelum Hydropower Project



Switchyard of 969 MW Neelum Jhelum Hydropower Project

Generation Tariff was also determined for 640 MW Mahl hydropower project.



View of Mahl Hydropower Project

1.2.2 Coal based Tariff

Generation Tariff was determined for 300 MW Coal-fired Power Plant at Gwadar.

1.2.3 Wind Power Tariff

Generation tariff was determined for 16 companies based on wind power. In addition decisions regarding Review Motion filed by three companies were also issued.

1.2.4 Solar Power Tariff

Generation tariff was determined for two companies based on solar power and decisions regarding Review Motion filed by three solar power companies were also issued.

1.2.5 Nuclear Power

Decision in the matter of tariff modification of Chashma Nuclear Power Plant2 (C-2) regarding reference capacity charge due to Initial Dependable Capacity (IDC) Test was issued.

Tariff was also determined for 340 MW Chashma Nuclear Power Plant Unit-4.

1.2.6 Change in Fuel from Natural Gas to RLNG

Decision was issued regarding change in Fuel from Natural Gas to RLNG for Lotte Chemical Pakistan Limited.

1.2.7 Modification in the Existing Mechanism of Fuel Cost Component

The existing mechanism of Fuel Cost Component was modified on account of utilization of RLNG for Northern Power Generation Company Limited and Jamshoro Power Company Limited.

1.2.8 Review of Security Cost for CPEC Projects

Review Decision in the matter of Induction of Security Cost for CPEC Projects in the Power Tariff to ensure Security Sustainability was also issued.

1.2.9 HSD Testing on Combined Cycle

Decisions were given for HSD Testing on Combined Cycle in post synchronization period before COD for Quaid-e-Azam Thermal Power for Bhikki Power Project and National Power Parks Management Company for Balloki Power and Haveli Bahadar Shah Power Projects.

1.2.10 Marginal Cost/ Incremental Price for Merit Order

Decision was issued in the matter of review filed by CPPA-G regarding determination of Marginal Cost/ Incremental Price for Merit Order in case of Take & Pay arrangement for Fatima Energy Limited.

1.2.11 K-Electric

Following decisions pertaining to K-Electric were taken:

- i. Use of RLNG by K-Electric as alternative fuel.
- ii. Power acquisition of up to 4 MW from International Industries Limited.

1.2.12 CIHC Pak Power Company Limited

Decision regarding Motion for Leave for Review filed by CIHC Pak Power Company Limited against decision dated 19-12-2018 was issued.

1.2.13 Market Operator Fee

Market Operator Fee for CPPA-G was determined for FY 2017-18.

1.2.14 Adjustment of Tariff of Renewable Energy Power Projects availing State Bank of Pakistan Revised Financing Scheme

Decision was issued regarding adjustment of Tariff of Renewable Energy Power Projects availing State Bank of Pakistan Revised Financing Scheme.

1.2.15 Adjustments at Commercial Operation Date

Adjustments at Commercial Operation Date were made for 13 projects. In addition, review motion filed by four projects were also decided.

1.3 STANDARDS AND CODES

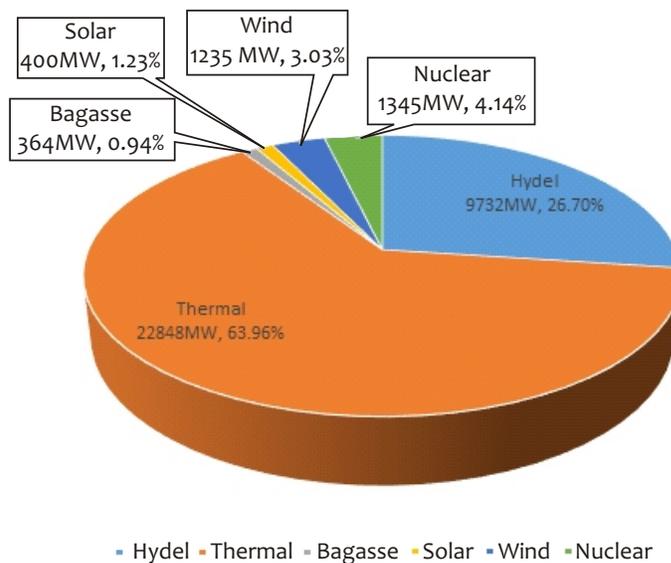
1.3.1 Performance Standards (Generation) Rules (PSGR) 2009

Comprehensive Performance Evaluation Reports were approved for FY 2016-17 and 2017-18, based on data provided by GENCOs, as per requirement of Performance Standards Generation Rules. Poor performers were penalized/fined.

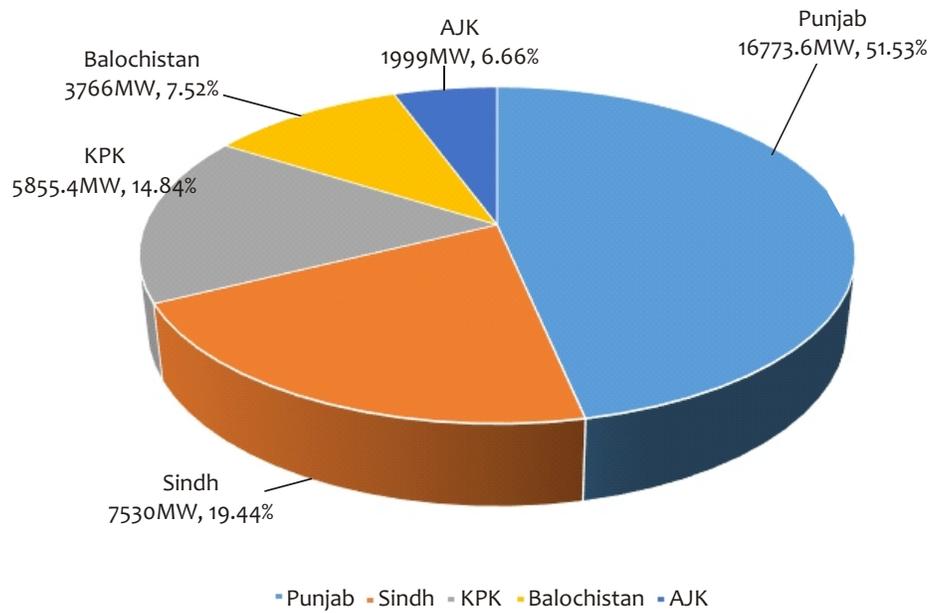
1.3.2 Grid Code Addendum-II for Grid Integration of Solar Power Plants

Revision to Grid Code Addendum II for grid integration of Solar Power Plants submitted by NTDC is under process of approval by NEPRA.

Technology Wise Installed Capacity (MW, %)



Province Wise Installed Capacity (MW, %)



TRANSMISSION

The Authority is empowered to regulate the business of Transmission in the country through Section 16-19 of the Act.



Transmission Network of NTDC at Rawat

2.1 TRANSMISSION LICENSES

2.1.1 Registration of Market Operator

Central Power Purchasing Agency (Guarantee) Limited was registered as Market Operator.

2.2 TRANSMISSION TARIFF

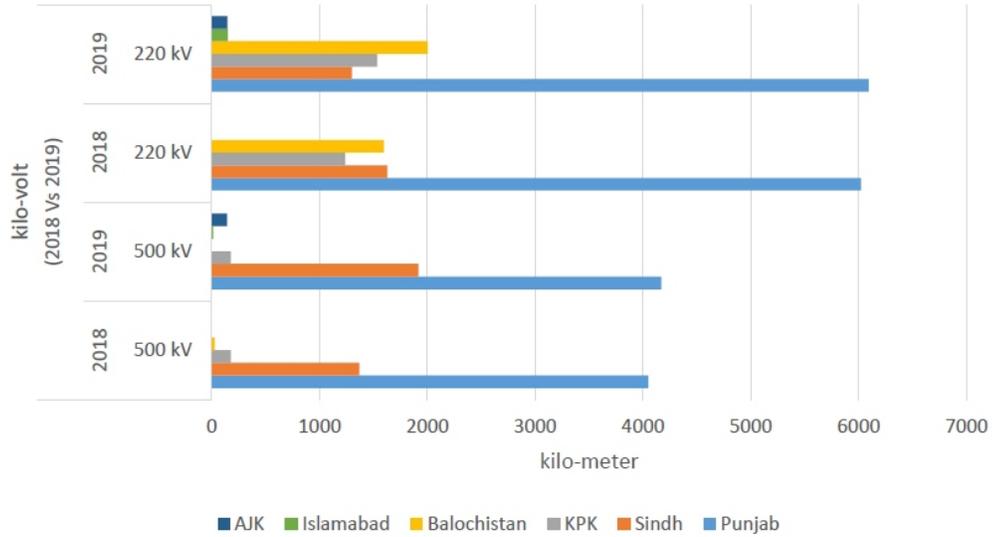
2.2.1 National Transmission and Dispatch Company Limited

Petitions filed by National/ Transmission & Dispatch Company Limited for determination of tariff for FY 2017-18 and 2018-19 were processed.

2.2.2 Sindh Transmission & Dispatch Company Limited

The review filed by K-Electric against decision regarding transmission tariff for Sindh Transmission & Dispatch Company Limited was also processed.

