



SPECIAL PURPOSE TRADER CODE (MARCH 2021)

SUSTAINABLE ENERGY FOR PAKISTAN (SEP) PROJECT

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ACRONYMS

AEDB	Alternate Energy Development Board
BMC	Balancing mechanism for Capacity
BME	Balancing mechanism for Energy
BPC	Bulk Power Consumer
BST	Bulk Supply Tariff
CDP	Common Delivery Points
COD	Commercial operation date
CREPA	Contract Registrar and Power Exchange Administrator
CRP	SPT Code Review Panel
CTBCM	Competitive Trading Bilateral Contract Market (competitive wholesale electricity market for Pakistan)
DC	Distribution Code
DISCOs	Distribution Companies; successors of WAPDA restructuring
DM	Distribution Margin
ECC	Economic Coordination Committee
EPA	Energy Purchase Agreement
ETR/CTR	Energy Transfer Rate/Capacity Transfer Rate
GENCOs	Government owned thermal Generation companies, successors of WAPDA restructuring
IAA	Independent Auction Administrator
IEMSM	Integrated Electricity Market Simulation Model
IGCEP	Indicative Generation Expansion Capacity Plan
KE	K-Electric, formally known as KESC.
KESC	Karachi Electric Supply Company (K-Electric)
MO	Market Operator
MoF	Market Operator Fee
NEPRA	National Electric Power Regulatory Authority
NPCC	National Power Control Centre
NTDC	National Transmission and Dispatch Company
PPA	Power Purchase Agreement
PPAA	Power Procurement Agency Agreement
PPC	Power Purchase contracts
PPIB	Private Power Infrastructure Board
SB	Single buyer
SBP	Single buyer plus
SCADA	Supervisory Control and Data Acquisition
SCED	Security Constrained Economic Dispatch
SDC	Scheduling and Dispatch Code
Small DISCOs	Housing Societies which are granted distribution license by the Authority
SPPs	Small Power Producers

SPT	Special Purpose Trader
TNO	Transmission Network Owner
UoSC	Use of System Charge
VIU	Vertical Integrated Utility
WAPDA	Water and Power Development Authority
WPPO	WAPDA Private Power Organization

I. BACKGROUND

I.1 TITLE

- I.1.1 This code shall be called the Special Purpose Trader Code of Pakistan. (the “SPT Code”)

I.2 SCOPE AND APPLICABILITY

- I.2.1 The SPT Code shall be applicable to the extent of activities by SPT Code Participants administered by CPPA-G defined by the Authority.
- I.2.2 CPPA-G being the Special Purpose Trader (SPT) shall continue to act as an agent for the capacity procured through PPCs or Power Purchase Agreement or International Interconnection Agreement (import/export) on behalf of ex-WAPDA DISCOs until the CMOD.

I.3 OBJECTIVES

- I.3.1 The general objectives of the SPT Code are:
 - a. To govern and promote a smooth operation of the existing legacy PPCs agreements signed with CPPA-G (SPT), in the manner prescribed under or pursuant to the provisions of the Act and rules and regulatory framework; and
 - b. To establish, govern and transparent settlement and payment arrangements and procedures, centrally administered by CPPA-G (SPT) specifically of the commercial and financial transactions relating to the sale and purchase of electricity and capacity among SPT Code Participants.

2. INTERPRETATION AND CODE REVIEW

2.1 INTERPRETATION

- 2.1.1 In the case of any inconsistency or contradiction of the SPT Code with the Act, the provisions of the Act will prevail up to the extent of the inconsistency.
- 2.1.2 The SPT Code complements the Grid Code and Market Commercial Code and should be read in conjunction therewith.
- 2.1.3 The CPPA-G (SPT) has the right of interpreting this Code as is most appropriate, provided that the CPPA-G shall be under the obligation to inform this interpretation and its justification to the Authority and publish the interpretation on its website. Once an interpretation is agreed upon or approved by Authority, the CPPA-G shall draft an amendment or update the necessary commercial Standard Operating Procedures and shall publish on its website and inform the SPT Code Participants accordingly.
- 2.1.4 All SPT Code Participants shall abide by the SPT Code; however, nothing herein shall derogate from the rights and obligations imposed upon any person under any license or regulations issued by Authority, or the provisions in Power Purchase Contract signed prior to the SPT Code becoming effective.

2.2 DEFINITIONS

- 2.2.1 Capitalised words and expressions used in this Code, unless the context otherwise requires, have the following meaning:
 - “Act” means the Regulation of Generation, Transmission, and Distribution of Electric Power Act, 1997 (XL of 1997);
 - “Authority” means the National Electric Power Regulatory Authority established under the Act;
 - “Back-up Metering System” means any meter and metering devices installed, owned, and maintained by the Company engaged in the generation or distribution of electric power, for backup purpose;
 - “Balancing Mechanism” means as provided in the Market Commercial Code.
 - “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. Energy transaction takes place at this point, energy transaction means electrical energy can be exported or imported from one party to another party, or injected to or extracted from the grid;
 - “Company” means a limited company incorporated under the laws of Pakistan;
 - “Commercial Meters” means Metering Systems installed at CDPs;
 - “Commercial Allocation” means the power purchase contracts (PPCs) allocated to XW-DISCOs including any other Supplier/DISCOs carved out of the Ex-WAPDA DISCOs and KE to the extent they are procuring from the power pool.
 - “Commercially Allocated Capacity” means the capacity allocated to each DISCO.

- “Commercial Code” means the Commercial Code prepared and administered by Market Operator and approved by the Authority pursuant to section 23A&B of the Act;
- “Competitive Market Operation Date” or “CMOD” means the date for the operationalization of market, which date shall be set by the Federal Government, or any other modified date as may be set by the Federal Government from time to time
- “Consolidated Escrow Account” has the meaning ascribed thereto in clause 8.2;
- “CTBCM” is the competitive trading bilateral contract market with a movement from the existing structure to a wholesale market constituted by multiple buyers and sellers.
- “Dispute” means any dispute or disagreement or difference arising under this SPT Code or any provision hereof, or the obligations or performance of an SPT Code Participant under any provision hereof;
- “ERP Portal” means combination of hardware, software and networking owned and operated by the CPPA-G (SPT) for the purpose of interchanging information between the CPPA-G (SPT) and the SPT Code Participants;
- “Escrow Account” means the bank account maintained by the EX-WAPDA Distribution Company including any other Supplier/ DISCO carved out of the Ex-WAPDA DISCOs pursuant to the SPT Code for holding in escrow the revenues of the EX-WAPDA DISCOs;
- “Export/Back-Feed Energy” means a measure of electrical energy transferred from the grid to a power plant or complex of a generation company;
- “Final Settlement Statement” has the meaning ascribed thereto in clause 8.5. and **Annexure E**;
- “GENCOs” means all electricity-generating companies incorporated pursuant to unbundling of WAPDA and licensed to carry out generation functions by Authority;
- “GOP” means The Islamic Republic of Pakistan or the Government of Pakistan, as the context permits;
- “Independent Power Producer (IPP)” means “those IPPs established under (a) 1994 Power Policy or prior thereto, (b) 1995 Power Policy, (c) the 2002 Power Policy, (d) the 2006 Renewable Energy Policy, and (e) the Power Generation Policy 2015;
- “Market Design” means wholesale electricity market design or Competitive Trading Bilateral Contract Market (CTBCM) design as approved by the Authority from time to time;
- “Market Operator (MO)” is the entity licensed by the Authority under the Act.
- “Metering System” means devices that measure and record Active Energy (kWh), Reactive Energy (kVARh), and MDI (kW). These systems may include any remote terminal units and an electronic data recording system;

- “Metering Service Provider” means NTDC or any other independent entity responsible for providing the metering systems as per the metering code of grid code.
- “National Transmission and Dispatch Company Limited (NTDC)” means the national grid company licensed by the Authority;
- “Power Purchase Agreement Contracts (PPCs)” means the PPAs and EPAs agreements signed by, assigned to or, administered by CPPA-G (SPT);
- “Generation Company” means a company with a generation license granted by Authority having Power Purchase Contract with CPPA-G (SPT) till the CMOD;
- “Power Purchase Agency Agreement (PPAA)” means the agreement between CPPA-G (SPT) and each of the DISCOs, through which, inter alia, the XW-DISCOs and K-E to the extent of power procured through power pool shall appoint CPPA-G (SPT) as its agent for the purposes set out therein;
- “Preliminary Settlement Statement” has the meaning ascribed thereto in clause 8.4. and **Annexure E** of the SPT Code;
- “Settlement Committee” has the meaning ascribed thereto in the Standard Operating Procedures relating to the settlement billing & payment. The committee shall broadly comprise of representatives of CPPA-G(SPT) and SPT Code Participants.
- “Special Purpose Trader (SPT)” shall mean the Central Power Purchasing Agency (Guarantee) Limited; having the Registration under Section 25A of the Act performing the functions listed in clause 5 of SPT Code as authorized by Authority;
- “Special Purpose Trader (SPT) Code Participants” as defined in section 3 of the SPT Code;
- “Special Purpose Trader (SPT) Code Participants Representing Demand” The licensed Ex-WAPDA DISCOs including any other Supplier/DISCO carved out of the XW-DISCOs and KE which shall share the CPPA-G (SPT) Power Pool in accordance with the power pool allocation defined per the commercial allocation under the SPT code;
- “Special Purpose Trader (SPT) Code Participants Representing Offer” means Generation Companies licensed by the Authority and having PPCs with CPPA-G (SPT);
- “SPT Power Pool” means the capacity procured on behalf of Ex-WAPDA DISCOs including any other Supplier/DISCO carved out of the XW-DISCOs and allocated to KE till the CMOD and having valid PPCs;
- “Standard Operating Procedure” means a specific procedure or set of procedures established for carrying out commercial operations, processes, and functions by the CPPA-G (SPT) pursuant to the SPT Code;
- “System Operator” means the current NPCC division of NTDC responsible for system operation and dispatch as established in NTDC License and the Grid Code or any successor entity granted a license by the Authority under the section 23G of the Act.

- “Transfer Pricing Mechanism” means the formula for transfer price (capacity transfer rate & energy transfer rate) for raising the invoice for each SPT Code Participant Representing Demand;
- “WAPDA” means the Pakistan Water and Power Development Authority established under the Pakistan Water and Power Development Authority Act, 1958 (W.P. Act XXXI of 1958);
- The words and expressions used but not defined in the SPT Code shall have the same meaning as are assigned to them in the approved Market Design.

2.3 PROCEDURE FOR PROPOSING AMENDMENTS

- 2.3.1 The CPPA-G (SPT) shall establish an SPT Code Review Panel in order to seek assistance in the improvement of this Code. This Review Panel shall include representatives of SPT Code Participants and the Market Operator and will be chaired by the CPPA-G.
- 2.3.2 The Review Panel may propose:
- a. Amendments to the SPT Code, based on principles, objectives, and purposes laid down and with adequate justification, including expected impact; and
 - b. New or amendment to existing SPT Standard Operating Procedures for implementation of the SPT Code, with explanation and justification.
- 2.3.3 If deemed necessary, CPPA-G or the SPT Code Review Panel, if established, shall hold meetings with the party who made the amendment proposal, SPT Code Participants, and any other interested party who filed written comments. The CPPA-G or the SPT Code Review Panel if implemented, shall review proposed amendments and, if considered reasonable and justified, submit a written report to Authority indicating the amendments proposed, and the reasons for its recommendations. On approval of the Authority, the SPT Code shall accordingly be amended and thereafter notified by the Authority.
- 2.3.4 The CPPA-G (SPT) shall prepare an Annual Report entailing the problems experienced during the implementation and application of the SPT Code and the SPT Standard Operating Procedures, and achievement of its purpose, and describing amendment made to the SPT Code or under consideration. This report shall be submitted by the CPPA-G (SPT) to Authority and uploaded on the CPPA-G (SPT) website for comments by all stakeholders.
- 2.3.5 The Annual Report shall include but not be limited to the following:
- a. Problems identified in the implementation and manner of addressing the same, including any new interpretations of the provisions of the SPT Code made by CPPA-G (SPT);
 - b. Conflicts of interpretation with the SPT Code Participants;
 - c. Any transitional exception in complying with the SPT Code or its procedures (in case it is granted to any SPT Participant subject to prior approval from Authority and consistency with signed legal agreements with the SPT Code Participants); and
 - d. Actions and plans for improving the performance, transparency, feasible implementation or efficiency, and achieve the objectives of the SPT Code.

