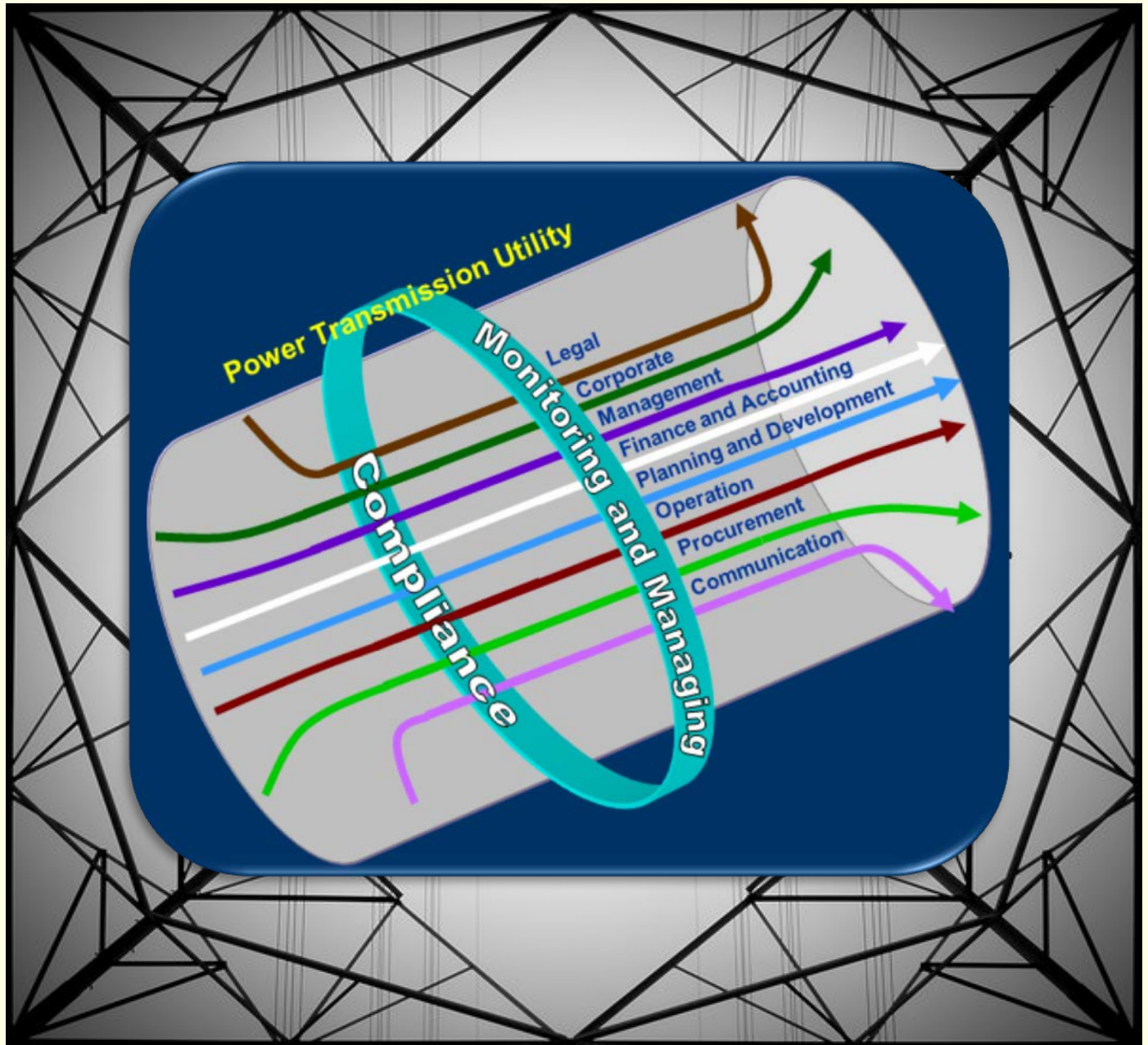




Management and Monitoring Framework for Regulatory Compliance by Power Transmission Utilities in the SAARC Region



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Foreword

The concept of Power Sector Reforms was first introduced in South Asia during early nineties with the objective to provide reliable quality power at affordable rates to consumers of all categories and to improve the commercial viability of the power sector as a whole. SAARC Member States such as Bangladesh, India, Pakistan and Sri Lanka have already undergone regulatory changes transforming the vertical power utilities into restructured power entities i.e. Generation, Transmission and Distribution. However, some Member States such as Afghanistan, Bhutan, Maldives and Nepal have not implemented the Power Sector Reforms so far. SAARC Energy Centre, through its Activity Plan for the FY 2014, conceptualized a program activity for the Power Transmission Utilities in the SAARC Region on Monitoring and Managing Regulatory Compliance.

The major focus of this short term research activity was to provide a managing and monitoring tool both for the Regulator and Utility. In the perspective of the best utility practices, emphasis should be on Transmission Utilities' proactive and voluntarily approach towards Regulatory Compliance. SAARC Energy Centre believes that the Transmission Utilities should manage as well as monitor their compliance performance by customizing and adopting the compliance framework proposed in the Study whereas Regulatory Bodies may exclusively customize this tool for the purpose of monitoring compliance.

For conducting this study, SAARC Energy Centre engaged the services of Engr. Hassan Jafar Zaidi, a renowned Power System and Regulatory expert from Pakistan having invaluable experience of power sector developments and regulatory regimes of Pakistan, Saudi Arab and ECO countries. He was enthusiastically supported by Engr. Omair Khalid through his vast knowledge and passion to contribute. SAARC Energy Centre is confident that the Power Transmission Utilities and the Regulators of South Asia will eagerly customize and implement the outcome of this study as a handy automated tool for managing and monitoring regulatory compliance in pursuant to the relevant Transmission Licenses.

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The authors would like to express their gratitude to the SAARC Energy Centre for providing us with the opportunity to undertake this study and to propose a framework for achieving improved regulatory compliance in the Transmission Utilities operating in SAARC Member States.

Sincere thanks is also extended to the SAARC Member States, who provided the access to their electricity laws, regulations and licenses that made it possible to conduct this study.

The contributions of Mr. Rashid Aziz who conducted the Peer Review of the study, in addition to the in-house effort by the SEC are highly appreciated; his critique and experienced remarks helped in definite value addition and refining the overall conclusions of this study.

Glossary

AERA	Afghanistan Electricity Regulatory Authority
BEA	Bhutan Electricity Authority
BERC	Bangladesh Energy Regulatory Commission
BPC	Bulk Power Customers
BPC	Bhutan Power Corporation
CEB	Ceylon Electricity Board
CERC	Central Electricity Regulatory Commission
CIGRE	International Council on Large Electric Systems
Compliance Control	Corresponds to identifying and converting the non-compliance events into compliance by taking certain control actions, remedies, solutions for such instances.
Compliance Guidelines	Provide a framework that can be used as reference material if a question arises outside of day-to-day experience. They may be in the form of a printed manual or electronic media like CDs or computer software programs.
Compliance Management Best Practices	Strategies agreed upon by company executives that identify the most effective means of staying within the law. Often, this guidance is derived from industry standards developed by professional management associations.
Compliance Monitoring	Compliance Monitoring is to watch and store the extent of compliance with the standards, regulations and law by the entity itself, the regulator or external agencies.
Compliance Tools	Compliance tools are developed to aid compliance management function. These compliance tools (often utilizing software programs) help train employees and executives in the regulatory

	risk environment they work in, improve the reporting of compliance issues within the entity, and reduce compliance training costs.
CSR	Corporate Social Responsibility
DABS	Da Afghanistan Breshna Sherkat
Distribution Code	All licensed electricity power distribution utilities are obliged, pursuant to their licenses to maintain a Distribution Code detailing the technical parameters and considerations relating to connection to, and use of, their electrical networks.
EDRMS	Electronic Document and Records Management System
Electric Power Utilities	Business entities mandated to deal in power transmission (power transmission network operator) or power distribution (distribution network operator)
Electricity Act	In many countries, Electric power sector is governed under the Act of the Parliament; the Act usually covers major aspects involving generation, distribution, transmission and trading in power.
Grid Code	A set of rules and regulations designed to govern the functioning of the National transmission grids. The aim of the Code is to ensure that transmission services are available to all grid users in the country in an efficient, economic, fair, non-discriminatory and transparent manner.
IEC	International Electro-technical Commission
IEEE	Institute of Electrical and Electronics Engineers
IPP	Independent Power Producer
ISO 9000	ISO 9000 is a series of standards, developed and published by the International Organization for Standardization (ISO), that define, establish, and maintain an effective quality assurance

	system for manufacturing and service industries.
ISO 14000	ISO 14000 is a series of environmental management standards developed and published by the International Organization for Standardization (ISO) for organizations. The ISO 14000 standards provide a guideline or framework for organizations that need to systematize and improve their environmental management efforts.
KPI	Key Performance Indicators
License/Transmission License	By granting license to a business entity, Regulator mandates the entity to perform the role of power transmission network operator under specific terms and conditions
Licensee	Business entity mandated by the Regulator to functions as power transmission network operator/power transmission utility
Market Code	An electricity market is a system for effecting purchases, through bids to buy; sales, through offers to sell; and short-term trades, generally in the form of financial or obligation swaps.
NEA	Nepal Electricity Authority
NEPRA	National Electric Power Regulatory Authority, Pakistan
NTDCL	National Transmission & Dispatch Company Limited, Pakistan
Performance Standards	Performance standards defined by the Regulatory to ensure compliance by the transmission licensees and to provide for an efficient, reliable, coordinated and economical system of electricity transmission, non-adherence of which would entitle the affected parties to compensation.
PGCB	Power Grid Company of Bangladesh Limited
PowerGrid	Power Grid Corporation of India Limited

PUC	Public Utilities Commission
PUCSL	Public Utilities Commission of Sri Lanka
Region	South Asia
Regulator	National/Regional Electric Power Regulatory Authority constituted under the local law
SAARC	South Asian Association for Regional Cooperation
SEC	State Electric Company Limited
SEC	SAARC Energy Centre, Islamabad
Study	SAARC Study 'Designing Management and Monitoring Framework for Regulatory Compliance by Power Transmission Utilities in the SAARC Region'
Utility	Power Transmission Utility/Transmission Network Operator
WAPDA	Water and Power Development Authority, Pakistan
Regulatory Compliance	A business entity's adherence to laws and regulations developed by governments or regulatory bodies. Failure to abide by these laws and regulations results in financial and operational penalties for the entity, as well as loss of good will and prestige.
Regulatory Compliance Management	It is the business function or process developed within a company to ensure that laws and regulations are being adhered to. Weighing a firm's exposure to regulatory violations against its business activities is at the heart of this field.
Regulatory Obligations	Regulatory obligations are observing behaviour/conduct and avoiding undesirable behaviour/conduct as specified by the regulator. It includes adhering to specified/applicable laws, policies, regulations, strategies, procedures, standards and directions issued by regulator. Examples include Plan, operate,

	maintain and expand the transmission system in accordance with the Grid Code; Compliance with approved Annual Transmission System Plan, Environment Policy, Health Policy; Prepare and maintain financial accounts for the Transmission Business separate from any other business, etc.
Regulatory Requirements	Utility in pursuant to the transmission licensee is accountable for various responsibilities that include certain regulatory obligations as well as submissions. These requirements are broadly stipulated in Electricity Law and other Regulatory Instrument whereas Transmission License granted by the Regulator defines all the regulatory requirements in detail. Regulator is empowered to issue directives for adding new requirements or for elaborating on the existing ones.
Regulatory Submissions	A submission is a report, notification, information, data explicitly defined in the license or as required, time to time, and defined by Regulator. Examples include Seeking the Regulator's approval for Charging Statement; Annual reporting on environmental performance; Notification of all agreements entered into with other licensees or consumers; etc.

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- Annexure E: 'Proposed Scope and Program for Awareness Campaign for Monitoring and Managing Transmission Utility's Regulatory Compliance'

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1. Overview

The growth in legislation and regulation in the electric power industry combined with the focus on risk mitigation is making compliance a critically important issue for Electric Power Utilities. This focus on compliance highlights the need for a Compliance Management and Monitoring Framework for utilities operating in any region.

Power transmission utilities are very large entities operating over a large area and having complex organization structures. This makes compliance management and monitoring a tough challenge for these utilities. However, the importance of compliance places it as an issue that needs to be tackled effectively. The advantages gained by achieving compliance are considerable and include, but are not limited to:



Power transmission utilities of the regulated regimes are required to fully comply with the conditions of the Transmission License that has been granted by the Regulator. The compliance monitoring and management scheme that is proposed here has been devised to ensure Utility's effective compliance with all requisite regulatory requirements, and thereby minimize any risks that may be involved with non-compliance with any of its License's requirements. This scheme utilizes three critical strategies to accomplish its goal:

- i) Identify various regulatory requirements as laid down in the License and assess the risks associated with each non-compliance event;

- ii) Ensure that the Utility staff is aware of these requirements as well as their own roles and responsibilities in this context; and
- iii) Provide a structured program, guidelines, and procedures to facilitate efficient and effective compliance with each requirement.

Immediate and effective implementation of the proposed scheme will ensure Utility's meeting of its legal and regulatory requirements and will also reflect its strong commitment with regulatory compliance. This intervention will also contribute possibly to improve the efficiency and quality of Utility's business functions, thus leading to achieve the objectives of the power sector reforms in the SAARC Member States, where applicable.

2. Overview Of The Transmission Sector In The SAARC Region

Before launching into a detailed discussion of how to effectively implement regulatory compliance, an overview of the transmission sector of different countries in the SAARC region is presented to set the perspective.

2.1 Afghanistan

The Electricity Law of Afghanistan

The Afghanistan Electricity Regulatory Authority is governed by the draft law on electricity which was issued in 2009. This draft law states the powers and duties of the proposed Afghanistan Electricity Regulatory Authority and states the procedures to be followed in carrying out the assigned duties.

Afghanistan Electricity Regulatory Authority

The Electricity Law of Afghanistan governs the Afghanistan Electricity Regulatory Authority (AERA) which is responsible for regulating all the affairs related to electricity sector in Afghanistan. According to the law, AERA shall perform all the duties laid down by this law in an independent, open and transparent manner, following the procedures prescribed by the law.

Da Afghanistan Breshna Sherkat

Da Afghanistan Breshna Sherkat (DABS) is an autonomous electric power company in Afghanistan. It was established under The Corporations and Limited Liabilities Law of the Islamic Republic of Afghanistan and is responsible for the operation and management of the electric power generation, import, transmission, local power distribution and billing throughout Afghanistan on a commercial basis.

2.2 Bangladesh

Bangladesh Energy Regulatory Commission Act

Power sector of Bangladesh is governed by different Acts, Policies and Guidelines. The Electricity Act, 1910 is an Act relating to the supply and use of electrical energy. The Bangladesh Energy Regulatory Commission (BERC) was established under the Bangladesh Energy Regulatory Commission Act 2003, which took a number of provisions from the Electricity Act, 1910.

Bangladesh Energy Regulatory Commission

The Bangladesh Energy Regulatory Commission was established on March 13, 2003 through a legislative Act of the Government of Bangladesh, it was made effective on April 27, 2004. The Commission aims to create an atmosphere conducive to private investment in the generation, transmission, transportation and marketing of electricity throughout Bangladesh.

Power Grid Company of Bangladesh

Power Grid Company of Bangladesh Ltd. (PGCB) was created with the objective of creating a commercial environment with an increased efficiency and for the establishment of accountability and dynamism in accomplishing its objectives. PGCB was incorporated in November 1996. It was entrusted with the responsibility to own the national power grid and to operate and expand the same with efficiency. PGCB took over all the transmission assets on 31st December 2002 and has been operating them since then.

2.3 Bhutan

The Electricity Act of Bhutan

Electricity Act, 2001 and Bhutan Hydropower Policy, 2008 constitute the major policy guidelines for the electricity sector of Bhutan. The Electricity Act of Bhutan, 2001 enables the restructuring of the power supply industry and involvement of the private sector, by providing mechanisms for licensing and regulating the operations of power companies. The Electricity Act delineates the roles and responsibilities of suppliers, protects the interests of the general public and ensures the technical regulation of the electricity supply industry.

The Bhutan Electricity Authority

The Bhutan Electricity Authority (BEA) was initially established as a functional autonomous agency according to Section 7 of the Electricity Act of Bhutan, 2001 to operate and regulate the electricity supply industry. The BEA was granted full autonomy by the Royal Government in January 2010.

The Bhutan Power Corporation

The Bhutan Power Corporation (BPC) is the Bhutan Power Corporation, responsible for the transmission and distribution of electricity within the country and for the wheeling of electricity for export.

2.4 India

The Electricity Act of India

Power sector of India is governed by a number of laws, regulations, policies and guidelines. The two major governing frameworks are the Electricity Act 2003 and the National Electricity Policy 2005. The Electricity Act of 2003 was formulated to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity.

The Central Electricity Regulatory Commission

The Central Electricity Regulatory Commission (CERC) is one of the two electricity regulatory bodies in India. CERC's primary function is to monitor the tariffs of central generating stations and regulate all interstate generation, transmission and supply of power. CERC intends to promote competition, efficiency and improve the quality of supply.

The Power Grid Corporation of India

The Power Grid Corporation of India Limited (PowerGrid), the Central Transmission Utility of the country under the Ministry of Power is amongst the largest Power Transmission utilities in the world. PowerGrid is playing a pivotal role in the growth of Indian power sector by developing a sturdy Integrated National Grid and associating in the flagship program of the Government of India to provide Power for all. Innovations in technical and managerial fields have led to coordinated development of the power transmission network and effective operation of the Regional and National Grid.

2.5 Maldives

The Electricity Act

The Acts governing the energy sector of Maldives like The Activation of Electricity Act, Regulations Policy, etc. are still in the stage of formulation. The need for a sound energy policy in consonance with other policies was pointed out in the National Development Plan.

Maldives Energy Authority

The Maldives Energy Authority works under the Ministry of Housing and Environment. The Authority has a governing board dictating its functional role in the power sector of the country. The Authority plays an advisory role for the government, advising various

government organizations on the energy needs of the country. It is also in charge of checking the quality of the sources of energy imported into the country, issuing permits to organizations locally generating electricity in the Maldives and maintaining the statistical data related to the production, transmission and generation of electricity.

State Electric Company Limited

State Electric Company Limited (SEC) is a state owned organization responsible for the generation and distribution of electricity to customers throughout the Maldives. The State Electric Company of Maldives was established in 1949. Currently all distribution of electricity is being done on 11 kV.

2.6 Nepal

The Electricity Act

Electricity sector of Nepal is governed by different Acts and policies. Among these are the Electricity Act, 2049 (1992), Water Resources Act, 2049 (1992), Hydro Power Development policy, 2001, Water Resources strategy, 2002, Foreign Investment and Technology Transfer Act, 1992. Electricity Act, 2049 (1992) of Nepal was announced on December 17, 1992. This Act was made for the management and development of electricity in Nepal.

The Ministry of Energy

The Electricity Sector of Nepal is largely governed by the Ministry of Energy formerly known as the Ministry of Water and Resources. The Ministry is in charge of the entire power sector of the country which is mainly dependent on hydro power. The Ministry functions as the main licensing and regulatory authority for the power sector in Nepal. The legal framework for the sector is detailed in The Electricity Act 2049 (Nepalese Year).

Nepal Electricity Authority

Nepal Electricity Authority (NEA) was created on August 16, 1985 under the Nepal Electricity Authority Act 1984, after the merger of the Department of Electricity Development of Ministry of Water Resources, Nepal Electricity Corporation and related Development Boards. Nepal Electricity Authority is a state-owned entity with the primary objective of generating, transmitting and distributing adequate, reliable and affordable electricity by planning and constructing the needed infrastructure.

2.7 Pakistan

The Electricity Act

The electricity sector in Pakistan is governed by various Acts, rules and regulations. Among these are the Electricity Act 1910, Electric Power Act 1997, National Electric Power Regulatory Act and Policy for Generation Project. The Electricity Act 1910 applies to the whole of Pakistan.

National Electric Power Regulatory Authority

The National Electric Power Regulatory Authority (NEPRA) is exclusively responsible for regulating the provision of electric power services and grant licenses for generation, transmission and distribution of electric power. The objective behind the formation of NEPRA was to have an independent regulatory body to enhance the efficiency and availability of electric power services while protecting the interests of consumers, investors and the operators equally. Currently, NEPRA is working in a centralized manner. All the decisions regarding tariffs and standards need to be approved by the government.

National Transmission and Dispatch Company

National Transmission & Dispatch Company Limited (NTDCL) was established on November 6, 1998 and commenced its commercial operation on 24th December, 1998. It was organized to take over all the properties, rights, obligations and liabilities of 220 kV and 500 kV Grid Stations and corresponding Transmission Lines previously owned by Pakistan Water and Power Development Authority (WAPDA).