**Length of NTDC’s Transmission Lines (Province Wise)
(2018 Vs 2019)**

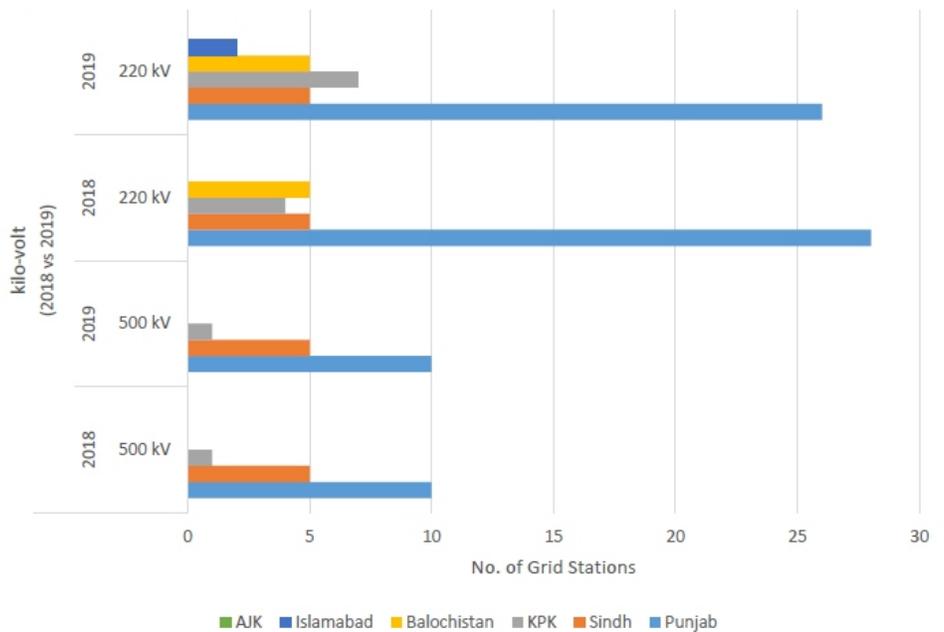


2.3 STANDARDS AND CODES

2.3.1 Performance Standards (Transmission) Rules (PSTR) 2005

A comprehensive Performance Evaluation Report for FY 2017-18 was prepared for both NTDC and K-Electric wherein performance parameters were analyzed and areas for improvement suggested.

**NTDC Grid Stations (Province Wise)
(2018 Vs 2019)**



DISTRIBUTION AND SUPPLY

Distribution Companies are regulated by NEPRA under Sections 20-23 of the Act.

3.1 LICENSES

Distribution license for 50 MW was issued to Lasbela Industrial Estate Development Authority.

Processing of 11 applications for grant of distribution licenses by different housing societies/colonies/industrial estates etc. could not be finalized due to different reasons such as reluctance of the host DISCOs and being sub-judice in the court of law. After amendment in the NEPRA Act, the Authority has decided to further process these applications for which the applicants have been directed to apply for the grant of supplier license under the new regime.

3.1.1 Electricity Supplier Licenses

Four applications were admitted for the grant of electric supply license including Lake City Management (Private) Limited (Lahore), Aujla & Associates Town Developers (Private) Limited (Gujranwala), Punjab Industrial Estate Development & Management Company (Sundar-Lahore) and . Bahria Town (Private) Limited (Lahore).

The NEPRA Act 1997 has been amended to foster competition in the power sector by removing the exclusive right to provide distribution services in a given service territory. Therefore, the existing distribution licenses are required to be modified to bring consistency with the statutory provisions of the NEPRA (Amendment) Act, 2018 and implement the market reforms introduced there under. In this regard, the Authority Proposed Modification (APM) proceedings for 13 distribution licensees were initiated.

3.2 DISTRIBUTION TARIFF

During the period NEPRA determined tariff of DISCOs for the FY 2016-17 and FY 2017-18 including adjustment of Multi- Year Tariff (MYT) of IESCO, FESCO & LESCO and impact of variation in Power Purchase Price (PPP) till June 30, 2018.

Request of the Federal Government for determination of uniform consumer-end tariff, as per the amended NEPRA Act, was also decided in December, 2018 and notified by the Federal Government w.e.f. January 01, 2019.

Quarterly adjustments in the determined tariff of DISCOs for the period July-December 2018 and monthly Fuel Cost Adjustments were also made.

The reconsideration request filed by the Federal Government against determination of Motion for Leave for Review of MYT for the period July 1, 2016 - June 30, 2023 of K-Electric was decided by the Authority and notified by the Federal Government in May, 2019.

3.3 STANDARDS AND CODES

3.3.1 Performance Standards (Distribution) Rules (PSDR) 2005

Performance Evaluation Report of all DISCOs and K-Electric

During the reporting period, the Annual Performance Reports from all Distribution Companies for the year 2017-18 were analyzed and accordingly a Performance Evaluation Report was approved and uploaded on the website of NEPRA. It was observed that DISCOs and K-Electric contributed losses of around Rs.45 billion due to inefficiency and T & D losses and Rs.78 billion due to less recovery of bills. Furthermore, 152 fatal accidents occurred due to violation of prescribed safety standards.



Grid of SEPCO at Kandiaro

3.3.2 Review of Reliability Standards

In continuation of earlier exercise carried out by NEPRA regarding setting up of targets for SAIFI & SAIDI, NEPRA has approved the targets till FY 2019-20 as per already approved methodology i.e. 5% reduction over the mean value of their historic data of last five years in SAIFI and 10% reduction over the mean value of their historic data of last five years in SAIDI.

Moreover, NEPRA has also desired that automatically recorded data from Power Distribution Center (PDC) or any other automated means such as SCADA relating to tripping and its duration shall be collected from DISCOs & K-Electric from July, 2019 on quarterly basis for setting future targets.

3.3.3 Safety Audit of DISCOs

A detailed study was carried out to determine the circumstances and total number of fatal accidents occurring in DISCOs and K-Electric during the last seven years which revealed that 1169 fatal accidents occurred from July 1, 2011 to June 30, 2018. Accordingly, NEPRA professionals visited LESCO to identify causes and verify implementation of safety standards. Visit to K-Electric will be made soon.

3.3.4 Distribution Code

For implementation of Distribution Code, NEPRA conducted a consultative workshop/seminar, wherein Distribution Code Review Panel (DCRP) was established for the development of Distribution Code Addenda such as integration of small hydel power plants and interconnection of distributed generators under Net Metering regime for wind, solar and other power plants. Accordingly, meetings were held for addressing interconnection issues at the distribution level specifically relating to Renewable Energy Integration at distribution level through Net Metering.

3.3.5 Power Safety Code

Based on the approved Power Safety Code, LESCO and MEPCO were directed to prepare a draft safety manual. The draft safety manual as submitted was shared with all other DISCOs and a consultative session was also held in Lahore. Accordingly, the revised final draft was submitted by LESCO which is under approval of the Authority.

3.3.6 Automatic Recording of Power Outages by K-Electric

NEPRA team visited K-Electric for physical verification of record pertaining to power supply outages occurring on August 20-21, 2017. Based on the inquiry, K-Electric was called to make a detailed presentation on the rollout plan regarding Smart Metering and Meter Data Management (MDM) for automatic recording of power outages. K-Electric committed to complete the project by November, 2019 and pledged to provide system generated reports by February, 2020.

3.3.6 Anticipated Developments

In view of the amendment in NEPRA Act, 1997, following developments are anticipated in FY 2019-20:

- i. Development of Performance Standards (Generation) Regulations.
- ii. Development of Performance Standards (Transmission) Regulations.
- iii. Development of Performance Standards (Distribution) Regulations.
- iv. Development of Electric Power Supplier Regulations.
- v. Development of Electric Power Trader Regulations.
- vi. Development of detailed SOP/Manual to carry out the investigation proceedings.
- vii. Revision of the Grid Code, 2005 by including the following:
 - a. Technical standards for construction of electrical plants, electric lines and connectivity to the grid.
 - b. Grid standards for operation and maintenance of transmission lines.
 - c. Grid Code for HVDC.

CONSUMER AFFAIRS & COMPLAINTS

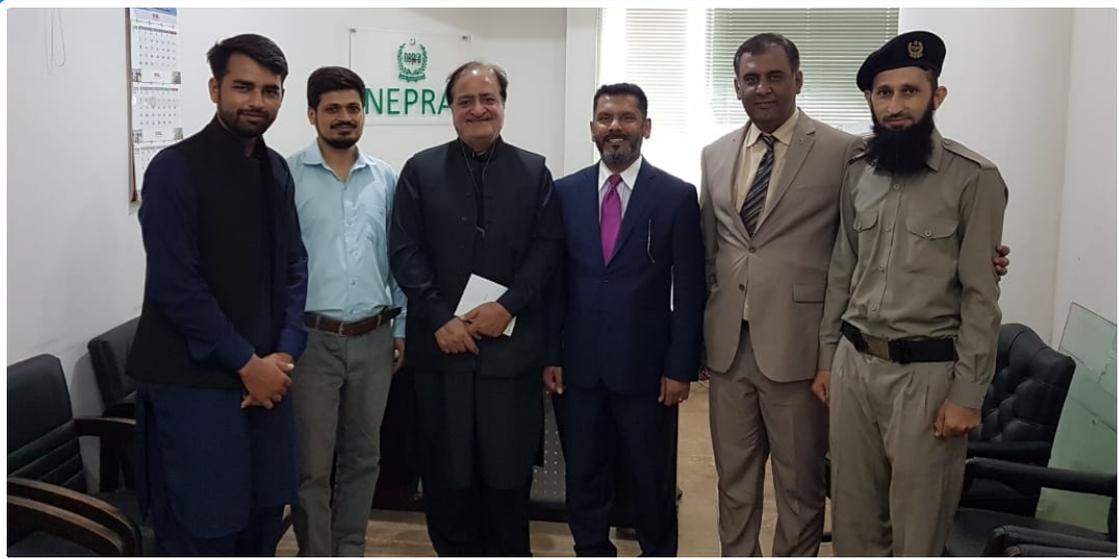
Safeguarding the interest of consumers and protecting them from discriminatory treatment is of critical importance to NEPRA. The Consumer Affairs Department (CAD) is responsible for handling the complaints of consumers who can approach NEPRA under NEPRA Complaint Handling and Dispute Resolution (Procedure) Rules, 2015 read with Section 39 of the Act against a Licensee for contravention of any provision of the Act or any Order, Rule, Regulation, License or instructions made or issued thereunder.

NEPRA has established Regional Offices at all the Provincial Capitals in order to facilitate electricity consumers for speedy redressal of their grievances. The complaints received by the Authority mainly relate to excessive and detection billing, delay in provision of connections and in replacement of defective meters, low voltage problem, slow augmentation of transformers, non-receipt of electricity bills, delay in replacement of damaged transformers, and excessive load shedding etc.

