



# DRAFT NEPRA BULK POWER CONSUMERS REGULATIONS 2020

## SUSTAINABLE ENERGY FOR PAKISTAN (SEP) PROJECT

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## BRIEF DESCRIPTION OF DELIVERABLE

NEPRA Act characterizes Bulk Power Consumers (BPCs) by the load served, i.e., one who purchases or receives electric power, at one's premises, in an amount of one megawatt or more. The Authority has been further allowed to specify other characteristics and different amounts, voltage levels and other characteristics for different areas.

BPCs had option to receive supply from a generation or a distribution company of their choice under a restricted regime of section 22 and second-tier supply authorisation prior to 2018 amendments in the NEPRA Act. After, removal of such restrictions such as 3 years prior notice period before stopping purchase of power from the host distribution company and continued payment of cross subsidy, thereafter; it is important to bring requisite regulatory discipline while opening BPCs for supply by distribution licensees, electric power suppliers, traders and generation companies as per the mandate given under the NEPRA Act. The attached BPC regulations attempt to streamline sale to BPCs and their purchase of power from all the eligible suppliers.

# DRAFT NEPRA BULK POWER CONSUMERS REGULATIONS, 2020

Islamabad, \_\_\_\_\_, 2020

S.R.O. \_\_\_(I)/20.- In exercise of the powers conferred by section 47 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) read with section 2(ii) thereof, the National Electric Power Regulatory Authority is pleased to lay down regulations for purchase by and supply of electric power to, bulk-power consumers and amount, voltage level and their other characteristics for the purpose, namely:-

## **I. Short title and commencement.\_**

- (1) These regulations may be called the National Electric Power Regulatory Authority bulk-power consumer regulations, 2020.
- (2) They shall come into force at once.

## **2. Definitions.\_** In these regulations, unless the context otherwise dictates:-

- (i) "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 2020.
- (ii) "aggregation" means a combination of two or more load sites as defined under regulation 4 to these regulations;
- (iii) "ancillary service" means the services ancillary or incidental to the safe, reliable, stable and efficient availability and utilisation of electrical energy and net capacity and include without limitation, the following:-
  - (a) energy imbalance service;
  - (b) spinning reserve service;
  - (c) supplemental reserve service;
  - (d) reactive supply and voltage control service; and
  - (e) regulation and frequency response service
- (iv) "balance responsibility" means the responsibility to settle fiscal balances between bulk-power consumers and suppliers;
- (v) "commercial code" means a specific procedure or set of procedures established by the market operator for carrying out the market operations, including commercial operations, processes and functions, required under the market rules with the approval of the Authority;
- (vi) "common delivery points (CDPs) / connection point" means metering locations on the NTDC Grid Network, which are between NTDC transmission system and distribution companies, or between NTDC or distribution companies system and power plants of generation companies, at which energy transaction takes place, i.e., export or import of electric power from one party to another party, or injected to or extracted from the grid;