- 2.3.6 A proposal for amendment may be rejected (by Authority or CPPA-G (SPT) or the SPT Code Review Panel, if established) if the proposal is found to:
- a. Unfairly discriminate against an SPT Code Participant or class of SPT Code Participants and
 - b. Be inconsistent with the objectives and purpose defined for the SPT Code, or inconsistent with Act or regulatory framework or Commercial Code.

3. SPT CODE PARTICIPATION & TERMINATION

3.1 SPT CODE PARTICIPANTS ELIGIBILITY REQUIREMENTS

- 3.1.1 The Special Purpose Trade (SPT) Code Participants shall consist of the following:
- a. Representing Demand:
 - i. The licensed Suppliers segregated from the Ex-WAPDA DISCOs (Currently are deemed suppliers), including any other Supplier/DISCOs carved out of the Ex-WAPDA DISCOs, which shall share the SPT Power Pool to the extent of capacity procured through PPCs till the CMOD; and
 - ii. KESC, provided the Authority authorizes such participation
 - b. Representing Offer:
 - i. Licensed Generation Companies having PPCs with the CPPA-G (SPT)
- 3.1.2 The CPPA-G (SPT) shall make publicly available the list of SPT Code Participants on its official website, as updated from time to time.
- 3.1.3 The SPT Code Participants shall provide CPPA-G (SPT) the following information:
- a. Each SPT Code Participants representing demand with respect to details of bank account under the pre-existing payment arrangements will be provided to CPPA-G (SPT) before the start of CMOD, where applicable.
 - b. Each SPT Code participants representing demand shall have an Escrow Account.
 - c. Each SPT Code Participants representing demand with respect to details of the bank account it has to open and maintain, except for pre-existing Generation Companies that will continue with the same payment arrangements, and the information will be provided to SPT before the start of the CMOD.
- 3.1.4 The SPT (CPPA-G) shall request from an SPT Code Participant any additional information as required.

3.2 MAINTENANCE OF SPT CODE PARTICIPANT & CONTRACTS INFORMATION

- 3.2.1 The SPT shall organize, maintain, and publish its website detailed information regarding the SPT Code Participants.
- 3.2.2 The SPT shall maintain a Contract Register to the extent of SPT Code Participants. It shall record in this register all legal agreements established between CPPA-G and the Ex-WAPDA DISCOs; or being PPCs administered by CPPA-G. The list of registered legal agreements shall be publicly available on the CPPA-G official website and also get PPCs register with the Market Operator.

3.3 WITHDRAWAL OF SPT CODE PARTICIPANT

- 3.3.1 The participation of SPT Code Participant will end only under the following conditions:
- a. For a Generation Company, participation can only end if PPC expires or end due to default ending up in termination;

- b. For a Supplier segregated from the Ex-WAPDA DISCO (Currently acting as deemed supplier), participation is subject only to provisions in PPAA: while the agency agreement remains valid and effective, participation cannot end to the extent of power procured till CMOD;
 - c. For K Electric, as per the prescriptions of the PPAA or decision taken by the Authority.
- 3.3.2 Notwithstanding the above, the SPT Code Participant shall remain liable for all its obligations and liabilities as SPT Code Participant that incurred or arose prior to the date of withdrawal.

4. SPT FUNCTIONS

4.1 RESPONSIBILITY FOR SPT CODE

- 4.1.1 CPPA-G(SPT) is responsible for the administration, maintenance, and implementation of the SPT Code, supervision of compliance by SPT Code Participants, and performing such functions as determined by the Authority.

5. COMMERCIAL TRANSACTIONS

5.1 COMMERCIAL TRANSACTIONS

- 5.1.1 The Commercial Transactions among SPT Code Participants will be conducted on monthly basis, or other Settlement Period as it may be specified by the Authority and approved here in this code, and will consist of
- a. Selling of Electric Capacity and Energy from the Generation Companies to the Suppliers segregated from the Ex-WAPDA DISCOs, (Currently acting as deemed Suppliers) as per the conditions established in the PPC.
 - b. Transfer of Energy and, eventually, Electric Capacity from the Suppliers segregated from the Ex-WAPDA DISCOs (Currently acting as deemed Suppliers) to KE, up to the value of 650 MW in accordance to the court decision and later this quantum and terms and condition may be updated according to the further decision of GoP and approval of the Authority.
 - c. Import or Export of Electric Capacity and/or Energy, provided an agreement has been signed in this regard, which has been approved by the Authority. For the avoidance of doubt, all the Energy and Capacity Exported shall be deemed to be exported on behalf of all Suppliers segregated from the Ex-WAPDA DISCOs, and all the Energy Imported shall be deemed to be procured on behalf of all Suppliers segregated from the Ex-WAPDA DISCOs (Currently acting as deemed Suppliers).
 - d. Selling of Electric Capacity and Energy from the Suppliers segregated from the Ex-WAPDA DISCOs (Currently acting as deemed Suppliers) to the Generation Companies (Back-Feed Energy);
- 5.1.2 The transactions involving the Suppliers segregated from the Ex-WAPDA DISCOs (Currently acting as deemed Suppliers) will be performed through the CPPA-G (SPT), pursuant to the PPAA signed by each DISCOs and the CPPA-G (SPT).

5.2 CAPACITY AND/OR ENERGY INVOICES

- 5.2.1 The Generation Companies shall prepare and submit to the CPPA-G (SPT) invoices for Energy and Electric Capacity pursuant to the terms, conditions and methodologies prescribed in the corresponding PPCs.
- 5.2.2 Authorized institutions involved in Imports shall prepare and submit to the CPPA-G (SPT) invoices for Energy and, if it corresponds, Electric Capacity imported during the Settlement Period, pursuant the terms and conditions reflected in the corresponding Power Purchase Agreement or International Interconnection Agreement.
- 5.2.3 The CPPA-G (SPT) will prepare invoices for Energy Exported / Back-Feed Energy and, if it corresponds, Electric Capacity sold during Settlement Period, pursuant the terms and conditions reflected in the corresponding Power Purchase Agreement or International Interconnection Agreement.
- 5.2.4 The Ex-WAPDA DISCOs having:
- a. Agreements with Generation Companies embedded in their distribution network ;
 - b. Agreements with Small Power Producers
 - c. Agreements with Captive Generation

shall prepare and submit to the CPPA-G (SPT) detailed information about the Energy procured on behalf of all the Suppliers segregated from the Ex-WAPDA DISCOs, as per the relevant Authority determinations and as it is registered by the Commercial Metering System [in kWh].

5.3 CALCULATION OF TOTAL CAPACITY CHARGES

PHASE -I: APPLICABLE TILL [ONE OR TWO] YEARS FROM CMOD

- 5.3.1 The CPPA-G (SPT) shall calculate the total amount to be paid for Capacity by the Suppliers segregated from the Ex-WAPDA DISCOs as the difference between the capacity invoices from the Generation Companies with PPCs administered by the CPPA-G (SPT) and the eventual revenues collected from the selling part of such capacity.
- 5.3.2 The total amount to be paid for Capacity is calculated as:
- The Capacity invoiced and verified by CPPA-G (SPT), of all Generation Companies with PPCs with the CPPA-G, deducting, eventually, the liquidated damages associated with such capacity, during the Settlement Period and adding, eventually, pass-through costs determined by the Authority or included in the PPC; plus
 - The invoices/settlement statement generated from Market Operator corresponding to the BMC as determined pursuant to the Commercial Code to the extent relevant transactions of SPT Code Participant representing demand during the Settlement Period, if it corresponds; plus
 - The invoices for Capacity, corresponding to Imports having PPAs or International Interconnection Agreements, for the Settlement Period; minus
 - The invoices for Capacity, corresponding to Exports having PPAs or International Interconnection Agreements, for the Settlement Period.

Mathematically:

$$TCC = \sum_{i=1}^{GC} (CpGenCap_i - LD_i + PsTh_i) + \sum_{i=1}^{SPD} BMCCP_{SPT\ ParticipantKESC}$$

$$+ \sum_{i=1}^{NC} CP_Imp_i - \sum_{i=1}^{NC} Cp_Exp_i$$

$$CTC = \frac{\sum_{i=1}^{GC} (CpGenCap_i - LD_i + PsTh_i) + BMC_{SPT\ Participant} + \sum_{i=1}^{NC} CP_Imp_i - \sum_{i=1}^{NC} Cp_Exp_i}{TD}$$

Where,

TCC = Total Capacity Charges, expressed in PKR

CpGenCap_i = Cost for Electric Capacity component of Generation Company “i” for the Settlement Period in PKR

LD_i = Liquidated Damages payment by the Generation Company “i” for the Settlement Period in PKR

$PsTh_i$ =	Pass-through costs (called Supplementary Charges in some PPAs) invoiced by the Generation Company “ <i>i</i> ” for the Settlement Period in PKR. The cost of Pass-through items which have to be considered for each Generation Companies are indicated in the corresponding PPAs
$BMC_{SPT\ Participant}$ =	<i>Invoice/Statement from Market Operator corresponds to BMC in PKR against each SPT Code Participants Representing Demand</i>
CP_Imp_i =	Fixed (Electric Capacity) Payments for the Import “ <i>i</i> ” for the Settlement Period, provided such kind of payment is included in the corresponding PPA or International Interconnection Agreement, in PKR
CP_Exp_i =	Fixed (Capacity) Payments received from Export “ <i>i</i> ” in the Settlement Period, provided such kind of payment is included in the corresponding PPA or International Interconnection Agreement, in PKR
CTC =	<i>Capacity Transfer Charge in PKR/MW</i>
GC =	Total number of Generation Companies which have PPAs with Electric Capacity payments, as determined by the Authority
SPD =	Total number of SPT Code Participants representing Demand
NC =	Total Imports or Exports, which have PPAs or International Interconnection Agreements, approved by the Authority
TD =	Total System Peak Demand MW as per Secure Metering System excluding the MW share of non-SPT code participants at their respective CDPs

PHASE -II: APPLICABLE AFTER [ONE OR TWO] YEARS FROM CMOD

- 5.3.3 The CPPA-G (SPT) shall calculate the total amount to be paid for Capacity by the Suppliers segregated from the Ex-WAPDA DISCOs as the difference between the capacity invoices from the Generation Companies with PPCs administered by the CPPA-G (SPT) and the eventual revenues collected from the selling part of such capacity.
- 5.3.4 The total amount to be paid for Capacity is calculated as:
- The Capacity invoiced and verified by CPPA-G (SPT), of all Generation Companies with PPCs with the CPPA-G, deducting, eventually, the liquidated damages associated with such capacity, during the Settlement Period and adding, eventually, pass-through costs determined by the Authority or included in the PPC; plus
 - The invoices for Capacity, corresponding to Imports having PPAs or International Interconnection Agreements, for the Settlement Period; minus
 - The invoices for Capacity, corresponding to Exports having PPAs or International Interconnection Agreements, for the Settlement Period.

Mathematically:

$$TCC = \sum_{i=1}^{GC} (CpGenCap_i - LD_i + PsTh_i) + \sum_{i=1}^{NC} CP_Imp_i - \sum_{i=1}^{NC} Cp_Exp_i$$

Where,

TCC = Total Capacity Charges, expressed in PKR

CpGenCap_i = Cost for Electric Capacity component of Generation Company “i” for the Settlement Period in PKR

LD_i = Liquidated Damages payment by the Generation Company “i” for the Settlement Period in PKR

PsTh_i = Pass-through costs (called Supplementary Charges in some PPAs) invoiced by the Generation Company “i” for the Settlement Period in PKR. The cost of Pass-through items which have to be considered for each Generation Companies are indicated in the corresponding PPAs.