DISCO	TOTAL Complaints received / processed	Total complaints disposed of / redressed	Under Process
	[A]	[B]	[C] = [A] - [B]
	FESCO	184	168
GESCO	138	121	17
HESCO	534	523	11
IESCO	186	177	9
K-Electric	2344	2307	37
LESCO	462	427	35
MEPCO	750	686	64
PESCO	503	316	187
QESCO	15	9	6
SEPCO	720	690	30
TESCO	1	0	1
BTPL	17	16	1
TOTAL	5854	5440	414



Hearing of Consumer complaint in Karachi



Visit of Authority to NEPRA Regional Office in Karachi

4.1 NEPRA APPELLATE BOARD

Provincial Offices of Inspection (POI) have been established under Section 38 of NEPRA Act 1997 and powers conferred on the Electric Inspector appointed by the Provincial Government under the Electricity Act 1910 to make the determination in respect of disputes over metering, billing and collection of tariff. Appeals against the decision/order of Provincial Office of Inspections are heard by the Appellate Board constituted by the Authority.

STATUS OF APPEALS

DISCO	Pending as on 10-07-2018	Filed from 01-07-2018 to 30-06-2019	Total	Decided	Balance as on 30-06-2019
FESCO	28	26	54	37	17
GEPCO	6	21	27	12	15
HESCO	0	4	4	0	4
IESCO	0	19	19	6	13
K-ELECTRIC	29	97	126	70	56
LESCO	32	75	107	49	58
MEPCO	20	38	58	34	24
PESCO	1	2	3	3	0
QESCO	0	0	0	0	0
SEPCO	0	0	0	0	0
TESCO	1	0	1	1	0
TOTAL	117	282	399	212	187

4.2 ESTABLISHMENT OF ADDITIONAL REGIONAL OFFICES OF NEPRA

NEPRA has decided to establish five additional offices of NEPRA at Gujranwala, Faisalabad, Multan, Hyderabad and Sukkur, in addition to already established existing offices at Karachi, Lahore, Peshawar and Quetta. It is expected that the additional offices will be functional with effect from September 1, 2019.

MONITORING AND ENFORCEMENT

The Monitoring and Enforcement Department of NEPRA works to raise the competency and performance of the power sector by enforcing Rules and Regulations, Statutory Orders and Terms and Conditions that are mentioned in the License, Standards and Codes of Conduct etc.

5.1 GENERATION

Reports are regularly prepared based on generation data of all power plants provided by the National Power Control Centre (NPCC). Successful monitoring was undertaken regarding compliance with all directions of the Authority contained in the respective Generation licenses. Various Advisories were sent to the Ministry of Energy for effective utilization of the available generating sources. Fines were imposed on GENCOs for consuming excess auxiliary power during service mode than allowed limits and availing higher outage hours. Legal proceedings were initiated against CPPA-G on account of non-imposition of liquidated damages on GENCOs as a result of which liquidated damages were imposed by CPPA-G. Further, fine was imposed on NTDC on account of poor operational performance and underutilization of power plants.

5.2 TRANSMISSION

Show Cause Notice was issued to NTDC for delay in approval of grid interconnection studies and frequent grid failure, adversely affecting operation of Chashma Nuclear Power Plants. Fine was imposed for delay in power evacuation projects, poor operational performance as well as underutilization of power plants. NEPRA also initiated legal proceedings against NTDC/NPCC on account of issuing unfair instructions to GENCO-I & III to put their units/machines on standby mode during the FY 2014-15 and 2015-16 despite severe load shedding. NEPRA rigorously pursued the case of rehabilitation of 500 kV Port Qasim transmission line to resolve frequent tripping of Port Qasim plant.

5.3 DISTRIBUTION

Reports regarding energy dispatched to DISCOs against allocated quota of power and load shedding carried out are prepared on a regular basis based on data provided by Power Distribution Control Centre of DISCOs.

Fines were imposed on LESCO, GEPCO, FESCO, HESCO, IESCO, PESCO, and SEPCO for violating Performance Standards, Distribution Code and other applicable documents. Fines were also imposed on K-Electric for non-provision of uninterrupted power supply to the residential consumers of Karachi who meet the eligibility criteria and due to failure of restoration of supply within specified time frame during power outages occurring on 28.06.2017 and fatal accidents during rain. Fines were also imposed on both IESCO and Bahria Town for violations on account of load shedding.

LEGAL

6.1 CPPA-G REGISTERED AS THE MARKET OPERATOR

The Central Power Purchasing Agency functions as the power procurer on behalf of all distribution companies. Under the NEPRA Market Operator (Registration, Standards and Procedure) Rules 2015 a market operator is *inter alia* required to procure power, on behalf of DISCOs, to verify invoice billing and collection from DISCOs and to develop and implement competitive power markets and associated commercial code(s). As an interim measure, the CPPA-G was deemed to be the market operator from 2015-2017 under rule 5 of the Market Rules, after which the CPPA-G was to formally apply for registration as market operator. The CPPA-G filed its application under rule 3 and was granted registration as the market operator on 16th November, 2018 for a period of 5 years.

6.2 AMENDMENTS IN THE COMMERCIAL CODE

A Commercial Code has been in field since 2nd June 2015 and CPP A-G applied for grant of market operator registration under rule 3 with the submission that the already approved Code may be approved again as part of the proceedings. However, the Authority, while granting CPPA-G market operator registration also approved an updated Commercial Code with following salient amendments:

- i. Updated definitions and interpretation provisions.
- ii. Savings to all power purchase contracts executed prior to CPPA-G's market operator registration.
- iii. CPP A-G to develop new commercial SOPs for billing and settlement (within 3 months of grant of registration).
- iv. CPPA-G to follow these new commercial SOPs for billing and settlement in case of all power purchase contracts executed after CPPA-G's market operator registration.

6.3 AMENDMENTS IN THE NET METERING REGULATIONS 2015

Significant aspects of the net-metering regime have been revised through amendments in the NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015 w.e.f September 13, 2018. Firstly, the maximum cap on net-metering has been revised from a flat 1MW cap to a maximum cap of 1.5 times a consumer's sanctioned load. Secondly, the netting-off framework of units has also been revised. Prior to the amendment, total units supplied and consumed by a net-metering consumer in a given month were net-off against each other and the consumer was billed/ credited accordingly. After the amendment, on a monthly basis, off-peaks units supplied and consumed by the net-metering consumer will be net-off against each other and peak units supplied and consumed by the net-metering consumer will be net-off against each other. The consumer would then be billed/credited accordingly. This framework introduces a distinction between peak and off-peak units in the netting-off framework, which was absent in the original framework. Thirdly, the applicable tariff for credit units (i.e. units supplied in surplus of units consumed by a net-metering

consumer) has also been revised. Prior to the amendment, in case of credit units, the DISCO would pay the consumer at the off-peak tariff rate. After the amendment, in case of credit units, the DISCO will now pay the consumer the national average power purchase price of the DISCO.

6.4 THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (BENCHMARKS FOR TARIFF DETERMINATION) GUIDELINES 2018

NEPRA (Benchmarks for Tariff Determination) Guidelines 2018 were issued which lay down the principles and benchmarks on the basis of which tariffs are determined under the NEPRA Tariff Standards and Procedure Rules, 1998 and NEPRA Up-front Tariff (Approval & Procedure) Regulations, 2011.

6.5 AMENDMENTS OF THE NEPRA COMPETITIVE BIDDING TARIFF (APPROVAL PROCEDURE) REGULATIONS 2017

NEPRA Competitive Bidding Tariff (Approval Procedure) Regulations 2017 were amended to include the following aspects:

- i. Mandatory approval of Benchmark Tariff.
- ii. Power of Relevant Agencies to appoint consultants.
- iii. Expanded powers of Relevant Agencies to disqualify bidders at the pre-qualification and bidding stages.

6.6 BILLS TO AMEND THE NEPRA ACT IN 2019

A private member bill was introduced in the Senate by Senator Syed Shibli Faraz to amend the NEPRA Act with the following proposed features:

- i. Removal of Provincial representation
- ii. Introduction of Member (Tariff & Finance), Member (Technical), Member (Law) and Member (Admin & Enforcement)
- iii. Removal of post of Vice Chairman
- iv. All appointments of Members and Chairman to be done by the Federal Government
- v. Reduction of minimum experience of Members to 10 years
- vi. Reduction in minimum age for Members and Chairman to 45 years and no upper age limit
- vii. Allowance for Chairman and Members to have unlimited terms.
- viii. New appointments to be finalized 6 months prior to retirement of incumbent Member/Chairman.
- ix. Revised quorum of the Authority Chairman and two Members (with mandatory presence of Chairman for constituting quorum)

6.7 CONCEPT PAPERS ON MATTERS RELATING TO THE NEPRA (AMENDMENT) ACT 2018

The Amendment Act has restructured and evolved the energy sector in material respects and has reformed the role and responsibilities of the Authority. A number of amendments and redrafting of existing rules, regulations, codes and frameworks are necessary to fully implement the principles of the Amendment Act. NEPRA has constituted various committees to carry out the necessary work and the following concept papers have been prepared:

- i. Concept Paper on Power Procurement in light of amendments to the NEPRA Act 1997
- ii. Concept Note on the Introduction of the Electric Power Supply regime as per Section 23E of the NEPRA Act
- iii. Concept Note on the Introduction of Captive Power Generation under 14C of the NEPRA Act
- iv. Concept Note on the Adjudication of Offences under Sections 27A, 27B, 35A and 39 of the NEPRA Act

6.8 LITIGATION

The details of court cases filed and decided in the year 2018-19 is as under:-

	Pending as on 30.6.18	Filed in 2018-19	Total	Decided in 2018-19	Pending on 30.6.19
Supreme Court	218	91	309	19	290
Islamabad High Court	93	34	127	16	111
Lahore High Court Lahore	298	78	376	18	358
Lahore High Court Multan	209	28	237	77	160
Lahore High Court Bahawalpur	13	1	14	1	13
Lahore High Court Rawalpindi	52	1	53	1	52
Peshawar High Court	69	16	85	19	66
Peshawar High Court A/Abad	20	0	20	0	20
High Court of Sindh Karachi	236	31	267	14	253
High Court of Sindh H/Abad	21	4	25	1	24
High Court of Sindh Sukkur	1	0	1	1	0
High Court of Sindh Larkana	3	0	3	2	1
Balochistan High Court Quetta	4	0	4	2	2
Civil Courts	56	17	73	0	73
Total	1293	301	1594	171	1423

Some of the important issues involved in litigation were Exclusivity of DISCOs, Inclusion of "surchargs" in the "Schedule of Tariff" by NEPRA upon re-consideration request filed by Federal Government, Fuel Adjustment Charges, Recovery of fixed charges during load-shedding, Cases of Captive Power Plants, Licensing Cases, Violation of Applicable Documents by K-Electric, NEPRA Employees Cases, Decisions of NEPRA Appellate Board, Interpretation of section 22 of NEPRA Act, and Cases by Renewable Power Projects.