- (vii) “grid code” means the guidelines, standards and procedures of technical and commercial aspects for the access, use and operation of transmission system and transmission facilities of NTDC as modified and approved by the Authority from time to time;
  - (viii) “market operator” means the entity authorized or registered by the Authority under the market rules to carry out and discharge the market operations;
  - (ix) “market rules” means NEPRA (market operator registration, standards and procedure) rules, 2015;
  - (x) “open access” means the non-discriminatory provision of connection for the use of distribution or transmission system, as applicable or associated facilities by any licensee or consumer or a person engaged in generation, in accordance with the provision of the Act, these regulations and determination of the Authority from time to time;
  - (xi) “regulations” means these regulations or any other regulation, specifically mentioned being applicable to a bulk-power consumer, issued by the Authority from time to time;
  - (xii) “supplier” means any licensee or entity that is authorized by the Authority to supply electric power to a bulk-power consumer;
  - (xiii) “supplier of last resort” means a contingent supplier to a consumer in the event of a failure by the contracted supplier under the terms and conditions specified by these regulations, when the supplier to a bulk-power consumer ceases to supply due to termination or conclusion of the contract or any other reasons for non-supply;
  - (xiv) “switching” means the process of a bulk-power consumer changing its source of electric power supply from a distribution licensee to an electric power supplier or trading licensee or a generation company, or vice versa, or from one of these suppliers to another;
  - (xv) “system operator” means the holder of a system operation license issued under section 23 G of the Act, whereas, currently a division of NTDC is responsible for system operation and despatch as established in transmission license of NTDC and the grid code;
  - (xvi) “technical codes” means the grid code, the distribution code and the sub-codes thereof such as the metering code, planning code and such other codes as may be applicable;
  - (xvii) “trader” means the holder of a trading license issued under section 23 C of the Act.
  - (xviii) “use of transmission system agreement (TUoS)” means the agreement executed between a consumer and a transmission licensee containing terms and conditions for use of the transmission system; and
  - (xix) “use of distribution system agreement (DUoS)” means the agreement executed between a consumer and a distribution licensee containing terms and condition for use of the distribution system;
- (2) Words and expressions used and not defined in these regulations but defined in the Act shall have the meanings as assigned to them in the Act

### **3. Eligibility Criteria for a bulk-power consumer.-**

- (1) The following categories of bulk power consumers with a load of 1 MW and above that is connected or able to connect to the following systems can purchase electric power under these regulations:
  - (i) to a metered 11kV delivery point on the distribution network of a distribution licensee under a use of distribution system and connection agreement with or without supply of electric power;
  - (ii) to a metered 132kV delivery point on the transmission network under a use of transmission system agreement for the connection and delivery of electric power; and
  - (iii) through a metered delivery point, to the generation facility of a generation company for purchase of electric power.

### **4. Aggregated bulk-power consumer**

- (1) A group of consumers may combine multiple sites and apply as an aggregated bulk-power consumer if all are connected to the same feeder of a distribution system.
- (2) Each of the applicants applying to become part of an aggregated bulk-power consumer shall be a single legal entity or undertaking of a special purpose vehicle.
- (3) The individual applicants forming part of an aggregated bulk-power consumer must have a minimum consumption of 500kVA at each site.

### **5. Metering requirements**

A bulk-power consumer shall procure and install appropriate metering infrastructure at all common delivery points in compliance with the respective metering code of the distribution code and the grid code and such meters shall have remote reading capability for the measurement of active power, reactive power, peak demand and profiling of real load.

### **6. Contractual requirements**

- (1) An applicant for electric power supply as a bulk-power consumer shall fulfill the following contractual requirements:
  - (i) execution of a power purchase agreement with the prospective electric power supplier;
  - (ii) execution of use of transmission system (“TUoS”) agreement with NTDC, where applicable;
  - (iii) execution of use of distribution system (“DUoS”) agreement with the distribution licensee, where applicable;
  - (iv) execution of market participation agreement with the market operator, where applicable; and
  - (v) execution of other agreements as may be specified by the Authority, from time to time.

### **7. Financial requirements**

- (1) A bulk-power consumer shall be able to fulfill following payment obligations:-

- (i) power supply payments under the power purchase agreement;
  - (ii) charges for the use of the transmission network, ancillary services and system operations as per the tariff determined by the Authority;
  - (iii) charges for the use of the distribution network according to the tariff determined by the Authority; and
  - (iv) charges for the costs and settlement of balances and market administration fees pursuant to the commercial code.
- (2) All applicants for electric power supply as a bulk-power consumer shall submit a letter of credit or bank guarantee in favour of the market operator in accordance with the commercial code to cover various charges as may be approved by the Authority.

## **8. Service providers to bulk-power consumers**

- (1) The following electric power service providers holding respective permission or licence issued by the Authority can supply electric power to bulk-power consumers:
- (i) a generation facility holding a supply licence to sell electric power to a bulk-power consumer;
  - (ii) an electric power supplier under an electric power supply licence;
  - (iii) an electric power trader under an electric power trading licence; and
  - (iv) a distribution licensee holding a licence to distribute electric power.

