Government of Pakistan
Ministry of Energy
(Power Division)

***

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

Islamabad, the 04th September, 2023.

NOTIFICATION

S.R.O.1112(I)/2023.— In exercise of the powers conferred by section 46 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), read with section 23C thereof, the Federal Government is pleased to make the following rules, the same having been previously published in the daily newspapers and uploaded on the website as required under proviso to sub-section (1) of section 46 of the said Act, namely:—

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

(2) They shall come into force at once.

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

(a) "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997);

(b) "applicant" means a person who submits an application before the Authority for grant of license to operate as electric power trader;

(c) "commercial code" means the commercial code prepared and maintained by the market operator pursuant to sections 23A and 23B of the Act and approved by the Authority;

(d) "grid code" means the grid code prepared and maintained by the system operator pursuant to sections 23G and 23H of the Act and approved by the Authority; and

(e) "trader license" means the license for trading in electric power granted by the Authority pursuant to section 23C of the Act.

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

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

(a) company is registered with the Securities and Exchange Commission of Pakistan exclusively for its electric power trader business;

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

(c) has a strategic business plan for three years duly certified by the chief executive officer or chief financial officer or company secretary, demonstrating its capability to undertake electric power trade business;

(d) shall fulfill minimum technical and human resource requirements as provided in Schedule-II to operate and manage the electric power trade business, in order to perform the duties and responsibilities of an electric power trader in an effective and efficient manner in accordance with the Act, relevant rules and regulations and other relevant legal instruments;

(e) shall have the ability to ensure prompt and effective coordination with the system operator, market operator and relevant transmission and distribution licensees to comply with the provisions of the grid code, distribution code commercial code, and other relevant legal instruments as applicable; and

(f) shall have the ability to discharge the following public service obligations—

A. quality of service by—

(i) having automated systems or software tools for invoicing, collection and making of payments;

(ii) having information exchange system for communications and transactions with the market operator, system operator, distribution licensees, and other relevant entities;

(iii) complying with the performance standards and any codes specified by the Authority for provision of electric power services, particularly, effective and timely invoicing, collection and making of payments, and resolution of customer complaints;

(iv) ensuring timely dissemination of reporting requirements; and

(v) maintaining the complete and accurate records and data in respect of all aspects of trading business. All such records and data shall, unless provided otherwise under the law or specified by the Authority, be maintained for a period of five years after the creation of such record or data;

B. transparency of transactions by—

(i) ensuring compliance with the accounting standards and uniform system of accounts as specified by the Authority and in addition to that ensure compliance with international financial reporting standards (IFRS) as applicable in Pakistan;

(ii) sharing the necessary information and data through website or portal as required by any legal instrument; and

(iii) reporting all the information as specified or required by the Authority for the purpose of monitoring;

C. collection and deposit of any charges, as may be determined by the Authority from time to time, in a timely manner; and

D. collection and deposit of any and all surcharges as may be imposed by the Federal Government and applicable taxes in a timely and effective manner.

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

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

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

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

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

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

SCHEDULE – I

[see rule 3(b)]

Minimum solvency requirements:—

(1) The applicant shall fulfill the following minimum solvency requirements:

(i) shall have and maintain minimum long-term credit rating of "A" or above from a credit rating agency licensed by the Securities and Exchange Commission of Pakistan (SECP) and submit a report to the Authority at the time of application;

(ii) shall have and maintain minimum current ratio of 1:1;

(iii) shall have paid-up capital more than five hundred million rupees; and

(iv) shall have and maintain net worth at all times in an amount for its electric power trader business as provided hereunder:

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

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

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

SCHEDULE – II

[see rule 3(d)]

Minimum technical resources requirements:—

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

(i) IT systems or software tools for its energy risk and portfolio management; and

(ii) information exchange system for communications and transactions with the market operator, system operator, and other relevant entities.

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

Minimum human resources requirements:—

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

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

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

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

[Muhammad Naeem],
[Section Officer (Policy)]

*****