CP_Imp_i = Fixed (Electric Capacity) Payments for the Import “i” for the Settlement Period, provided such kind of payment is included in the corresponding PPA or International Interconnection Agreement, in PKR

CP_Exp_i = Fixed (Capacity) Payments received from Export “i” in the Settlement Period, provided such kind of payment is included in the corresponding PPA or International Interconnection Agreement, in PKR

GC = Total number of Generation Companies which have PPAs with Electric Capacity payments, as determined by the Authority

NC= Total Imports or Exports, which have PPAs or International Interconnection Agreements, approved by the Authority

5.4 CALCULATION OF TOTAL ENERGY CHARGES

PHASE I: APPLICABLE TILL [ONE OR TWO] YEARS FROM CMOD

- 5.4.1 The CPPA-G (SPT) shall calculate the total amount to be paid for Energy by the Suppliers segregated from the Ex-WAPDA DISCOs as the difference between the energy invoices from the Generation Companies with PPCs administered by the CPPA-G (SPT) and the eventual revenues collected from the selling part of such energy.
- 5.4.2 The total amount to be paid for Energy is calculated as:
- The Energy Generation costs (as invoiced by the Generation Company and verified by CPPA-G) of all Generation Companies, deducting, eventually, the total amount against Back-Feed Energy taken by them, during the Settlement Period; plus
 - The invoices/settlement statement from Market Operator corresponding to the BME as determined pursuant to Commercial Code to the extent of SPT Code

Participant representing Demand during the Settlement Period, if it corresponds; plus

- c. The invoices for Energy, corresponding to Imports having PPAs or International Interconnection Agreements, for the Settlement Period; minus
- d. The revenues obtained for Energy, corresponding to Exports, having PPAs or International Interconnection Agreements, for the Settlement Period; plus
- e. The sum of the costs of the Energy procured by a DISCO from Generation Companies connected to its network, including Embedded Generation, Small, Power Producers and Captive Generation, on behalf of all the Suppliers segregated from the Ex-WAPDA DISCOs, as per the Authority determinations

Mathematically:

$$TEC = \sum_{i=1}^{GC} CpGenEn_i - \sum_{i=1}^{GC} BFE_i + \sum_{i=1}^{SPD} BME_{SPT Participant} + \sum_{i=1}^{NC} EP_Imp_i - \sum_{i=1}^{NC} EP_Exp_i + \sum_{p=1}^{DC} EP_SPP_p EU$$

ETC

$$= \frac{\sum_{i=1}^{GC} CpGenEn_i - \sum_{i=1}^{GC} BFE_i + BME_{SPT Participant} + \sum_{i=1}^{NC} EP_Imp_i - \sum_{i=1}^{NC} EP_Exp_i + \sum_{p=1}^{DC} EP_SPP_p EU}{TE}$$

Where,

TEC = Total Energy Charges, in PKR

ETC = Energy Transfer Charge in PKR/kWh

CpGenEn_i = Generation companies cost for the Energy component of electrical power generation, as per the corresponding PPA, for the Settlement Period, in PKR

BFE_i = Total Back-Feed Energy Payments, payable by the Generation Companies for the Energy consumed, if it corresponds, at the rates indicated in the Authority Tariff Determinations, for the Settlement Period, in PKR

BME_{SPT Participant} = Invoice/Statement from Market Operator corresponds to BME in PKR against each SPT Code Participants representing demand

EP_Imp_i = Energy payments for the Energy imported, as per the provisions of the corresponding PPA or International Interconnection Agreement, for the Settlement Period, in PKR

EP_Exp_i = Energy revenues for the Energy exported, as per the provisions of the corresponding PPA or International Interconnection Agreements, for the Settlement Period, in PKR

EP_SPP_p = Energy payments made by the DISCO “P” to the Generation Companies, with which it has a bilateral agreement, for the Energy procured on behalf

of all the Suppliers segregated from the Ex-WAPDA DISCOs, for the Settlement Period, in PKR. For the avoidance of doubt, it includes the Energy procured by the DISCO from embedded generators, Small Power Producers and Captive Generation located within its territory

- SPD =** Total number of SPT Code Participants representing Demand
- GC =** Total number of Generation Companies which have PPAs with Energy payments, as determined by the Authority
- NC =** Total Imports or Exports, which have PPAs or International Interconnection Agreements, approved by the Authority.
- TE =** Total energy recorded as per the secured metering system of all SPT Code Participants representing demand

PHASE II: APPLICABLE AFTER [ONE OR TWO] YEARS FROM CMOD

- 5.4.3 The CPPA-G (SPT) shall calculate the total amount to be paid for Energy by the Suppliers segregated from the Ex-WAPDA DISCOs as the difference between the energy invoices from the Generation Companies with PPCs administered by the CPPA-G (SPT) and the eventual revenues collected from the selling part of such energy.
- 5.4.4 The total amount to be paid for Energy is calculated as:
- a. The Energy Generation costs (as invoiced by the Generation Company and verified by CPPA-G) of all Generation Companies, deducting, eventually, the total amount against Back-Feed Energy taken by them, during the Settlement Period; plus
 - b. The invoices for Energy, corresponding to Imports having PPAs or International Interconnection Agreements, for the Settlement Period; minus
 - c. The revenues obtained for Energy, corresponding to Exports, having PPAs or International Interconnection Agreements, for the Settlement Period; plus
 - d. The sum of the costs of the Energy procured by a DISCO from Generation Companies connected to its network, including Embedded Generation, Small, Power Producers and Captive Generation, on behalf of all the Suppliers segregated from the Ex-WAPDA DISCOs, as per the Authority determinations

MATHEMATICALLY:

$$TEC = \sum_{i=1}^{GC} CpGenEn_i - \sum_{I=1}^{GC} BFE_i + \sum_{i=1}^{NC} EP_Imp_i - \sum_{i=1}^{NC} EP_Exp_i + \sum_{p=1}^{DC} EP_SPP_p EU$$

Where,

TEC = Total Energy Charges, in PKR

CpGenEn_i = Generation companies cost for the Energy component of electrical power generation, as per the corresponding PPA, for the Settlement Period, in PKR;

- BFE_i*** = Total Back-Feed Energy Payments, payable by the Generation Companies for the Energy consumed, if it corresponds, at the rates indicated in the Authority Tariff Determinations, for the Settlement Period, in PKR
- EP_Imp_i*** = Energy payments for the Energy imported, as per the provisions of the corresponding PPA or International Interconnection Agreement, for the Settlement Period, in PKR
- EP_Exp_i*** = Energy revenues for the Energy exported, as per the provisions of the corresponding PPA or International Interconnection Agreements, for the Settlement Period, in PKR
- EP_SPP_P*** = Energy payments made by the DISCO “P” to the Generation Companies, with which it has a bilateral agreement, for the Energy procured on behalf of all the Suppliers segregated from the Ex-WAPDA DISCOs, for the Settlement Period, in PKR. For the avoidance of doubt, it includes the Energy procured by the DISCO from embedded generators, Small Power Producers and Captive Generation located within its territory
- GC** = Total number of Generation Companies which have PPAs with Energy payments, as determined by the Authority
- DC** = Total number of the DISCOs
- NC** = Total Imports or Exports, which have PPAs or International Interconnection Agreements, approved by the Authority.

5.5 CHARGES APPLIED TO SPT CODE PARTICIPANTS REPRESENTING DEMAND

PHASE-I: APPLICABLE TILL [ONE OR TWO] YEARS FROM CMOD

- 5.5.1 The Capacity Charge applied to each SPT Code Participants representing demand shall be calculated by multiplying Capacity Transfer Charge with sharing of each SPT Code Participants representing demand in the monthly peak.
- 5.5.2 The Energy Charge applied to each SPT Code Participants representing demand shall be calculated by multiplying Energy transfer charge with actual energy as per secure metering system for each SPT Code participants representing demand in the relevant settlement period.

PHASE-II: APPLICABLE AFTER [ONE OR TWO] YEARS FROM CMOD

- 5.5.3 The Capacity Charge applied to each SPT Code Participants representing demand shall be calculated as
- a. The Total Capacity Charge multiplied by the Capacity Allocation Factor corresponding to such SPT Code Participants representing demand; plus/minus as it corresponds
 - b. The invoices/settlement statement generated from Market Operator corresponding to the BMC as determined pursuant to the Commercial Code to the extent of SPT Code Participant during the Settlement Period, if it corresponds;

- 5.5.4 The Energy Charge applied to each SPT Code Participants representing demand shall be calculated as
- a. The Total Energy Charge multiplied by the Energy Allocation Factor corresponding to such SPT Code Participants representing demand; plus/minus as it corresponds; and
 - b. The invoices/settlement statement from Market Operator corresponding to the BME as determined pursuant to Commercial Code to the extent of SPT Code Participant representing demand during the Settlement Period, if it corresponds;

5.6 GENERAL SALES TAX (GST)

- 5.6.1 GST applied by the Generation Companies on any invoice; on the CPPA-G (SPT) fee; and/or applied on any other item of the Total Energy or Capacity Charges, which are subject to GST, in accordance with directions issued by FBR from time to time, will be transferred to the relevant SPT Code Participant representing Demand.

5.7 SPECIAL PURPOSE TRADER FEE

- 5.7.1 The CPPA-G (SPT) Fee will be established by the Authority in its CPPA-G (SPT) Fee determination.

5.8 NTDC USE OF SYSTEM CHARGE

- 5.8.1 The NTDC will calculate the NTDC UoSC from each SPT Code Participants representing demand as determined by the Authority in the NTDC UoSC determination and communicate the same to CPPA-G (SPT) for the settlement on the behalf of SPT Code Participants representing demand.
- 5.8.2 NTDC will be responsible for the excess losses beyond the Authority's approved target as per the NTDC UoSC determination and the compensation will be provided to the SPT Code Participants representing demand as per the settlement statement in this regard pursuant to the Commercial Code and same as communicated by Market Operator. CPPA-G(SPT) while issuing the settlement statement will adjust such compensation on the behalf of SPT Code Participants representing demand.

6. COMMERCIAL METERING SYSTEM

6.1 METER READING AND DATA COLLECTION

- 6.1.1 Meter reading is the responsibility of the Metering Service Providers, which shall provide to the Market Operator the metering information generated by the SMS system, as indicated in the Commercial Code.
- 6.1.2 All capacity and energy used for settlement shall be measured through the Commercial Metering System. Collection and validation of metering data for the existing Common Delivery Points shall be carried out monthly by the corresponding Metering Service Providers., on the last business day of each month.
- 6.1.3 The Market Operator shall provide all the information and data collected and validated to the extent of SPT Code Participants as per clauses 6.1.1 and 6.1.2 to the CPPA-G (SPT) for the issuance of invoices in accordance with the transfer pricing mechanism and settlement thereto.
- 6.1.4 The CPPA-G (SPT) shall inform, in the Settlement Documents, of any problems, errors, or failures detected and the replacement data used to calculate the energy and capacity for the Settlement Statement.

7. SETTLEMENT & BILLING

7.1 GENERATION INVOICES

- 7.1.1 The invoices for energy and capacity sold by generation companies for each billing period, shall be sent to the SPT, pursuant to the terms reflected in the Power Purchase Contracts. The current mechanism for the energy and capacity invoicing for Generation Companies is detailed in **Annexure A**.
- 7.1.2 Periodicity, submission and due dates of the invoices shall be determined in accordance with the provisions of the corresponding PPAs. The invoices shall be uploaded into the SPT ERP Portal as well as submitted in hard form to the SPT designated office.
- 7.1.3 The invoices submitted by the Generation Companies shall be based on the meter readings at the CDPs according to the provisions of the relevant PPAs / interconnection agreement.
- 7.1.4 The invoices received on or before 5th working day of a month and corresponding to the market transactions carried out during the previous month shall be used for settlement purpose. The invoices received after 5th working day shall be considered for settlement purpose in the subsequent month.

7.2 GENERATION INVOICES VERIFICATION

- 7.2.1 The SPT will verify the submitted invoices seeking for their completeness and adequacy. The verification process shall, at least, include following checks:
 - a. Amounts of Energy and Capacity Invoiced
 - i. The amount of Energy invoiced shall be consistent with the information submitted by the Market Operator, which has been collected by the Commercial Metering System administered by the Market Operator;
 - ii. The amount of Capacity invoiced shall be consistent with the information submitted by the Market Operator, which has been collected by the Commercial Metering System administered by the Market Operator;
 - b. Capacity and Capacity Purchase Price
 - i. Available Capacity shall be based on the Annual Capacity Tests, conducted by the SPT according with the provisions of the corresponding PPAs
 - ii. Declared Available Capacity (MW), for the corresponding month or other period relevant for the invoice, is in accordance with the Availability Notices or Availability Declarations made by the Generation Company to the System Operator, according with the procedures stated in the Grid Code or the relevant PPA, as it corresponds. For the avoidance of doubt, such Availability Notices or Availability Declarations shall be made through in a written format and submitted to the System Operator through fax or other communication methods as prescribed in the corresponding PPA. The System Operator shall keep organized records of such faxes or other communications in proper format, for verification purposes by the SPT or the Authority.
 - iii. Capacity tariffs shall be those determined by the Authority or calculated in accordance with the provisions of the relevant PPA.