## **9. Application for electric power supply as a bulk-power consumer**

An applicant for electric power supply as a bulk-power consumer, shall make an application to the electric power supplier after fulfilling the requirements listed under regulation 5, 6 and 7 along with list of documents provided under Schedule I to these regulations.

## **10. Procedure for grant of connection to bulk-power consumers**

- (1) Upon grant of access as a bulk-power consumer by the respective transmission or distribution licensee, as applicable, an applicant for electric power supply shall submit applicable documents listed under regulation 6 and 7 to these regulations, to the market operator, before grant of connection by the respective service provider.
- (2) The market operator shall verify and evaluate the application and issue permission to the service provider for electric power supply to the bulk-power consumer no later than [*fifteen*] working days from the date of filing complete documentation.

## **11. Choice of supplier**

- (1) A bulk-power consumer may freely choose a supplier and contract the pricing, quantity, and time of supply pursuant to the grid code, commercial code and the eligibility criteria regulations for the consumers of distribution and electric power supply licensee.
- (2) A bulk-power consumer may enter into contract for supply of electric power from more than one supplier, subject to clearance from system operator and the market operator with respect to availability of adequate system capacity and financial strength of the bulk-power consumer to reliably pay for energy quantities.

- (3) The agreement for capacity access and connection agreement or any other agreement shall not contain any provision to limit the bulk-power consumer's choice of supplier or impose a discriminatory fee, in case of supplier switching.

## **12. Supply Conditions for bulk-power consumers**

- (1) A bulk-power consumer shall comply with the following conditions for the purposes of getting supply of electric power under these regulations:
  - (i) to enter into a contract for supply with the holder of a licence by an electric power distribution, supplier or trader;
  - (ii) to enter into a contract to access the transmission and distribution network, as may be required, and in compliance with technical codes, general conditions for delivery and supply of electric power and the terms of the power purchase Agreement;
  - (iii) to comply with the requirements for off-take on contracted quantities of electric power and peak capacity at each connection point;
  - (iv) to notify the electric power service providers of any change in the corporate identity, address and service location; and
  - (v) to meet all financial obligations in a timely manner pursuant to the agreements for the supply of electric power.

## **13. Rights of bulk-power consumers**

- (1) For sustainable supplies to bulk-power consumers, their suppliers shall regularly submit all required data to the transmission or distribution licensees under the access and connection agreement and contract of supply.
- (2) The bulk-power consumers shall be notified in writing about all types of services which are offered to the consumers as well as other possible conditions at which the supply of electricity is carried out, before execution of the agreement for supply.
- (3) The electric power service providers to bulk-power consumers including transmission licensee, system operator, market operator and distribution licensee shall be governed under the terms and conditions of the respective grid code, commercial code, distribution code, terms and conditions of their licences and service agreements executed with the bulk-power consumers.

## **14. Switching of electric power supply by a bulk-power consumer**

- (1) A bulk-power consumer that intends to switch supplier shall inform the current supplier in writing of the intention to switch supplier at an agreed date, subject to the termination clause under the power purchase agreement.

Provided that in case of disconnecting supply from a distribution licensee, one year advance notice shall be given to the distribution company, by the bulk-power consumer which may be waived for force majeure events.

- (2) The switching of bulk-power consumer from one supplier to another commences with the execution of a power purchase agreement with the new supplier and other requirements under these regulations prior to terminating the existing power purchase agreement.



- (3) The date of switching of electric power supplier shall be as provided for in the power purchase agreement with the new supplier.
- (4) The new supplier to the bulk-power consumer shall submit the executed power purchase agreement to the system operator and market operator pursuant to the provisions of the general conditions for delivery and supply of electricity, technical codes and commercial code.
- (5) The market operator shall, prior to the effectiveness of the new power purchase agreement, submit to the previous and new electric power supplier data on accounting balance and metering data of the bulk-power consumer, within three days of the determination of balance data.