2.8 Sri Lanka

The Public Utilities Commission of Sri Lanka Act

The Acts governing the operation of the Electricity sector in Sri Lanka are the Sri Lanka Electricity Act, No. 20 of 2009, Public Utilities Commission of Sri Lanka Act, No. 35 of 2002 and National Energy Policy and Strategies of Sri Lanka. In pursuant to this Act, the Public Utilities Commission (PUC) shall carry out all the responsibilities assigned to it under this Act.

The Public Utilities Commission of Sri Lanka

Established by The Public Utilities Commission of Sri Lanka (PUCSL) Act No. 35 of 2002 by the Parliament of Sri Lanka, the Public Utilities Commission of Sri Lanka

performs a crucial role as a multi-sector supervisory body. The PUCSL came into operation in 2003; it plays a pivotal role in the national economy as the technical regulator of the Electricity industry in the country. The Commission ensures that the electricity sector in Sri Lanka has sufficient investments, greater availability, efficient supply, and improved quality of services for electricity consumers. The Commission also regulates the generation, transmission, distribution, supply and use of Electricity throughout the country.

The Ceylon Electricity Board

The electricity transmission network in Sri Lanka is wholly owned and operated by Ceylon Electricity Board (CEB). CEB Transmission Licensee is responsible for the safe, secure and efficient operation of electricity transmission in Sri Lanka. It is the largest electricity company in Sri Lanka. It controls all the major functions of electricity generation, transmission, distribution and retailing in Sri Lanka.

3. Study For Compliance Monitoring & Management Framework

3.1 Introduction to the Study

This Study is launched to develop and implement a sound scheme for monitoring and managing regulatory compliance within the power transmission utilities of all the regulatory requirements that are set out in the relevant Transmission License. A comprehensive and systematic approach is considered highly critical in this regard to foster compliance culture within the Utility.

This document outlines the salient building blocks of the scheme that is being proposed for monitoring and managing compliance by the Utility. It also describes the prime motivation for this exercise and its objectives, framework mechanism and procedures that will be used to ensure that the Utility effectively complies with all its legal and regulatory requirements and is recognized as an entity that has gone extra mile to prove that it is a responsible and responsive organization.

A conceptual framework is being proposed as core of the scheme for monitoring and managing compliance with the Utility's regulatory requirements. The inputs to this framework will essentially base on seven inter-related steps:

- a. **Identify** Utility's regulatory requirements as laid down in the Transmission License
- b. **Assess** the gaps that may exist in effectively complying with each regulatory requirement, and assess the risks associated with such non-compliance;
- c. **Develop** a structural compliance monitoring and management program by carefully planning and designing various components of the monitoring scheme and associated procedures that will be required;
- d. **Identify** the penalties including fines etc. in the event of non-compliance
- e. **Communicate** and educate the Utility staff on all the regulatory requirements, their responsibilities thereof and consequences of non-compliance;
- f. **Monitor** the compliance by the Utility in respect of each regulatory requirement and, wherever necessary, manage compliance by initiating a control/remedial action to ensure compliance and/or mitigate risks;
- g. **Assess** annually the level of compliance achieved by each department and determine overall compliance level of the Utility; and

- h. **Review/evaluate** the whole scheme by evaluating the performance of each component of the compliance framework and effect improvement wherever required.

The primary objective of this scheme is to facilitate the Utility in closing gaps and mitigating risks that it may face while complying with its regulatory requirements. These objectives may include:

- a. Decreased number of non-compliance events and well prepared defense for those violations that do occur
- b. Grid access and use become fair, non-discriminatory and transparent
- c. Sharing of accounts with the Regulator
- d. Development, updating and implementation of the relevant Grid Code, compliance with Grid Code, Distribution Code and Market Code, etc.
- e. Economical power transmission due to working as a commercial and competitive venture (No-cross subsidy)
- f. Optimum quantity and quality procurement of goods and services

Apart from achieving the primary objectives, the scheme is also expected to provide the following additional outputs to the Utility:

- a. Thorough awareness among the Utility staff about its regulatory requirements, responsibilities and consequences of non-compliance and compliance mechanism provided with the scheme.
- b. Standardization of different procedures
- c. Avoiding loss of prestige before the Regulator and other stakeholders including public and investors, and financial liabilities that may be penalized by the Regulator due to non-compliance events.
- d. Enhanced system reliability due to efficient investments for development and maintenance of transmission grid

3.2 Motivation

Non-compliance (inadequate and/or partial compliance) may result mainly due to lack of regulatory knowledge and/or appropriate capability on the part of the Utility staff to properly comply with the regulatory requirements. In order to fill-up these

deficiencies, a carefully designed compliance scheme is required that has its building blocks a. identification and communication of "what is required"; b. A framework and a set of procedures for applying compliance management best practices to facilitate the entire process aiming to achieve smooth compliance; c. Education and training for understanding "How to comply with the regulatory requirements using these procedures?" and d. Implementation of the proposed framework. The proposed compliance scheme has been motivated by this very requirement, and has the above aims built in it.

3.3 Objectives

The proposed scheme aims to meet the following objectives:

- Identify the Utility's regulatory requirements pursuant to the relevant Transmission License;
- Assess the gaps and risks that currently exist and may hinder properly complying with regulatory requirements and how to close these gaps
- Develop institutional mechanisms and capability required within the Utility to fully comply with its regulatory requirements
- Establish a process within the Utility for monitoring, measuring, managing, assessing and reporting of compliance with various regulatory requirements;
- Develop the required procedures and guidelines to ensure proper compliance;
- Identify all non-compliance events sufficiently ahead of time, so that corrective measures can be taken to obviate any related risks; and
- Demonstrate, to the Regulator and other stakeholders, Utility's strong commitment towards its responsibilities for complying with laws and regulations and attain the status of a conscious and responsible entity in the restructured power sector.

3.4 Utility's Compliance Requirements and Their Dimensions

For making available a comprehensive reference of the regulatory requirements, it is suggested that each requirement is detailed with the following parameters:

- Description of regulatory requirement
- Reference with regulatory instruments i.e. Transmission License, Electricity Law, etc.
- Relevant business dimension(s)
- Requirement nature (obligation/submission)
- Required frequency of compliance
- Definition of compliance and non-compliance in each case
- Current status of compliance
- Compliance/non-compliance indicators
- Regulator's proposed penalty for non-compliance
- Responsibilities of the concerned departments in terms of compliance

Based on the above suggestions, compliance monitoring metrics and calendar have been developed. The template for this calendar is shown in Annexure - A: 'Template for Compliance Monitoring Metrics for Utility's Regulatory Compliance'. Utilities can fill in this compliance monitoring framework and calendar and start using this as a basis for undertaking their compliance management and monitoring. Apart from being a comprehensive compliance management and monitoring resource, using this framework realizes the following advantages:

- A compiled searchable matrix of all the regulatory requirements
- Assess to which dimension each requirement belongs; or assess which requirements belong to a specific business dimension
- Assess the timelines to know when certain submissions are due
- Search for certain risks related to non-compliance and prioritize risk mitigation
- Search by responsibilities assigned in view of the regulatory requirements

As illustrated in Figure 1: Monitoring and Managing Compliance under Various Business Dimensions, each one of the regulatory requirements attributes to one or more of the following business dimensions of the Utility:

- a. Legal
- b. Corporate

- c. Management
- d. Finance and Accounting
- e. Planning and Development
- f. Operation
- g. Procurement
- h. Communication

In order to present a clear picture of the compliance model, in terms of its application, some examples have been constructed on how to deploy this model. Based on the information available, this has been done for the following utilities/Regulator of the SAARC Member States:

- National Transmission and Dispatch Company (NTDC) - Pakistan
- Ceylon Electricity Board (CEB) - Sri Lanka
- General Transmission License by Central Electricity Regulatory Commission (CERC) - India

These examples are available for the relevant utilities; other utilities in the Region may use these as a basis for customizing the model based on their own transmission license.

In a bid to further facilitate, the proposed process is illustrated in the Figure 2: Proposed Process for Defining Compliance Roadmap. The salient features of the process are:

- The process takes its primary input from the Transmission License as granted to the Utility by the Regulator.
- The clauses of the License are then broken down into individual regulatory requirements that can be dealt with as part of distinct work packages
- These are then input into the Regulatory Requirements Column in the framework provided along with its reference to the corresponding clause(s) of the document
- On several occasions, each requirement is linked to an external document, code, or law. These are then input next to each requirement for the purpose of cross-referencing and making the framework comprehensive and coherent.
- The relevant organization/business dimension of the requirement is identified. A list of these dimensions has been highlighted above e.g. Corporate, Accounting, etc.

- The nature of the requirement then needs to be input. For the purpose of the compliance framework, the regulatory requirements are broken down as follows:
 - i. **Obligation:** This refers to a requirement that needs to be adhered in the manner prescribed by the regulator and for the time period specified by the regulator.
 - ii. **Submission:** A submission is a requirement that in addition to being an obligation, would require a utility to provide to the regulator or to any other body or person specified by the regulator items including but not limited to fees, documents, codes, financial records etc. in the manner prescribed the regulator or any other competent authority as specified by the regulator.
- The terms of compliance as well as any conditions that are associated with non-compliance are to be identified and input in the framework for better understanding and clarity.
- The risks associated with the non-compliance are also defined in the framework. In defining these risks, various sources including applicable local and international Environmental regulations, Health and Safety manuals, IEC standards or any other relevant standards may also be consulted to comprehensively define risks associated with the non-compliance.
- Once the requirement, its organizational dimension, the terms of compliance, etc. are identified, this input is used to define the responsibilities of the relevant departments of the Utility and this is communicated to the relevant utility personnel.
- Any fines associated with non-compliance are recorded as potential consequences for reference.
- The entire process is reviewed and then the compliance monitoring calendar/database becomes ready for use within the Utility.

In the first phase, this model can be deployed using a standard Spreadsheet Package like Microsoft Excel, however, it is recommended that for implementing the proposed framework in this study, the model be developed by the Utility in a database application such as Microsoft Access that may offer more stringent data controls. Another advantage of using database application would be the easy generation of customized reports based on the data in the model and linking with an overall Compliance Management and Monitoring database used to integrate the Utility wide compliance process.

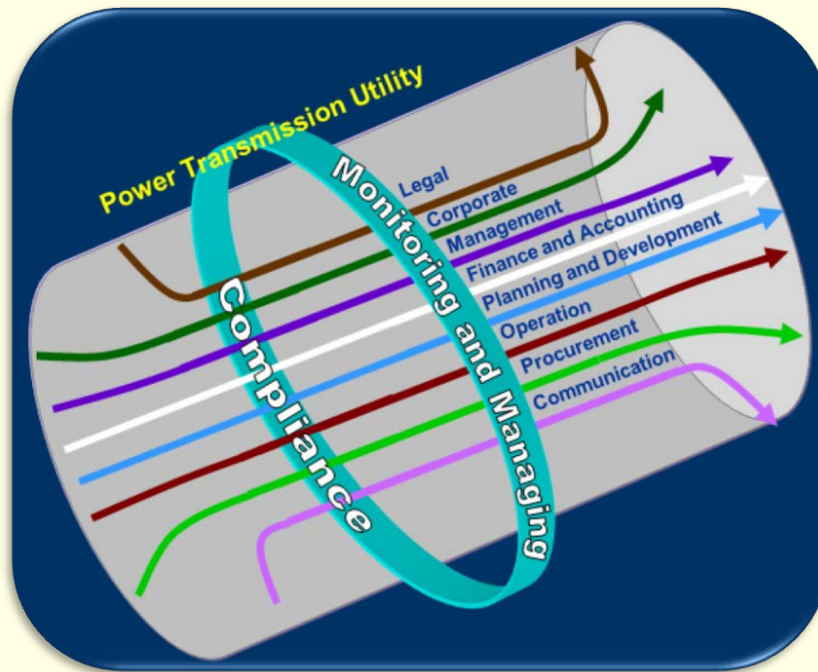


Figure 1: Monitoring and Managing Compliance under Various Business Dimensions

3.5 Focus

With each step forward on the compliance highway, as shown in the Figure 3 - Influence of Compliance over Performance of Business Functions, regulatory risks start mitigating and Utility's business functions starts improving in terms of quality, efficiency and economy. In view of the vital importance, during the first year of the compliance, following the design and development of compliance monitoring and managing scheme, Utility's focus remains on communicating the regulatory requirements to its staff and educating them on how to achieve effective compliance using this scheme. Consequently, the Utility should look forward to launch an awareness campaign to achieve the following objectives:

- Clearly communicate the regulatory requirements, responsibilities and non-compliance consequences to the Utility staff;
- Ensure understanding and acceptance of the compliance scheme and its associate mechanism/procedures; and
- Develop a culture of compliance within the best practice framework

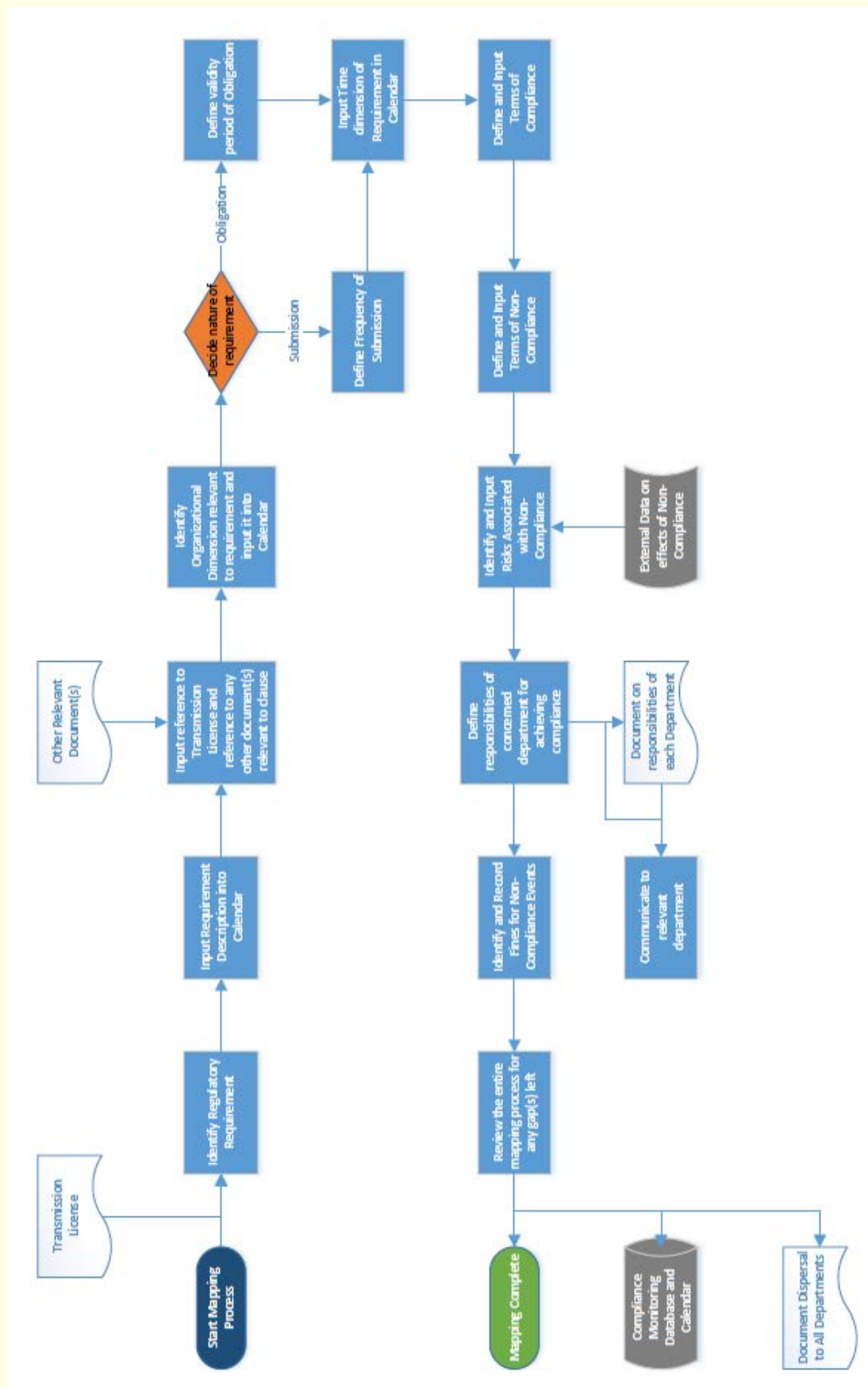


Figure 2: Proposed Process for Defining Compliance Roadmap

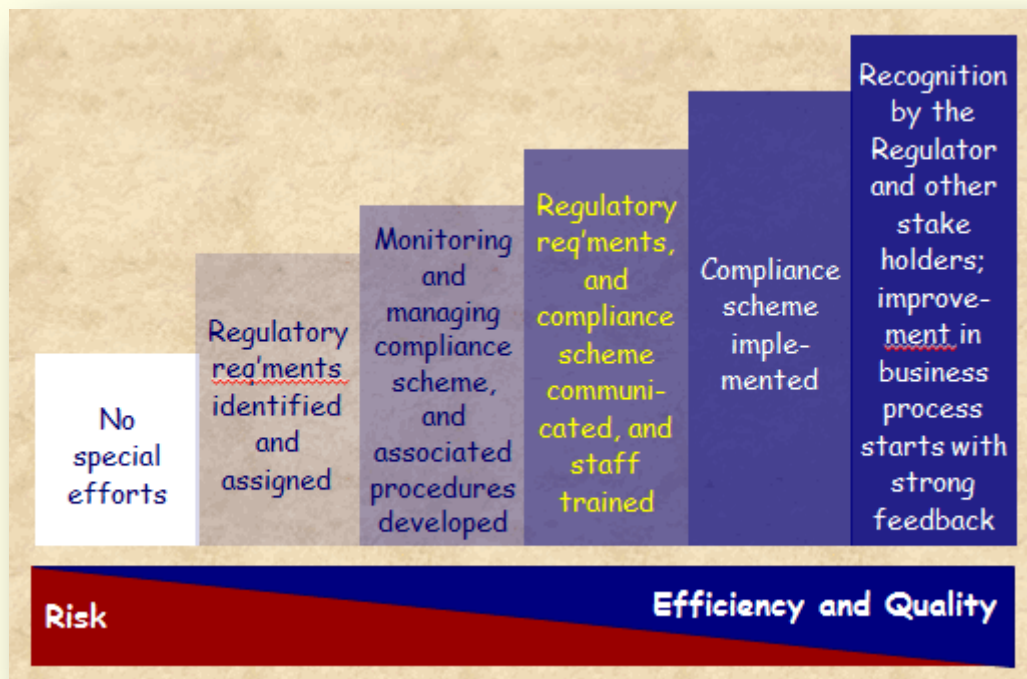


Figure 3: Influence of Compliance over Performance of Business Functions

3.6 Guiding Principles for Effectives Compliance Strategy

- Ensure that non-compliance events are anticipated through self-monitoring and are well controlled in a timely manner, and not from complaints or directives from the Regulator i.e. the Utility has in place its own process for preemptively identifying non-compliance (may be by forming Compliance Monitoring teams, etc.) for ensuring that it does not have to wait for a non-compliance event to occur before such a potential issue is identified.
- Consistent compliance discipline/remedies/actions for regulatory violations
- Remedial actions/compliance control for strictly preventing recurrence of non-compliance events; The utility needs to ensure that it has a well defined process to deal with violations of compliance as well as for ensuring that such events of non-compliance are not repeated. One such process has been provided in this Study in Section 4.3.
- Compliance procedures consistent with existing Utility business processes i.e. consideration should be given that any compliance procedures, existing or upcoming, are compatible with the existing business processes of the Utility. This would ensure smoother integration of the compliance procedures with the functioning of the Utility.

- Consistency in communicating requirements throughout the Utility i.e. a comprehensive plan for communicating regulatory requirements should be implemented on the Utility level which has a clear methodology for appraising Utility personnel of the regulatory requirements of the Utility and their role in fulfilling these requirements. Such a process has been proposed in this Study in Annexure - E: 'Proposed Scope and Program for Awareness Campaign for Monitoring and Managing Transmission Utility's Regulatory Compliance'.
- Proposed Scope and Program for Awareness Campaign for Monitoring and Managing Transmission Utility's Regulatory Compliance
- Account for full as well as partial compliance/non-compliance; appropriate level of maturity in terms of compliance with the regulatory requirements may be assigned to every concerned department with respect to each requirement e.g.
- Starter: At this stage the department is either making no special efforts or has merely identified the regulatory requirements and assigned responsibility thereof.
- Substantially Compliant: The department has developed procedures for achieving compliance and has implemented them to a certain degree of success. There is also some form of scheme, procedure or practice, for managing and monitoring compliance.
- Fully Compliant: In this phase, the department has fully trained staff and has achieved full compliance of the requirements associated with the department. There is a comprehensive scheme for managing and monitoring compliance. The department plays an active role in meeting the overall compliance objectives of the Utility and its efforts are duly acknowledged by the Regulator.