- iv. Any Correction Factor and/or Indexation Factor that needs to be applied, shall be calculated and applied in accordance with the provisions of the corresponding PPA or as it has been determined by the Authority, as it corresponds.
- c. Energy Purchased Price
- i. Energy Tariffs shall be those determined by the Authority or calculated in accordance with the provisions of the relevant PPA
 - ii. Any Correction Factor and/or Indexation Factor, if required to be applied, shall be calculated and applied in accordance with the provisions of the corresponding PPA or as it has been determined by the Authority, as it corresponds.
 - iii. In case the PPA includes adjustments or corrections linked to meteorological conditions, the SPT shall ensure that appropriate methodologies are applied for measurement and recording the Plant Site temperature, atmospheric pressure, Wind Speed, Solar irradiation, Hydrology data or other meteorological conditions, required for verification of the invoices.
- d. Supplemental Charges (Pass Through items)
- i. Where the invoice issued by the Generation Company, as per the corresponding PPA, contains any supplemental charges (pass-through), it shall only be processed after submission of original cash payment receipts, which justify the incurrence of such cost.
 - ii. As a general rule, any additional (pass through) charge, as per the corresponding PPA, shall only be processed after the incurrence of such cost by the Generation Company. The incurrence of such cost shall be proved by submission of original payment receipts.
 - iii. In exceptional circumstances, supplemental charges (pass-through) can be processed before the Generation Company incurs such costs, if such costs are allowed and determined by the Authority. The Generation Company shall provide a complete detail on the costs incurred, including original cash receipts within five days of such disbursement. The SPT shall submit a statement to the Authority showing all such verifications, disbursements and adjustments on monthly basis.
 - iv. Wherever practically possible the payment for pass through item shall be made on the basis of tariff / amount approved by the Authority or as per for correspondent PPA.
 - v. In case of difference or dispute between SPT and Generation Companies regarding admissibility of any pass through invoice the matter shall be referred to the competent authority as per the PPA.

7.3 DISPUTED AND UN-DISPUTED AMOUNTS

- 7.3.1 In case that the verification process determines the adequacy of the invoice received from the Generation Company, the corresponding values included in the invoice shall be labelled as “Un-Disputed Amounts”, and they will be used as such in the Settlement process.
- 7.3.2 In case the SPT considers that, as a result of the verification process, the invoice received is incorrect or some inadequacies exist therein, the SPT shall:
- a. Inform the corresponding Generation Company about the deficiencies detected, with the required explanations if it proceeds, requiring the Generation Company to submit the required document(s) or a revised corrected invoice;
 - b. Re-calculate the invoice amount or amounts, in accordance with the SPT interpretation of the provisions of the corresponding PPA, labelling these amounts as “Un -Disputed Amounts”;
 - c. Label the differences between the original invoice amounts and the Un-Disputed Amounts as “Disputed Amounts”.
- 7.3.3 In the case the Generation Company considers that the observations and/or corrections made by the SPT are appropriate, it shall submit a revised and corrected, invoice within [5] working days after the reception of the SPT observations.
- 7.3.4 In the case the Generation Company does not agree with the observation and/or corrections made by the SPT, it shall: notify the SPT about such disconformity, reaffirming the amounts included in the original invoice, attaching all explanations, evidences and/or PPA’s interpretations it considers appropriate.
- 7.3.5 In case Generation Company only partially agrees with the observations issued by the SPT, it shall notify the SPT, to the extent of disagreed amount, about such disconformity, reaffirming the amounts included in the original invoice, attaching all explanations, evidences and/or PPA’s interpretations it considers appropriate.
- 7.3.6 The SPT shall revise the allegations issued by the Generation Company and:
- a. Accept them, if it considers them acceptable. In such a case, it shall correct the Non-Disputed and Disputed Amounts, as it corresponds; or
 - b. Reject them, if it still considers the observations initially made as appropriate.
- 7.3.7 Only Un-Disputed Amounts shall be used for settlement purposes. In case there would be any kind of disagreement between the SPT and the Generation Company, in relation with the invoiced amounts, the procedures prescribed by the corresponding PPA shall be applied to settle such Disputed Amounts.
- 7.3.8 If it is revealed at any subsequent date, that a calculation of an invoice has been made or an amount has been claimed fraudulently and/or they are contrary to the provisions of the relevant PPA, such amounts shall be recovered from such party along with delayed payment interest without regard to any limitation of time.

7.4 CPPA-G (SPT) SETTLEMENT SYSTEM

- 7.4.1 The CPPA-G (SPT) shall administer CPPA-G (SPT) Settlement System which shall be operated on monthly basis.
- 7.4.2 The CPPA-G (SPT) shall be responsible for the development and maintenance of the required software and data for the operation of the CPPA-G (SPT) Settlement System.
- 7.4.3 The CPPA-G (SPT) shall be responsible for the verification of data and the accuracy of the outputs of the CPPA-G (SPT) Settlement System, which, in turn shall be based on the verifications of the invoices submitted by the SPT Code Participants performed by the CPPA-G (SPT).
- 7.4.4 The CPPA-G (SPT) Settlement System shall be administered by SPT through the following procedure:
- a. Calculate the settlement of all SPT Code Participant as per the formulations indicated in Part 5;
 - b. Calculate the CPPA-G (SPT) fee which shall be shared among the SPT Code Participants as per the directions set by the Authority.
 - c. Calculate the interests, and eventual penalties, for late payment.
- 7.4.5 The CPPA-G (SPT) Settlement of a SPT Code Participant for a month shall be calculated as follows:
- a. The actual amount payable or receivable by the SPT Code Participant including the payable of SPT Code participants representing demand towards NTDC for UoSC, as the case may be, of the monthly Final Settlement Statement as per sub-section 7.6 corresponding to such SPT Code Participant; plus
 - b. The actual amount payable to the SPT Code Participant due to corrections to the SPT Transactions arising from Extraordinary Settlements as per sub-section 7.7; minus
 - c. The actual amount receivable by the SPT Code Participant due to corrections to the SPT Transactions arising from Extraordinary Settlements; plus
 - d. The actual amount payable to the SPT Code Participant corresponding to accrued interest for previous payments not received on time; minus
 - e. The actual amounts payable to the SPT Code Participants due to corrections to the SPT Transactions of previous Final Settlement Statements; minus
 - f. The actual amount payable to the SPT Code Participant corresponding to corrections to the SPT (CPPA-G) Transactions of previous Final Settlement Statements; plus
 - g. The actual deficit in the Escrow Account of the Supplier segregated from ex-WAPDA DISCOs to be paid to CPPA-G (SPT); minus
 - h. The actual surplus in the Escrow Account to be returned to the Supplier segregated from ex-WAPDA DISCOs.

7.5 PRELIMINARY SETTLEMENT STATEMENT

- 7.5.1 Within ten (10) working days of the beginning of each month, the CPPA-G (SPT) shall send to each SPT Code Participant, a Preliminary Settlement Statement, through electronic mail or web portal. This preliminary settlement statement shall include:
- a. For SPT Code Participants Representing Offer, the verified net energy and capacity invoiced for commercially allocated capacity as per the PPC including the Liquidated Damages, and total for the SPT Code Participant Representing Offer;
 - b. For Suppliers segregated from the Ex-WAPDA DISCOs, commercially allocated energy and capacity, net off LD, charged to the SPT Code Participants Representing Offer, and the SPT Fee;
 - c. The amounts to be deposited in the Suppliers segregated from the Ex-WAPDA DISCOs Escrow Account or withdrawn from it; and
 - d. The payable or accrued interest for previous payments not made on time to SPT Code Participants Representing Offer;
 - e. The receivable or accrued late payment surcharge for previous payments not received on time from SPT Code Participants Representing Demand;
 - f. The payable to NTDC on behalf of SPT Code participants representing demand.
- 7.5.2 If a SPT Code Participant claims that an error or discrepancy exists within the Preliminary Settlement Statement, the SPT Code Participant shall convey its claim to the SPT within five (5) working days of receipt after receiving the Preliminary Settlement Statement.
- 7.5.3 The CPPA-G (SPT) shall review the Preliminary Settlement Statement in the light of the claim of such SPT Code Participant and it will conclude whether the SPT Code Participant's claim pertaining to an error or discrepancy is correct or incorrect before the Final Settlement Statement is released to SPT Code Participants.
- 7.5.4 The SPT (CPPA-G) shall notify affected SPT Code Participants of the claimed error or discrepancy in the Preliminary Settlement Statement and whether or not the claimed error or discrepancy shall be corrected in the Final Settlement Statement.

7.6 FINAL SETTLEMENT STATEMENT

- 7.6.1 Within twenty (20) working days after the beginning of each month, the CPPA-G (SPT) shall send the Final Settlement Statement to each SPT Code Participant, using a format similar to the Preliminary Settlement Statement.

7.7 DISPUTE ON THE FINAL SETTLEMENT STATEMENT

- 7.7.1 A SPT Code Participant may challenge the Final Settlement Statement with a valid justification within sixty (60) working days after its receipt. This dispute may relate to:
- a. The quantities in kW/kWh, or
 - b. The settlement amounts, either in CPPA-G (SPT) Transactions, CPPA-G (SPT) Fee, interest charges for late payments, or deposits/withdrawals from the Escrow Accounts.

7.7.2 The CPPA-G (SPT) and the SPT Code Participant shall make reasonable efforts to settle the disputes mutually within fifteen (15) working days after the dispute is submitted to the CPPA-G (SPT). In case the CPPA-G (SPT) and the SPT Code Participants are unable to settle the dispute, any of the parties may refer to the dispute resolution mechanism as provided in the PPC or PPAA or any other mechanism determined by the Authority.

7.8 EXTRAORDINARY SETTLEMENTS

7.8.1 When:

- a. The Market Participant and the CPPA-G (SPT) resolve a dispute in a manner that causes the mutually agreed settlement amount to differ from the Final Settlement Statement; or
- b. The application of the dispute resolution mechanism indicated in Sub-Section 7.7 resolves a dispute in a way which implies that some of the amount claimed differs from those used in the Final Settlement Statement; or
- c. The application of the dispute resolution procedures indicated in clause 7.3.7 in relation with a Disputed Amount is resolved in a way which implies a recognition of all or part of the claims raised by a Generation Company

the CPPA-G (SPT) shall produce an Extraordinary Settlement for the corresponding month.

7.8.2 The Extraordinary Settlement indicated in clause 7.8.1 will supersede the existing Final Settlement Statement for such month.

7.8.3 The CPPA-G (SPT) shall calculate, for each SPT Code Participant, the differences between the Extraordinary Settlement and the Final Settlement Statement originally issued according with the prescriptions indicated in Sub-section 7.6, and it will include the corresponding corrections in the Final Settlement Statement of the month after the complaint has been resolved.

7.9 FAILURE OF THE SETTLEMENT SYSTEM

7.9.1 In the case of emergencies and/or failure of the settlement system, the CPPA-G (SPT) may issue an Estimated Settlement Statement and/or modify the schedule for issuing Preliminary Settlement Statements and/or Final Settlement Statements. In such cases, the CPPA-G (SPT) shall inform all SPT Code Participants of the temporary procedural changes as soon as practicable.

7.10 ISSUING OF PAYMENT NOTIFICATIONS

7.10.1 The CPPA-G (SPT), within 5 working days after the Final Settlement Statement:

- a. Issue the Payment Notification in respect of the previous month for all the SPT Code Participants which resulted in the Final Settlement Statement, indicating the charge that each shall pay. This amount will be coincident with the Final Settlement Statement, which at the same time will act as a description of the detailed calculations.
- b. Notify in respect of previous month to each Generation Company the amount that shall be received from each SPT Code Participants as per its PPC which resulted in the Final Settlement Statement with the amount payable. The amounts shall be coincident with the Final Settlement Statement, at the same time will act as description of the details of the calculations.

- 7.10.2 The CPPA-G (SPT), in this process, shall act as an independent entity, without assuming payment responsibilities. Obligation of Payment and debts shall remain with the relevant SPT Code Participants. For the avoidance of doubt, the CPPA-G (SPT) shall not be held liable for any kind of non-payment by any of the SPT Code Participant.
- 7.10.3 In relation with the invoices received by the CPPA-G (SPT) from Generation Companies, or Imports, the SPT shall act as an agent of Suppliers segregated from the Ex-WAPDA DISCOs (Currently are deemed suppliers), including any other Supplier/DISCOs carved out of the Ex-WAPDA DISCOs and, if it corresponds, KE, without assuming payment responsibilities. The payment and debts shall remain with of SPT Code Participants and NTDC. CPPA-G (SPT) shall not be held liable for non-payment of any SPT Code Participant.
- 7.10.4 In respect of settlement statement communicated by the Market Operator pursuant to the Commercial Code, CPPA-G (SPT) will issue the status report to the Market Operator for adjustment of BME and BMC.