COORDINATION & IMPLEMENTATION

The Coordination & Implementation Department (C&I) acts as a Secretariat to the Chairman's office. It manages the conduct of Regulatory Meetings, Hearings, recording of minutes & decisions and their issuance and determines priority of the cases.

The Department ensures internal compliance of Authority decisions through a process of implementation/monitoring in addition to facilitating the Case Officers/Sponsors of Meetings/Hearing in timely disposal of Decisions/Instructions. The C&I Department submits a weekly report to the Authority on the Implementation status of decisions taken during the Regulatory Meetings.

The Department also consolidates and finalizes NEPRA Annual Report which is to be submitted to the Council of Common Interests (CCI) as per Section 42(a) of the NEPRA Act.

During the period under review, 116 Authority Regulatory Meetings and 104 Public Hearings were held. The details are given in the following Table:

Details of Authority Regulatory Meetings & Hearings

Month	Regulatory Meetings	Hearings	Total
JULY 2018	8	15	23
AUGUST 2018	9	11	20
SEPTMBER 2018	10	7	17
OCTOBER 2018	12	11	23
NOVEMBER 2018	12	7	19
DECEMBER 2018	7	9	16
JANUARY 2019	15	16	31
FEBRUARY 2019	7	4	11
MARCH 2019	10	7	17
APRIL 2019	11	8	19
MAY 2019	10	5	15
JUNE 2019	5	4	9
TOTAL	116	104	220



Hearing conducted on 16.01.2019 regarding Review Motion filed by K-Electric

The Department also consolidates and finalizes NEPRA Annual Report which is to be submitted to the Council of Common Interests (CCI) as per Section 42 (a) of the NEPRA Act.



Visit of Chinese Ambassador to NEPRA



Meeting of representatives of German Company GIZ with Authority and professionals of NEPA

NEPA on 18th of June 2019, for the first time, conducted hearings of M/s Gul Ahmed Energy Limited and Tapal Energy Limited via Video-Link.

Further, input of NEPA for Economic Survey of Pakistan, Budget speech of the Finance Minister and Yearbook of the Cabinet is also compiled by the C & I Department.

C&I Department facilitated meetings with multi lateral/bilateral donors agencies .i.e World Bank, IMF, GIZ and USAID etc.



Meeting of NEPA Professionals with World Bank Mission

ADMINISTRATION & HUMAN RESOURCE

The Administration Department is responsible for upkeep of NEPRA office building and allied facilities. Human Resource Department is responsible for welfare of employees and their career management. Following are main activities undertaken during FY 2018-19:

ACQUAINTING NEWLY JOINED AUTHORITY MEMBERS ABOUT NEPRA

Chairman, Member (Sind) and Member (Khyber Pakhtunkhwa) joined NEPRA during FY 2018-2019. Presentations/briefing for the Chairman and Members of the Authority were arranged through Departmental Heads, to acquaint them with the official duties being performed and their performance essentially required for speedy decision making process.



Welcome to Chairman NEPRA

TRANSPARENCY IN RECRUITMENT AND PROMOTIONS

28 new employees (17 Professionals and 11 Support Staff) were recruited through merit based recruitment process. Deserving employees were promoted on the same day as and when they qualified to be promoted.

TRAINING

Local/International training opportunities were provided to NEPRA employees for capacity building

of the professionals and support staff as mentioned below:

- 48 NEPRA professionals have been provided In-house Training opportunities.
- 48 Professionals and 27 Staff members have been provided External / Out-sourced Trainings.
- 30 Professionals have been equipped through foreign trainings.

ADVANCES

Interest free loans for house building were provided to five professionals and 11 support staff. Budget was approved for interest free loan to NEPRA employees on different accounts like marriage of children, house maintenance etc. Interest free loans, equivalent to fifteen basic monthly salaries, were also granted to employees for purchase of vehicle required to be paid back in sixty equal installments through monthly deduction from salary of the employee concerned.

HAJJ POLICY

In line with the Hajj Policy two Support Staff members were sent for performing Hajj through balloting under the Government Hajj Scheme. A new policy is being considered.

INTRODUCTION OF THE POST-RETIREMENT MEDICAL TREATMENT FACILITY

Facility of post-retirement medical treatment for employees and spouses was introduced to be availed after retirement from NEPRA service either at the age of superannuation or after completing twenty five (25) years of service at NEPRA.

SPORTS & RECREATIONAL ACTIVITIES

Two sports activities were arranged including First Intra-Departmental Futsal Tournament and Chairman's Cup 'tape-ball intradepartmental cricket tournament.' A state of the art badminton court was established for employees.

FIRE FIGHTING DRILL

A standardized fire-fighting drill was conducted in December, 2018 under supervision of the Fire Fighting Department of the Capital Development Authority (CDA). The complete drill for evacuation took place within 6 minutes after the fire-alarm got activated and no injuries were reported for which the CDA also shared a report of successful execution.

MEDIA

NEPRA published 17 press releases during the financial year 2018-19, besides publishing 140 advertisements in the National Dailies. The Media team has its own social media and whatsapp groups whereby all the Authority Members & Professionals of NEPRA are kept updated regarding anything happening in the Power/Energy Sector.

REVISION OF CELL PHONE PACKAGE

Enhanced packages for employees' w.r.t. cellphones as well as internet bundles from M/s Pakistan Mobile Communications Limited (Jazz) were obtained decreasing the monthly bills @ 2% per month.

INTERNSHIP OPPORTUNITY TO FRESH GRADUATES

NEPRA offers internship to young professionals of local/foreign educational institutions. Besides providing practical exposure, the program is boosting NEPRA's image as a socially responsible organization. During FY 2018-19 NEPRA provided internship opportunity to fresh graduates as follows:

Sr. No.	Department	Total Internees
1	Technical	9
2	Tariff/Finance	10
3	IT	3
4	Law	2
5	Admin/HR	5
Grand Total		29

MISCELLANEOUS

- Procurement of Goods/Services.
- The Health and Fitness Centre of NEPRA was upgraded to a basic level gym.
- Hiring of new vendors for cleaning, security and stationery through Competitive Bidding Process.
- The Record Rooms of Registrar & Licensing Departments were established for enhancing the space and easing out the access to the files.
- Obtaining specialized discounted rates for employees from panel hospitals in Rawalpindi and Islamabad.
- Introduction/Integration of bio-metric system of the Provincial Offices with the Head Office.
- Up-gradation of installed CCTV System.



Energy Regulators Regional Association meeting in Tiblizi, Georga

INFORMATION TECHNOLOGY

NEPRA is deploying state of the art information technology solutions in order to keep up pace with global trends.

NEPRA e-Hearing

To make Pakistan's Power Regulatory System more effective and convenient, NEPRA, for the first time, on 18th of June 2019, conducted hearing via Video-Link, a system based on Point 2 Point (P2P) video-conferencing connectivity of NEPRA Head Office with Marriott Hotel Karachi with P2P at 10Mbps bandwidth connectively. The Authority heard petitions filed by Gul Ahmed Energy Limited and Tapal Energy Limited.

IT Hardware

In order to facilitate its employees with latest IT infrastructure, NEPRA has procured 90 of new state of the art laptop and desktop computers with SSD drives and windows 10 operating systems along with heavy duty scanners & multifunction printers.

Extension in IP Subnets

Dynamic Host Configuration Protocol (DHCP) and Aggregated Service Router (ASR) were reconfigured to include extended network nodes due to increased number of Wi-Fi/mobile & CCTV devices on the network. ASR router was also reconfigured to include additional subnets.

Expansion of the WAN Network Infrastructure

5Mbps Committed Information Rate (CIR) data connectivity over fiber and wireless media has been established between NEPRA regional offices at Peshawar, Lahore, Quetta & Karachi with NEPRA head office Islamabad to provide enhanced video streaming of Closed Circuit Television (CCTV) camera surveillance system and biometric attendance to NEPRA head office on real time basis.



Oracle E-Business Suite upgrade is crucial for business success. It is the backbone digital operation which provides greater flexibility for business to keep its competitive edge and respond quickly. The estimated consultancy cost was more than 1 million rupees if out-sourced, however, cost was saved by in house up-gradation, migration of data and operating system of Oracle EBS to the latest versions.

Oracle EBS Migration



The goal of the project was to consolidate and relocate all Oracle ERP E-Business Suite application and data to the newly deployed DELL blade servers with minimum service interruption and data loss.

Implementation of Virtual Infrastructure

Virtual infrastructure was initially built on VMWare solution, however, due to yearly cost of licenses and support by VMWare, it was later rebuilt on Oracle VM Server platform without taking any consultancy from outside, thus saving yearly cost of licenses of VMWare and consultancy for deployment of Oracle Virtual Server infrastructure. At present there are 04 Servers running in this environment.

Goals for 2019-2020

Migration of existing physical servers running on tower based hardware to blade servers in a virtual environment. This migration will move/create following physical servers to virtual environment.

- Sharepoint 1 (USOA)
- Sharepoint 2 (NEPRA Dashboard)
- DHCP
- Bio-Metric
- Exchange Server (New Server)

Further enhancement of Internet connectivity to increase redundancy and to keep up with growing demand for internet bandwidth.

Strengthen the policy and rule set on the external firewall.

Improve technology support by taking proactive steps including additional training, documentation, software updates and enhanced configuration to minimize the support needed by employees.

Integrate newly established regional offices with the head office.

SOFTWARE

Development of Power Outage Complaints App

To monitor the access of reliable electricity services to the general public, especially in rural areas, the development of Power Outage Complaint App is in progress. By using this App any citizen can submit a complaint about unscheduled power outage. The complaint will be routed to the concerned Distribution Company with resolution deadline as per NEPRA Performance Standards Rules.