3.7 Framework for Monitoring and Managing Regulatory Compliance

The strategy being proposed to ensure Utility's effective compliance with all its regulatory requirements will essentially base on a 7-steps conceptual framework, as depicted in Figure 4: Framework for Monitoring and Managing Regulatory Compliance and explained in the ensuing paragraphs.



Figure 4: Framework for Monitoring and Managing Regulatory Compliance

3.7.1 Identify regulatory requirements

- List all regulatory requirements as laid down in the License
- Provide cross-reference from Electricity Law, other relevant regulatory instrument and, where relevant, International standards including IEC, IEEE, CIGRE, any relevant domestic standards that have been developed
- Classify according to the nature of compliance requirement i.e. obligation or submission
- Identify relevant departments and their roles/responsibilities for this purpose
- Seek nomination of focal person from each of the concerned departments and resource person(s) with reference to each regulatory requirement
- Define compliance and non-compliance for each requirement
- Define compliance/non-compliance indicators for each requirement

An example is given herewith for illustrative purposes.

- The payment of the annual License Fee for the Transmission License is one such instance. This is a requirement listed in the Transmission License of Utilities. This is therefore identified as a distinct requirement.
- The cross referencing here would be with the relevant Fee Rules published by the Regulator.
- Since the License Fee needs to be submitted/deposited to the Regulatory Authority, it is classified as a 'Submission'.
- After this classification, the relevant organizational dimension/department responsible for addressing this requirement is identified. In this case, the relevant department would be the Finance and Accounting Department.
- The terms of compliance in this case would be defined as set in the License. For example in the case of NTDC, the Transmission Utility in Pakistan, these are set forth as:
 - i. Pay annual license fee to the Authority;
 - ii. Pay within 1 month of notice by the Authority;
 - iii. Pay an amount as calculated, published and revised by the Authority; and
 - iv. Pay before lapsing of 20 business days of payment overdue notice by the Authority

Other Utilities can similarly input the terms of compliance in pursuant to their own Transmission License.

- For each regulatory requirement, any terms, conditions or actions that would result in non-compliance with the requirement are then defined e.g. failing to pay annual license fees to the Authority etc.
- These requirements, terms of compliance as well as non-compliance are then conveyed to the department identified, and a focal person nominated for ensuring that the requirement is fulfilled.
- This process is repeated for each requirement identified in the License.

3.7.2 Assess capability

- Assess prevailing gaps for achieving compliance with regulatory requirements
- Identify high risks/critical areas/deficiencies associated with non-compliance
- Assess compliance threshold i.e. minimum required capability of the concerned departments

- Assess what new or existing procedures (institutional mechanism) will be needed to facilitate effective compliance

3.7.3 Develop required mechanisms/procedures to ensure compliance

- Develop monitoring calendar using the identified requirements and indicators
- Develop assessment calendar
- Develop input forms/checklists for receiving compliance status, reasons for non-compliance, brief plan for compliance, etc. from the concerned departments
- Develop the required mechanism/procedures and guidelines to measure and manage compliance performance
- Develop standard remedies for dealing with events of non-compliance using compliance/non-compliance indicators
- Automate the monitoring and managing compliance system using a standard compliance monitoring/managing application software/tool

3.7.4 Communicate and educate

Design, develop and launch an awareness campaign within the Utility aiming to achieve effective regulatory compliance. In order to intimate, educate and train the staff, the Utility will put into practice certain awareness strategies i) Organizing awareness workshops; ii) Round-table discussions; iii) Publishing articles in Utility's prevailing publications including cyber access/social media and launching a discussion forum at company's intranet. The whole effort will be geared to proactively deal with the Utility's compliance related responsibilities and obligations, and to achieve the following objectives:

- Seek and ensure participation of Utility staff in real terms
- Involve, listen to and inform the staff on the purpose, objectives of the regulatory requirements
- Create awareness on how to deal with regulatory requirements using actual examples of obligations
- Highlight what capability will be required as per set targets set by the company
- Contribute to and guide the staff in complying with their relevant regulatory requirements.

Proposed scope and program for raising the regulatory awareness with respect to Utility's regulatory requirements is available with this document as Annexure E: 'Proposed Scope and Program for Awareness Campaign for Monitoring and Managing Transmission Utility's Regulatory Compliance'.

In addition, quite a few studies and surveys have revealed that one of the most effective tools that companies have in order to improve their compliance culture are in-house teams. Although, regulatory compliance is typically viewed as domain of legal professionals, however, by having in-house compliance teams composed of professional engineers from different areas and designating them as compliance champions within their own departments can contribute significantly in improving the compliance performance of their departments and utilities as a whole.

3.7.5 Measure and manage

- Receive compliance status of all regulatory requirements from the concerned departments using customized input forms
- Review the adequacy and currency of the compliance status received from the concerned departments
- Determine compliance or non-compliance by considering already established compliance indicators and received compliance status. Performance is interpreted in terms of regulatory requirements to determine whether Utility has complied in case of each requirement or otherwise.
- Generate action list in order to combat recurrence of non-compliance events
- Update monitoring and assessment calendars

3.7.6 Assess compliance

- Determine the existing level of compliance achieved by each concerned department and overall compliance by the Utility
- Determine the compliance level at which the Utility envisages to operate during the next year based on the company's policy, priorities and the targets set for the next year
- Respond to the relevant queries, comments and suggestions from the Regulator, concerned departments and senior management

3.7.7 Review, evaluate and improve

Lessons learned are required to be fed back into the compliance scheme to further enhance its effectiveness.

#	Review Area	Regulator	Senior Management	Concerned Departments	Utility's Focal Department
1	Identify requirements	☒		☒	☒
2	Assess capability			☒	☒
3	Develop mechanisms	☒		☒	☒
4	Communicate and educate			☒	☒
5	Measure and Manage	☒		☒	☒
6	Assess compliance	☒	☒	☒	☒

- Identify any policy or operational constraints that may hinder compliance efforts
- Identify the strengths and weaknesses of the scheme
- Review effectiveness of each element of the compliance framework and make design changes to the compliance scheme
- Consider suggestions for improvement from the concerned departments and feedback from the resource/focal persons about any additional procedures, standards, facilities and resources required for compliance
- Identify any additional/amended requirements that may have been introduced by the Regulator

4 Recommendations to Utilities for Improving Compliance Performance

In addition to the framework proposed in the Study, there are some additional recommendations which when tied with the proposed framework can help in implementation as well as improving compliance. In this section, these recommendations are discussed.

4.1 KPI Development and Tracking Procedures

An important foundation of the compliance management and monitoring framework is the development of Key Performance Indicators (KPIs). These KPIs are track-able data points and metrics that allow a quantitative assessment of Utility's status in terms of being compliant. This not only allows the Utility to understand where it currently stands in terms of compliance but also allows the following:

- A detailed insight into areas where non-compliance is occurring
- An assessment of which compliance dimension and departments are involved in non-compliance
- Any specific non-compliance event that has significant frequency of reoccurrence
- Objective setting to improve the Utility's compliance performance from the 'As is' Scenario to the desired 'To be' level
- Advantages in terms of sustaining the secured compliance performance

Several suggested KPIs include:

KPI Dimension	Tracked Metrics
Submission to Regulatory	1. Due Date 2. Date of Submission 3. Late (Logical: Yes/No) 4. Delay in terms of days 5. Reason(s) for delay 6. Organizational unit
Breach of Obligation	1. Date of breach

KPI Dimension	Tracked Metrics
	2. Total number of breaches of this nature/related to this specific clause 3. Any fine(s) imposed due to breach 4. Kind of risk(s) imposed by breach 5. Quantifiable consequence of breach 6. Organizational unit
Notices	1. Date of notice 2. Date of response to notice 3. Determine whether the notice was replied to in a timely manner
Fines	1. Date on which fine(s) was imposed 2. Due date of fine(s) 3. Fine(s) paid by due date 4. Delays in payment of fines 5. Quantity of fine(s) by time period or department(s) or by breach of specific clause(s)
Performance Standards	1. Due date of submission of performance standards 2. Performance standards submitted in time 3. Individual performance standards as prescribed by the Regulator

These KPIs and more such indicators, if required, can be developed based on the Compliance Management and Monitoring Framework proposed in this study. A detailed process map of how to utilize these KPIs effectively in tracking the performance level is shown in Figure 5: Compliance Tracking Process.

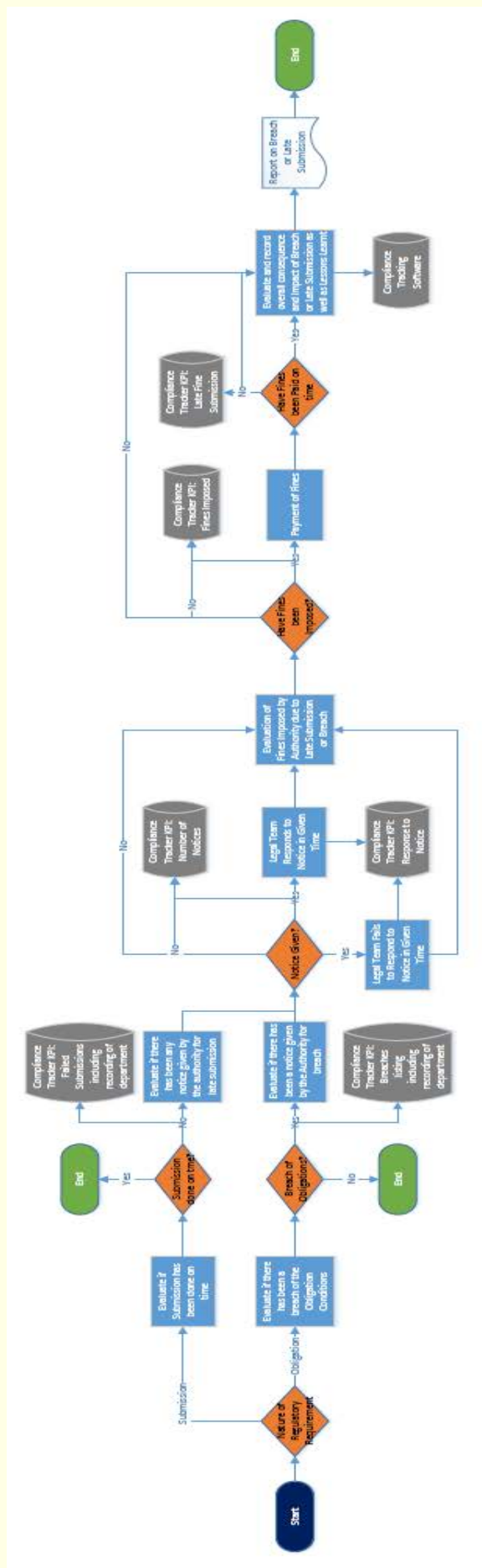


Figure 5: Compliance Tracking Process

The first step in the process is identifying breaches of any regulatory requirements as set forth in the License by the Regulator. In case of identification of any breaches, there are following two probabilities:

- In case of submission(s), it is tracked whether the submission was done on time. If not so, it should be recorded alongside with the relevant metrics e.g. delay time, department responsible etc.
- In case of obligations, it is tracked whether any breach of the obligation was done. If so, it should be recorded alongside with the relevant metrics e.g. the nature of the obligation and the breach, the dates and the department responsible etc.

The next step is tracking whether the Regular has served any notices to the Utility due to any delays in submissions or breaches of obligations. A record of these notices is kept in the KPI tracking database along with aforementioned KPIs for Notices including:

- Date of notice by the Regulator
- Date of response to notice
- Determine whether the notice was replied to in a timely manner
- Average time in responding to notices

The Utility may have incurred a penalty or fine in the case of late submissions or breach of an obligation. The KPIs for the fines are recorded as well e.g. amount of fine etc.

The final aspect is recording the overall impact of the breach or the delayed submission beyond the context of the fines. Any breach or delayed submission may result in consequences including:

- Financial Losses
- Environmental Consequences
- Health and Safety Risks
- Losses and Consequences of any other kind

Above mentioned inputs contribute towards the development of a final report on the breach or delay.

Each Utility can develop and implement any additional KPIs that they wish to track and integrate it with the KPI tracking database.

The study realizes that the current infrastructure in place in utilities may not be able to fully comply with the prevailing regulatory requirements which may include other regulatory instruments such as Grid Code, Performance Standards, etc. For helping out the utilities to tackle this problem, the following procedure is suggested:

- i. Evaluate the current/baseline performance on each and every KPI
- ii. Evaluate the best performance that can be achieved with existing resources i.e. equipment and capacities.
- iii. Identification of what is needed including assets, systems and processes to meet the regulatory requirements, in their entirety, to the satisfaction of the Regulator
- iv. Development of detailed plans for acquiring what is needed to completely meet regulatory requirements and the time-frame in which these can be realistically achieved

This can then be made part of the business, investment and expansion plans of the utilities allowing them to create infrastructure that would allow the Utility to completely meet the regulatory requirements.

4.2 Responding To Notices

A very important aspect of regulatory compliance is to respond to the notices sent by the Regulatory to the Licensee and do so with the required amount of detail and within the time given by the Regulator. Responding to notices is a cross-functional process that may require input from the various dimensions and departments of the Licensee such as

- Legal Department
- Accounts Department
- Other technical or financial departments to which the notice subject may be relevant to

In order to enable the Licensee to effectively respond to these notices, it is important to have an effective and well defined process in place. For this purposed, a detailed process has been proposed which is available as Figure 6: 'Process for Responding to Notices from Regulatory Authorities'.

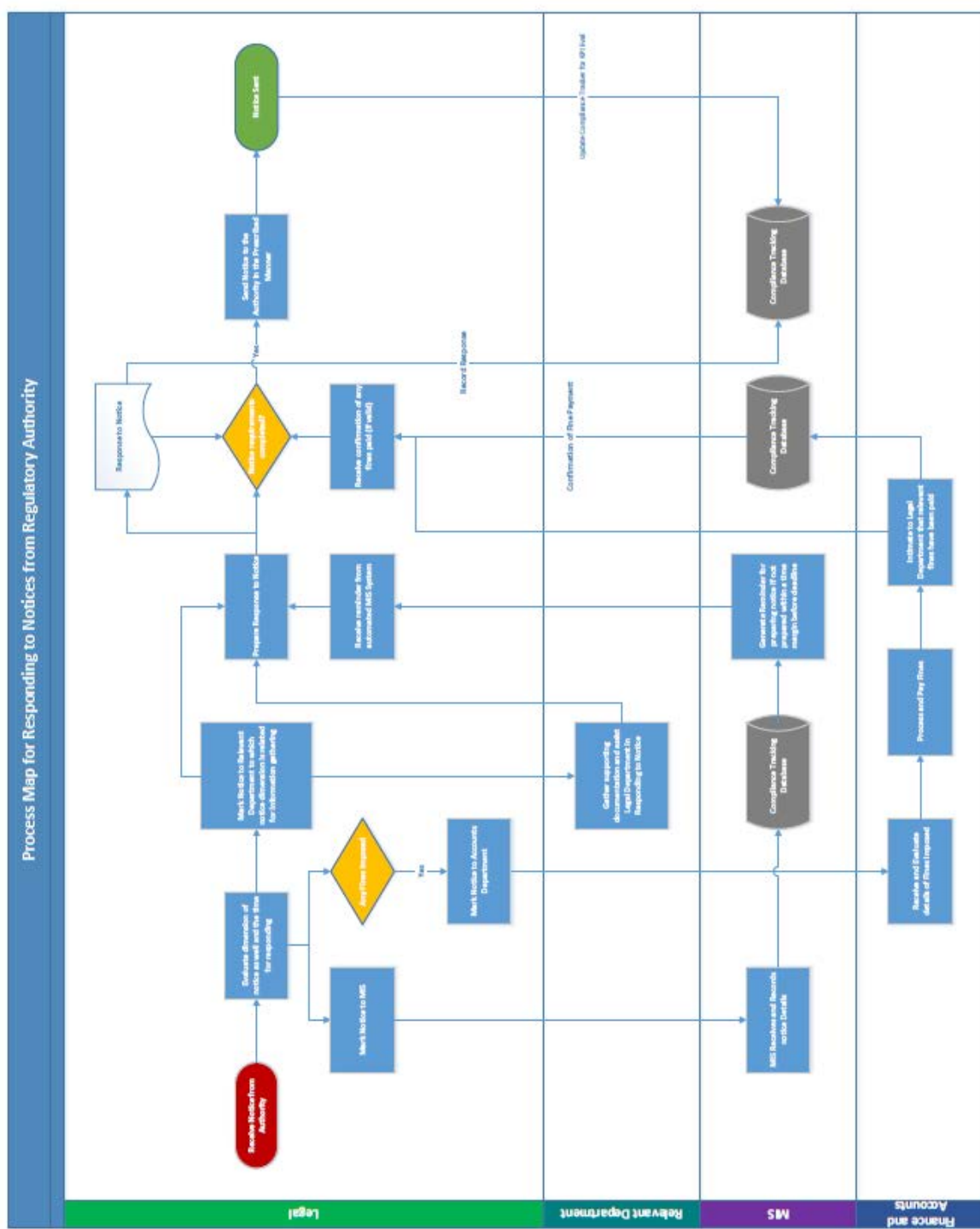


Figure 6: 'Process for Responding to Notices from Regulatory Authorities'

The process is activated whenever the Utility receives a notice from the Regulator.

The following steps are taken for effectively responding to the notice:

- The overall response process is coordinated by the Legal Department.
- The Organizational Dimension relevant to the nature and content of the notice is evaluated and the time granted for responding to the notice is noted.

- From the department relevant to the content of the notice, supporting documentation is gathered to respond to the notice. The concerned department assists the Legal Department in preparing an effective response to the notice.
- If any fines have been imposed, the notice is marked to the Accounts Department. The Accounts Department would process and ensure payment of the fines and intimate to the Legal Department that the fines have been paid.
- After gathering the required information, the Legal Department prepares a response to the notice.
- At this stage, the Legal Department checks whether all the requirements of the notice have been met.
- Upon confirmation, the notice is sent to the Regulator in the prescribed manner.
- At each step of the process, relevant KPIs as discussed in Section 4.1 or any other KPIs as decided by the Utility are fed into the corresponding KPI(s) and Compliance Tracking Database.
- MIS has been integrated within this process flow for not only keeping track of KPIs but also to generate useful reminders to the relevant department(s) for ensuring that the notices are responded to well within the time stipulated by the Regulator.

Using this roadmap, the Utility can effectively manage the entire cross-functional process for responding to notices by the Regulator.

4.3 Organizational Learning Procedures

In the perspective of performance excellence, it is of paramount importance that every transmission utility have in place a comprehensive feedback mechanism for learning from compliance breaches not only at the time that a breach takes place but also at regular time intervals. Having such a mechanism is necessary to achieve:

- Identification of gaps in the compliance management
- Optimization of compliance controls in place
- Increasing accountability throughout the organization
- Reduction in costs of non-compliance, as much as possible

- Being recognized as an industry leader in achieving compliance (in case of no competitor, Utility is in fact its own competitor - always improving its performance)
- Encouraging a culture of compliance within the Utility

For achieving these objectives, a mechanism, which is a part of the compliance management and monitoring framework, has been proposed. A process map of this entire activity is shown in Figure 7: 'Organizational Learning and Feedback Process for Improving Compliance'. The proposed process functions as follows:

Trigger Events: These are events that would mark the start of the feedback and learning process. Trigger events would include, but not be limited to:

- After dealing with a non-compliance event
- After a departmental compliance review
- A periodic review of compliance which may be annual, quarterly, etc. as per Utility's policy
- Upon completion of a compliance audit

Review Process: This would start with gathering data about the nature of non-compliances and identifying the details relevant to the non-compliances. The dimension of the breach would be identified and a detailed analysis would be done to identify the cause of the breach. After gathering these details, the compliance management and monitoring process would be reviewed to see if there are any gaps that need to be closed which led to non-compliance.

Significant benefit can be gained by integrating this feedback with the Compliance KPI Tracking model proposed in this Study. As this would allow easy access to customized reports giving details of tracked metrics across different dimensions such as the following:

- Departmental metrics
- Metrics tracked against a specific time period
- Metrics tracked for a specific kind of breach
- Further cross-referencing of metrics e.g. Departmental breaches in a certain time period tracked against the same on an earlier period to assess if improvements have taken place

Recommendation Reports and Assignment of Responsibility: The final step of the process would be to produce a list of actionable recommendations for closing gaps or any other recommendations necessary for achieving compliance. Afterwards, responsibility would be delegated/assigned to the relevant departments for implementing these recommendations.

In this way, the entire compliance process can be constantly improved through an iterative manner.