8. PAYMENT SYSTEM

8.1 COMPONENTS OF THE PAYMENT SYSTEM

- 8.1.1 The payment system associated with the Final Settlement statements issued by the CPPA-G (SPT), to SPT Code Participants shall be based on following elements:
- a. In the case of the CPPA-G (SPT):
 - i. A Consolidated Escrow Account, owned and managed by the CPPA-G (SPT);
 - ii. Conventional bank account, owned and managed by the CPPA-G (SPT);
 - b. In the case of Suppliers segregated from ex-WAPDA DISCOs (Currently acting as deemed Suppliers):
 - i. Revenue Collection Bank Accounts, owned by each Suppliers segregated from ex-WAPDA DISCOs, having an irrevocable operation instruction, issued by such Suppliers segregated from ex-WAPDA DISCOs, of transferring all daily collections to the Suppliers segregated from ex-WAPDA DISCOs' Escrow Account;
 - ii. shall opened the Escrow Account in a bank having a minimum short term and long-term credit rating of "A" and above. The rating shall be issued by a local/foreign credit rating agency for local banks incorporated in Pakistan and by Moody's, Fitch or Standard & Poor for foreign banks operating in Pakistan that receive, accept and process immediately any payment in accordance with the irrevocable mandate to operate in accordance with the standing instruction given in clause 8.2.3; and
 - iii. Conventional bank accounts owned and operated by Suppliers segregated from ex-WAPDA DISCOs
 - c. In the case of Generation Companies
 - i. Conventional bank accounts owned and operated by each Generation Company
 - d. In the case of other SPT Code Participants that include KE and Suppliers carved out from ex-WAPDA DISCOs:
 - i. Conventional bank accounts owned and operated by the corresponding SPT Code Participant; and
 - ii. Credit covers, which shall act as payment guarantees.

8.2 PAYMENT SYSTEM FOR EX-WAPDA DISCOS SUPPLIERS

- 8.2.1 Each ex-WAPDA DISCO Designated Escrow Accounts will receive entire revenue collection from sale of electricity inclusive of sales tax, income tax, excise duty and TV fee through main revenue collection bank accounts.
- 8.2.2 The Escrow Account will be operated through standing instructions as given in clause 8.2.3 for disbursement of proceeds to the Market Operator and exWAPDA DISCOs and CPPA-G (SPT) as authorized by MO and CPPA-G (SPT) at or before CMOD on an upfront basis. Such standing instructions shall remain subject to review and necessary adjustment on a periodic basis by Market Operator and CPPA-G (SPT).

- 8.2.3 Escrow Agent of each ex-WAPDA DISCO will be responsible for the timely disbursement of the collection received in the Designated Escrow Account of the ex-WAPDA DISCO to the following on a same day basis in the following priority:
- a. The Escrow Agent shall order the transfer of payments corresponding to the Initial Settlement Guarantee Fund as notified and allocated by the Market Operator, from the ex-WAPDA DISCO Designated Escrow Account to the Market Operator Settlement Guaranteed Fund Account.
 - b. When funds remain in the ex-WAPDA DISCO Designated Escrow Account after payment of initial settlement guarantee fund, the Escrow Agent shall order the transfer of payments corresponding to the Initial Credit Cover as notified and allocated by the Market Operator, from the ex-WAPDA DISCO Designated Escrow Account to the Market Operator Credit Cover Account.
 - c. When funds remain in the ex-WAPDA DISCO Designated Escrow Account after payment of initial credit cover, the Escrow Agent shall order the transfer of payments corresponding to any periodic energy/capacity imbalance as invoiced by the Market Operator, from the ex-WAPDA DISCO Designated Escrow Account to the Market Operator Collection Account.
 - d. When funds remain in the ex-WAPDA DISCO Designated Escrow Account after payment of periodic energy/capacity imbalance, the Escrow Agent shall order the transfer of the payment corresponding to the Market Operator Fee or System Operation Fee (if applicable) as invoiced by the Market Operator from the DISCO Designated Escrow Account to the Market Operator Operations Bank Account.
 - e. When funds remain in the ex-WAPDA DISCO Designated Escrow Account after payment of Market Operator fee, the Escrow Agent shall order the transfer of payments corresponding to any amounts due to the ex-WAPDA DISCOs on account of Distribution Margin invoice raised by the DISCO to the extent of collection efficiency from the DISCO Designated Escrow Account to DISCO Operations Account. The amount transferred shall not exceed a pre-defined percentage in accordance with the clause 8.2.6.
 - f. When funds remain in the ex-WAPDA DISCO Designated Escrow Account after payment of Distribution Margin, the Escrow Agent shall order the transfer of payments corresponding to any amounts due to the DISCOs on account of taxes and duties as notified by the ex-WAPDA DISCO from the ex-WAPDA DISCO Designated Escrow Account to ex-WAPDA DISCO Conventional bank accounts.
 - g. When funds remain in the ex-WAPDA DISCO Designated Escrow Account after payment of taxes and duties, the Escrow Agent shall order the transfer of payments to ex-WAPDA DISCOs on account of payment of Power Purchase Price to the extent where DISCOs have executed direct bilateral contracts without sovereign guarantees from the ex-WAPDA DISCO Designated Escrow Account to ex-WAPDA DISCO Conventional bank account or Settlement Account, whichever is applicable.
 - h. When funds remain in the ex-WAPDA DISCO Designated Escrow Account after payment of bilateral obligations of ex-WAPDA DISCO, the Escrow Agent shall order the transfer of entire residual balance to CPPA-G (SPT) for onward payment under all PPCs backed by sovereign guarantees including the bilateral contracts directly signed by DISCOs and payment of CPPA-G (SPT) and settlement of NTDC UoSC on behalf of ex-WAPDA DISCOs, from the ex-WAPDA DISCO Designated Escrow Account to CPPA-G (SPT) Consolidated Escrow Account and CPPA-G (SPT) Conventional Bank Account.

- 8.2.4 Each Escrow Agent of each ex-WAPDA DISCO shall issue an irrevocable mandate applicable to Designated Escrow Accounts to receive, accept and immediately process any payment requirement that is received from the Market Operator and CPPA-G (SPT), provided that such payment requirement is fully consistent with the standing instructions given in clause 8.2.3.
- 8.2.5 At the end of each week, the banks in which the Suppliers segregated from the Ex-WAPDA DISCOs have their Escrow Accounts shall disburse:
- a. To the Market Operator, on behalf of the concerned Supplier segregated from the Ex-WAPDA DISCOs, an amount to re-cope the credit covers required to be maintained with MO for capacity and energy imbalances, pursuant to the mechanism established in Commercial Code;
 - b. To each ex-WAPDA DISCO an amount equal to a pre-definite percentage of all the deposits made in the account during the previous week. This percentage, which may be different for each Distribution Company, shall be determined as established in the corresponding Standard Operating Procedure approved by Authority at the beginning of each fiscal year;
- 8.2.6 The CPPA-G (SPT) shall develop, and submit to the Authority for approval, a Standard Operating Procedure with the methodology and formulation to be used to calculate the pre-defined percentage of all the collections received into the Designated Escrow Accounts, which shall be transferred to each ex-WAPDA DISCOs . This methodology shall take into account:
- a. *D.M.%*: The Distribution Margin, expressed as a percentage of the total revenue requirements approved by the Authority in the latest tariff determination for such ex-WAPDA DISCOs;
 - b. *Factor*: A Factor, which considers the past performance of such Supplier in relation with overall collections and payments to the electricity market, which shall not be less than [0.6] and not greater than [0.8].
- 8.2.7 After the CPPA-G (SPT) and Market Operator issue the Final Settlement Statement, and before the Payment Due Date stated in the Payment Notification, as described in of this SPT Code including the payment obligations from Market Operator in accordance to the Commercial Code, each Supplier segregated from ex-WAPDA DISCOs shall determine if there are enough funds in its Escrow Account to afford the required payment to satisfy the payment obligations priority in accordance with clause 8.2.3.
- 8.2.8 Whenever the remaining funds in Designated Escrow Account are, or deemed to be, insufficient to comply with such obligations, the affected Supplier segregated from ex-WAPDA DISCOs shall be responsible for depositing the required difference before the Payment Due Date.
- 8.2.9 Actions at the Payment Due Date
- a. At the Payment Date, the Escrow Agent in which the Suppliers segregated from ex-WAPDA DISCOs have their Escrow Accounts shall execute the irrevocable mandate of transferring in accordance to clause 8.2.3 , provided the Designated Escrow Account has enough funds at this moment, as to pay in full such amount.

- b. In the case that, after the Escrow Agent in which the Suppliers segregated from ex-WAPDA DISCOs owns their Escrow Account have executed the irrevocable mandates transferring the amounts to the respective parties in accordance with priority given in clause 8.2.3, there are additional funds remaining in such account, the Escrow Agent shall execute orders issued by the involved Supplier to transfer the remaining funds from Designated Escrow Account to the conventional bank accounts utilized by the Supplier.

8.2.10 Actions in case of Insufficient Funds

- a. When the funds in Designated Escrow Account of a Supplier segregated from ex-WAPDA DISCOs are insufficient for full payment as required pursuant to the Payment Notification, as described in this SPT Code including the payment obligations from Market Operator in accordance to the Commercial Code. On the Payment Due Date of such payment, the Escrow Agent shall execute its irrevocable mandate in accordance to clause 8.2.3 .
- b. When the funds in the Designated Escrow Account of ex-WAPDA DISCO are deemed to be insufficient for payment as required pursuant to the Payment Notification, as described in the SPT Code including the payment obligations from Market Operator in accordance to the Commercial Code on the due date, and when the affected ex-WAPDA DISCO is not able to resolve the insufficiency of funds in its Designated Escrow Account by the payment due date, the allocation of electric power to said ex-WAPDA DISCO shall be reduced temporally during the next settlement period (i.e. next month) in accordance with the power pool allocation policy and to distribute the temporary reduction of allocated electricity in a manner that shall maintain and may increase the total monthly collections of the said ex-WAPDA DISCO. If the above does not result in sufficient collections to satisfy that settlement period's as required pursuant to the Payment Notification, as described in the SPT Code including the payment obligations from Market Operator in accordance to the Commercial Code and remove the settlement deficit with respect to the prior settlement period (i.e. the immediately prior month), the Authority upon request by the CPPA-G (SPT) shall order a temporary reduction in the percentage of all deposits made to ex-WAPDA DISCO Operation Account until all outstanding deficits are removed from said ex-WAPDA DISCO's accounts payable.

8.3 PAYMENT SYSTEM FOR KE

- 8.3.1 KE shall provide to the CPPA-G (SPT) a Credit Cover, which shall be valid for a period of at least 12 months, for an amount as indicated in PPAA signed between KE and CPPA-G (SPT) on behalf of the Suppliers segregated from ex-WAPDA DISCOs. Fifteen (15) days previous expiration, the Credit Cover shall be replaced for a new one, covering at least 12 months and for an equivalent amount.
- 8.3.2 Every month, at the date indicated in the Payment Notifications or earlier, KE shall deposit into the CPPA-G (SPT) Consolidated Escrow Account, the amounts indicated in such Payment Notification, which shall be consistent with the Final Settlement Statement generated under this SPT Code.
- 8.3.3 In case KE fails to deposit in full the payments indicated in clause 8.2.3, the CPPA-G (SPT) shall partially execute the Credit Cover, for an amount equal to the amount indicated in the Payment Notification minus the amount deposited by KE into the Consolidated Escrow Account associated with such payments. The Credit Cover of KE shall be reinstated to the full required amount within (15) fifteen days after any draw executed by the CPPA-G (SPT).

8.4 PAYMENTS BY CPPA-G (SPT) GENERATION COMPANIES, IMPORTS AND OTHERS

- 8.4.1 In addition to the funds received as per clause 8.2.3, CPPA-G (SPT) continue to receive payment of all subsidies on the behalf of SPT code participants representing demand in the consolidated escrow account from the Federal Government against invoices raised by the SPT code Participants representing demand.
- 8.4.2 The CPPA-G (SPT) shall utilize all the funds received pursuant to clause 8.4.2 in the Consolidated Escrow Account to settle/payment for:
- a. Payment of CPPA-G (SPT) Fee;
 - b. Settlement of NTDC UoSC;
 - c. Payment the Generation Companies/Imports for the verified invoices; and
 - d. Settlement of Market Operation Fee or any payment arise from BME and BMC, in case of insufficient payment in the Designated Escrow Account of any concerned ex-WAPDA DISCOs towards their respective invoice generated by Market Operator.
- 8.4.3 In order to produce such payments, the CPPA-G (SPT) shall utilize the following procedure:
- a. Immediately after the due date stated in the Payment Notifications issued by the CPPA-G (SPT), the CPPA-G (SPT) shall determine if the amounts deposited by the banks in the CPPA-G (SPT) Consolidated Escrow Account are sufficient to cover the payments/settlement as per clause 8.4.2 in full or not.
 - b. In the event that the amount in the Consolidated Escrow Account has been received in full for payment/settlement, the CPPA-G (SPT) shall:
 - i. Transfer the payment to the Generation Companies and Imports and the amounts reflected in the Final Settlement Statement;
 - ii. Transfer, to its own account, the CPPA-G (SPT) Fee, as stated in the Final Settlement Statement;
 - iii. Transfer, the Market Operation Fee or any payment arise from BME and BMC, to Market Operator bank account, in case of insufficient payment in the Designated Escrow Account of any concerned ex-WAPDA DISCOs towards their respective invoice of generated by Market Operator; and
 - iv. Transfer the UoSC to NTDC conventional bank account;
- 8.4.4 In the event that any SPT Code Participant has not fully paid its invoice, a shortfall shall occur in the Consolidated Escrow Account that the CPPA-G (SPT) uses to transfer payments to Generation Companies, Imports and itself. A reduction in the transfer payments to Generation Companies, Imports and itself shall be made in accordance with **Annexure E** of the SPT Code.