E-Licensing

By using e-Licensing service, the power sector stakeholders will be able to submit the licensing application online using NEPRA's e-Services Portal. A number of in-house brainstorming sessions were held wherein representatives from different departments discussed in detail the e-service architectural framework. This e-Licensing Service will be enabled after covering all the legal modalities.

Online Complaint Management System

The online complaint management system was launched for General Public on 27th September, 2018. During the financial year 2018-19, 831 complaints are received online and resolved/disposed by the Consumer Affairs Officers at Karachi, Lahore, Peshawar and Quetta.

NEPRA Dashboard

NEPRA's Dashboard, a single repository of 188 data sets, provide information on licensing, tariff, monitoring and enforcement, consumer complaints, power acquisitions and tariff petitions. Its interactive interfaces allow user to generate customized reports and view data in charts, matrices and tabular forms. Furthermore, Departmental Management Information Systems (MISs) developed and deployed so far are firmly integrated with Dashboard.

NEPRA Website

NEPRA website is one of the important component which is designed and updated by the IT department on regular basis.

Following table shows total number of 366,486 users visited NEPRA website, out of which 190,014 were unique visitors. Users downloaded 1.50 million files from NEPRA website. It received total 12.19 million hits and used 7.3 TB bandwidth:

Month	Number of Visits	Unique Visitors	Files Downloaded	Hits	Bandwidth GB
Jul-18	32,467	15,526	108,602	1,067,790	414
Aug-18	25,763	12,191	84,516	917,274	253
Sep-18	26,407	12,235	95,935	1,002,254	285
Oct-18	27,766	13,239	173,511	1,110,935	264
Nov-18	31,232	18,130	77,921	732,856	799
Dec-18	30,361	17,421	80,791	925,431	639
Jan-19	34,506	17,571	140,232	1,075,637	754
Feb-19	29,655	17,396	86,739	907,039	691
Mar-19	33,124	14,741	109,113	933,507	768
Apr-19	34,794	18,436	299,831	1,324,159	697
May-19	31,447	19,259	126,060	1,119,115	919
Jun-19	28,964	13,869	119,798	1,082,026	879
Total	366,486	190,014	1,503,049	12,198,023	7,362



Annexures



Annex-I Licensees

Licenses Awarded

Name of Company/Licensee	Installed Capacity (MW)	Plant Type
Generation		
Siddiqsons Energy Limited, Tharparkar, Sindh	330.00	Indigenous Coal
Jilani Energy (Pvt.) Limited, Lahore, Punjab	6.50	Imported Coal
Lalpir Solar Power (Pvt.) Limited, Muzaffargarh, Punjab	11.12	Solar
Digri-Gen Limited, Mirpur Khas, Sindh	25.00	Bagasse
Sadiqabad Power (Pvt.) Limited, Rahim Yar Khan, Punjab	45.00	Bagasse
Ranipur Energy (Pvt.) Limited, Khairpur Sindh	60.00	Bagasse
Reon Alpha (Pvt.) Limited, Thar Sindh	5.00	Solar
Gharo Solar (Pvt.) Limited, Thatta, Sindh	50.12	Solar
Tricom Wind Power (Pvt.) Limited, Thatta, Sindh	50.00	Wind
Al-Arabia Sugar Mills Limited, Sargodha, Punjab	18.00	Bagasse
Lahore Xingzhong Renewable Energy Company (Pvt.) Limited, Lahore, Punjab	40.00	Solid Waste
Pakhtunkhwa Energy Development Organization (PEDO) (Karora Hydro Power Project), Shangla, Khyber Pakhtunkhwa	11.80	Hydel
Total	652.54	
Distribution		
Lasbela Industrial Estate Development Authority, Balochistan	50.00	

Modifications in Existing Licenses

Sr. No	Name of Licensee	Modification Issued on	Purpose of Modification
1	Premier Industrial Chemical Manufacturing (Private) Limited, Lahore, Punjab	5-Sept-18	Enhancement of capacity, Change of fuel & Replacement of BPC
2	Tapal Energy (Private) Limited, Karachi, Sindh	20-Sept-18	Extension in term of licence
3	K-Electric Limited, Karachi, Sindh	13-Mar-19	Addition of RLNG as an alternate fuel
4	Shams Power (Private) Limited, Lahore, Punjab	22-April-19	Enhancement of capacity and deletion of BPCs
5	Sanjwal Solar Power (Private) Limited, Wah Cantt. Punjab	24-May-19	Supplying power to BPC through wheeling & addition of BPCs



Annex-II
Financial Audited Report

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Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE AUTHORITY

Opinion

We have audited the annexed financial statements of **M/S NATIONAL ELECTRIC POWER REGULATORY AUTHORITY** ("the Authority") which comprise the statement of financial position as at June 30, 2019 and the related income and expenditure account, statement of other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in Basis for Qualified Opinion Section, the accompanying financial statements present fairly, in all material respects the financial position of the Authority as at June 30, 2019 and its financial performance, its cash flows and its changes in funds for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements Section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis for Qualified Opinion

- a) As explained in note 7.1, the provision has not been made against long outstanding fee receivables of Rs.117.46 million (2018: Rs.97.59 million). Had the full amount of provision been made against this balance, the outstanding balance of fee receivable at the year end would have decreased by Rs.117.46 million (2018: Rs.97.59 million) with corresponding decrease in profit with the same amount as well as amounts payable to / receivable from Federal Consolidation Fund be increased / reduced by Rs.83.40 million (2018: Rs.68.31 million) and increase / decrease in deferred tax asset / liability by Rs.34.06 million (2018: Rs.29.28 million).
- b) As stated in note 18.1(i), no provision has been made in these financial statements for tax amounting to Rs.290 million relating to Tax Years 2003 to 2007. Had the tax provision of Rs.290 million been recognized in these financial statements, the balance of payable to / receivable from Federal Consolidation Fund would have been increased / decreased by Rs.290 million with a corresponding increase in provision for taxation.
- c) The current tax expense has been overstated by an amount of Rs.6.93 million. Had that expense been adjusted in these financial statements, profit after tax and balance of payable to Federal Consolidation Fund would have been increased by Rs. 6.93 million with a corresponding decrease in provision for taxation.



Other Offices: **Lahore – Karachi – Gujranwala**
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Chartered Accountants

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditors' Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report related to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence up to the date of our auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

JSC

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

The financial statements of the Authority for the previous year were audited by another firm of chartered accountants who expressed a modified opinion vide their report dated November 16, 2018.



CHARTERED ACCOUNTANTS**Engagement Partner: IMRAN ILYAS****ISLAMABAD: 03/20/2019.**

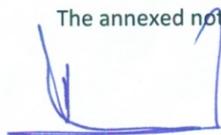
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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

		2019	2018
NET ASSETS	<i>Note</i>	Rupees	Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	578,506,234	638,123,476
Intangible assets	5	-	-
Loan to employees	6	63,060,643	29,185,305
		641,566,877	667,308,781
CURRENT ASSETS			
Current portion of employees' loans	6	42,040,428	19,253,976
Fee receivable	7	139,011,931	123,574,993
Advances, deposits, prepayments and other receivables	8	42,479,162	31,669,834
Tax refund due from government	9	519,394,336	464,580,320
Advance paid to Federal Consolidation Fund (FCF)	10	8,351,321	16,420,289
Cash and bank balances	11	408,340,323	273,311,916
		1,159,617,501	928,811,328
CURRENT LIABILITIES			
Accrued and other liabilities	12	(465,359,484)	(339,656,977)
Provision for taxation	13	(154,541,642)	(59,900,314)
Current portion of long term loans	14	(750,592)	(750,592)
		(620,651,718)	(400,307,883)
NON-CURRENT LIABILITIES			
Long term loan	14	(25,520,343)	(26,270,935)
Deferred liabilities	15	(23,726,227)	(38,255,201)
		(49,246,570)	(64,526,136)
		1,131,286,090	1,131,286,090
REPRESENTED BY:			
Capital contribution by Government of Pakistan	16	131,286,090	131,286,090
Building Reserve Fund	17	1,000,000,000	1,000,000,000
CONTINGENCIES AND COMMITMENTS			
	18	-	-
		1,131,286,090	1,131,286,090

The annexed notes 1 to 30 form an integral part of these financial statements.



MEMBER



CHAIRMAN

**NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019**

PARTICULARS	Note	2019	2018
		Rupees	Rupees
Fee income	19	1,263,973,310	1,163,426,585
Administrative expenses	20	(1,047,120,632)	(1,013,511,826)
Finance cost	21	(3,877,519)	(3,954,132)
Other income	22	69,796,283	34,803,617
Surplus for the year before tax		282,771,442	180,764,244
Taxation	23	(114,233,842)	(53,217,788)
Surplus for the year after tax		168,537,600	127,546,456

The annexed notes 1 to 30 form an integral part of these financial statements.

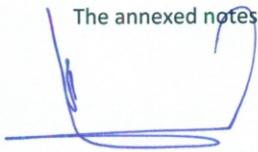
MEMBER

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**NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

PARTICULARS	2019	2018
	<u>Rupees</u>	<u>Rupees</u>
Surplus for the year after tax	168,537,600	127,546,456
Other comprehensive income / (loss) for the year		
Experience adjustment - Defined Benefit Obligation	(50,512,474)	(16,210,673)
Experience adjustment - Unfunded Gratuity Scheme	61,750	972,403
Tax effect of remeasurement (gain) / loss	(17,908)	(291,721)
	(50,468,632)	(15,529,991)
Total comprehensive income for the year	118,068,968	112,016,465

The annexed notes 1 to 30 form an integral part of these financial statements.