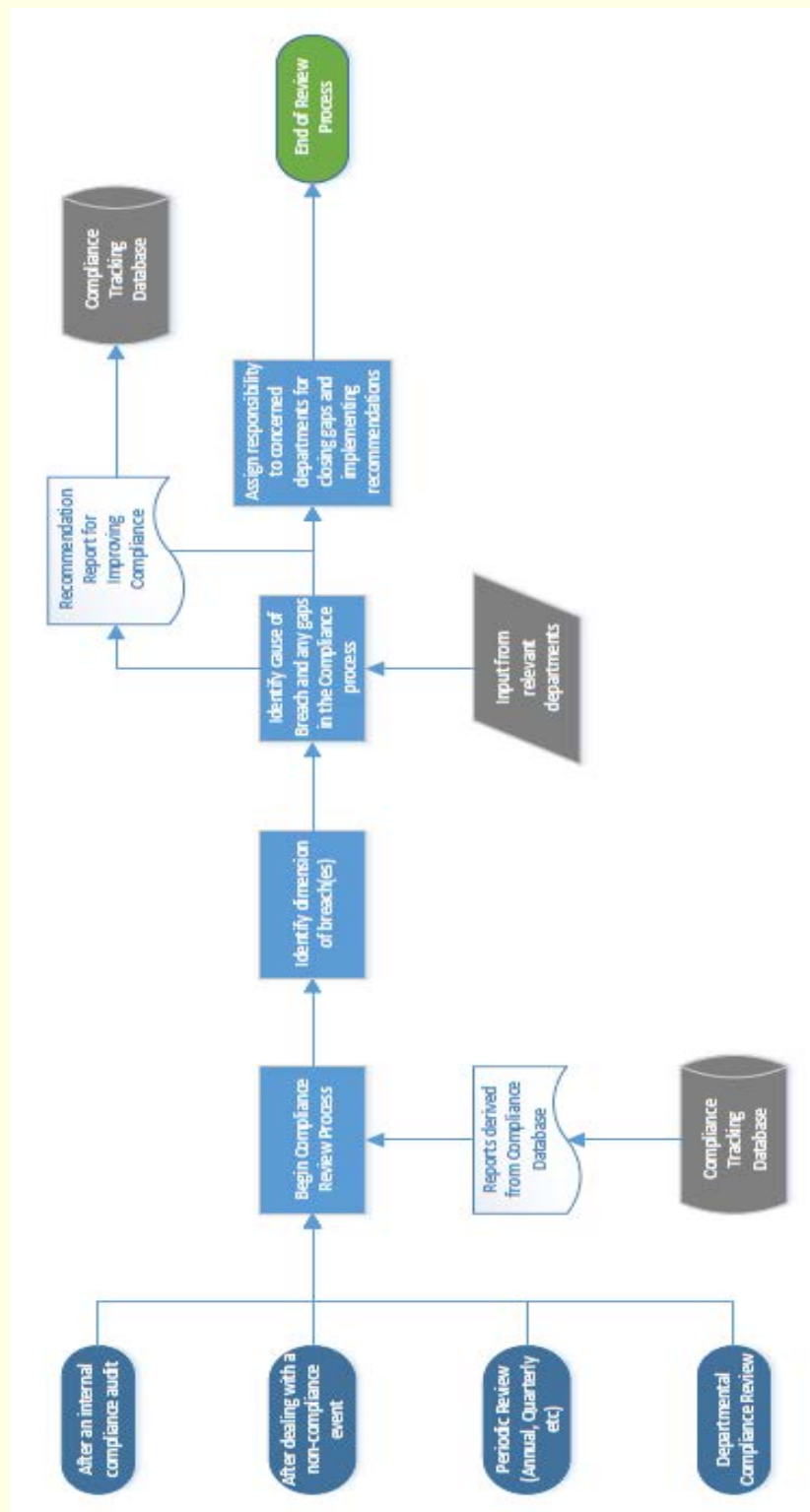


Figure 7: 'Organizational Learning and Feedback Process for Improving Compliance'

4.4 Electronic Document & Records Management System

During the study of the regulatory requirements set down for power transmission utilities in the SAARC Region, it was found that a considerable amount of regulations deal with the maintenance of documents and records related to the Utility. These include, but are not limited to:

- Accounting Records
- Agreements with Power Generators/IPPs, Distribution Companies, Bulk Power Customers (BPCs), etc.
- Grid Code
- Other regulatory standards and codes
- Any communication with the Regulator and other entities
- Legal notices and response to these notices

Given the importance of documentation and records throughout the regulatory compliance process, it is envisioned that utilities must move towards the deployment of an Electronic Document and Records Management System (EDRMS) for content management of both documents and records. For this purpose, Various off-the-shelf application software packages are available. If required, Utilities may develop/customize their own application. In any case, such a system would greatly help the Utility in enhancing its compliance performance in terms of fulfillment as well as time.

4.5 Alignment with Technical Standards and Codes

As per best industry practices in the perspective of power sector regulatory regime, the power transmission utilities are required to prepare and implement various technical codes which may cover aspects including, but not limited to:

- Operational Code
- Planning Code
- Protection and Metering Codes
- Communication Code
- Connection Code
- Scheduling and Dispatch Codes

These codes may also be combined to form a comprehensive document such as the Grid Code. All the power sector regulated regimes of SAARC Region have their own Grid Codes ready and enforced. It is recommended that these Grid Codes be aligned with international standards as well as any national/Utility standards applicable. These may include:

- IEC Codes and Standards
- IEEE Recommendations
- CIGRE - International Council on Large Electric Systems
- Any relevant domestic standards that have been developed

Such an intervention would help increase the reliability of the system and assist the Utilities in achieving a better level of compliance through enhanced performance.

As the standards are continually revised and updated, Grid Code and relevant Utility processes are required to be aligned with the international/national technical standards as an on-going process. For facilitating the Utilities, the alignment feature has been made a part of the compliance framework proposed in the Study and can be input in the 'Cross-Reference' section of the framework.

4.6 Voluntary Approach Towards Compliance

Globally, there is an increasing acceptance towards voluntary compliance approaches by companies. This includes developing systems such as Corporate Social Responsibility (CSR) policies and implementing them throughout the enterprise. The role of such systems in utilities can be especially beneficial for inculcating a culture of compliance within the organization and in reducing their regulatory burden. This is because well-developed CSR policies would take into account various aspects including:

- Social obligations
- Environmental considerations
- Technical and Operation matters

Development of CSR policies would bring about many advantages for utilities including:

- Win-win-win situation - apart from the financial gains for the Utility, the social/people as well as the planet/environmental aspects would also be catered for. This, in-turn, increases the competitiveness of the business

- This would also play an important role in risk management and by integrating CSR practices and procedures in the business, it can reduce the social and environmental risk to the business including a reduction in the risk to the reputation of the business
- By adopting CSR policies and procedures at its own, the Utility would reduce the need for regulatory over-watch as this would convince the regulatory bodies that the Utility places a high importance on health, safety, environment and the interest of its consumers.

Apart from CSR policies and procedures, utilities are also encouraged to adopt certifications such as the ISO 9000 family and ISO 14000 for environmental practices. These would also help achieving the advantages mentioned. Collectively, these advantages may contribute significantly in reducing the regulatory burden on utilities and secure confidence of the Regulator as a responsible Utility.

5 The Way Forward

The Study outlays the reasons because of which regulatory compliance is a topic of prime importance for power transmission utilities. The advantages that are to be gained from improving regulatory compliance are considerable. These include:

- Reduced regulatory and legal risks
- Improved health, safety and security systems
- Mitigation of operational, planning and financial risks
- Better performance and quality of service
- Value addition to business
- Alignment with industry trends

For facilitating the power transmission utilities in the SAARC region in meeting their regulatory requirements as set out by the Regulator in the Transmission License, a compliance management and monitoring scheme has been proposed. This scheme has been presented and described in detail and consists of:

- Identification of regulatory requirements, organizational dimension of each requirement and risks associated with non-compliance of requirements.
- A draft compliance calendar provided in respect of Member States India, Pakistan and Sri Lanka and attached in Annexure - B, C and D respectively along with examples and process maps in Figures 2, 5, 6 and 7 for adapting this framework
- A detailed plan to communicate with and educate utility professionals attached in Annexure E: 'Proposed Scope and Program for Awareness Campaign for Monitoring and Managing Transmission Utility's Regulatory Compliance'

Further to the proposed scheme, following specific aspects are also covered in the Study recommendations for the Utilities aiming at improvement in regulatory compliance:

- Sample KPI Development and Tracking Procedures
- Responding to Notices
- Organizational Learning Procedures
- Deployment of Electronic Document and Records Monitoring System
- Alignment with Technical Standards and Codes
- Voluntary Approach Towards Compliance

These six recommendations can be taken as the way forward from the compliance monitoring and management framework suggested in this Study.

It is strongly believed that the conceptual framework proposed and the suggestions given in this Study will be made part of the compliance procedures within the power transmission utilities in the SAARC Region and this strategy will help them achieving better compliance with regulatory requirements.

Annexures

Annexure - A

'Template for Compliance Monitoring Metrics for Utility's Regulatory Requirements'

Template for Compliance Monitoring Metrics for Utility's Regulatory Requirements

Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.

Annexure - B

'Draft Set of Compliance Monitoring Metrics for Regulatory Requirements - Central Electricity Regulatory Commission (CERC) India'

Draft Set of Compliance Monitoring Metrics for Regulatory Requirements Central Electricity Regulatory Commission (CERC) India

Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
1i	Obligations of Licensee: Insurance	Article 10, Clause 1	Any literature on prudent utility practices on Insurance Any agreements in force Laws in force in India	Corporate/Legal Affairs	Obligation	Within the valid period of License	Maintain insurance in accordance with prudent utility practices or as may be necessary under: 1. Any of the agreements 2. The laws in force in India	1. Do not maintain insurance in accordance with prudent utility practices 2. Insurance violates any agreements or laws in force in India	1. Severe financial risk arising from operating without insurance 2. Insufficient risk mitigation of risk arising from business activities	Secure comprehensive insurance coverage as per prudent practices and laws		
1ii	Obligations of Licensee: Building projects	Article 10, Clause 2		Planning and Development	Obligation	Within the valid period of License	Build projects in a time-bound, efficient, coordinated	Fail to build projects in a time-bound, efficient, coordinated	Financial and Legal risk from projects getting delayed or	Manage building projects so that they are built in time, efficiently and economically		

Draft Set of Compliance Monitoring Metrics for Regulatory Requirements Central Electricity Regulatory Commission (CERC) India

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and economical manner	and economical manner	being non-economical			
1iii	Obligations of Licensee: Operations of projects	Article 10, Clause 3	Prudent utility practices; Any agreements in force	Operations	Obligation	Within the valid period of License	Establish, operate and maintain the project in accordance with the prudent utility practices and the agreements	Fail to establish, operate and maintain the project in accordance with the prudent utility practices and the agreements	Legal, operational and safety risks	Ensure compliance with laws, agreements and prudent practices		
1iv	Obligations of Licensee: Complying with National and Regional Load	Article 10, Clause 4	Regulatory Act Sections 26, 28(3) and 29(1)	Operations	Obligation	Within the valid period of License	Comply with such directions of the National Load Dispatch	Fail to comply with such directions of the National Load	1. Action may be taken against the licensee under any	Have an effective system and comply with all instructions of National and Regional Load		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Dispatch Centers						Centre or the Regional Load Dispatch as may be issued from time to time for maintaining the availability of the project	Dispatch Centre or the Regional Load Dispatch as may be issued from time to time for maintaining the availability of the project	other law for the time being in force, 2. The Commission may issue directions to the National Load Dispatch Centre or the Regional Load Dispatch Centre to take control of the operations	Dispatch Centers		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
									of the transmission system			
1v	Obligations of Licensee: Complying with Rules and Codes	Article 10, Clause 5	1. Any relevant laws 2. Regulatory Act 3. Grid Code 4. Standards	All the Utility	Obligation	Within the valid period of License	Comply with all laws in force and, in particular, the Act, the rules and regulations framed pursuant to the Act, the Grid Code, the standards, orders and directions issued by the Commission	Fail to comply with all laws in force and, in particular, the Act, the rules and regulations framed pursuant to the Act, the Grid Code, the standards, orders and directions issued by the	Legal, financial, operational and safety risks	Comply with all rules, regulations and standards		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								Commission				
1vi	Obligations of Licensee: Non-Discriminatory Access	Article 10, Clause 6	Central Electricity Regulatory Commission Regulations 2008	Planning and Development	Obligation	Within the valid period of License	Provide non-discriminatory open access to the transmission system for use by any other licensee, including a distribution licensee or an electricity trader, or generating company or any other	Fail to provide non-discriminatory open access to the transmission system for use by any other licensee, including a distribution licensee or an electricity trader, or generating company or	Legal risk from laws against anti-competitiveness	Provide non-discriminatory access as per prescribed rules		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							person in accordance with the prescribed rules	any other person in accordance with the prescribed rules				
1vii	Obligations of Licensee: License Fee	Article 10, Clause 7	Central Electricity Regulatory Commission Regulations 2008	Finance and Accounting	Submission	As and when directed	Pay the license fee in accordance with the prescribed regulations	Fail to pay the license fee in accordance with the prescribed regulations	1. Legal Risk from non-submission of fees 2. Financial risk of late fee fines	Pay license fee when due in the process prescribed by the Commission		
1viii	Obligations of Licensee: Approval from the Commission	Article 10, Clause 8		Legal	Obligation	Within the valid period of License	Wherever prior approval of the Commission is required, make an	1. Fail to have prior approval of the Commission whenever required	Legal Risks	Make application when required		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							appropriate application before the Commission as directed	2. Fail to make an appropriate application before the Commission as directed				
1ix	Obligations of Licensee: Other Regulations	Article 10, Clause 9	Central Electricity Regulatory Commission Regulations 1999	Legal	Obligation	Within the valid period of License	Comply with all other regulations, including the regulations specified by the Commission regarding utilization of the transmission assets for a business other than	Fail to comply with all other regulations	Legal Risks/Conflict of Interest	Comply with all other regulations, including the regulations specified by the Commission regarding utilization of the transmission assets for a business other than transmission of electricity		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							transmission of electricity					
2	Prohibited Activities	Article 11		Legal	Obligation	Within the valid period of License	Do not enter into any contract or otherwise engage in the business of trading of electricity	Enter into any contract or otherwise engage in the business of trading of electricity	Legal Risk arising from potential conflict of interest	Ensure that business does not engage in the trading of electricity		
3	Assignment of License	Article 12		Corporate/Legal	Obligation	Within the valid period of License	Do no default in any debt repayment	Default in any debt repayment	The Commission may, on an application made by the lenders, assign the license to	Do no default in any debt repayment		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
									a nominee of the lenders			
4i	Term of License	Article 13, Clause 1		Corporate	Obligation	25 years	The transmission license shall, unless revoked earlier, continue to be in force for a period of 25 years from the date of issue	Refrain from any non-compliance that results in the revocation of the license	-	Refrain from any non-compliance that results in the revocation of the license		
4ii	Term of License: Renewal	Article 13, Clause 2	Regulation 7	Corporate/Legal	Submission	2 Years before License Expiry	Make an application in accordance with the prescribed regulations	Fail to make an application in accordance with the prescribed	Risk of license not being renewed	Prepare and submit application for renewal of license in due time		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							two years before the expiry of the license	regulations two years before the expiry of the license				
5	Consequences of Late Payment or Non-payment of License Fee	Article 14	1. Central Electricity Regulatory Commission Regulations 2008 2. Any other regulations in force	Finance and Accounting	Submission	Within 60 days of being due	Pay License Fee within 60 days of being due	Delay paying License Fee beyond 60 days of being due	This shall be construed as breach of the terms and conditions of the license	Pay the license fee in time		
6i	Maintenance of Accounts	Article 15, Clause 1	Companies Act 1956	Finance and Accounting	Obligation	Within the valid period of License	Maintain separate accounts for each business, including the business of	1. Fail to maintain separate accounts 2. Fail to maintain accounts in the manner	Financial risk and legal risk from not having accounts as specified	Maintain accounts in the prescribed manner and keep this record till specified		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							the undertaking utilizing assets of the project, in such form and containing such particulars as may be specified by the Commission and till such time these are specified by the Commission	prescribed 3. Fail to maintain them till such time as specified by the Commission				
6ii	Maintenance of Accounts: Preparation	Article 15, Clause 2		Finance and Accounting	Obligation	Annual	Prepare from accounting	1. Fail to prepare from	Financial risk and legal risk	Prepare statements as prescribed		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	of Statements						records, accounting statements as prescribed by the Commission	accounting records, accounting statements as prescribed by the Commission 2. Fail to prepare them annually	from not having accounts as specified			
6iii	Maintenance of Accounts: Audit	Article 15, Clause 3		Finance and Accounting	Obligation	Annual	Have accounting statements duly certified by Auditors to the satisfaction of the Commission	Fail to have accounting statements duly certified by Auditors Fail to do so to the satisfaction of the Commission	Financial risk and legal risk from not having accounts audited	Have accounts audited		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
7	Inspection of Accounts	Article 16		Finance and Accounting	Obligation	As and when directed	Allow any person authorized by the Commission to inspect and verify the accounts at any reasonable point of time and render all necessary assistance to the person so authorized for inspection of accounts	1. Do not allow any authorized person from inspecting the accounts2. Fail to facilitate the inspection	Legal risk from not allowing anyone to inspect accounts	Facilitate the inspection of accounts		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
8	Submission of Information	Article 17		Communications	Obligation	As and when directed	Submit such information, as may be called for from time to time by the Commission or the Regional Load Dispatch Centre, or the Regional Power Committee	Fail to Submit such information, as may be called for from time to time by the Commission or the Regional Load Dispatch Centre, or the Regional Power Committee	Legal, operational and power system security risks from not sharing information with Commission, Regional Load Dispatch Centre and the Regional Power Committee	Submit any information required as and when directed		
9	Prudential Reporting	Article 18		Corporate	Obligation	Within the valid period of	As soon as practicable, report to	1. Fail to report to the	Legal risks	Submit to the Commission promptly the		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						License	the Commission: 1. Any change in major shareholding, ownership or management of the licensee; and 2. Any proceedings initiated by one or more of the parties signing the agreement for interpretation	Commission 2. Delay reporting to the Commission		information regarding Article 18		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							on, amendment or termination of the agreement					
10	Amendment of License	Article 19, Clause 2 and 3	Regulation 7	Corporate/Legal	Submission	Whenever there is any modification or alteration proposed	Any application for alteration or modification of the terms and conditions of the license should be made according to the prescribed method	1. Alter or modify any license condition without submitting application and getting approval 2. Send any application for modification or approval in any method other than	Legal risk arising from modifying the terms of the license without prior permission	Prepare and make an application to the Commission for modification of any license term		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								the prescribed one				
11i	Revocation of the License	Article 12, Clause 1(a)	Regulatory Act	Corporate/ Legal	Obligation	Within the valid period of License	Do not makes willful and prolonged default in doing anything required of it by or under the Act, or the Rules or the regulations framed pursuant to the Act	Make willful and prolonged default in doing anything required of it by or under the Act, or the Rules or the regulations framed pursuant to the Act	Revocation of the license	Ensure utility wide compliance of all rules		
11ii	Revocation of the License: Terms of	Article 20, Clause 1(b)	Transmission License	Corporate/ Legal	Obligation	Within the valid period of License	Do not breach any terms and conditions	Breach any terms and conditions of the	Legal Risks	Ensure utility wide compliance of all rules		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	the License						of the License	License				
11iii	Revocation of the License: Failure to respond	Article 20, Clause 1(c)		Corporate/Legal	Submission	Within the time directed by the Commission	Show to the satisfaction of the Commission in the prescribed time, that is in a position fully and efficiently to discharge the duties and obligations imposed by the license	Fail to show to the satisfaction of the Commission, that is in a position fully and efficiently to discharge the duties and obligations imposed by the license Fail to do so in the prescribed	Legal, financial, operational and safety risks arising from inability to discharge obligations	Management to ensure that the utility is capable of discharging obligations in all dimensions		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								time				
11iv	Revocation of the License: Financial Position	Article 20, Clause 1(d)		Corporate/ Financial and Accounting	Obligation	Within the valid period of License	Maintain financial position of such that the business able to fully and efficiently discharge the duties and obligations imposed by the license	Unable to maintain the financial position such that the business becomes unable to fully and efficiently discharge the duties and obligations imposed by the license	Legal, financial, operational and safety risks arising from inability to discharge obligations	Management to ensure that the utility is capable of discharging obligations in all dimensions		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
11v	Revocation of the License (cont.)	Article 20, Clause 1(e)		Corporate/ Planning and Development/ Operations	Obligation	Within the valid period of License	Do not fail or neglected to undertake transmission in electricity	Fail or neglected to undertake transmission in electricity	Risk of license being revoked	Undertake the transmission of electricity according to the prescribed rules		
11vi	Revocation of the License: Failure to submit information	Article 20, Clause 1(f)	Regulatory Act	Corporate/ Communications	Obligation	Within the valid period of License	Submit the information as required under regulations	Fail to submit the information as required under regulations	Risk of license being revoked	Submit any information required as and when directed		
11vii	Revocation of the License: On application of the Licensee	Article 20, Clause 2		Corporate/ Legal	Obligation	Within the valid period of License	Make an application to the Commission in the prescribed manner for revocation if it		Legal Risk	Apply to the Commission if the decision is taken by the business to apply for the revocation of the license		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							chooses to do so. Authorization is dependent on permission from the Commission					
11viii	Revocation of the License: Abandonment	Article 20, Clause 4		Corporate/ Planning and Development/ Operations	Obligation	Within the valid period of License	Do not abandon transmission business at any stage such that the construction, operation or maintenance of the business is affected	Abandon transmission business at any stage such that the construction, operation or maintenance of the business is affected	Revocation of the license. Sale and vesting of the utility	Management ensures that no part of the transmission business is abandoned		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
12	Procedure for Securing Compliance of Terms and Conditions of License	Article 21, Clause 4	Article 21	Corporate/Legal	Submission	Within 30 days	File objections or suggestions within 30 days from the date of receipt of notice or publication of notice in the newspapers	Fail to file objections or suggestions within 30 days from the date of receipt of notice or publication of notice in the newspapers	Legal Risk	Prepare and file any objections within the prescribed time		
13i	Dispute Resolution	Article 22, Clause 1	Transmission LicenseAny relevant agreements	Corporate/Legal	Obligation	Within the valid period of License	Resolve, as far as possible, by mutual consultation and reconciliation in accordance with the	Fail to resolve, as far as possible, by mutual consultation and reconciliation in accordance	Legal Risk	Attempt to settle differences by mutual consultation and reconciliation		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							agreements all disputes or differences arising out of or connected with the interpretation of the license or the terms and conditions	with the agreements all disputes or differences arising out of or connected with the interpretation of the license or the terms and conditions				
13ii	Dispute Resolution (cont.)	Article 22, Clause 2		Corporate/ Legal	Submission	Within one month	Refer to the Commission for adjudication or arbitration any	Fail to refer to the Commission for adjudication or arbitration	Legal Risk	Refer to the Commission any disputes within due time		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							disputes that cannot be resolved with mutual consultation and reconciliation within one month of recording of such failure	any disputes that cannot be resolved with mutual consultation and reconciliation within one month of recording of such failure				
14i	Communications: Mode of communication	Article 23, Clause 1		Communications	Obligation	Within the valid period of License	Make all communications under these regulations in writing and deliver either in person to	Fail to make communications in writing and addressed in the prescribed manner	Risk of communications not being accepted or reaching the addressee	Have an effective system in place to manage communications		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							the addressee or its authorized agent, or send by registered post or speed post at the registered office or at the usual or last known place of residence or business of the addressee					
14ii	Communications	Article 23, Clause 2		Communications	Obligation	Within the valid period of License	Accept as delivered all communications	Do not accept as delivered all	Legal Risk from responding late to	Have an effective system in place to receive and		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ions according to the following terms: 1. When delivered in person to the addressee or to its authorized agent; or 2. On expiry of 15 days from the date of sending the communication by registered or speed post at the	communications according to the prescribed terms	communications	notify regarding communications		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							address of the addressee					
15	Power to Relax	Article 24		Legal	Obligation	As and when directed	Any relaxation from any provision of the license must be upon the direction of the Commission	Any relaxation from any provision of the license is without the direction of the Commission	Legal Risk from enjoying an relaxation without authorization of the Commission	Ensure that there is direction from the Commission before authorizing any relaxation		