8.5 ACCOUNTING PROCEDURES

- 8.5.1 The CPPA-G (SPT) shall implement detailed accounting procedures in order to:
- a. Clearly identify and discriminate by each category considered (i.e. payments of previous invoices, payment of interest, payment of penalties and payment of current month transactions), the monthly amounts paid by each SPT Code Participant;

- b. Calculate interests and penalties to be applied to each SPT Code Participant who fails to pay the full amount invoiced at the due date; and
- c. Clearly account for the deposits into and withdrawals from each Supplier segregated from ex-WAPDA DISCOs Escrow Accounts.

8.6 OTHER ACTIONS IN CASES OF NON-PAYMENT (OR PARTIAL PAYMENTS)

- 8.6.1 Whenever any SPT Code Participant fails to fully pay any monthly Payment Notice issued by the CPPA-G (SPT), the calculation of the interests or any penalties that may be justified by PPCs and Power Purchase Agreements, shall be reflected in the next monthly Payment Notification.
- 8.6.2 Each SPT Code participants Representing demand will continue to follow up with concerned ministries / authorities for disbursement to the CPPA-G (SPT) against the verified claims of their subsidy claims.
- 8.6.3 In case the failure of payment corresponds to a Supplier segregated from ex-WAPDA DISCOs or KE, the CPPA-G (SPT) shall communicate this failure to the Authority, the Ministry of Energy (Power Division) and the Ministry of Finance in order to ensure the enforcement of the SPT Code or to assure that other suitable substitute actions may be taken by these institutions. This communication shall include, at the minimum, the following:
 - a. Detailed information regarding the amounts not paid in the month being processed; Detailed information of any previously issued invoice which may still be outstanding;
 - b. Detailed of outstanding subsidy payment required to be released by the Federal Government against the verified subsidy claims of SPT Code Participant representing demand;
 - c. Information regarding the occurrence of such an instance since the start of the CPPA-G (SPT) commercial operation up to the previous two years; and
 - d. Information regarding the adverse effects that such non-compliance poses on the overall electricity sector and specifically to Generation Companies that have not been paid in full.

8.7 RECORD MAINTENANCE

- 8.7.1 The CPPA-G (SPT) shall maintain records of settlement payments to:
 - a. Each Generation Company having PPC with or novated to or administered by CPPA-G (SPT);
 - b. Imports having PPAs administered by the CPPA-G (SPT) and/or Interconnection Agreements with NTDC;
 - c. KE, if it corresponds; and
 - d. The CPPA-G (SPT), in relation with the CPPA-G (SPT) fee.
- 8.7.2 The CPPA-G (SPT) shall keep records of settlement payments received from:
 - a. Each SPT Code Participant;
 - b. Subsidies from the Federal Government;
 - c. Exports, having PPA administered by the CPPA-G (SPT) and/or Interconnection Agreements with NTDC; and
 - d. Any other source, when and if applicable.

9. REPORTING MECHANISM

Annex D contains a list of the reports to be prepared by the CPPA-G (SPT).

10. CPPA-G (SPT) FEE MECHANISM, AUDITS AND COMMUNICATIONS

10.1 CPPA-G (SPT) FEE MECHANISM

- 10.1.1 The CPPA-G (SPT) shall be financed through a charge imposed on Suppliers segregated from ex-WAPDA DISCOs and KE. The mechanism for calculation of the CPPA-G (SPT) Fee shall be established in accordance with clause 10.1.4, and once calculated, shall be sent to Authority for approval in accordance with Section 7 Sub-section 2(j) of the Act.
- 10.1.2 The following costs associated with the operations of CPPA-G (SPT) are to be recovered through the CPPA-G (SPT) Fee:
- a. General Establishment and Administration Expenses;
 - b. Repair and Maintenance;
 - c. Insurance;
 - d. Depreciation, if any; and
 - e. Financial Charges and other relevant costs.
- 10.1.3 CPPA-G (SPT) shall include in the costs detailed in 10.1.2, any estimated future capital expenditures required for compliance with current provisions contained in this SPT Code.
- 10.1.4 The formula for calculating the CPPA-G (SPT) Fee shall be dividing total costs as established in 10.1.2 and 10.1.3 by the Capacity commercially allocated to each Supplier segregated from ex-WAPDA DISCOs.
- 10.1.5 The Authority may request additional information or clarifications prior to the approval of CPPA-G (SPT) for incorporation into this SPT Code.
- 10.1.6 Once the CPPA-G (SPT) Fee is approved, the CPPA-G (SPT) shall communicate it to all SPT Code Participants on the CPPA-G (SPT) official website.

10.2 CPPA-G(SPT) TRANSACTIONS AUDIT

- 10.2.1 Each year the CPPA-G (SPT) shall contract a qualified independent auditor to conduct an operational audit of the CPPA-G (SPT) administration services, including the settlement and billing system, and implementation of this SPT Code.
- 10.2.2 After the first audit, each new audit shall include reviewing changes and actions undertaken by the CPPA-G (SPT) after the recommendations and observations of the previous audit. The Auditor's report will be sent to Authority and published on the official website CPPA-G (SPT).

10.3 CPPA-G (SPT) FINANCIAL AUDIT

- 10.3.1 At the end of each fiscal year, the CPPA-G (SPT) will contract an independent auditor to conduct a financial audit of the CPPA-G (SPT) and its budget administration.
- 10.3.2 The purpose of the financial audit shall be:
- a. Ensure that the received funds are properly and transparently utilized; and

- b. Assess the effectiveness of the CPPA-G (SPT) in utilizing the fees received from SPT Code Participants.

10.3.3 The Auditor's report shall be sent to Authority and published on the official website of the CPPA-G (SPT).

10.4 DATA SHARING AND COMMUNICATION

10.4.1 The CPPA-G (SPT) shall;

- a. Have and maintain an official website for the purpose of communication, open access to information to the public, and data sharing with all the SPT Code Participants;
- b. Provide open and equal access to reports and non-confidential information on the CPPA-G (SPT) official website to all SPT Code Participants;
- c. Publish on its website the monthly results of the settlement and payment process.
- d. For SPT Code Participants representing demand: items invoiced, interests for late payment, payment made, and amount still due;
- e. For SPT Code Participants representing offer: the amount invoiced, liquidated damages, the payment received, and payment still due;
- f. Publish list and information of all SPT Code Participants on its official website, which shall be updated regularly;
- g. Publish, on its official website, the SPT Code and all existing Standard Operating Procedures for its implementation, as well as publish for consultation proposals for its amendments or to the Standard Operating Procedures or new Standard Operating Procedures;
- h. Publish any amendment or update to the SPT Code or Standard Operating Procedures and make public on the official website within a reasonable time period after approval;
- i. Communicate in a timely manner in accordance with the SPT Code, all the SPT Code Participants, the Preliminary Settlement Report, Final settlement Reports, Invoices to Distribution Companies, any corrections made thereto, and orders to the associated Banks for payments to the Distribution Companies;
- j. Communicate with the System Operator to temporarily reduce the power allocation of a Supplier segregated from ex-WAPDA DISCOs in the event that the funds in the affected Supplier's Escrow Account are deemed to be insufficient for the payment of the Final Settlement Statement on the Payment Due Date, in accordance with the power pool allocation mechanism;
- k. Publish financial audit and operation audit report, on CPPA-G (SPT) official website;
- l. Communicate any other information that is deemed necessary, from time to time as required in the implementation of the SPT Code; and
- m. Provide the information to the Market Operator related to the variable cost of SPT Code Participants Representing Offers.

ANNEX A: ENERGY AND CAPACITY SOLD BY GENERATION COMPANIES

The following mechanism is for calculating payments to a complex of a generation company (extracted from currently signed PPCs between IPPs and NTDC). After the meter readings are sent to CPPA-G (SPT), Energy, and Capacity calculations are to be done in the following way:

a) Calculations for Capacity Payments

- **IPPS under Power Policy 2002**

The Capacity Payment for the applicable month shall be equal to the aggregate sum (for all of the hours in such month) of the Capacity Payment earned for each hour of the month, as shown in the formula below:

$$\text{Capacity Payments}_M = \sum_{h=1}^n \text{Capacity Payments}_h$$

$$\text{Capacity Payments}_h = \text{Capacity Price}_h * \text{Available Capacity}^1_h$$

Where,

Capacity Payments_M = Capacity Payments, in rupees, paid for the relevant month

Where,

Capacity Price_h = (Non-Debt Component of CPP_h + Debt Service Component_h) * PWF_h

Non-Debt Component of CPP_h = Fixed O&M_h + Insurance_h + ROE²_h + ROE DC³_h

Debt Service Component_h = Debt Service Component [F]⁴_h + Debt Service Component [L]⁵_h

- **IPPs under Power Policy 1994**

CPPA-G (SPT) shall pay the Capacity Payment to the Generation Company, calculated as follows:

$$\text{Capacity Payment} = \text{Capacity Purchase Price} * \text{Dependable}^6 \text{ Capacity}$$

The Capacity Purchase Price is established on the basis of a 60% plant factor⁷. If COD occurs on a date which is not the first day of a month, then the Capacity Payment shall be multiplied by the following:

$$\text{Capacity Price} * \left[\frac{\text{number of days remaining in the month}}{\text{number of days in such month}} \right]$$

If for a period of 18 consecutive days, the Generation Company is unable to deliver a Net Electrical Output (NEO) that is at least 50% of the Dispatch Levels, then CPPA-G (SPT) shall suspend

¹ Available Capacity_h = Available Capacity in kW, for Hour h of the relevant Month, and h=each hour in the month for which a Capacity Payment is being calculated

² ROE- Return On Equity

³ ROE DC- Return On Equity During Construction

⁴ Debt Service Component [F]= Foreign Debt Service Component

⁵ Debt Service Component [L]= Local Debt Service Component

⁶ With respect to Power Policy 1994, Dependable Capacity is Adjusted Capacity

⁷ Provided in Power Policy of March 1994

Capacity Payments until the Generation Company delivers NEO for 3 consecutive hours exceeding 50% of the Dispatch instruction by NPCC as System Operator.

b) Calculations for Energy Payments

The energy payment for the relevant month shall be equal to the aggregate sum (for all of the hours in such month) of the energy payment earned for each hour of the month, and shall equal:

$$\text{Energy Payment}_M = \sum_{h=1}^n \text{Energy Payment}_h$$

Where,

Energy Payment_M=Energy Payment, in Rupees, paid for the relevant month;

Energy Payment_h=Energy Payment, in Rupees, paid for h hour of the month;

n = the number of hours in the relevant month

h = an hour in the month for which an energy payment is being calculated

The energy payment earned for each hour of a month shall be calculated as follows:

$$\text{Energy Payment}_h = \text{Energy Price}_h * \text{NEO}_h$$

Where,

NEO_h=the net electrical output of the complex for the relevant hour

Energy Payment_h=Energy Payment, in Rs, payable for hour h;

Energy Price_h=FCC_h+ VO&M_h

Where,

VO&M_h=hourly variable operation and maintenance (O&M) component

FCC_h=(FCC_{REF}* FCAF_t)*K_h*DH_h

Where,

FCC_{REF}=the reference fuel cost component

FCAF_t=the applicable fuel cost adjustment factor

K_h=the load correction factor for the complex in hour h

DH_h=the heat rate degradation factor for the complex

c) Liquidated Damages

Based on the provisions contained in the signed PPCs (for 1994 and 2002 Power Policy) for IPPs, CPPA-G (SPT) shall calculate the LDs as follows:

i. IPPs under Power Policy 2002

I. Delay in Commissioning;

If the Complex is not commissioned on or before the Required COD, then the Generation Company shall pay to the Power Purchaser, monthly arrears, as LDs as calculated hereunder for

delays in the occurrence of COD at the rate of US\$2.50 per kW of the Contract Capacity per month.