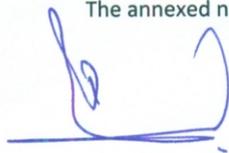

MEMBER


CHAIRMAN

**NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

PARTICULARS	2019	2018
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year before tax	282,771,442	180,764,244
Adjustments for:		
- Provision for gratuity and earned leaves	85,771,545	72,723,310
- Depreciation	79,934,281	86,140,009
- Finance cost	3,877,519	3,954,132
- Mark up income	(69,796,283)	(33,608,954)
- Gain on sale of fixed assets	-	(1,194,663)
	99,787,062	128,013,834
Working capital changes:		
(Increase) in loans to employees	(56,661,790)	(11,233,578)
(Increase) in advances, deposits and other receivables	(26,246,266)	(29,060,627)
(Increase) in tax refund due from government	(54,814,016)	(10,532,704)
Increase in accrued and other liabilities	64,253,210	29,803,316
	(73,468,862)	(21,023,593)
Net cash generated from operations	309,089,642	287,754,485
Payments made:		
Earned leaves and gratuity fund	(76,783,866)	(93,196,939)
Interest on long term loan	(3,877,519)	(3,984,779)
Income taxes	(32,128,502)	(45,080,228)
	(112,789,887)	(142,261,946)
Net cash generated from operating activities	196,299,755	145,492,539
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure during the year	(20,317,039)	(20,623,534)
Cash received against sale of fixed assets	-	4,239,398
Investments made during the year	(735,459,250)	(5,000,000)
Proceeds from encashment of investments	735,459,250	5,000,000
Interest received during the year	69,796,283	33,608,954
Net cash generated from investing activities	49,479,244	17,224,818
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans	(750,592)	(750,592)
Amount paid to Federal Consolidation Fund	(110,000,000)	(67,736,000)
Net cash (used in) financing activities	(110,750,592)	(68,486,592)
Net cash & cash equivalents during the year	135,028,407	94,230,765
Cash and cash equivalents at beginning of the year	273,311,916	179,081,151
Cash and cash equivalents at end of the year	408,340,323	273,311,916

The annexed notes 1 to 30 form an integral part of these financial statements.


MEMBER


CHAIRMAN

**NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

PARTICULARS	Rupees			
	Capital contribution by Government of Pakistan	Building Reserve Fund	Accumulated Surplus	Total
Balance as at July 01, 2017	131,286,090	1,000,000,000	-	1,131,286,090
Total comprehensive income for the year	-	-	112,016,465	112,016,465
Transferred to Federal Consolidation Fund	-	-	(112,016,465)	(112,016,465)
Balance as at June 30, 2018	131,286,090	1,000,000,000	-	1,131,286,090
Total comprehensive income for the year	-	-	118,068,968	118,068,968
Transferred to Federal Consolidation Fund	-	-	(118,068,968)	(118,068,968)
Balance as at June 30, 2019	131,286,090	1,000,000,000	-	1,131,286,090

Note

10

10

The annexed notes 1 to 30 form an integral part of these financial statements.


MEMBER


CHAIRMAN

**NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1 NATURE AND STATUS OF OPERATIONS

National Electric Power Regulatory Authority (the Authority) was established as a body corporate under Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 for the regulation of power sector in the country. The Authority operates through Head Office located in NEPRA Tower, Attaturk Avenue (East), Sector G-5/1, Islamabad and three regional offices across Pakistan.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as adopted by the Institute of Chartered Accountants of Pakistan. Although, the Authority is not required to comply with the requirements of IFRS, nevertheless, to follow the best practices, the Authority has adopted approved accounting standards as applicable in Pakistan as a framework for preparation of financial statements.

2.1 Basis of preparation

These financial statements have been prepared under historical cost convention except for certain financial instruments which are measured at fair value and employee retirement benefits including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits".

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Authority's functional and presentation currency. Amounts presented in Pakistani Rupees have been rounded off to the nearest rupee, unless otherwise indicated.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost comprises purchase price and other directly attributable costs. Capital work-in-progress is stated at cost less impairment, if any. Depreciation is charged on straight line method to write off the depreciable amount of each asset over its estimated useful life. Rates are specified in note 4 to the financial statements. Depreciation on additions is charged from the day on which the asset is put to use and on disposals up to the date of disposal. Normal repairs and maintenance are charged to income and expenditure account as and when incurred, whereas major improvements and modifications are capitalized. Gains and losses on disposal of property, plant and equipment are taken to the income and expenditure account.

The Authority reviews the useful lives and residual values of property plant and equipment on a regular basis.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment except for intangible assets under development which are stated at cost less impairment, if any. Amortization on intangible assets having finite useful life is calculated on straight-line basis at rates specified in note 5 to the financial statements.

3.3 Loans and advances

Loans and advances are classified as long term and / or short term based on the repayment terms and / or recoverability period. These are measured at cost less any provision for doubtful recoverables.

3.4 Investments - Held to maturity investments

The Authority classifies financial assets as held to maturity when it has positive intent and ability to hold the investments to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest rate method less any impairment losses.

3.5 Staff benefits

(i) Defined contribution plan - on retirement

The Authority operates a contributory provident fund in which equal contributions are made by eligible employees and the Authority. The contributions are made at the rate of 5% or 10% (at the option of each employee) of basic salary plus utilities allowance. The Authority's contribution is charged to income and expenditure account currently.

(ii) Earned leaves

The Authority has a policy to provide for encashable leaves to its eligible employees in accordance with respective entitlement on cessation of service or on request of employee(s) during the service period. Related expected cost has been included in the financial statements.

(iii) Defined benefit plan - on retirement

The Authority operates funded and unfunded gratuity schemes in respect of all eligible employees. Provision is made annually for funded and unfunded gratuity schemes to cover the Authority's obligations by way of charge to the income and expenditure account.

3.6 Revenue recognition

License fee is recognized on accrual basis. Interest income on investments / deposits is recognized on a time proportion basis. Income from generation and transmission companies is recognized when invoice is raised whereas, the income from distribution companies is recognized when units sold are confirmed by the distribution companies.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

3.7 Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are included in income and expenditure account.

3.8 Taxation

(i) Current

Provision for current taxation is based on taxable income at the current rate of tax, after taking into account the applicable tax credits, rebates and exemptions available, if any, and any adjustments to the tax payable in respect of previous years.

(ii) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted or substantially enacted by the date of issue of financial statements.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

3.9 Receivables

Receivables are initially recognized at fair value and subsequently stated at amortized cost. Known impaired receivables are written off while receivables considered doubtful of recovery are fully provided for.

3.10 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortized cost.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and bank balances and are stated at cost which approximates to their fair value.



NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

3.12 Interest bearing borrowing

Interest bearing borrowings are recognized initially at cost being the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowing are stated at original cost less subsequent repayments. Interest expense for the current year is included in income and expenditure account.

3.13 Provisions

A provision is recognized in the statement of financial position when the Authority has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the same can be made. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognized as finance cost.

3.14 Impairment

The carrying amounts of the Authority's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. An impairment loss is recognized for the amount by which the asset's fair value less cost to sell and value in use. An impairment loss or reversal of impairment loss is recognized in the statement of comprehensive income.

3.15 Off-setting of financial assets and liabilities

A financial asset and a financial liability is set off and the net amount is reported in the financial statements if the Authority has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.16 Financial Instruments

Financial assets and financial liabilities are recognized when the Authority becomes a party to the contractual provisions of the instruments. These are initially measured at cost, which is the fair value of the consideration given or received. These financial assets and liabilities are subsequently measured at fair value and amortized cost as the case may be. The Authority derecognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

4 PROPERTY, PLANT & EQUIPMENT

PARTICULARS	C O S T			D E P R E C I A T I O N			W.D.V. AS AT JUNE 30, 2019	
	AS AT JULY 01, 2018	ADDITIONS / (DELETION)	AS AT JUNE 30, 2019	RATE	AS AT JULY 01, 2018	FOR THE YEAR		AS AT JUNE 30, 2019
Leasehold Land	16,555,500	-	16,555,500	1%	1,969,482	163,899	2,133,381	14,422,119
Office Building	591,835,424	-	591,835,424	3%-20%	142,289,960	33,100,683	175,390,643	416,444,781
Machinery & Equipment	204,175,457	519,155	204,694,612	10%	88,309,681	20,446,040	108,755,721	95,938,891
Office Equipment	12,315,553	2,752,956	15,068,509	20%	8,114,836	1,850,329	9,965,165	5,103,344
Computer & Accessories	32,393,488	10,471,338	42,864,826	33%	29,572,193	2,376,594	31,948,787	10,916,039
Furniture & Fixtures	8,178,091	1,361,170	9,539,261	20%	6,220,702	841,247	7,061,949	2,477,312
Vehicles	110,971,081	5,179,420	116,150,501	20%	62,334,542	20,920,551	83,255,093	32,895,408
Others	3,454,800	33,000	3,487,800	20%	2,944,522	234,938	3,179,460	308,340
TOTAL 2019 (Rs.)	979,879,394	20,317,039	1,000,196,433		341,755,918	79,934,281	421,690,199	578,506,234

PARTICULARS	C O S T			D E P R E C I A T I O N			W.D.V. AS AT JUNE 30, 2018	
	AS AT JULY 01, 2017	ADDITIONS / (DELETION)	AS AT JUNE 30, 2018	RATE	AS AT JULY 01, 2017	FOR THE YEAR		AS AT JUNE 30, 2018
Leasehold Land	16,555,500	-	16,555,500	1%	1,805,583	163,899	1,969,482	14,586,018
Office Building	589,803,940	2,031,484	591,835,424	3%-20%	109,189,278	33,100,682	142,289,960	449,545,464
Machinery & Equipment	198,294,577	5,880,880	204,175,457	10%	67,890,635	20,419,046	88,309,681	115,865,776
Office Equipment	10,232,361	2,083,192	12,315,553	20%	6,277,338	1,837,498	8,114,836	4,200,717
Computer & Accessories	30,975,101	1,418,387	32,393,488	33%	26,419,189	3,153,004	29,572,193	2,821,295
Furniture & Fixtures	9,846,388	(1,668,297)	8,178,091	20%	7,850,499	(1,629,797)	6,220,702	1,957,389
Vehicles	110,552,551	418,530	110,971,081	20%	45,648,047	16,686,495	62,334,542	48,636,539
Others	3,454,800	-	3,454,800	20%	2,714,195	230,327	2,944,522	510,278
TOTAL 2018 (Rs.)	969,715,218	10,164,176	979,879,394		267,794,764	73,961,154	341,755,918	638,123,476