Annexure - C

'Draft Set of Compliance Monitoring Metrics for Regulatory Requirements - National Transmission and Dispatch Company (NTDC) Pakistan'

Draft Set of Compliance Monitoring Metrics for Regulatory Requirements National Transmission and Dispatch Company (NTDC) Pakistan

Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
1	Definitions	Article 1	Regulatory Act	All	Obligation	Within the valid period of License			Misinterpreting the regulations set in the License	Understand the Definitions as described in the License		
2i	Operational Territory	Article 2, Clause 1	Schedule - 1 Transmission License	Planning and Development/ Operation	Obligation	Within the valid period of License	Licensee carries out transmission business within the territory as set in the License	Licensee carries out transmission business outside the territory as set in the License	Legal Risk from Operating outside authorized territory	Operate within Service territory	1. 1,000,000 2. 50,000/day	NEPRA Fines Rules 2002

Draft Set of Compliance Monitoring Metrics for Regulatory Requirements National Transmission and Dispatch Company (NTDC) Pakistan

Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
2ii	Adherence to NEPRA rules, regulations, directions and orders	Article 2, Clause 3		Corporate/ Management / Legal	Obligation	As and when required	Act and respond to the Authority's directions in the required form and manner.	1. Ignoring of directions by the Authority ; and 2. Partial compliance to the Authority's directions	Legal Risk	Ensure compliance with all applicable regulations and adhere to the directions and orders of the Authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
3	License Fee	Article 3	NEPRA Fee Rules 2002	Finance and Accounting	Submission	Annual, paid in advance within 30 days of the expiry of the	1. Pay annual license fee to the Authority ; 2. Pay within 1 month of	1. Fails to pay annual license fee to the Authority ; 2. Delays the payment	Legal Risk leading to revocation of license Financial	Ensure payment of prescribed amount of license fee in a timely manner	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

Draft Set of Compliance Monitoring Metrics for Regulatory Requirements National Transmission and Dispatch Company (NTDC) Pakistan

Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						previous financial year	notice by the Authority ; 3. Pay an amount as calculated , published and revised by the Authority ; and 4. Pay before lapsing of 20 business days of payment overdue	beyond 1 month of notice by the Authority ; and 3. Pays an amount less than calculated , published and revised by the Authority ; and 4. Does not pay within 20 business	risk from fines, late payment fees etc			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							notice by the Authority	days of payment overdue notice by the Authority				
4i	License Term	Article 4, Clause 1		Legal	Obligation	Within the valid period of License	The validity of the license in 30 years from the date of issue unless License is revoked earlier	-	-	-	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
4ii	Renewal of License	Article 4, Clause 2	NEPRA Procedure Regulation	Legal	Obligation	Near the expiry of the	The licensee's performance	The licensee's lack of	Operating the business	Ensure compliance with all	1. 300,000 2.	NEPRA Fines Rules

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			s 1999			License Period	nce allows the authority to renew the license for a further term that is deemed appropriate.	performa nce does not allow the authority to renew the license for a further term that is deemed appropriate.	after the license term has expired. Lack of performance leads to license not being renewed	applicable regulations and adhere to the directions and orders of the Authority	10,000/day	2002
5i	Exclusivity of the License	Article 5	Schedule - 1 Transmission License Regulatory Act	Corporate/ Management t/ Planning and Development t/ Communicat	Obligation	Within the valid period of License	Have exclusive right in respect of the service territory	Operate out of service territory	Legal Risk from Operatin g outside authorized	Operate within Service territory	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			1997	ion/ Legal			to: 1. Carry out transmission of electric power 2. Engage in other activities incidental to the transmission business 3. Operate transmission facilities of a		territory			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							special purpose transmission licensee pursuant to Section 19 of the Act					
5ii	Arrangements with KESC under Exclusivity Clauses	Article 5		Planning and Development t/ Communication/ Legal	1. Obligation 2. Submission	Within the valid period of License	Do not apply Article 5 Sub clause (c) to KESC transmission facilities until such time that	1. Operate KESC transmission facilities until such time that effective communication and	Operational risk from lack of coordination between Transmission Utilities	Have effective communication and liaison with KESC to develop coordination and systems necessary for operation of Transmission	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							effective communication and control facilities are installed in the KESC network to the satisfaction of the Authority . 1. Provide applicable instructions to KESC 2. Report	control facilities are installed in the KESC network to the satisfaction of the Authority . 2. Not provide applicable instructions to KESC 3. Not report in consultati		System as directed by the Authority		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							in consultation with KESC about progress in developing effective control and communication facilities	on with KESC about progress in developing effective control and communication facilities				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							on between the NTDC and KESC transmission system till such time that effective control and communication facilities are developed 5. Does not get the contract approved by the Authority	the NTDC and KESC transmission system till such time that effective control and communication facilities are developed 5. Does not get the contract approved by the Authority				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
6i	Revocation or Suspension of the License	Article 6, Clause 1	Section 28, Regulatory Act	Legal	Obligation	Within the valid period of License	No persistent failure in complying with the terms and conditions of the License	Persistent failure in complying with the terms and conditions of the License	1. Risk of License being revoked 2. Other risks such as Financial Control, Environmental and Safety risks etc	Ensure compliance with all applicable terms and conditions of the License	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
6ii	Avoiding failure to comply with the terms of conditions of the License	Article 6, Clause 2	Article 6, Clauses 1 and 4	Legal/Accounting and Finance/Planning and Development	Obligation	Within the valid period of License	Licensee can avoid failure by: 1. Paying the License Fee when 2. Breach any provisions	1. Not pay the License Fee when due 2. Breach any provisions	Risk of License being revoked Operational, Financial and	Ensure compliance with all applicable regulations and adhere to the directions and orders of	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							due 2. Not breaching any provisions of the applicable documents unless such breach occurs without willful or negligent default 3. Preparing and adhering to codes,	of the applicable documents unless such breach occurs without willful or negligent default 3. Do not prepare and adhering to codes, manuals and programs as required	Health and Safety risks by not adhering to relevant codes	the Authority Pay the requires fees in time		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							manuals and programs as required by the Authority and getting their approval 4. Make all payments under any applicable documents within 90 days of the due date	by the Authority and get their approval 4. Do not make all payments under any applicable documents within 90 days of the due date				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
6iii	Avoiding failure to comply with the terms of conditions of the License (cont.)	Article 6, Clause 2	Article 6, Clauses 1 and 4	Legal	Obligation	1. Within the valid period of License 2. Within 90 Days of Appointment 3. Within 30 Days of Court Order	Except for an Amalgamation, reconstruction or reorganization, the following events do not occur: 1. Passing of resolution by majority shareholders to wind up the licensee	Except for an Amalgamation, reconstruction or reorganization, the occurrence of the following events: 1. Passing of resolution by majority shareholders to wind up the	Risk of License being revoked		1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							2. Appointment of a receiver, official assignee or administrator for the affairs which is not set aside or stayed within 90 days 3. Making by a court of competent	licensee 2. Appointment of a receiver, official assignee or administrator for the affairs which is not set aside or stayed within 90 days 3. Making by a court of				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							† jurisdiction on an order for the winding-up which is not stayed within 30 days of the order	competent jurisdiction on an order for the winding-up which is not stayed within 30 days of the order				
6iv	Avoiding failure to comply with the terms of conditions of the License	Article 6, Clause 2	Article 6, Clauses 1 and 4	Corporate/Management	Obligation	Within the valid period of License	1. Do not abandon any part of the Transmission Business or any	1. Abandon any part of the Transmission Business or any	Risk of License being revoked	Ensure compliance with all applicable regulations and adhere to the directions and orders of	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	(cont.)						part thereof 2. Do not assign or transfer the license or transfer, convey, lose or relinquish the ownership, control, right to own, control or operate the transmission	part thereof 2. Assign or transfer the license or transfer, convey, lose or relinquish the ownership, control, right to own, control or operate the transmission		the Authority		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							business or any material part thereof without proper Authorization unless this is effected pursuant to a contract approved by the authority for the management and	business or any material part thereof without proper Authorization 3. This is effected pursuant to a contract not approved by the authority for the management and				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							operation of the transmission system by another person	operation of the transmission system by another person				
6v	Avoiding failure to comply with the terms of conditions of the License (cont.)	Article 6, Clause 2	Article 6, Clauses 1 and 4	Corporate/Management	Obligation	Within the valid period of License	Ensure that there is no breach of License conditions and in the case that there is a breach, actively take measures to the	Breach of License conditions and in the case that there is a breach, fail to take measures to the satisfaction of the authority	Legal Risk	Ensure that there is no breach of License conditions and in the case that there is a breach, actively take measures to the satisfaction of the	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							satisfaction of the authority			authority		
6vi	Avoiding failure to comply with the terms of conditions of the License (cont.)	Article 6, Clause 2	Article 6, Clauses 1 and 4	Communication	Obligation	Within the valid period of License	All statements and representations made to the Authority as part of the License application, subsequently on direction of the authority	1. Statements and representations made to the Authority as part of the License application, subsequently on direction of the authority	1. License Revocation 2. Legal Risk from providing inaccurate statements	All statements and representations made to the Authority as part of the License application, subsequently on direction of the authority or pursuant to any application documents are correct	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							or pursuant to any application document are correct and accurate	or pursuant to any application document are incorrect, inaccurate and misleading 2. The said statements lead to having a material adverse effect on the ability to		and accurate		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								carry out obligations 3. Said statements lead to the authority issuing or renewing the license				
6vii	Avoiding failure to comply with the terms of conditions of the License (cont.)	Article 6, Clause 2	Article 6, Clauses 1 and 4	Finance and Accounting	Obligation	Within the valid period of License	1. Do not incur cumulative operating losses to such an extent that it materially	1. Incur cumulative operating losses to such an extent that it materially and	Financial risk or becoming insolvent or being unable to discharge obligations	Senior management controls the financial health of the company so that, all the time, it remains solvent	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and adversely affect financial viability or which disables or is likely to disable the carrying out of the transmission business	adversely affect financial viability or which disables or is likely to disable the carrying out of the transmission business				
							2. Implement measures for improvement of the	2. Do Implement measures for improvement of the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ent of the financial position within the time limit and the results as specified by the authority	financial position within the time limit and the results as specified by the authority				
6viii	Avoiding failure to comply with the terms of conditions of the License (cont.)	Article 6, Clause 2	Article 6, Clauses 1 and 4	Management	Obligation	1. 90 Days Consecutively 2. 120 Days Cumulative in a calendar year	Any failure to comply with the objects, terms and articles of the License due to any superveni	Any failure to comply with the objects, terms and articles of the License due to any superveni	Legal Risk of being in breach of License conditions	Within supervening conditions, ensure that the issue is solved so that the maximum allowed time limits are not breached	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ng impossibility occurs no more than 90 Days Consecutively or no more than 120 Days in a Calendar Year	ng impossibility occurs more than 90 Days Consecutively or more than 120 Days in a Calendar Year				
6ix	Scenario if there is breach of License Terms and Conditions	Article 6, Clause 2		Legal	Obligation	In case of breach of License Terms and Condition	1. No breach on a daily basis of License Terms and Conditions	1. Allow breach on a daily basis of License Terms and Conditions	1. Risk of License being revoked 2. Continued breach triggers	1. Ensure compliance with all applicable terms and conditions of the License 2. Take	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						s	2. Stopping the effects of the breach if it occurs and taking rectification measures	2. Not stop the effects of the breach if it occurs 3. Not taking rectification measures for the breach	cascaded problems 3. Reoccurrence of breach if remedial measures not taken 4. Other risks such as Financial Control, Environmental and Safety risks etc	immediate remedial measures in case a breach occurs		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
6x	Consent and Renewal by Authority in case of breach	Article 6, Clause 4	Article 6, Sub Clause 1 Section 28, Regulatory Act	Legal	Submission	In case of breach of License Terms and Conditions	Demonstrate to the Authority's satisfaction that the breach is a result of failing to obtain a consent and renewal by the Authority despite best efforts	1. Being unable to demonstrate to the Authority's satisfaction that the breach is a result of failing to obtain a consent and renewal by the Authority despite best efforts	Legal Risk	Take active measures to gather information and prove to the authority's satisfaction	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								2. Breach happens due to negligence				
7i	Procurement of Power Prior to Competitive Market Operation Date (CMOD)	Article 7, Clause 1	1. Article 8 - Transmission License 2. Article 7 Clause 4 - Transmission License 3. Any existing contracts between Licensee and Generation	Legal/Procurement	Obligation	Prior to CMOD	Purchase or procure electric power for XWDISC OS on the following terms: 1. Pending approval of Power Acquisition Program procure power through	Power procurement except as authorized	Legal Risk	Power procurement as authorized	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			n Licensees 4. Power Acquisition Program				contracts with generation licensees approved by the Authority but for a period not exceeding one year; 2. After approval of Power Acquisition Program procure power in accordance with the					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							program; 3. Do not apply the above to existing contracts with Generation Licensees which have been approved by Authority or contracts backed by Sovereign Guarantees for					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							their entire term					
7ii	Competitive Market Operation Date (CMOD)	Article 7, Clause 2		-	-	Latest by 1st July 2012	CMOD is achieved at the latest by 1st July 2012	CMOD is not achieved at the latest by 1st July 2012	Legal Risk	Power procurement as authorized	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
7iii	Procurement of Power after CMOD	Article 7, Clause 3		Legal/Procurement		Within the valid period of License after CMOD	1. Ensure that after the CMOD no purchase or procurement of electric power is done for	1. After the CMOD purchase or procurement of electric power is done for the	Legal Risk	Power procurement as authorized	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							the purpose of selling to third parties 2. Any power purchased or procured is for the purpose of balancing services for the safe and reliable operation of the power	purpose of selling to third parties				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							system 3. Ensure that all contracts approved by the authority or backed by sovereign guarantees for the purchase or procurement of electric power will be enforced the entire					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							term of these contracts					
7iv	Power Acquisition Program	Article 7, Clause 4	Section 32, Regulatory Act	Legal/Procurement	Submission	Within 90 days of Notification of NEPRA Rules	Prepare and submit Power Acquisition Program within the specified period	1. Fail to prepare and submit the Power Acquisition Program 2. Fail to submit the program within the specified period by the authority	Non uniform power purchases	Prepare and submit Power Acquisition Program within the specified period	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
8	Competitive Trading Arrangements	Article 8		Corporate/Legal	Obligation		Comply with all directions and requirements of the Authority with regards to Competitive Trading Arrangements	Fail to comply with all directions and requirements of the Authority with regards to Competitive Trading Arrangements	Financial/Economic Risk	Comply with all directions and requirements of the Authority with regards to Competitive Trading Arrangements	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
9i	Preparation of separate accounts for each	Article 9, Clause 1	Provisions of the Fifth Schedule to the	Finance and Accounting	Submission	Annually. Not more than 6 months	Prepare and maintain accounts for the	Fails to prepare and maintain accounts	Financial and Accounting non-compliance	• Prepare and maintain independent financial accounts for	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	business by the Licensee		Companies Ordinance			following the close of the financial year	each of its separate business and other businesses and have them duly audited in accordance with the stated Ordinances	for the each of its separate business and other businesses and have them duly audited in accordance with the stated Ordinances	ce risk arising from not having audited accounts	the Transmission business • As per requirement of the Authority, prepare accounts in a specified form		
9ii	Maintain accounts and financial reporting	Article 9, Clause 2	Provisions of the Fifth Schedule to the	Finance and Accounting	Obligation	Within the valid period of License	Ensure that accounting and financial	1. Does not ensure that accountin	Financial and Accounting risk arising	• Prepare and maintain independent financial accounts for	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	arrangements for each separate business		Companies Ordinance				reporting for each of its separate businesses and affiliates are prepared separately as if it were a separate company so that the revenues, costs, assets, liabilities, capital,	g and financial reporting for each of its separate businesses and affiliates are prepared separately as if it were a separate company 2. The revenues, costs, assets, liabilities,	from not being able to attribute costs and revenues to specific businesses allowing the financial health of the entity to be gauged	the Transmission business. As per requirement of the Authority, prepare accounts in a specified form		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							reserves and provisions of or reasonably attributable to each separate business can be separately identified from the books of the Licensee and its affiliates	capital, reserves and provisions of or reasonably attributable to each separate business cannot be separately identified from the books of the Licensee and its				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							from any other business	affiliates from any other business 3. The accounting and financial reporting is done in insufficient detail				
9iii	Maintain and Prepare Separate Accounts	Article 9, Clause 3	Provisions of the Fifth Schedule to the Companies Ordinance	Finance and Accounting	Obligation	Annual	1. Maintain and preserve books of account and accounting records	1. Do not maintain and preserve books of account and accounting records	Financial risk arising from non-maintenance and destruction of	Prepare, maintain and preserve accounts as prescribed the authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							for each financial year for 5 years 2. Prepare accounts in a manner prescribed by the Authority	for each financial year for 5 years 2. Does not prepare accounts in a manner prescribed by the Authority	records			
9iv	External Audit	Article 9, Clause 4	Notification in Official Gazette	Finance and Accounting	Obligation	As per discretion of the authority	Open books to external auditor when required by the Authority	Do not open books to external auditor when required by the Authority	Legal Risk	Facilitate in the external audit	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								Authority				
9v	Costs of Audit	Article 9, Clause 5		Finance and Accounting	Obligation	Annual. At the time of Audit	Licensee pays the costs for Audit as prescribed	Licensee does not pay the costs for the Audit as prescribed by the authority		Pays the costs for Audit as prescribed within due time	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
9vi	Availability of Accounting Statements and Auditors Report on demand	Article 9, Clause 6		Finance and Accounting	Obligation	As and when required	Licensee shall ensure that accounting statements in respect	Licensee does not provide accounting statements in respect of each	Risk from lack of transparency in the business	Provide statements in time with reasonable charges	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							of each financial year prepared under 9-III-B and the Auditors report are made available to any person requesting them at fair price for copying charges	financial year prepared under 9-III-B and the Auditors report are made available to any person requesting them at fair price for copying charges				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
10i	Non-Discriminatory Open Access	Article 10, Clause 1		Planning and Development / Operations	Obligation	Within the valid period of License	Ensure that all laws and regulations of the Authority regarding non-discriminatory access are complied	Fail to ensure that all laws and regulations of the Authority regarding non-discriminatory access are complied	Legal Risk	Ensure that all laws and regulations of the Authority regarding non-discriminatory access are complied	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
10ii	Administration of Transmission Access	Article 10, Clause 2		Planning and Development / Operations	Obligation	Within the valid period of License	Ensure that its transmission access services are administered	1. Fail to ensure that its transmission access services are administered	Legal Risk arising from failing to provide transparent	Ensure that its transmission access services are administered in a fair,	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							red in a fair, transparent and open manner according to the rules, policies, procedures and charges as described in the Transmission License or any other applicatio	administe red in a fair, transparent and open manner according to the rules, policies, procedure s and charges as described in the Transmiss ion License or any other	ent, open and fair access	transparent and open manner according to the rules, policies, procedures and charges as described in the Transmission License or any other application documents which are developed by the Licensee and approved by the Authority		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							in document s which are developed by the Licensee and approved by the Authority	application document s which are developed by the Licensee and approved by the Authority				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								procedures and charges not approved by the Authority				
10iii	Non-Discriminatory Management, Operation and Planning of Transmission Congestion	Article 10, Clause 3		Planning and Development t/ Operations/ Finance and Accounting	Obligation	Within the valid period of License	1. Ensure a fair, non-discriminatory and effective management, operation and planning of transmission	1. Fails to ensure a fair, non-discriminatory and effective management, operation and planning of transmission	Unfair economic burden being passed on to clients	Operate the system in a fair manner ensure optimization of transmission costs/transmission cogeneration. Pass fair impact of congestion to all parties	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							congestion in order to optimize the transmission costs attributable to transmission congestion within the system 2. Ensure equitable distribution of the financial impact of	congestion while optimizing the transmission costs attributable to transmission congestion within the system 2. Does not ensure equitable distribution of the financial impact of		connected to the system		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							the resultant transmission congestion among parties connected to or intending to be connected to the transmission system	the resultant transmission congestion among parties connected to or intending to be connected to the transmission system				
11i	Application for determination of Tariff	Article 11, Clause 1		Legal/ Finance and Accounting	Submission	Within 180 days of data of grant of License	Submit to the Authority an application for	Fail to submit to the Authority an application	Financial risk arising from operating without	Prepare and submit the application and all the relevant documents	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							determination of Tariff in respect of Licensee's Transmission Business	n for determination of Tariff in respect of Licensee's Transmission Business	an approved tariff	for the determination of Tariff		
11ii	Communication of Tariff	Article 11, Clause 2		Communication	Obligation	Within the valid period of License	Make available to the general public the tariff and specifies the Authority's	1. Fail to make available to the general public the tariff 2. Do not specify the	Legal risk	Prepare and publish relevant communications of the Tariff as determined by the Authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							approved rates, charges and other terms and conditions for transmission and inter-connection services	Authority's approved rates, charges and other terms and conditions for transmission and inter-connection services				
12i	Form for Preparation of Charges Statements	Article 12, Clause 1		Finance and Accounting	Submission	Within 60 Days of Grant of License	1. Prepare and Submit form used for preparation of	1. Fail to prepare and Submit form used for preparati	Having non-standardized procedures for Charges	Prepare and submit the Charges Statement	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Charges Statements in respect of connection and use of Transmission System 2. Prepare and Submit within the prescribed time	on of Charges Statements in respect of connection and use of Transmission System 2. Fail to prepare and Submit within the prescribed time	Statement			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
12ii	Basis of Calculation of Charges	Article 12, Clause 2	Article 12, Clause 1	Planning and Development, Operation	Submission	Within 90 days of Approval of Form in Article 12 Clause 1	1. Prepare a statement of the basis by which the use of system charges and the charges for interconnection services would be evaluated 2. Prepare the statement in	1. Fail to prepare and submit statement 2. Fail to prepare and submit the statement in the prescribed time 3. The statement has insufficient detail and does not allow	Non Transparency in evaluation of charges for use of transmission system	Prepare the Charges Statement with sufficient detail	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							sufficient detail so as to allow any authorized electricit y operator to reasonably estimate the charges which may be payable for use of the Transmiss	authorize d electricit y operator to reasonably estimate the charges which may be payable for use of the Transmiss ion System				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ion System					
12iii	Details of Calculations of Charges	Article 12, Clause 3	Article 12, Clause 1,2	Planning and Development, Operation	Submission		Charges Statement must include the details, methods and the principles on which the use of system and connection charges have been calculated	Charges Statement does not include the details, methods and the principles on which the use of system and connection charges have been calculated	Non Transparency in evaluation of charges for use of transmission system	Prepare the Charges Statement with sufficient detail	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
13i	Non-Discrimination in the Provision of Use of System and Connection to the System	Article 13, Clause 1		Planning and Development, Operation	Obligation	Within the valid period of License	Do not discriminate between any authorized electricity operator, BPCs, Classed of BPCs, persons or classes of persons in: 1. Provision of access	Discriminate between any authorized electricity operator, BPCs, Classed of BPCs, persons or classes of persons in: 1. Provision of access and use of	Legal implications arising from discriminatory access	Employ a policy of non-discrimination with respect to connections with the transmission system	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and use of transmission system 2. Carrying out works for the purpose of connection to the Licensee's transmission system	transmission system 2. Carrying out works for the purpose of connection to the Licensee's transmission system				
13ii	Uniformity of Charges for Use of System	Article 13, Clause 2		Planning and Development, Operation	Obligation	Within the valid period of License	1. Charge uniformly for the provision of use of the	1. Do not charge uniformly for the provision of use of	Risk from regulator and consumer laws	Evaluate charges for use of the system fairly and in the manner	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							transmission system to electricity operators, BPCs and persons 2. Any difference in charges is attributable to cost of providing these services 3. Accept any decision	the transmission system to electricity operators, BPCs and persons 2. Any difference in charges is not attributable to cost of providing these services 3. Not	due to unfair charges of use of transmission system	prescribed		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							of the authority on any dispute arising on account of the application of this article	accept any decision of the authority on any dispute arising on account of the application of this article				
13iii	Non-Discrimination in the Provision of Use of System and Connection	Article 13, Clause 3	Competitive Trading Arrangement	Management/ Planning and Development	Obligation	Within the valid period of License	In setting charges for use of system and connection do not restrict,	In setting charges for use of system and connection restrict,	Non-compliance with laws against anti-competition	Ensure that the charges developed for use of system do not restrict, distort or prevent	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	to the System: Competition						distort or prevent competition in the generation, transport or sale of electricity as allowed or established under competitive trading arrangement	distort or prevent competition in the generation, transport or sale of electricity as allowed or established under competitive trading arrangement		competition in the generation, transport or sale of electricity as allowed or established under competitive trading arrangement		
13iv	Prohibition of Cross Subsidy	Article 13, Clause 4		Management/ Planning and Development	Obligation	Within the valid period of License	Ensure that none of the its separate	All or some of the its separate	Non-compliance with laws	Management ensures that none of the its separate	1. 300,000 2. 10,000/d	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
				†			businesses give or receive subsidy from any other of its businesses, affiliates or related undertakings	businesses give or receive subsidy from any other of its businesses, affiliates or related undertakings	against anti-competition	businesses give or receive subsidy from any other of its businesses, affiliates or related undertakings	ay	
14	Basis of Charges for Use of System and Connection to System	Article 14	Article 12 Transmission License	Finance and Accounting/ Planning and Development †	Obligation	Within the valid period of License	Comply with all directions and requirements of the Authority with	Fail to comply with all directions and requirements of the Authority	Legal and Financial Risk	Comply with all directions and requirements of the Authority with regards to Basis of	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							regards to Basis of Charges for Use of System and Connection to System	with regards to Basis of Charges for Use of System and Connection to System		Charges for Use of System and Connection to System		
15i	Transfer Price	Article 15, Clause 1	Article 7 and Article 20 Transmission License	Planning and Development t/ Communication	Obligation	Within the valid period of License	Specify the transfer price or the methodology on which such price	1. Do not specify the transfer price or the methodology on which	Legal/Financial Risk	Specify prices as prescribed	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							is established for periods as specified by the authority	such price is established 2. Do not specify it for periods as specified by the authority 3. Ignore Articles 7 and 20 of the license in specifying this price				
15ii	Transfer Price prior to CMOD	Article 15, Clause 2		Planning and Development/Communication	Obligation	Prior to CMOD within	The transfer price for	The transfer price for	Legal/Financial Risk	Specify prices as prescribed	1. 300,000 2.	NEPRA Fines Rules