$$LD_M = \frac{US\$2.5 \times \text{Contract Capacity in MW} \times 1000}{\text{Number of days in the month}} \times \text{Number of days delayed in a month}$$

2. Due to Shortfall of Initial Tested Capacity in comparison to Contracted Capacity:

If the Initial Tested Capacity at the time of commissioning of the Complex on COD is less than the Contract Capacity, then the Company shall pay to the Power Purchaser L. Ds as per the following formula:

$$LD_C = (\text{Contract Capacity} - \text{Initial Tested Capacity}) \text{ in MW} * \text{LD Rate}$$

Where,

LD_C = LD due to a shortfall of Contract Capacity

LD Rates are:

For Shortfall of up to 2% of Contract Capacity = US\$ 117,000

For Shortfall >2% & up to 5% = US\$ 234,000

For Shortfall >5% & up to 10% = US\$ 350,000

3. Liquidated Damages after COD; The Generation Company shall pay LDs to the Power Purchaser as formulated hereunder;

- I. If D.A.C is revised between 12hours and 4hours prior to the beginning of an operating day.

$$LD_s = 0.1 * (\text{D.A.C. at Declaration Deadline} - \text{R.D.A.C}) * \text{Capacity Price}_h$$

- II. When D.A.C is revised less than 4hours prior to the beginning of an Operating day.

$$L.D.s = 0.2 * (\text{D.A.C. at Declaration Deadline} - \text{R.D.A.C}) * \text{Capacity Price}_h$$

- III. If the Company fails to comply with Dispatch Instructions.

$$L.D.s = (\text{D.A.C, or R.D.A.C if applicable} - \text{Dispatch Level achieved}) * \text{Capacity Price}_h \text{ for the relevant hour } h, \text{ of the Operating Day.}$$

i. IPPs under Power Policy 1994

All of the LD payable under clauses 9.4 and 9.5 of the PPC (under 1994 Power Policy) shall each be indexed on the dates as follows:

$$LD = LD_{(initial)} * IE_t$$

Where,

LD = the value if the relevant LD payment as adjusted at the relevant calculation date;

$LD_{(initial)}$ = the initial value of the relevant LD payment as computed in accordance with clauses 9.4 and 9.5 of PPA signed under the 1994 Power Policy and;

IE_t = the value of IE_t at the indexation date, t, immediately preceding the calculation date.

d) For New Generation Company

New Generation Companies that decide upon signing a legal agreement with the CPPA-G, the CPPA-G (SPT) shall calculate the monthly associated liquidated damages (LD) in accordance with the provisions contained in the signed PPC.

(i) Energy purchased by Generation Companies

During maintenance periods and, eventually, in exceptional conditions, the power complex of a Generation Company may receive energy from the transmission network. This energy shall be purchased by the Generation Company at a tariff determined by the Authority, which may be different from the generation prices stated in their contract. The CPPA-G (SPT) shall determine, for each complex the total amount of energy purchased from the network and its corresponding price. This would be referred to as Back-Feed billing.

(ii) Energy Imports

Based on the information of the Commercial Metering System and the signed Interconnection Agreements, the CPPA-G (SPT) shall determine the total amount of energy imported from neighboring countries, and the corresponding amounts to be paid or received.

ANNEX B: EXPORT ENERGY PAYMENT (EEP) MECHANISM/BACK-FEED ELECTRICITY

The Back-Feed billing of a Generation Company is adjusted against/net of the determination of ETR Rate as mentioned in clause 6.1.4. (i)(a), and the following mechanism is hereby used for raising the invoice of the back-feed/export energy invoices to the Generation Companies.

Back-Feed Electricity Consumer Bill is a charge to generation companies for importing electricity from the NTDC Grid and is referred to as Back Feed Billing or Export Energy Invoice. A maximum of 15 days are allocated to the Generation Company for bill payment.

Based on the information provided by NTDC, MO will work out the Export Energy Invoices/ Back-Feed Electricity Consumer Bills as per clause 12.2(vii) of the SPT Code. The Export Energy Invoice/Back-Feed Electricity Consumer Bill has the following important parts:

- Energy and Capacity Details
 - Active Energy Meter Readings and Net/Total Energy usage in kWh
 - Reactive Energy Meter Readings and Net/Total reactive Energy usage in kVARh
- Power Factor and Low Power Factor Details
- Application of various Charges and Factors including GST
- Bill Adjustment (if any)

Electricity Consumer Bill Calculations

The following mechanism is used to prepare Export Energy Invoice payable by each Generation Company for the energy imported (which is the same as currently being used for raising the consumer bill by a Distribution Company as approved by Authority):

Electricity Consumer Bill

$$= (VC + FC \pm FPA + Misc.C + LPF Penalty + Electricity Duty + GST \pm Adjustment \pm Arrear/LPS)$$

Where,

- Electricity Consumer Bill in PKR
- VC = Variable Charges in PKR
- FC = Fixed Charges in PKR
- FPA = Fuel Price Adjustment in PKR
- Misc. C = Miscellaneous Charges and Factors (e.g. Neelum-Jhelum Fund) in PKR
- LPF Penalty = Penalty arising in case of Low Power Factor (LPF) in PKR
- Electricity Duty = Application of 1.5% Electricity Duty in PKR
- GST = Application of GST (as notified in percentage [%]) in PKR
- Adjustment = Any addition or reduction in Bill (if required) in PKR

- Arrears/LPS = Any addition or reduction in Bill (if required) in terms of Arrears or Late Payment Surcharge (LPS) in PKR

Calculation of Net Energy, Net Reactive Energy, and Capacity Components

Net Energy usage shall be calculated for a billing month based on the Meter Reading Performa submitted from the Metering Committee. Monthly Net Energy Usage is calculated for both Active (in kWh) and Reactive Energy (kVARh).

Calculation of Power Factor and Low Power Factor

Power Factor (PF) is a unitless quantity and is calculated as follows:

$$PF = \frac{\text{Active Power}(W)}{\text{Apparent Power}(VA)}$$

Or

$$PF = \frac{\text{Active Power}(W)}{\sqrt{[\text{Active Power}(W)]^2 + [\text{Reactive Power}(VAR)]^2}}$$

Where,

- PF = Power Factor or ratio of Active to Apparent Power
- Active Power = Useful component of Apparent Power, measured in W, calculated from Net Active Energy usage
- Reactive Power = Wattles component of Apparent Power, measured in VAR, calculated from Net Reactive Energy usage

Power Factor should be 0.9; otherwise, a Low Power Factor Penalty is applied. LPF is calculated as follows:

$$LPF = 0.9 - PF; \text{ (provided } PF < 0.9)$$

Where,

- LPF = Low Power Factor
- PF = Power Factor

Application of Variable and Fixed Charges/Factors

A generation company is considered as a consumer of DISCO during electricity import. Hence, the application of tariff is dependent on:

1. Location of a generation company in the territory of a specific DISCO and;
2. Tariff guidelines for the respective DISCO, based on the latest notification

CPPA-G (SPT) will identify and highlight the Tariff category applicable to each generation company.

Variable Charges are applied on Active Energy usage and are calculated as:

$$VC = \text{Tariff} \times \text{Total Energy Imported}$$

Where,

- VC = Variable Charges in PKR
- Tariff = Rate per kWh, as specified in Tariff Schedule notified by GOP

Fixed Charges are applied on Active Energy usage is calculated as:

$$FC = Tariff \times MDI$$

Where,

- FC = Variable Charges in PKR
- Tariff = Rate per kW, as specified in Tariff Schedule notified by GOP

Application of Fuel Price Adjustment (FPA)

Authority issues a monthly Fuel Price Adjustment (FPA) statement depending on the cost of electricity dispatched. FPA is charged per kWh and CPPA-G (SPT)) will apply the notified FPA (negative or positive) to the Consumer Bill depending on the directives of the Authority.

$$FPA_{Month} = FPA_{Month} Rate \times (Total Energy Imported)_{Month}$$

Where,

- FPA_{Month} = positive or negative, in PKR, based on Fuel Price Adjustment, for a specific month
- $FPA_{Month} Rate$ = Fuel Price Adjustment Rate for a specific month, in PKR per kWh, as notified by AUTHORITY
- Total Energy Imported_{Month} = Total Active Energy, in kWh, imported by generation company for a specific month

Application of Miscellaneous Charges

Other charges or surcharges may be applicable to electricity consumers on GOP notifications. The Miscellaneous Charge is calculated as follows:

$$Misc. C = Tariff \times Total Energy Imported$$

Where,

- Misc. C = Miscellaneous Charges in PKR
- Tariff = Rate per kWh, as specified in GOP Notification.

This charge can also be applicable per kW if directed in GOP Notification.

Application of LPF Penalty

Power Factor should be at least 0.9 and an LPF Penalty is applied as follows:

$$LPF Penalty = LPF \times FC (Tariff) \times MDI \times 2$$

Where,

- LPF Penalty = Low Power Factor Penalty in PKR
- FC = Fixed Charges Rate, as specified in Tariff Schedule, in PKR

- MDI = Maximum Demand in kW

Application of Electricity Duty

Electricity Duty, as notified in percentage (%) by GOP, is imposed on Variable Charges as follows:

$$ED = ED_{\%} \times VC$$

Where,

- ED = Electricity Duty in PKR
- ED% = Electricity Duty Percentage, as notified by GOP (At present 1.5% is applied)
- VC = Variable Charges in PKR

Application of GST

GST, as notified in percentage (%) by GOP, is taxed as follows:

$$GST = GST_{\%} \times (VC + FC + ED)$$

Where,

- GST = Application of GST in PKR
- GST% = GST Percentage, as notified by GOP (At present 17% is applied)
- VC = Variable Charges in PKR
- FC = Fixed Charges in PKR
- ED = Electricity Duty in PKR

Application of Bill Adjustment

Bill is adjusted (added or subtracted as required) if the need arises.

Application of Arrear/LPS

CPPA-G (SPT) can also adjust the bill by incorporating Arrears or Late Payment Surcharge (LPS) if required (in PKR).

Application of Late Payment Surcharge (LPS)

In case of payment after the due date, a LPS penalty (in PKR) will be levied on the Electricity Consumer Bill and the amount will be raised fittingly. At present, an 8.5% penalty is applicable.

ANNEX C: LATE PAYMENT / DELAYED PAYMENT SURCHARGE MECHANISM

Any delay in payment by a Generation Company (for back-feed) or Distribution Company or CPPA-G (SPT) will result in the application of Late Payment Surcharge (LPS) or Delayed Payment Surcharge (DPS).

1. Payment Delay by Generation Company

Generation Company is obliged to pay for energy imported from the grid. An LPS surcharge of a fixed percentage is applicable if the payment is made after the due date. The LPS and Due Date is mentioned on the Export Energy or Back-feed Invoice generated by CPPA-G (SPT). At present, LPS is charged as an additional 10% on Variable Charges (VC), Fixed Charges (FC), Low Power Factor (LPF) Penalty, and Surcharges excluding Electricity Duty (ED) and GST.

2. Payment Delay by Distribution Company

DISCO will be levied Late Payment according to the following mechanism, as specified in prevailing Electricity Supply Agreements (ESAs).

- As specified in ESA in 9.3 (d)

“Late Payments: Late payments by WAPDA or the Company, as the case may be, shall bear mark-up at a rate per annum equal to the Base Rate plus four percent (4%) per annum compounded semi-annually, and shall be computed for the actual number of Days on the basis of a three hundred sixty-five (365) Day Year”

Calculation for LPS under ESA

$$x = y - 183(n)$$

$$CB_{n+1} = LPS_n + CB_n$$

$$Total\ LPS = \sum_{n=0}^N LPS_n$$

$$LPS_n = \sum_{n=0}^N \left[\frac{CB_n \times (Base\ Rate + 4.0\%)}{365} \times D \right]$$

Where,

n = Number of Duration of 6 months each ($n=0,1,2\dots N$)

N = Number of durations (i.e. n)

y = Total Days

x = Remaining Days from 'y'

LPS = Late Payment Surcharge

CB_n = Closing Balance

D = 183 if the duration is 6 months otherwise $D=x$

3. **Payment Delay by CPPA-G (SPT)**

PPC under power policies of 1994, 2002, and 2006 specify the factors applicable to delayed payments. Generation companies can demand DPS on any type of payment from CPPA-G (SPT) including:

- Pass-Through Items
- Energy Payments
- Capacity Payments
- Differential Capacity Payments

DPS is calculated according to guidelines agreed upon in PPC.