#### **15. Access to transmission and distribution networks**

- (1) A bulk-power consumer or its electric power supplier shall be granted access to the transmission and distribution network for the purpose of delivery of electric power pursuant to the use of transmission system agreement and use of distribution network agreement, as applicable.
- (2) Access to the requisite system and conditions of electric power system usage to which the bulk-power consumer is connected to, shall be determined by the conditions for delivery and supply of electric power provided for in the technical codes and regulations specified by the Authority.
- (3) The transmission and distribution licensees shall comply with the regulations for fair and non-discriminatory third party access to the transmission and distribution systems, respectively.
- (4) The access to the transmission and distribution systems shall be subject to the availability of capacity, compliance with the approved charges for use of transmission and distribution system, compliance with the commercial code, technical standards and codes, network expansion plans to meet needs of the consumers and quality standards for supply of electric power, maintenance of frequency and regulation of voltage.
- (5) The bulk power consumers and suppliers applying for access to the transmission and distribution systems shall file written application with the entity licensed to grant access to the transmission and distribution systems which shall be processed pursuant to the regulations enabling fair access to the system.
- (6) All disputes with respect to denial of access to distribution or transmission systems shall be submitted to the Authority for resolution.

#### **16. Rates and charges**

- (1) The electric power suppliers, in addition to the negotiated capacity and/or energy charges under the power purchase agreement, shall recover such other charges as approved by the Authority.
- (2) The bulk-power consumers may be charged for such contribution as approved by the Authority for various costs attributable to the overall power sector.

#### **17. Metering, billing and settlement**

- (1) Metering, billing and settlement of invoices for bulk-power consumers shall be in line with the provisions of metering code and the commercial code.

## **18. Treatment of energy differences**

- (1) Energy differences may arise when:
  - (i) a bulk-power consumer is unable to take the generated contracted quantities; or
  - (ii) a generator is unable to deliver contracted quantities.

These differences in electric power supply shall be settled in accordance with the provisions of the power purchase agreement and the balancing mechanism developed by the market operator pursuant to the provisions in the market rules and the commercial code.

## **19. Phasing of implementation**

There shall be a phased approach to the implementation of open access for bulk-power consumers in line with the NEPRA eligibility criteria regulations for the consumers of distribution companies and the electric power supply companies.

## **20. Distribution licensee to act as the supplier of last resort**

A distribution licensee shall act as a supplier of last resort to a bulk-power consumer operating within its service territory and the service shall be provided, unless regulated by the Authority, under a provisional arrangement at a price mutually agreed by the contracting parties.

## **21. Dispute resolution**

- (1) All disputes between parties in connection with these regulations shall be resolved in accordance with the dispute resolution clauses of the respective agreements governing their relationship and the dispute resolution mechanism in the commercial code, where applicable.
- (2) In case, the parties are unable to resolve a dispute, the same may be submitted to the tribunal under section 11 of the Act.

## SCHEDULE I

### A. Documents to be submitted alongwith application for electric power supply under regulation 9

1. A copy of the applicant's certificate of incorporation alongwith memorandum and articles of association or any other documents testifying legal status of the applicant;
2. National tax no.
3. Board resolution approving the application.
4. Copies of documents showing that the applicant/supplier have satisfied safety and technical requirements.
5. Letter of introduction from bankers and other financial support documents.
6. Statement from the System Operator or Distribution System Operator (as the case may be) indicating the structures to which the applicant is or proposed to be connected alongwith clearance with respect to satisfaction of conditions specified by the relevant technical codes and general conditions for delivery and supply of electricity.
7. Letter of clearance from distribution licensee of non-indebtedness of the bulk-power consumer or copy of last paid invoice.
8. Draft PPA, TUoS, DUoS and Market Participation Agreement.