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
				ation		the valid period of License	the authorized electricity operators receiving power through the Transmission system comprises of the elements and procedures as described by the	the authorized electricity operators receiving power through the Transmission system does not comprise of the elements and procedures as described			10,000/day	2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Authority in Article 15 - Clause 2	by the Authority in Article 15 - Clause 2 The transfer price is charged in a manner unauthorized by the Authority				
15iii	Transfer Price subsequent to CMOD	Article 15, Clause 3		Planning and Development t/ Communication	Obligation	Subsequent to CMOD within the valid period of	Charges for authorized electricity	1. Charges for authorized electricity	Non Transparency in evaluation of charges	Specify prices as prescribed	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						License	operators receiving power through the transmission system are subject to the terms and conditions of CTBCM	operators receiving power through the transmission system are against the terms and conditions of CTBCM 2. Charges are evaluated in some other unauthorized	for use of transmission system			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								manner				
16i	Enforcement of Grid Code	Article 16, Clause 1	1. Grid Code of Pakistan after being formulated 2. EGOP Prior to Grid Code Formulation	Planning and Development, Operation	Obligation	Within the valid period of License	Ensure that there is in force a Grid Code which meets the requirements set by the License and implement and comply with the provisions of the	1. Not ensure that there is in force a Grid Code 2. Have a Grid Code that which does not meet the requirements set by the License 3. Do not implement	Risk to the system arising from not operating according to a Grid Code	Ensure enforcement of Grid Code	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Grid Code	and comply with the provisions of the Grid Code				
16ii	Contents of Code	Article 16, Clause 2	Grid Code of Pakistan	Planning and Development, Operation	Obligation	1. At the time of developing the Code 2. Within the valid period of License thereafter	At a minimum, the Code includes 1. connection conditions ; 2. operating code; and 3. planning code 4. Scheduling and	Code excludes any or all of the following 1. connection conditions ; 2. operating code; and 3. planning code 4.		Ensure that the Transmission Code includes the minimum contents prescribed in the license	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Dispatch Code 5. Metering Code 6. Protection Code 7. Commercial Code	Scheduling and Dispatch Code 5. Metering Code 6. Protection Code 7. Commercial Code				
16iii	Interim Procedures in absence of Grid Code	Article 16, Clause 4	Existing Grid Code Operating Procedures	Planning and Development, Operation	1. Submission 2. Obligation	Within one month of grant of License	If no Grid Code of the form prescribed in force at the time of the grant of the license, submit	Do not submit within the prescribed time the Existing Grid Code Procedures (EGOP) to the		Ensure enforcement of Grid Code	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							within the prescribed time the Existing Grid Code Procedures (EGOP) to the authority Comply with EGOP till the Grid Code is approved by the authority	authority Do not comply with EGOP till the Grid Code is approved by the authority				
16iv	Preparation of Grid Code	Article 16, Clause 5		Planning and Development,	Obligation	Within 90 days of grant	Prepare a comprehensive Grid	Fail to prepare a comprehensive		Prepare Grid Code as per specification	1. 300,000 2.	NEPRA Fines Rules