- PPA under 1994 specify in 9.7(e) that

“Late Payments shall bear interest at a rate per annum equal to the Base Rate plus two percent (2%) per annum compounded semi-annually and shall be computed for the actual number of Days on the basis of a three hundred sixty-five (365) Day Year.”

Calculation for DPS under 1994 Power Policy

$$x = y - 183(n)$$

$$CB_{n+1} = DPS_n + CB_n$$

$$Total\ DPS = \sum_{n=0}^N DPS_n$$

$$DPS_n = \sum_{n=0}^N \left[\frac{CB_n \times (Base\ Rate + 2.0\%)}{365} \times D \right]$$

Where,

n = Number of Duration of 6 months each ($n=0,1,2\dots N$)

N = Number of durations (i.e. n)

y = Total Days

x = Remaining Days from ‘ y ’

DPS = Delayed Payment Surcharge

CB_n = Closing Balance

D = 183 if the duration is 6 months otherwise $D=x$

- Similarly, PPA under 2002 specify in 9.6(d) that

“Late payments by either Party of amounts due and payable under this Agreement shall bear interest at a rate per annum equal to the Delayed Payment Rate.”

“Delayed Payment Rate: KIBOR plus four and one-half percent (4.5%) per annum, compounded semi-annually, calculated for the actual number of Days which the relevant amount remains unpaid on the basis of a three hundred and sixty-five (365) Day year.”

Calculation for DPS under 2002 Power Policy

$$x = y - 183(n)$$

$$CB_{n+1} = DPS_n + CB_n$$

$$Total\ DPS = \sum_{n=0}^N DPS_n$$

$$DPS_n = \sum_{n=0}^N \left[\frac{CB_n \times (KIBOR + 4.5\%)}{365} \times D \right]$$

Where,

n = Number of Duration of 6 months each ($n=0, 1, 2 \dots N$)

N = Number of durations (i.e. n)

y = Total Days

x = Remaining Days from ‘ y ’

DPS = Delayed Payment Surcharge

CB_n = Closing Balance

D = 183 if duration is 6 months otherwise $D=x$

ANNEX D: CALENDAR OF REPORTS

Report	Content	Periodicity	Dates	Submitted to
Settlement Report (Preliminary Settlement Statement)	<ul style="list-style-type: none"> • Results of the Preliminary Settlement; • Metering quantities utilized for the Preliminary Settlement; • CPPA-G (SPT) comments on the settlement produced, including the assumptions used or metering quantities that have been replaced; • Enough information for the SPT Code Participants be able to reproduce (and eventually challenge) the calculations performed by the CPPA-G (SPT) 	Monthly	Within 10 Days after the beginning of each month	<ul style="list-style-type: none"> • All SPT Code Participants
Settlement Report (Final Settlement Statement)	<ul style="list-style-type: none"> • Complaints received to the Preliminary Settlement Statement, with a clear indication regarding if they were accepted or rejected; • Results of the Final Settlement; • Metering quantities utilized for the Final Settlement; • CPPA-G (SPT) comments on the settlement produced, including the assumptions used or metering quantities that have been replaced; • Enough information for the SPT Code Participants be able to reproduce (and eventually challenge) the calculations performed by the CPPA-G (SPT) 	Monthly	Within 10 Days after the beginning of each month)	<ul style="list-style-type: none"> • All SPT Code Participants and made publicly available on the CPPA-G(SPT) website
Non-Payment Report	<ul style="list-style-type: none"> • Identification of the SPT Code Participants who have not paid the invoices issued by the CPPA-G (SPT); • outstanding amounts; • Impact on payments to GENCOs, IPPs, or the WPPO; • Other relevant information which permits Authority, the Ministry of Energy, Power Division or the Ministry of Finance to adequately realize the situation and take appropriate measures 	Monthly (if required)	Within 10 Days after the beginning of each month	<ul style="list-style-type: none"> • All SPT Code Participants • Authority • Ministry of Energy, Power Division • Ministry of Finance

Report	Content	Periodicity	Dates	Submitted to
CPPA-G (SPT) Annual Report	Description of the activities performed during the previous year; <ul style="list-style-type: none"> • Statistical statements covering the whole previous year; • Comments on any major incidence occurring in the previous year; • Proposals for SPT Code amendments; • CPPA-G (SPT) Financial Statements 	Yearly	Within the first two months of the following year	<ul style="list-style-type: none"> • All SPT Code Participants and made publicly available on the website • Authority • Ministry of Energy, Power Division

ANNEX E: PAYMENT PROCEDURES IN CASE OF INSUFFICIENT FUNDS

OPTION I

In cases of insufficient funds in the CPPA-G (SPT) Consolidated Escrow Account, the following payment priority list shall apply:

- a) The CPPA-G (SPT) shall order the transfer of payments corresponding to the fuel component of Energy invoices raised by the Generation Companies, from the Consolidated Escrow Account to their respective bank accounts;
- b) When, after such transfers, there are funds remaining in the Consolidated Escrow Account, the CPPA-G (SPT) shall order the transfer of the payment corresponding to the CPPA-G(SPT) Fee to the CPPA-G (SPT) Conventional Bank Account;
- c) When the are funds remains in the Consolidated Escrow Account after the payment of a and b above, CPPA-G (SPT) shall transfer, the Market Operation Fee or System Operation Fee(if applicable) or any payment arise from BME and BMC ,to Market Operator account, in case of insufficient payment in the Designated Escrow Account of any concerned ex-WAPDA DISCOs towards their respective invoice generated by Market Operator; and
- d) When funds remain in the Consolidated Escrow Account after the payment of a, b and c above, the CPPA-G (SPT) shall distribute the remaining amounts on the Consolidated Escrow Account among all SPT Code Participants representing offers and NTDC which resulted in amounts receivable in the Final Settlement Statements and receivable of NTDC from SPT Code Participant representing demand in pro-rata basis, according following formulation:

$$TR_amount_i = \left(\frac{AR_i - AP_i}{TAR - TAR_paid} \right) * RA_{Escrow}$$

Where,

Tr_amount_i = The amount to be transferred to the Generation Company or other SPT Code Participant or NTDC with amounts receivable “i”, according the Final Settlement Statement

RA_{Escrow} = Remaining amounts in the Consolidated Escrow Account, after having made the transfers indicated a) and b) above

TAR = Total amounts receivable, as per the corresponding Final Settlement Statement and NTDC receivable, excluding the CPPA-G (SPT) fee.

TAR_{paid} = Total amounts receivable already transferred, as per the application of paragraph a) above.

AR_i = Amounts receivable for Generation Company or other SPT Code Participant or NTDC with amounts receivable “i”, according the Final Settlement Statement

AP_i = Amounts already transferred to the Generation Company or other SPT Code Participant with amounts receivable “i”, as per the application of clause a) above

When any SPT Code Participant fails to pay in full any monthly Payment Notification, the following assignment rules will apply for the payment of this specific monthly invoice:

- a) Whenever a specific Supplier segregated from ex-WAPDA DISCOs has not remitted enough revenue collections for end consumers and subsidies and/or disbursements from the Federal Government to fully satisfy this specific monthly invoice, which includes interest and penalties as a result of the partial payment of previously issued monthly invoices by this specific Supplier the first claim on the funds transferred from this specific Supplier's Escrow Accounts to CPPA-G (SPT) shall be used to clear the unpaid balances of previously issued monthly invoices plus interest and penalties. This first claim on the specific Supplier's Escrow Accounts shall be satisfied immediately in order to minimize interest and penalty charges; and
- b) The second, third and other sequenced claims on the aforementioned Supplier's Escrow Accounts, shall be satisfied according to the priority list described above, until the funds of the aforementioned specific Supplier that have been transferred to the CPPA-G (SPT) have been fully exhausted.

OPTION II:

In case that any SPT Code participants representing demand has not fully paid its invoice, a shortfall shall occur in the Consolidated Escrow Account that CPPA-G (SPT) uses to transfer payments to Generation Companies, NTDC, CPPA-G (SPT) and Market Operator (if applicable). In case of reduction in the transfer payments to Generation Companies, NTDC, CPPA-G (SPT) and Market Operator (if applicable), payments shall be made in accordance with the following priority list.

- a) The CPPA-G (SPT) shall order the transfer of payments corresponding to the fuel component of energy invoices raised by IPPs and GENCOs, from the CPPA-G (SPT) Consolidated Escrow Account to their respective conventional bank accounts;
- b) When funds remain in Consolidated Escrow Account, the CPPA-G (SPT) shall order the transfer of the payment corresponding to the CPPA-G (SPT) Fee to the CPPA-G(SPT) conventional Bank Account;
- c) When funds remains in the Consolidated Escrow Account after the payment of CPPA-G (SPT) Fee, CPPA-G (SPT) shall order the transfer, the Market Operation Fee or System Operation Fee(if applicable) or any payment arise from BME and BMC, to Market Operator account, in case of insufficient payment in the Designated Escrow Account of any concerned ex-WAPDA DISCOs towards their respective invoice generated by Market Operator;
- d) When funds remain in Consolidated Escrow Account after the payment of CPPA-G (SPT) Fee, the CPPA-G (SPT) shall order the transfer of full or partial payment for Transmission Charges (UoSC) to the NTDC Conventional Bank Account;
- e) When funds remain in the Consolidated Escrow Account after the full payment of the NTDC UoSC, the CPPA-G (SPT) shall order the transfer of full or partial payments as the case may be for corresponding WAPDA Hydrel invoices to the WAPDA Hydrel Bank Account.
- f) When funds remain in the Consolidated Escrow Account after the full payment of WAPDA Hydrel, the CPPA-G (SPT) shall order the transfer of full or partial payments as the case may be to the IPPs and GENCOs to their respective conventional Bank Accounts. When CPPA-G(SPT) provides partial payments to IPPs and GENCOs, the partial payments shall be directed towards the recovery of the capacity component (i.e. fixed costs) of the IPP and GENCO invoices, excluding payments for debt service and return on equity (if the same is not due for payment). When there are insufficient funds in the Consolidated Escrow Account to pay the

capacity component of the IPP and GENCO invoices (excluding debt service and return on equity) in full, CPPA-G (SPT) shall pay the said capacity components of the invoices on a pro-rata basis;

- g) When funds remain in the Consolidated Escrow Account after the partial payment covers in full the capacity component of invoices raised by IPPs and GENCOs (excluding debt service and return on equity), the continuing partial payment shall be directed toward the recovery of the variable O&M component of the energy invoices raised by IPPs and GENCOs. When there are insufficient funds in the Consolidated Escrow Account to pay, in full, the variable O&M component of the IPP and GENCO energy invoices, the CPPA-G (SPT) shall pay the said variable components of the invoices on a pro-rata basis;
- h) When funds remain in the Consolidated Escrow Account after the full payments to IPPs and GENCOs (excluding debt service and return on equity components of the energy invoices of IPPs and GENCOs), the CPPA-G (SPT) shall order the transfer of payments corresponding to any surplus due to the SPT Code participants representing demand;
- i) When funds remain in the Consolidated Escrow Account after the payments to SPT Code participants representing demand, the SPT shall order the transfer of payments corresponding to the capacity invoices of IPPs relating to debt service and return on equity components (if the same is due for payment) to the IPPs conventional Bank Accounts. When there are insufficient funds in the consolidated escrow account to pay, in full, the capacity invoices of IPPs relating to debt service and return on equity components, CPPA-G (SPT) shall pay the said components to the IPPs on a pro-rata basis;
- j) When funds remain in the Consolidated Escrow Account after the full payments to IPPs, the CPPA-G (SPT) shall order the transfer of payments corresponding to the GENCOs capacity invoices relating to debt service and return on equity components (if the same is due for payment) to the GENCOs Bank Accounts. When there are insufficient funds in the Consolidated Escrow Account to pay this in full, SPT shall pay the said capacity components to the GENCOs on a pro-rata basis;
- k) When funds remain in the Consolidated Escrow Account after the full payments to IPPs and GENCOs for their capacity and energy components of the invoices, the CPPA-G (SPT) shall order the transfer of payments corresponding to delayed payments to the IPPs, Hydel and GENCOs to their respective conventional Bank Accounts. When there are insufficient funds in the Consolidated Escrow Account to pay the delayed payments in full, CPPA-G (SPT) shall pay the delayed payments to the IPPs, Hydel and GENCOs on a pro-rata basis; and
- l) In the event that a Generation Company has a direct commercial arrangement with ex-WAPDA DISCOs , the same rules of the priority list from (a) to (k) above shall apply to that Generation Company.