4.1 In respect of building, different rates are being used for different components / elements of building such as furnishing, consultancy fee and etc.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
5 INTANGIBLE ASSETS			
Computer software	5.1	-	-
		-	-
5.1 Computer software			
Opening balance		-	4,764,232
Amortization charge for the year		-	(4,764,232)
Closing balance		-	-
Amortization rate		33%	33%
6 LOAN TO EMPLOYEES			
Opening balance		48,439,281	37,205,703
Loans given during the year	6.1	139,796,955	34,425,903
Loans recovered during the year		(83,135,165)	(23,192,325)
		105,101,071	48,439,281
Current portion of loan to employees		(42,040,428)	(19,253,976)
		63,060,643	29,185,305
6.1 These represent salary advance and loans given to employees for purchase of vehicles (i.e. car / motorbike). These are interest free and are given for a period of more than one year.			
7 FEE RECEIVABLE			
Fee receivable - considered good	7.1	139,011,931	123,574,993
		139,011,931	123,574,993
7.1 This includes Rs. 117.46 million (2018: Rs. 97.59 million) which is outstanding for a significant period of time. The management is confident of the recovery of these amounts and accordingly, no provision has been made against these receivables.			
8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to staff		5,358,848	4,928,848
Advances to suppliers		11,826,793	11,826,793
Security deposits		2,088,388	2,088,388
Prepaid rent		9,249,921	3,795,921
Pepaid insurance		2,654,351	-
Accrued interest		9,766,812	7,495,835
Advances against medical bills		341,788	341,788
Advance to provident fund		107,761	107,761
Other receivables		1,084,500	1,084,500
		42,479,162	31,669,834

8.1 All of the above are unsecured but are considered good.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
9 TAX REFUND DUE FROM GOVERNMENT			
Opening balance	9.1	464,580,320	454,047,616
Advance tax deducted during the year		79,356,733	55,612,932
Tax adjusted against liability of previous years		<u>(24,542,717)</u>	<u>(45,080,228)</u>
		<u>519,394,336</u>	<u>464,580,320</u>

9.1 The amount stated as tax refund due from government includes an amount of Rs. 290 million paid in advance in respect of the pending tax cases as more fully explained under contingencies & commitments.

10 ADVANCE / (PAYABLE) TO FEDERAL CONSOLIDATION FUND

Opening balance - advance / (payable)		16,420,289	60,710,478
Add: Total comprehensive income for the year		118,068,968	112,026,189
Less: Transferred during the year	10.1	<u>(110,000,000)</u>	<u>(67,736,000)</u>
		<u>8,351,321</u>	<u>16,420,289</u>

10.1 According to NEPRA ACT, 1997 (Act No. XL of 1997), any surplus, after payment of taxes, shall be remitted to Federal Consolidation Fund.

11 CASH AND BANK BALANCES

Cash in hand		535,222	527,125
Cash at bank:			
Current accounts - Local currency		-	-
Current accounts - Foreign currency		-	4,571
Saving accounts	11.1	<u>407,805,101</u>	<u>272,780,220</u>
		<u>407,805,101</u>	<u>272,784,791</u>
		<u>408,340,323</u>	<u>273,311,916</u>

11.1 These carry markup ranging from 3.21% to 6.28% (2018: 3.75% to 4.5%) per annum.

12 ACCRUED AND OTHER LIABILITIES

Accrued expenses		246,950,617	201,781,807
Payable to funded gratuity fund	12.1	85,063,807	45,558,915
Provision for earned leaves	12.3	97,828,047	75,883,642
Accrued interest and other charges		1,072,729	1,103,242
Payable to provident fund		107,761	-
Withholding tax payable		244,311	508,834
Retention money		12,278,747	12,278,747
Other payables		<u>21,813,465</u>	<u>2,541,790</u>
		<u>465,359,484</u>	<u>339,656,977</u>

12.1 Payable to funded gratuity fund

This sum is based on actuarial valuation as detailed below:

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	<i>Note</i>	2019 Rupees	2018 Rupees
12.2 Changes in net liability			
Opening balance		45,558,915	56,368,415
Charge during the year	12.2.4	34,551,333	29,348,242
Other comprehensive income		50,512,474	16,210,673
Payments made during the year		<u>(45,558,915)</u>	<u>(56,368,415)</u>
Closing balance	12.2.1	<u>85,063,807</u>	<u>45,558,915</u>
12.2.1 Reconciliation of amounts recognized as liability			
Present value of defined obligations	12.2.2	393,135,972	286,104,270
Fair value of plan assets	12.2.3	<u>(308,072,164)</u>	<u>(240,545,354)</u>
		<u>85,063,808</u>	<u>45,558,916</u>
12.2.2 Movement in present value of defined obligation			
Present value of defined obligations at start of the year		286,104,270	247,498,307
Current service cost		30,451,031	27,163,966
Interest cost		25,749,384	18,466,561
Benefit paid		(1,632,642)	(18,440,198)
Experience adjustment		<u>52,463,929</u>	<u>11,415,634</u>
Obligation at the end of the year		<u>393,135,972</u>	<u>286,104,270</u>
12.2.3 Movement in fair value of plan assets			
Fair value of plan assets at start of the year		240,545,354	191,129,891
Contribution during the year		45,558,915	56,368,415
Expected return on plan assets		21,649,082	16,282,285
Benefit paid		(1,632,642)	(18,440,198)
Experience adjustment		<u>1,951,455</u>	<u>(4,795,039)</u>
		<u>308,072,164</u>	<u>240,545,354</u>
12.2.4 Charge during the year			
Transitional liability recognized during the year:			
Current service cost		30,451,031	27,163,966
Interest cost		25,749,384	18,466,561
Expected return on plan assets		<u>(21,649,082)</u>	<u>(16,282,285)</u>
		<u>34,551,333</u>	<u>29,348,242</u>
12.3 Changes in net liability - earned leaves			
Opening balance		75,883,642	70,612,215
Charge during the year		49,718,305	41,833,090
Payments made during the year		<u>(27,773,900)</u>	<u>(36,561,663)</u>
Closing balance		<u>97,828,047</u>	<u>75,883,642</u>

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
13 PROVISION FOR TAXATION			
Opening balance		59,900,314	43,157,289
Charge during the year		126,769,830	61,823,253
Adjustment / payment during the year		<u>(32,128,502)</u>	<u>(45,080,228)</u>
Closing balance		<u>154,541,642</u>	<u>59,900,314</u>

14 LONG TERM LOAN

Loan from GoP through IDA		26,270,935	27,021,527
Current portion of long term loan		<u>(750,592)</u>	<u>(750,592)</u>
Non-current portion of long term loan		<u>25,520,343</u>	<u>26,270,935</u>

14.1 The Authority entered into a subsidiary Loan Agreement ("Agreement") with Government of Pakistan (GoP) in respect of loan from International Development Association (IDA). Under the Agreement, the Authority got a loan of US\$ 1 million (equivalent to PKRs. 58 million) from GoP for capacity building project focused on both the employees and the institutional development.

14.2 As per Agreement, loan from GoP is repayable from September 15, 2014 to March 15, 2039 semi-annually in PKRs. The loan carries interest at 14% per annum.

15 DEFERRED LIABILITIES

Provision for gratuity - unfunded	15.1	1,933,800	3,944,694
Deferred tax liability	15.2	21,792,427	34,310,507
		<u>23,726,227</u>	<u>38,255,201</u>

15.1 Changes in net liability - gratuity unfunded

Opening balance		3,944,694	3,641,980
Charge during the year		1,501,907	1,541,978
Other comprehensive income		(61,750)	(972,403)
Payments during the year		<u>(3,451,051)</u>	<u>(266,861)</u>
Closing balance		<u>1,933,800</u>	<u>3,944,694</u>

15.2 Deferred tax

Opening deferred tax liability		34,310,507	42,633,975
Charged to Income & Expenditure Account		(12,535,988)	(8,605,465)
Credit recognised in other comprehensive income		17,908	281,997
Closing deferred tax liability		<u>21,792,427</u>	<u>34,310,507</u>

16 CAPITAL CONTRIBUTION BY GOVERNMENT OF PAKISTAN

This represents grant received from Federal Government on non-repayment basis for establishment of the Authority.



NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
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17 BUILDING RESERVE FUND

This represents unfunded reserve created in prior years pursuant to the approval of the Authority for the purpose of the NEPRA building.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

- (i) The tax authorities issued notices to the Authority for filing of return of total income for the Tax Years 2003 to 2007. The management of the Authority communicated its legal stance through correspondence with the tax authorities. However, to comply with the requirements of statutory notices, returns for the aforesaid Tax Years were filed claiming the net income of the Authority being exempt from tax. However, the tax authorities amended the assessments of all the aforesaid Tax Years by rejecting the stance taken by the Authority and raised a net tax demand of Rs. 290 million. The Commissioner Inland Revenue (Appeals) also upheld these amendments. The appeals filed with Appellate Tribunal Inland Revenue against the orders of Commissioner Inland Revenue (Appeals) were also rejected by the Appellate Tribunal Inland Revenue by placing reliance on the judgment of the High Court in the matter of Pakistan Telecommunication Authority. Whereas amendment for the Tax Year 2003 were annulled by the Appellate Tribunal Inland Revenue on legal grounds. The Authority has filed references before the High Court which are pending adjudication. Due to the pendency of these cases, the Authority has accounted for the amount of Rs. 290 million paid as tax as advance. However, no provision for the same has been made in these financial statements.
- (ii) There are no other contingencies as at June 30, 2019 (2018: Nil). However, the Authority has been made party in various legal cases and the Authority believes that the outcome of these cases would not result in any financial exposure to the Authority.

18.2 Commitments

There is no material commitments as at June 30, 2019 (2018 : Nil).