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
				Operation		of License	as per the guidelines of the Authority in consultation with the licensees and other stakeholders	nsive Grid as per the guidelines of the Authority in consultation with the licensees and other stakeholders			10,000/day	2002
16v	Review and Revision of Grid Code	Article 16, Clause 6	Grid Code of Pakistan	Planning and Development, Operation	1. Obligation 2. Submission	As and when necessary	1. Periodically review and if necessary propose revision to the	1. Fail to periodically review and if necessary propose revision to the	Possibility of Grid Code not keeping up with changes in the Industry	Engage in the review of the Grid Code	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Grid Code in consultations with authorized Electricity Operators 2. Submit proposed changes for approval by the authority	Grid Code 2. Fail to consult with authorized Electricity Operators while making revisions 2. Fail to submit proposed changes for approval by the authority	and the Planning and Operation developments and requirements			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
16vi	Non-Discriminatory Implementation of Grid Code	Article 16, Clause 7	Grid Code of Pakistan	Planning and Development/ Operations	Obligation	Within the valid period of License	Implement and comply with the Grid Code without unduly discriminating in any manner between purchasers, procurers, providers or recipients of electric power or ancillary	Implement and comply with the Grid Code and discriminate in any manner between purchasers, procurers, providers or recipients of electric power or ancillary	Going against anti-competition laws	Enforce Grid Code without discrimination	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ancillary services	services				
16vi i	Exemptions from the Grid Code	Article 16, Clause 8	Grid Code of Pakistan	Planning and Development/Operations	Obligation	As and when allowed by the Authority	Any relief from obligations to complying with the Grid Code must be after the request by the Licensee or any authorized electricity operator	Relief from obligations to complying with the Grid Code without the Authority's directions	Having relief without authorization from the authority	If any relief is needed, submit a request to the authority. Enjoy any relief after authorization from the authority.	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							must be after the Authority issues directions allowing so					
17i	Compliance with Distribution Code	Article 17, Clause 1	Distribution Code	Planning and Development +/ Operations	Obligation	Within the valid period of License	Comply with the relevant provisions of the Distribution Code of any distribution Licensee to the extent applicable	Do not comply with the relevant provisions of the Distribution Code of any distribution Licensee to the extent	Operational and System risks arising from non-compliance with Distribution Codes	Comply with the applicable provisions of the Distribution as transmission licensee	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							to the Licensee in discharging its obligations under the Transmission License	applicable to the Licensee in allowing the Licensee to discharging its obligations under the Transmission License				
17ii	Compliance with Distribution Code on Request of Distribution	Article 17, Clause 1	Distribution Code	Planning and Development +/ Operations	Obligation	As and when requested by a Distribution	On request of a Distribution Company,	1. Do not comply with the request of a Distribution	Operational and System risks arising from	Comply with the applicable provisions of the Distribution as	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	n Company					Company	complies with the request of a Distribution Company with respect to its obligations to comply with the Distribution Code granted that such a compliance does not	on Company with request to its obligations to comply with the Distribution Code 2. Comply with the request of a Distribution Company with request to its	non-compliance with Distribution Codes	transmission licensee when requested by a Distribution Company in so far as it does not violate the Grid Code		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							violate the Grid Code	obligations to comply with the Distribution Code but the request is in violation of the Grid Code				
18i	Functional Separation of Various Elements of Licensee	Article 18, Clause 1	1. Transmission License Clause 21 2. Arrangements with CPPA	Corporate/Management/ Finance and Accounting	Obligation	Within the valid period of License	Ensure that each of the following functions is performed in independence	Fail to ensure the accounting and managerial separation and	Financial risks from having insufficient detailed and separate	Ensure managerial and accounting separation of the functions and ensure that there is no overlap	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			3. Financial Settlement Systems				ntly in accounting and management terms 1. Transmission Network Planning, Design, Operation and Maintenance 2. System Operation and Dispatch 3. Power Procurement	independence of the functions listed in Article 18 Clause 1	information for different aspects of business			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ent in accordance with terms and conditions subject to the arrangements under CPPA and purchase of ancillary services subject to the provision of Article 21 and a Financial					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Settlement System 4. Bilateral contract registration and notification of bilateral trading					
18ii	Ownership of Core Businesses	Article 18, Clause 2		Corporate	Obligation	Within the valid period of License	Ensure that any core businesses is not held or carried through any affiliate	Allow any core businesses to be held or carried through any affiliate or any	Conflicts of interest	No divestment	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							or any related undertaking of the Licensee	related undertaking of the Licensee or any other entity				
18iii	Ownership of Non-Core Activities	Article 18, Clause 3		Corporate	Obligation	Within the valid period of License	Ensure that any business other than the core business i.e. non-core activity is held by the Licensee or	Allow any of its business other than the core business i.e. non-core activity to be partially or completel	Conflicts of interest	No divestment	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							through a wholly owned subsidiary of the Licensee	y held by an another entity				
19i	Prohibited Activities	Article 19, Clause 1		Corporate/ Management †	Obligation	Within the valid period of License	Do not at any time directly or indirectly acquire or own by any means, have any beneficial interest in or associate itself	Directly or indirectly acquire or own by any means, have any beneficial interest in or associate itself with the generatio	Conflict of interest arising from owning or having interest in generation and distribution business	Do not acquire interest or own any stake in any prohibited business	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							with the generation and distribution business of electric power	n and distribution business of electric power				
19ii	Prohibited Activities: Not levying unapproved Tariff	Article 19, Clause 2		Corporate/ Finance and Accounting	Obligation	Within the valid period of License	Do not levy any rate or charge or any condition for transmission which has not been approved	Levying any rate or charge or any condition for transmission which has not been approved by the	Financial and Legal risks from having unapproved tariffs	Only levy any charge or rate after approval from the Authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							by the Authority as a Tariff	Authority as a Tariff				
20i	Transmission System Operation, Central Dispatch	Article 20, Clause 1	Regulatory Act - Section 15 (4)	Operations	Obligation	Within the valid period of License	Carry out dispatch of:1. All generation facilities available as per Section 15 (4) of the Regulatory Act except those classified as Small	Do not carry out dispatch of:1. All generation facilities available as per Section 15 (4) of the Regulatory Act 2. Available transfers on tie	Operational, Financial and System Security Risks	Carry out dispatch as per prescribed rules	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Power Producers 2. Available transfers on tie lines	linesCarry Dispatch on: 1. Small Power Producers				
20ii	Transmission System Operation, Central Dispatch: Information by Authorized Electricity Operators	Article 20, Clause 2	Article 28 Transmission License	Operations	Obligation	Within the valid period of License	While carrying out the dispatch function, have due regard for the following information provided by authorize	While carrying out the dispatch function, does not have due regard for the following information provided by	Operation risks arising from non-compliance Power system security issues	Carry out dispatch as per prescribed rules	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							d electricity providers: 1. Forecast levels of electric power available for transfer across any tie-line 2. Requirements of the approved transmissi	authorize d electricity providers: 1. Forecast levels of electric power available for transfer across any tie-line 2. Requirements of the approved				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							on system security standards	transmission system security standards				
20ii	Transmission System Operation, Central Dispatch: Operational Planning	Article 20, Clause 3	1. Grid Code of Pakistan 2. Article 16 Clause 8 - Transmission License	Operations	Obligation	Within the valid period of License	Undertake operational planning: 1. For matching generation output (including a reserve of generation to provide a security margin of	Do not undertake operation planning as prescribed in the License	Operational risks arising from non-compliance Power system security issues	Undertake operational planning in compliance with the prescribed criteria	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							generation availability) with forecast demand after taking into account inter alia 1(a): Non-availability of generation sets and/or tie-line transfers 1(b): Constrain					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ts from time to time imposed by technical limitations on the total system or any part of it 1(c): electricity delivered to the total system from generatio					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n sets not subject to central dispatch 2. This should be done in accordance with the Grid Code and subject to Article 16, sub-article (8) of this License, for the release of portions of the					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Licensee's transmission system for maintenance, repair, extension or reinforcement					
20iv	Transmission System Operation, Central Dispatch: Economic Dispatch	Article 20, Clause 4		Operations	Obligation	Within the valid period of License	Carry out an economic dispatch for all generating units and for transfers on tie	1. Do not carry out economic dispatch 2. Ignore any dispatch mode required pursuant	1. Financial implications of non-economic dispatch 2. Regulatory risk	Carry out dispatch as per prescribed rules	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							lines in accordance with the Grid Code unless any other dispatch mode is required pursuant to CTBCM	to CTBCM	arising from ignoring CTBCM			
20v	Transmission System Operation, Central Dispatch: Factors	Article 20, Clause 5		Operations	Obligation	Within the valid period of License	Schedule and Issue instructions for the dispatch of generating units and of tie-line	Ignore the prescribed factors while scheduling and issuing instructions for the	Operational, economic and regulatory risks involved by ignoring factors	Carry out dispatch as per prescribed rules	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							transfers taking account of the following factors: 1. Forecast demand, including transmission losses 2. Economic and technical constraints that are imposed on the total	dispatch of generating units and on tie lines				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							system or any part of it from time to time 3. Constraints in the availability of hydro power and of gas 4. Dynamic operating characteristics of available generating units					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and inter-connector transfers 5. Forecast transfer of electricity across any tie-line 6. Other matters provided for in the Grid Code					
20vi	Transmission System Operation, Central Dispatch	Article 20, Clause 6		Operations	Obligation	Within the valid period of License	Schedule and issue instructions for dispatch	Ignore the prescribed manner while	1. Economic /Financial Risk arising	Carry out dispatch as per prescribed rules	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							of generating units and transfer across tie-lines in the following manner:1. In ascending order of costs per unit of energy for the generation and delivery or	scheduling and issuing instructions	from utilizing non-economic dispatch 2. Operational and system security risk from ignoring aggregate demand forecasts and not having reserve margin			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							transfer into the total system2. Match adequately at all times, the aggregate demand forecast taking account of information provided by licensees and authorize					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							d electricity operators, 3. Have an appropriate margin of reserve					
20v ii	Transmission System Operation, Central Dispatch: Evaluation of Energy costs for economic dispatch	Article 20, Clause 7		Planning and Development t/ Operations	Obligation	Annually	1. Calculate cost per unit of energy for each generating unit 2. Get approved the cost	1. Do not calculate cost per unit of energy for each generating unit 2. Do not get approved	1. Economic /Financial Risk arising from utilizing non-economic dispatch because	Calculate and get approved cost per unit of energy from the Authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							per unit of energy	the cost per unit of energy	of outdated costs of energy			
20v iii	Transmission System Operation, Central Dispatch: Settlement System	Article 20, Clause 8		Finance and Accounting	Obligation	Within the valid period of License	1. Establish and operate a Settlement system inter alia for the calculation of any outstanding amount to be paid or received by licensees	1. Do not establish and operate a settlement system 2. Establish and operate a settlement system not approved by the authority	Financial risks from not having an approved financial settlement system	Establish and operate settlement system as approved by the authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and authorize d electricit y operators in respect of sales and purchases of electricit y in accordanc e with the trading system in operation 2. Establish said					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							system with the approval of the authority					
20i x	Transmission System Operation, Central Dispatch: Record Keeping	Article 20, Clause 19		Management/ Finance and Accounting	Obligation	Record for each year for 5 years prior to the commencement of SBP trading arrangement and the period before the	1. Maintain records for the existing arrangements prior to the commencement of SBP trading arrangement and the period	Do not maintain records as prescribed by the authority	Risks arising from not having prior records	Maintain records as prescribed by the authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						CMOD	before the CMOD for a period of five (5) years 2. Maintain the records in the form prescribed by the Authority					
20x	Transmission System Operation, Central Dispatch: Provision of	Article 20, Clause 10		Communication	Obligation	As and when required by the Authority	1. Furnish any information required in respect of the	Fail to submit information when demanded by the authority	Legal risk from not submitting required information	Submit information as and when demanded by the Authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Information						economic dispatch system or any aspect of operation to the authority 2. Do this when demanded by the authority		on			
21i	Purchase of Ancillary Services	Article 21, Clause 1		Procurement	Obligation	1. Starting from such notification of the date by the	Purchase and offer, provide and charge for ancillary services	Purchase and offer, provide and charge for ancillary services	Legal Risks	Purchase and offer, provide and charge for ancillary services apart from electrical energy and	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						Authority in the Official Gazette 2. Cease to apply on CMOD	apart from electrical energy and electrical capacity made available or provided pursuant to the License within the allowed timeframe	apart from electrical energy and electrical capacity made available or provided pursuant to the License outside the allowed timeframe		electrical capacity made available or provided pursuant to the License within the allowed timeframe		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
21ii	Purchase of Ancillary Services: Economic Procurement	Article 21, Clause 2	Transmission License: 1. Article 20 2. Article 21, Clause 1	Procurement	Obligation	1. Starting from such notification of the date by the Authority in the Official Gazette 2. Cease to apply on CMOD	Contracting for provision of ancillary services from the most economical sources available having regard to the quantity and nature of the services required to enable	Do not contract services in the manner prescribed by the authority	Economic/Financial Risk arising from procurement of non-economic services	Ensure economic contracting	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							discharging obligation under Article 20 and to the diversity, number and reliability of the services available at the time of purchase					
21iii	Purchase of Ancillary Services: Limitations	Article 21, Clause 3	Transmission License	Procurement	Obligation	Before such notification of the date by	Do not construe anything in the article so	Construe anything prior or contrary to as	Legal Risk	Ensure that the article regarding ancillary services is	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						the Authority in the Official Gazette	as to: 1. Regard ancillary services independent of or separate from electric power save to the extent of bilateral contracts pursuant to SBP arrangement; or 2. A right to offer,	allowed by the Authority		not misconstrued Ensure that interpretation and implementation is according to the directions of the authority		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							provide or charge for ancillary services as services independent of or separate from the availability of electrical capacity or electrical energy and all obligation					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							s in this respect shall mean and include ancillary services					
22i	Non-discrimination in the provision and use of Tie-Lines	Article 22, Clause 1		Planning and Development t/ Operation	Obligation	Within the valid period of License	Do not discriminate between any authorized electricity operators, SPC, classes of SPCs, persons	Discriminate between any authorized electricity operators, SPC, classes of SPCs, persons or classes	Legal implications arising from discriminatory access and anti-competition laws	Implement non-discriminatory access	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							or classes of persons in provision of the use of Tie-Lines	of persons in provision of the use of Tie-Lines				
22ii	Non-discrimination in the provision and use of Tie-Lines (cont.)	Article 22, Clause 2	Transmission License Article 22, Clause 1	Planning and Development t/ Operation	Obligation	Within the valid period of License	1. In the provision of use of tie line, have due regard to the circumstances of provision, including volumes, conditions of	1. Do not give due regard to the prescribed circumstances in provision of use of tie-lines 2. Carry out the due	Financial /Operational Risks	Give due regard to the prescribed circumstances	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							interruption, and the date and duration of the agreement † 2. Carry out (1) without prejudice to Article 22 Clause 1	regard process in prejudice of Article 22 Clause 1				
22ii i	Non-discrimination in the provision and use of Tie-Lines:	Article 22, Clause 3		Planning and Development †/ Operation	Obligation	Within the valid period of License	Do not restrict, distort or prevent competition where	Restrict, distort or prevent competition where applicable	Legal implications arising from discrimination	Any charges must not restrict, destroy or prevent competition	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	non-prevention or non-distortion of competition						applicable or intended while setting charges for use of tie line	or intended while setting charges for use of tie line	atory access and anti-competition laws			
22iv	Non-discrimination in the provision and use of Tie-Lines: Conditions for not being in Breach of Article 22	Article 22, Clause 4	Transmission License Article 22	Planning and Development t/ Operation	Obligation	Within the valid period of License	By reason of having previously granted use of tie line, there is no further available capacity in respect of which	Discriminatory access when even after having previously granted use of tie line, there is further available	Regulatory risk arising from breach of License provisions	Ensure any use of tie-lines is done with regard to the capacity remaining on the tie line	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							to grant use of tie line	capacity in respect of which to grant use of tie line				
22v	Non-discrimination in the provision and use of Tie-Lines: Prohibition of entering into agreements in violation of Regulatory Act or	Article 22, Clause 5	1. Regulatory Act 2. Transmission License	Legal	Obligation	Within the valid period of License	Notwithstanding the provisions of this Article, not be liable to offer to enter into an agreement with any person or classes of	Notwithstanding the provisions of this Article, offer to enter into an agreement with any person or classes of persons if it is	Regulatory risk arising from breach of Regulatory Act or Transmission License	Ensure that no agreement is made which violates the provisions of the Regulatory Act or License	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Transmission License						persons if it is tantamount to a violation of the provisions of the Act or the License	tantamount to a violation of the provisions of the Act or the License				
22vi	Non-discrimination in the provision and use of Tie-Lines: Resolution of disputes	Article 22, Clause 6		Legal	Obligation	Within the valid period of License	Accept decision of Authority in case of dispute in respect of provision of tie line	Do not accept decision of Authority in case of dispute in respect of provision	Legal risk from not accepting the decision of the authority	Comply with the directions and decisions of the authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							lines as final and binding	of tie lines as final and binding				
23i	Commercial Code	Article 23, Clause 1		Corporate/ Finance and Accounting	Obligation	Within the valid period of License	At all times maintain a commercial code approved by the Authority to facilitate trading under different market conditions and between	1. Do not maintain a commercial code2. Have a commercial code not approved by the authority	Financial Risk	Maintain at all times an authority approved commercial code	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and amongst licensees and BPCs					
23ii	Commercial Code: Contents	Article 23, Clause 2	Transmission License	Corporate/ Finance and Accounting	Obligation	Within the valid period of License prior to CMOD and during SBP Arrangement	Have a commercial code as prescribed by the Authority in the Transmission License	Commercial code is not as prescribed by the Authority	Financial Risk	Maintain at all times an authority approved commercial code	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
23iii	Commercial Code: Sale Period	Article 23, Clause 3		Corporate/ Finance and Accounting	Obligation	Within the valid period of License	Sale period is as directed by the authority	Have sale period which is against the directions	Financial Risk	Maintain at all times an authority approved commercial code	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								of the authority				
23iv	Commercial Code: Subsequent to CMOD	Article 23, Clause 4		Corporate/ Finance and Accounting	Obligation	Within the valid period of License	1. Subsequent to CMOD, have a commercial code specifying the principles for CTBCM trading and settlement mechanism under	1. Subsequent to CMOD, not have a commercial code specifying the principles for CTBCM trading and settlement mechanism under	Financial Risk	Maintain at all times an authority approved commercial code	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							that arrangement 2. Have a commercial code approved by the authority	that arrangement 2. Have a commercial code not approved by the authority				
24i	System Planning	Article 24, Clause 1		Planning and Development	Submission	Annually	Develop long term and short term plans of the Transmission System in accordance with the	1. Do not develop Long Term or Short Term Plans of the transmission System	Long term and short term risk to the business from not having Strategic and Short	Develop comprehensive short term and long term plans complying with required criteria	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Grid Code Other standards of planning can be proposed by the Licensee in consultation with any other Licensee and Authorized Electricity Operator given that	2. The developed plans are not in accordance with the Grid Code or follow any other Standard s not approved by the Authority	term Plans			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							they are approved by the Authority					
24ii	Development or Modification of Transmission System	Article 24, Clause 2		Planning and Development [†]	Obligation	As and when required by the Authority	Ensuring that the transmission system is developed and modified as per the plans approved by the Authority	Do not develop or modify the transmission system as per the plans approved by the Authority	Legal and Financial risks of deviating from Authority approved plans	Develop and modify the transmission system as approved by the authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
25i	Investment Programs, Acquisition	Article 25, Clause 1	Regulatory Act Section 32	Corporate/Management [†]	Submission	No later than 180 days following	Submit the investment program	1. Do not submit the investment	Financial Risk of not having an	Prepare and submit Investment Program	1. 300,000 2. 10,000/d	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	and Disposal of Assets: Investment Programs					the notification of the NEPRA rules pursuant to Section 32 of the Regulatory Act	to the Authority for approval	Investment program to the Authority for approval 2. Do not submit within the prescribed time	approved Investment Program Planning and development issues arising from not having an Investment Program on which to make System Plans		Penalty	

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
25ii	Investment Programs, Acquisition and Disposal of Assets: Acquisition of Assets	Article 25, Clause 2	Investment Program of the Licensee	Corporate/Management	Obligation	Within the valid period of License	1. Not acquire any asset without prior authorization which is not part of the approved investment program 2. Prior to the approval of the investment program satisfy the	Acquire assets which are not part of investment program or for which prior authorization has not been gained	Financial Risk of acquiring unauthorized assets for which charges may not be allowed	Ensure acquisition of assets if done by the approval of the Authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							authority that there is a need for the acquisition according to the criteria of the Authority and gain permission from the authority					
25ii	Investment Programs, Acquisition	Article 25, Clause 3	Investment Program of the	Corporate/Management	Obligation	Within the valid period of License	1. Do not, except under prior	Dispose or sell assets of a value	Financial Risk and penalty from the	Do disposal of assets as authorized by the authority	1. 300,000 2. 10,000/d	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	and Disposal of Assets: Disposal of Assets		Licensee				authorization, sell or dispose in any manner any tangible assets comprised in the transmission system or any intangible assets accruing or likely to accrue to the Licensee from the	exceeding Rs. One Hundred Million in a manner not prescribed by the authority	Authority for disposing the asset in an unauthorized manner		ay	

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							transmission business in a manner inconsistent with or which is not expressly stated in the investment program approved by the Authority					
							2. Dispose or sell assets of a value					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							not exceeding Rs. One Hundred Million provided that until such time the Licensee's investment program is approved by the Authority in terms of sub-article					
26i	Acquisition of Controlling	Article 26		Corporate/ Management	Obligation	Within the valid period of	Ensure that no generation	A generation or	Legal risk from	Ensure that no generation or	1. 300,000 2.	NEPRA Fines Rules

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Interest					License	n or distribution business has a controlling interest in the Licensee	distribution business has a controlling interest in the Licensee	conflict of interest	distribution business has a controlling interest in the Licensee	10,000/day	2002
26ii	Submitting to Authority when someone intends to acquire Controlling Interest	Article 26		Corporate/Management	Submission	Within the valid period of License			Legal Risk	Inform authority promptly when someone intends to acquire controlling interest in the business	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
27	Compliance with Performan	Article 27		Management/Operations	Obligation	As and when prescribed	Conform to the relevant	Do not conform to the	Operational, safety,	Ensure compliance with	1. 300,000 2.	NEPRA Fines Rules

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	ce Standards					ed by the Authority	performance standards rules as may be prescribed by the Authority from time to time	relevant performance standards rules as may be prescribed by the Authority from time to time	lack of service quality and regulatory risk of having a system not conforming to performance standards	Performance Standards	10,000/day	2002
28i	Transmission System Security Standard and Quality of	Article 28, Clause 1		Planning and Development t/ Operations	Obligations	Within the valid period of License	Plan, operate and maintain the transmissi	Do not plan, operate or maintain the	Operational, Power System Safety and	Plan, operate and maintain the system as per regulations and Grid Code	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Service						on system in accordance with the Grid Code and subject to the approval of the Authority, such other standards of planning and operation as the Licensee may,	transmission system as per the Grid Code or approved standards of planning and operation or plan, operate and maintain the transmission system as per documents not	Security Risks			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							following consultation with any relevant authorized electricity operator liable to be materially affected, adopt from time to time	approved by the authority				
28ii	Transmission System Security Standard	Article 28, Clause 2 and Clause 3	Performance Standards and	Planning and Development t/ Operations	Submission	Within 3 months after end of	Submit to the Authority a report	Fail to submit the report on	Operational Risk	Prepare and submit report on time	1. 300,000 2. 10,000/d	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	and Quality of Service: Reporting		Performance Standards Reporting Forms			each Financial Year	providing details of the performance during the previous financial year in maintaining transmission system security and availability and quality of service	time, in the prescribed manner and with the required details			ay	

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
28ii	Transmission System Security Standard and Quality of Service: Granting of Relief	Article 28, Clause 4	Transmission License Article 28, Clause 1	Planning and Development t/ Operations	Obligation	As prescribed by the authority	Any relief from obligations under Article 28 Clause 1 in respect of certain parts of the Licensee's transmission system must be after issue of directions by the authority	Have any relief from the obligations as under Article 28 without prior permission of the authority	Operational Risk	Any relief must be after directions of the authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
29	Compliance with Environmental Standards	Article 29	Applicable Environmental Standards	Corporate/Operation	Obligation	1. Within the valid period of License 2. To be specified by Relevant Competent Authority	1. Comply with all applicable environmental standards when carrying out the Transmission Business; 2. Considers and follows any guidance issued by the Authority	1. Does not comply with all applicable environmental standards when carrying out the Transmission Business; 2. Does not consider and follows any guidance	Environmental Risk	Ensure compliance, of i) applicable environmental laws; ii) Authority's instructions; and iii) approved environment policy, by all concerned departments	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							;	issued by the Authority ;				
30i	Availability of Resources	Article 30, Clause 1	1. Transmission License 2. Regulatory Act 3. Any other applicable documents	Corporate/Management	Obligation	Within the valid period of License	Ensure having sufficient management and financial resources to: 1. Carry out the Transmission Business 2. Comply with obligation	Having insufficient managerial and financial resources to carry out transmission business or obligations as under applicable documents	Safety, operational and financial risks from not having sufficient resources	Having insufficient managerial and financial resources to carry out transmission business or obligations as under applicable documents	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							s under this License, the Act and the applicable documents	s				
30ii	Availability of Resources (cont.)	Article 30, Clause 2	Transmission License Article 30, Clause 1	Corporate/Management	Submission	Within 2 calendar months of start of each financial year	Submit a statement in writing to the Authority informing the Authority of ability (or inability as the case may	1. Fail to submit statement 2. Submit statement after the prescribed time	Legal Risk	Notify the Authority of any circumstances that may prevent it from fulfilling obligations as soon as they arise	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							be) to fulfill obligations under Article 30 Clause 1					
30ii i	Availability of Resources (cont.)	Article 30, Clause 3	Transmission License Article 30, Clause 1	Corporate/Management	Submission	As soon as conditions arise	Notify the Authority of any circumstances that may prevent it from fulfilling its obligations under Article 30 Clause 1	1. Fail to submit notification 2. Submit notification after the prescribed time	Legal risk from late notifications	Notify the Authority of any circumstances that may prevent it from fulfilling obligations as soon as they arise	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
31i	Industry Standards and Codes of Conduct	Article 31, Clause 1		Management	Obligation	As and when initiated by the authority	Participate in such measures and activities as may be initiated by the Authority for the development of industry standards and uniform codes of conduct	Fail to participate in such measures and activities as may be initiated by the Authority for the development of industry standards and uniform codes of conduct	Safely, power system security and operation risks arising from non-development of codes and standards	Actively participate in the development of industry standards and codes of conduct	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
31ii	Industry Standards and Codes of Conduct: Compliance	Article 31, Clause 2		Management	Obligation	Within the valid period of License	Comply with such industry standards and uniform codes of conduct which may be specified by the Authority as having a bearing on the safety, reliability, stability, integrated	Not comply with such industry standards and uniform codes of conduct which may be specified by the Authority as having a bearing on the safety, reliability, stability, integrated	Safely, power system security and operation risks arising from non-adherence to codes and standards	Adhere to all relevant codes and standards. Promote understanding of the codes and standards throughout the business	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							operability and efficiency of the whole or a material part of the electric power system	d operability and efficiency of the whole or a material part of the electric power system				
32	Obtaining Insurance	Article 32	Any literature on prudent utility practices on Insurance	Corporate/ Legal Affairs	Obligation	Within the valid period of License	Pending decision of the Authority in respect of insurance to be obtained	1. Does not obtain insurance 2. Obtains insurance not deemed fit and	Severe financial risk arising from operating without insurance	Obtain insurance as prescribed and have good insurance coverage	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							by the entire electric power industry, obtain and maintain such policies of insurance as deemed fit and appropriate in accordance with the prudent utility practices	appropriate and in accordance with prudent utility practices 3. Obtains insurance in a manner not prescribed by the authority after its decision				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
33i	Maintenance of Records	Article 33, Clause 1		Corporate/Management	Obligation	Within the valid period of License	Keep complete and accurate records and data in respect of all aspects of each separate businesses	1. Keep incomplete or inaccurate records 2. Keep records not distinguishable for each separate business 3. Keep records which are not for all aspects of each business	Financial risk arising from not having separate records allowing the financial status of the entity to be gauged	Keep complete and accurate records and data in respect of all aspects of each separate businesses	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
33ii	Maintenance of Records: Time for which records must be kept	Article 33, Clause 2	Article 33, Clause 1	Corporate/Management	Obligation	For 5 years for the creation of each record	1. Maintain records for a period of five (5) years 2. Not destroy or dispose of any such records or data after the aforesaid period without thirty (30) days prior	1. Do not maintain records for 5 years 2. Destroy records before time 3. Destroy records without notice to the authority as prescribed 4.	Financial risk arising from non-maintenance and destruction of records	Maintain and keep secure records as prescribed	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							written notice to the Authority . 3. Not dispose of or destroy any records or data that the Authority directs to preserve	Destroy records that the authority has directed for preservation				
33ii	Maintenance of Records: Examination of	Article 33, Clause 3	Article 33, Clause 1	Corporate/Management	Obligation	48 hours prior written notice by the	Present records and data required by the	1. Do not present records and data required	Legal risk of getting notice from	Facilitate in the provision of records to the authority and provide	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Records					Authority	Authority for examination during normal office hours within the prescribed time period	by the Authority for examination during normal office hours 2. Present after expiry of 48 hours after notice period	authority	them in due time		
34	Ensuring Public Safety	Article 34		Planning and Development/Operations	Obligation	Within the valid period of License	Plan, design, operate and maintain transmission	Allow danger public life or property because	Risk to Human Life	Plan, build, operate and maintain the transmission system with utmost care	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							on system in such a manner so as not to endanger public life or property	of the way the transmission system is planned, designed or operated		for public life and property		
35	Health and Safety of Employees	Article 35		Corporate/ Operation	Obligation	Within the valid period of License/ To be specified by the Authority	Establish and maintain an appropriate machinery or forum for the joint consideration of	Do not establish and maintain an appropriate machinery or forum for the joint consideration of	Health and Safety Risk of Employees which may lead to incidents /accidents	Develop and maintain a good Health and Safety Program for employees	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							issues of mutual concern in respect of the health and safety of employees at work	tion of issues of mutual concern in respect of the health and safety of employees at work				
36	Provision of Information to the Authority and General Public	Article 36		Communication	Obligation	Within the valid period of License/ To be specified by the Authority	Ensure that all laws and regulations of the Authority regarding Provision of Information of	Fail to ensure that all laws and regulations of the Authority regarding Provision of	Legal Risk	Ensure that all laws and regulations of the Authority regarding Provision of Information to the Authority and General Public	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							on to the Authority and General Public are complied	Information to the Authority and General Public are complied		are complied		
37	Interpretation of License Provisions	Article 37		Legal	Obligation	Within the valid period of License	Accept the Authority's decision on interpretation of any or all of the provisions of this License to be final	Do not accept the Authority's decision on interpretation of any or all of the provisions of this License to	Legal risk from misinterpretation of License terms and conditions	Accept the Authority's decision on interpretation of any or all of the provisions of this License to be final	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								be final				
1	Definitions	Article 1	Regulatory Act	All	Obligation	Within the valid period of License			Misinterpreting the regulations set in the License	Understand the Definitions as described in the License		
2i	Operational Territory	Article 2, Clause 1	Schedule - 1 Transmission License	Planning and Development/ Operation	Obligation	Within the valid period of License	Licensee carries out transmission business within the territory as set in the License	Licensee carries out transmission business outside the territory as set in the	Legal Risk from Operating outside authorized territory	Operate within Service territory	1. 1,000,000 2. 50,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								License				
2ii	Adherence to NEPRA rules, regulations, directions and orders	Article 2, Clause 3		Corporate/ Management t/ Legal	Obligation	As and when required	Act and respond to the Authority's directions in the required form and manner.	1. Ignoring of directions by the Authority ; and 2. Partial compliance to the Authority's directions	Legal Risk	Ensure compliance with all applicable regulations and adhere to the directions and orders of the Authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
3	License Fee	Article 3	NEPRA Fee Rules 2002	Finance and Accounting	Submission	Annual, paid in advance within 30 days of	1. Pay annual license fee to the Authority	1. Fails to pay annual license fee to the Authority	Legal Risk leading to revocation	Ensure payment of prescribed amount of license fee in	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						the expiry of the previous financial year	; 2. Pay within 1 month of notice by the Authority ; 3. Pay an amount as calculated , published and revised by the Authority ; and 4. Pay before lapsing of 20 business	; 2. Delays the payment beyond 1 month of notice by the Authority ; and 3. Pays an amount less than calculated , published and revised by the Authority ; and 4. Does not	n of license Financial risk from fines, late payment fees etc	a timely manner		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							days of payment overdue notice by the Authority	pay within 20 business days of payment overdue notice by the Authority				
4i	License Term	Article 4, Clause 1		Legal	Obligation	Within the valid period of License	The validity of the license in 30 years from the date of issue unless License is revoked earlier	-	-	-	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
4ii	Renewal of License	Article 4, Clause 2	NEPRA Procedure Regulations 1999	Legal	Obligation	Near the expiry of the License Period	The licensee's performance allows the authority to renew the license for a further term that is deemed appropriate.	The licensee's lack of performance does not allow the authority to renew the license for a further term that is deemed appropriate.	Operating the business after the license term has expired. Lack of performance leads to license not being renewed	Ensure compliance with all applicable regulations and adhere to the directions and orders of the Authority	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
5i	Exclusivity of the License	Article 5	Schedule - 1 Transmission	Corporate/Management/Planning and	Obligation	Within the valid period of License	Have exclusive right in respect	Operate out of service territory	Legal Risk from Operation	Operate within Service territory	1. 300,000 2. 10,000/d	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			License Regulatory Act 1997	Development/ Communication/ Legal			of the service territory to: 1. Carry out transmission of electric power 2. Engage in other activities incidental to the transmission business 3. Operate transmission		g outside authorized territory		ay	