19 FEE INCOME

License fee	1,239,219,705	1,129,835,884
Application and modification fee	29,092,872	27,495,096
Tariff petition and others	34,752,691	42,077,871
Gross fee income	1,303,065,268	1,199,408,851
Less: Fee and levies	19.1 (39,091,958)	(35,982,266)
Net fee income	1,263,973,310	1,163,426,585

- 19.1 This represents an amount payable to Competitive Commission of Pakistan under the CCP Act whereby five Authorities are required to pay an amount equal to 3% of its revenue to CCP every year.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

20 ADMINISTRATIVE EXPENSES

	2019 Rupees	2018 Rupees
Salaries, benefits and allowances	828,209,441	776,925,856
Repairs and maintenance	15,861,783	14,222,003
Travelling expenses	26,002,070	21,160,563
Communication	7,960,149	7,786,260
Utilities	15,387,723	13,701,797
Rent expense	2,028,815	4,267,177
Printing and stationery	8,039,658	6,363,222
Training and development	8,347,803	11,215,316
Promotions and ceremonies	230,842	596,296
Advertisement	7,924,997	18,135,718
Insurance expense	3,115,632	6,025,390
Legal and professional	32,890,579	34,243,536
Audit fee	150,000	297,000
Vehicle running cost	7,577,161	7,126,291
Depreciation and amortization	79,934,281	86,140,009
Staff Uniform	991,169	1,120,237
Entertainment expenses	2,468,529	4,185,155
	<u>1,047,120,632</u>	<u>1,013,511,826</u>

21 FINANCE COST

Bank charges	151,292	122,956
Markup on long term loan	3,726,227	3,831,176
	<u>3,877,519</u>	<u>3,954,132</u>

22 OTHER INCOME

Markup on investments	14,540,750	10,675,000
Markup on bank accounts	55,255,533	22,933,954
Gain on sale of fixed assets	-	1,194,663
	<u>69,796,283</u>	<u>34,803,617</u>

23 TAXATION

Current tax		
- for the year	101,198,592	61,823,253
-prior years	25,571,238	-
	126,769,830	61,823,253
Deferred tax		
-for the year	(11,392,304)	(7,184,332)
-due to change in tax rate	(1,143,684)	(1,421,133)
	(12,535,988)	(8,605,465)
	<u>114,233,842</u>	<u>53,217,788</u>

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

23.1 Relationship between accounting profit and tax expense

	<u>2019</u> Rupees	<u>2018</u> Rupees
Accounting profit before tax	<u>282,771,442</u>	<u>180,764,244</u>
Tax rate	29%	30%
Tax on accounting profit	<u>82,003,718</u>	<u>54,229,273</u>
Tax effect of amount not admissible for tax purposes	<u>38,034,803</u>	<u>38,854,523</u>
Tax effect of depreciation & other admissibles for tax	<u>(25,769,693)</u>	<u>(30,600,348)</u>
Tax effect of other items fall under final tax regime	<u>6,929,764</u>	<u>(660,195)</u>
Prior years	<u>25,571,238</u>	-
Temporary difference	<u>(11,392,304)</u>	<u>(7,184,332)</u>
Rate change	<u>(1,143,684)</u>	<u>(1,421,133)</u>
	<u><u>114,233,842</u></u>	<u><u>53,217,788</u></u>

24 FINANCIAL INSTRUMENTS

The Authority has exposure to the following risks from its use of financial instruments:

- * Credit risk;
- * Liquidity risk; and
- * Market risk.

The Authority members have overall responsibility for the establishment and oversight of the Authority's risk management framework.

The Authority's risk management policies are established to identify and analyze the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities. The Authority, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Members oversee how management monitors compliance with the Authority's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Authority.

24.1 Credit risk

Credit risk is the risk of financial loss to the Authority if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Authority's receivables from financial institutions.

The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each counter party including the default risk of the industry and country in which the counter party works. The Authority regularly monitors the status of receivables. Cash at bank is placed with financial institutions with high credit ratings. The Authority assesses the credit quality of the counter parties as satisfactory.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
Loans to employees	105,101,071	48,439,281
Deposits and other receivables	3,172,888	3,172,888
Fee receivable	139,011,931	123,574,993
Bank balances	407,805,101	272,784,791
	<u>655,090,991</u>	<u>447,971,953</u>

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The maximum exposure to credit risk at the reporting date is as follows:

24.2 Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

The Authority ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Authority monitors rolling forecasts of cash and cash equivalents on the basis of budgets.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2019 (Rupees)				
	Carrying Amount	Contractual cash flows	With in 1 year	1 to 5 year	Over 5 years
Accrued liabilities	464,286,755	464,286,755	464,286,755	-	-
Long term loans	27,343,664	66,365,656	2,957,557	21,124,808	42,283,291
	<u>491,630,419</u>	<u>530,652,411</u>	<u>467,244,312</u>	<u>21,124,808</u>	<u>42,283,291</u>
	2018 (Rupees)				
Accrued liabilities	338,553,735	338,553,735	338,553,735	-	-
Long term loans	28,124,769	70,842,439	3,032,087	21,333,080	46,477,272
	<u>366,678,504</u>	<u>409,396,174</u>	<u>341,585,822</u>	<u>21,333,080</u>	<u>46,477,272</u>

24.3 Market risk

Market risk is the risk of changes in market prices such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest rates. At the reporting date, the interest rate profile is as follows:

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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	2019 Rupees	2018 Rupees
Fixed rate instruments		
Cash at bank	407,805,101	272,780,220
Long term loan	<u>(26,270,935)</u>	<u>(27,021,527)</u>
	<u><u>381,534,166</u></u>	<u><u>245,758,693</u></u>

The Authority does not account for any fixed rate financial assets and liabilities at fair value through Income and expenditure. Therefore, a change in interest rate at the reporting date would not affect Income and expenditure.

b) Currency risk

The Authority is not significantly exposed to currency risk.

24.4 Fund management

The Authority's fund management is primarily devised under Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 which requires the Authority to remit any surplus of receipts over expenditure in a year to Federal Consolidation Fund. The members of the Authority monitor the movements in the Federal Consolidation Fund.

24.5 Fair value of financial instruments

The carrying value of financial assets and liabilities reflected in the financial statements approximate their fair values.

24.6 Determination of fair values

A number of the Authority's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on following methods:

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

25 TRANSACTIONS WITH RELATED PARTIES

The Authority is a statutory body and is a public sector entity. It is a regulatory body of power sector entities and is getting license fee from other government owned power sector entities. Apart from that, it has obtained loan from Government of Pakistan. Except for being a regulatory body, there are no transactions with these related parties.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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	2019 Rupees	2018 Rupees
Apart from the aforesaid, the staff retirement funds also fall in the category of related parties and the transactions with such staff retirement funds are as follows:-		
Other related party transactions		
Contribution made to Gratuity fund	45,558,915	56,368,415
Contribution made to Provident fund	26,827,317	22,256,819
Balances outstanding at the year end		
Due to Gratuity fund	85,063,807	45,558,915
Due to / (due from) Provident fund	(107,761)	-

26 REMUNERATION OF CHAIRMAN AND MEMBERS

The aggregate amounts charged in the financial statements in respect of remuneration including benefits applicable to the chairman and the members are given below:

	2019		2018	
	Chairman	Members	Chairman	Members
Managerial remuneration	1,505,457	12,017,827	3,760,488	15,041,952
Accommodation	-	1,093,500	676,872	2,707,488
Other allowances	26,717	1,190,608	19,725	78,900
	1,532,174	14,301,935	4,457,085	17,828,340
Number of Person(s)	1	4	1	4

27 NUMBER OF EMPLOYEES

Number of employees	316	322
Average number of employees during the year	315	320

28 RE-ARRANGMENTS AND RE-CLASSIFICATION

The comparative figures have been re-arranged and / or re-classified, wherever necessary, for the purpose of better comparison in the financial statements. However, such re-arrangements and / or re-classifications, wherever done, do not have any impact on the previously reported figures.

29 DATE OF AUTHORIZATION

The financial statements were approved by the Authority in its meeting held on 03/10/19.

30 GENERAL

Figures have been rounded off to the nearest rupee.


MEMBER


CHAIRMAN



Annex-III
Senior Management Key
Contacts

Senior Management Key Contacts

Name & Designation	Department	Telephone No.	Email
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Glossary of Acronyms Used

ASR	Aggregated Service Router
BPC	Bulk Power Consumer
CAD	Consumer Affairs Division
CCI	Council of Common Interests
CCTV	Closed Circuit Television
CDA	Capital Development Authority
CEO	Chief Executive Officer
CIR	Committed Information Rate
COD	Commercial Operation Date
CPEC	China Pakistan Economic Corridor
CPPA-G	Central Power Purchasing Agency Guarantee Limited
DCRP	Distribution Code Review Panel
DG	Distributed Generation
DHCP	Dynamic Host Configuration Protocol
DISCO	Ex WAPDA Distribution Company
ECC	Economic Coordination Committee
ERP	Enterprise Resource Planning
ERRA	Energy Regulators Regional Association
FESCO	Faisalabad Electric Supply Company Limited
GENCO	Public Sector Generation Company
GEPCO	Gujranwala Electric Power Company Limited
HESCO	Hyderabad Electric Supply Company Limited
HVDC	High Voltage Direct Current
IESCO	Islamabad Electric Supply Company Limited
LESCO	Lahore Electric Supply Company Limited
MEPCO	Multan Electric Power Company Limited
MW	Megawatt
MYT	Multi-Year Tariff
NPCC	National Power Control Centre
NEPRA	National Electric Power Regulatory Authority
NTDC	National Transmission and Dispatch Company
PESCO	Peshawar Electric Supply Company Limited
PPP	Power Purchase Price
PSDR	Performance Standards (Distribution) Rules
PSGR	Performance Standards (Generation) Rules
PSTR	Performance Standards (Transmission) Rules
PTPL	Punjab Thermal Power (Private) Limited
QESCO	Quetta Electric Supply Company Limited
RLNG	Re-Gasified Liquefied Natural Gas
SAIFI	System Average Interruption Frequency Index
SAIDI	System Average Interruption Duration Index
SEPCO	Sukkur Electric Power Company Limited

SCADA	Supervisory Control and Data Acquisition
SOP	Standard Operating Procedure
T&D	Transmission and Distribution
TESCO	Tribal Areas Electric Supply Company
USAID	United State Agency for International Development
UOSC	Use of System Charges
USOA	Uniform System of Accounts



**NATIONAL ELECTRIC POWER
REGULATORY AUTHORITY**

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