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							on facilities of a special purpose transmission licensee pursuant to Section 19 of the Act					
5ii	Arrangements with KESC under Exclusivity Clauses	Article 5		Planning and Development t/ Communication/ Legal	1. Obligation 2. Submission	Within the valid period of License	Do not apply Article 5 Sub-Clause (c) to KESC transmission	1. Operate KESC transmission facilities until such time that	Operational risk from lack of coordination between Transmis	Have effective communication and liaison with KESC to develop coordination and systems	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							facilities until such time that effective communication and control facilities are installed in the KESC network to the satisfaction of the Authority . 1. Provide applicable instructions to KESC	effective communication and control facilities are installed in the KESC network to the satisfaction of the Authority . 2. Not provide applicable instructions to KESC	sion Utilities	necessary for operation of Transmission System as directed by the Authority		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ns to KESC 2. Report in consultation with KESC about progress in developing effective control and communication facilities 3. Enter into contract with KESC for	3. Not report in consultation with KESC about progress in developing effective control and communication facilities 4. Not enter into contract with KESC for				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							with KESC for coordination between the NTDC and KESC transmission system till such time that effective control and communication facilities are developed 4. Get the contract	coordination between the NTDC and KESC transmission system till such time that effective control and communication facilities are developed 5. Does not get the contract				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							approved by the Authority	approved by the Authority				
6i	Revocation or Suspension of the License	Article 6, Clause 1	Section 28, Regulatory Act	Legal	Obligation	Within the valid period of License	No persistent failure in complying with the terms and conditions of the License	Persistent failure in complying with the terms and conditions of the License	1. Risk of License being revoked 2. Other risks such as Financial Control, Environmental and Safety risks etc	Ensure compliance with all applicable terms and conditions of the License	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
6ii	Avoiding failure to comply with the terms of	Article 6, Clause 2	Article 6, Clauses 1 and 4	Legal/ Accounting and Finance/ Planning and	Obligation	Within the valid period of License	Licensee can avoid failure by: 1. Paying	1. Not pay the License Fee when due	Risk of License being revoked Operatio	Ensure compliance with all applicable regulations	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	conditions of the License			Development			the License Fee when due 2. Not breaching any provisions of the applicable documents unless such breach occurs without willful or negligent default 3. Preparing	2. Breach any provisions of the applicable documents unless such breach occurs without willful or negligent default 3. Do not prepare and adhering to codes, manuals and	nal, Financial and Health and Safety risks by not adhering to relevant codes	and adhere to the directions and orders of the Authority Pay the requires fees in time		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and adhering to codes, manuals and programs as required by the Authority and getting their approval 4. Make all payments under any applicable documents within	programs as required by the Authority and get their approval 4. Do not make all payments under any applicable documents within 90 days of the due date				

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							90 days of the due date					
6iii	Avoiding failure to comply with the terms of conditions of the License (cont.)	Article 6, Clause 2	Article 6, Clauses 1 and 4	Legal	Obligation	1. Within the valid period of License 2. Within 90 Days of Appointment 3. Within 30 Days of Court Order	Except for an Amalgamation, reconstruction or reorganization, the following events do not occur: 1. Passing of resolution by majority shareholders to	Except for an Amalgamation, reconstruction or reorganization, the occurrence of the following events: 1. Passing of resolution by majority shareholders	Risk of License being revoked		1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							wind up the licensee 2. Appointment of a receiver, official assignee or administrator for the affairs which is not set aside or stayed within 90 days 3. Making	ers to wind up the licensee 2. Appointment of a receiver, official assignee or administrator for the affairs which is not set aside or stayed within 90 days				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							by a court of competent jurisdiction on an order for the winding-up which is not stayed within 30 days of the order	3. Making by a court of competent jurisdiction on an order for the winding-up which is not stayed within 30 days of the order				
6iv	Avoiding failure to comply with the terms of	Article 6, Clause 2	Article 6, Clauses 1 and 4	Corporate/Management	Obligation	Within the valid period of License	1. Do not abandon any part of the Transmiss	1. Abandon any part of the Transmiss	Risk of License being revoked	Ensure compliance with all applicable regulations	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	conditions of the License (cont.)						ion Business or any part thereof 2. Do not assign or transfer the license or transfer, convey, lose or relinquish the ownership, control, right to own, control or operate	ion Business or any part thereof 2. Assign or transfer the license or transfer, convey, lose or relinquish the ownership, control, right to own, control or operate		and adhere to the directions and orders of the Authority		

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							the transmission business or any material part thereof without proper Authorization unless this is effected pursuant to a contract approved by the authority	the transmission business or any material part thereof without proper Authorization 3. This is effected pursuant to a contract not approved by the authority				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							for the management and operation of the transmission system by another person	for the management and operation of the transmission system by another person				
6v	Avoiding failure to comply with the terms of conditions of the License (cont.)	Article 6, Clause 2	Article 6, Clauses 1 and 4	Corporate/Management	Obligation	Within the valid period of License	Ensure that there is no breach of License conditions and in the case that there is a breach, actively	Breach of License conditions and in the case that there is a breach, fail to take measures to the	Legal Risk	Ensure that there is no breach of License conditions and in the case that there is a breach, actively take measures to	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							take measures to the satisfaction of the authority	satisfaction of the authority		the satisfaction of the authority		
6vi	Avoiding failure to comply with the terms of conditions of the License (cont.)	Article 6, Clause 2	Article 6, Clauses 1 and 4	Communication	Obligation	Within the valid period of License	All statements and representations made to the Authority as part of the License application, subsequently on	1. Statements and representations made to the Authority as part of the License application, subsequently on	1. License Revocation 2. Legal Risk from providing inaccurate statements	All statements and representations made to the Authority as part of the License application, subsequently on direction of the authority or pursuant to any	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							direction of the authority or pursuant to any application document are correct and accurate	direction of the authority or pursuant to any application document are incorrect, inaccurate and misleading 2. The said statements lead to having a material adverse		application documents are correct and accurate		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								effect on the ability to carry out obligations 3. Said statements lead to the authority issuing or renewing the license				
6vii	Avoiding failure to comply with the terms of conditions of the	Article 6, Clause 2	Article 6, Clauses 1 and 4	Finance and Accounting	Obligation	Within the valid period of License	1. Do not incur cumulative operating losses to such an	1. Incur cumulative operating losses to such an extent	Financial risk or becoming insolvent or being unable to discharge	Senior management controls the financial health of the company so that, all the	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	License (cont.)						extent that it materially and adversely affect financial viability or which disables or is likely to disable the carrying out of the transmission business	that it materially and adversely affect financial viability or which disables or is likely to disable the carrying out of the transmission business	e obligations	time, it remains solvent		
							2. Implement measures	2. Do Implement measures				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							measures for improvement of the financial position within the time limit and the results as specified by the authority	for improvement of the financial position within the time limit and the results as specified by the authority				
6viii	Avoiding failure to comply with the terms of conditions of the License	Article 6, Clause 2	Article 6, Clauses 1 and 4	Management	Obligation	1. 90 Days Consecutively 2. 120 Days Cumulative in a	Any failure to comply with the objects, terms and articles of the	Any failure to comply with the objects, terms and articles of the	Legal Risk of being in breach of License conditions	Within supervening conditions, ensure that the issue is solved so that the maximum allowed time	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	(cont.)					calendar year	License due to any supervening impossibility occurs no more than 90 Days Consecutively or no more than 120 Days in a Calendar Year	License due to any supervening impossibility occurs more than 90 Days Consecutively or more than 120 Days in a Calendar Year		limits are not breached		
6ix	Scenario if there is breach of License Terms and	Article 6, Clause 2		Legal	Obligation	In case of breach of License	1. No breach on a daily basis of License	1. Allow breach on a daily basis of License	1. Risk of License being revoked 2.	1. Ensure compliance with all applicable terms and	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Conditions					Terms and Conditions	Terms and Conditions 2. Stopping the effects of the breach if it occurs and taking rectification measures	Terms and Conditions 2. Not stop the effects of the breach if it occurs 3. Not taking rectification measures for the breach	Continued breach triggers cascaded problems 3. Reoccurrence of breach if remedial measures not taken 4. Other risks such as Financial Control, Environmental and Safety	conditions of the License 2. Take immediate remedial measures in case a breach occurs		

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
									risks etc			
6x	Consent and Renewal by Authority in case of breach	Article 6, Clause 4	Article 6, Sub-Clause 1 Section 28, Regulatory Act	Legal	Submission	In case of breach of License Terms and Conditions	Demonstrate to the Authority's satisfaction that the breach is a result of failing to obtain a consent and renewal by the Authority despite best	1. Being unable to demonstrate to the Authority's satisfaction that the breach is a result of failing to obtain a consent and renewal by the Authority	Legal Risk	Take active measures to gather information and prove to the authority's satisfaction	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							efforts	despite best efforts 2. Breach happens due to negligence				
7i	Procurement of Power Prior to Competitive Market Operation Date (CMOD)	Article 7, Clause 1	1. Article 8 - Transmission License 2. Article 7 Clause 4 - Transmission License 3. Any existing contracts between	Legal/Procurement	Obligation	Prior to CMOD	Purchase or procure electric power for XWDISC OS on the following terms: 1. Pending approval of Power Acquisition Program	Power procurement except as authorized	Legal Risk	Power procurement as authorized	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			Licensee and Generation Licensees 4. Power Acquisition Program				procure power through contracts with generation licensees approved by the Authority but for a period not exceeding one year2. After approval of Power Acquisition Program procure					

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							power in accordance with the program ³ . Do not apply the above to existing contracts with Generation Licensees which have been approved by Authority or contracts backed by					

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Sovereign Guarantees for their entire term					
7ii	Competitive Market Operation Date (CMOD)	Article 7, Clause 2		-	-	Latest by 1st July 2012	CMOD is achieved at the latest by 1st July 2012	CMOD is not achieved at the latest by 1st July 2012	Legal Risk	Power procurement as authorized	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
7iii	Procurement of Power after CMOD	Article 7, Clause 3		Legal/Procurement		Within the valid period of License after CMOD	1. Ensure that after the CMOD no purchase or procurement of	1. After the CMOD purchase or procurement of electric	Legal Risk	Power procurement as authorized	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							electric power is done for the purpose of selling to third parties 2. Any power purchased or procured is for the purpose of balancing services for the safe and reliable	power is done for the purpose of selling to third parties				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							operation of the power system 3. Ensure that all contracts approved by the authority or backed by sovereign guarantees for the purchase or procurement of electric power will					

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							be enforced the entire term of these contracts					
7iv	Power Acquisition Program	Article 7, Clause 4	Section 32, Regulatory Act	Legal/Procurement	Submission	Within 90 days of Notification of NEPRA Rules	Prepare and submit Power Acquisition Program within the specified period	1. Fail to prepare and submit the Power Acquisition Program 2. Fail to submit the program within the specified period by the	Non uniform power purchases	Prepare and submit Power Acquisition Program within the specified period	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								authority				
8	Competitive Trading Arrangements	Article 8		Corporate/Legal	Obligation		Comply with all directions and requirements of the Authority with regards to Competitive Trading Arrangements	Fail to comply with all directions and requirements of the Authority with regards to Competitive Trading Arrangements	Financial/Economic Risk	Comply with all directions and requirements of the Authority with regards to Competitive Trading Arrangements	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002
9i	Preparation of	Article 9, Clause 1	Provisions of the	Finance and Accounting	Submission	Annually. Not	Prepare and	Fails to prepare	Financial and	• Prepare and maintain	1. 300,000	NEPRA Fines

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	separate accounts for each business by the Licensee		Fifth Schedule to the Companies Ordinance			more than 6 months following the close of the financial year	maintain accounts for the each of its separate business and other businesses and have them duly audited in accordance with the stated Ordinance	and maintain accounts for the each of its separate business and other businesses and have them duly audited in accordance with the stated Ordinance	Accounting non-compliance risk arising from not having audited accounts	independent financial accounts for the Transmission business • As per requirement of the Authority, prepare accounts in a specified form	2. 10,000/day	Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
9ii	Maintain accounts and financial reporting arrangements for each separate business	Article 9, Clause 2	Provisions of the Fifth Schedule to the Companies Ordinance	Finance and Accounting	Obligation	Within the valid period of License	Ensure that accounting and financial reporting for each of its separate businesses and affiliates are prepared separately as if it were a separate company so that the	1. Does not ensure that accounting and financial reporting for each of its separate businesses and affiliates are prepared separately as if it were a separate company	Financial and Accounting risk arising from not being able to attribute costs and revenues to specific businesses allowing the financial health of the	• Prepare and maintain independent financial accounts for the Transmission business. As per requirement of the Authority, prepare accounts in a specified form	1. 300,000 2. 10,000/day	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							revenues, costs, assets, liabilities, capital, reserves and provisions of or reasonably attributable to each separate business can be separately identified from the	2. The revenues, costs, assets, liabilities, capital, reserves and provisions of or reasonably attributable to each separate business cannot be separately identified	entity to be gauged			

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							books of the Licensee and its affiliates from any other business	from the books of the Licensee and its affiliates from any other business 3. The accounting and financial reporting is done in insufficient detail				
9iii	Maintain and Prepare Separate	Article 9, Clause 3	Provisions of the Fifth Schedule	Finance and Accounting	Obligation	Annual	1. Maintain and preserve	1. Do not maintain and preserve	Financial risk arising from	Prepare, maintain and preserve accounts as	1. 300,000 2. 10,000/d	NEPRA Fines Rules 2002

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Accounts		to the Companies Ordinance				books of account and accounting records for each financial year for 5 years 2. Prepare accounts in a manner prescribed by the Authority	books of account and accounting records for each financial year for 5 years 2. Does not prepare accounts in a manner prescribed by the Authority	non-maintenance and destruction of records	prescribed the authority	ay	
9iv	External Audit	Article 9, Clause 4	Notification in Official	Finance and Accounting	Obligation	As per discretion of the	Open books to external	Do not open books to	Legal Risk	Facilitate in the external audit	1. 300,000 2.	NEPRA Fines Rules

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			Gazette			authority	auditor when required by the Authority	external auditor when required by the Authority			10,000/day	2002

Annexure - D

'Draft Set of Compliance Monitoring Metrics for Regulatory Requirements - Ceylon Electricity Board (CEB) Sri Lanka'

Draft Set of Compliance Monitoring Metrics for Regulatory Requirements Ceylon Electricity Board (CEB) Sri Lanka

Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
1	Interpretation and Construction	Condition 1	Regulatory Act	All	Obligation	Within the valid period of License	Interpret the License as prescribed the Commission and the Regulatory Act	Construe any interpretation of the License contrary to as prescribed the Commission and the Regulatory Act				
2i	Authorized Business Activities	Condition 2		All	Obligation	Within the valid period of License	Conduct the Licensed Business, other businesses for	Conduct business in any way other than that allowed by the				

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							which the Commission has issued licenses as prescribed by the Commission	Commission				
2ii	Authorized Business Activities: Relief	Condition 2, Clause 4	Regulatory Act	All	Obligation	Within the valid period of License	Have any relief from obligations under Condition 2 in relation to any particular case to	Have an relief from obligations under the license other than that allowed by the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							such extent and subject to such terms and conditions as the Commission may specify in writing	Commission				
3i	Provision of Information to the Commission	Condition 3, Clause 1	Regulatory Act PUSCL Act	Management	Submission	As and when required by the Commission	Furnish to the Commission in such manner and at such times as the	1. Fail to furnish to the Commission in such manner and at such times as				

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Commission may require, such Information and procure and furnish to it reports that the Commission may consider necessary	the Commission may require, such Information and procure and furnish to it reports that the Commission may consider necessary 2. Delay in furnishing such reports				

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
3ii	Provision of Information to the Commission regarding detailed accounts	Condition 3, Clause 2		Finance and Accounting	Submission	As and when required by the Commission	Furnishing accounting Information on which is more extensive than, or differs from, that required to be prepared and supplied to the Commission under Condition	Fail to furnish accounting Information on which is more extensive than, or differs from, that required to be prepared and supplied to the Commission under Condition				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							8	8				
3iii	Appointment of person responsible for business	Condition 3, Clause 4		Corporate/Management	Obligation	Within one month of grant of License	Appoint a person in the organization who is responsible for the Business	Fail to appoint a person in the organization who is responsible for the Business				
4i	Decisions, Orders, Directions and Determinations by the Commission	Condition 4, Clause 1	Regulatory Act	Management	Obligation	Within the valid period of License	Comply with any decisions, orders, directions and determinations made by	Fail to comply with any decisions, orders, directions and determinations				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							the Commission	made by the Commission				
4ii	Costs associated with compliance	Condition 4, Clause 2		Management/ Finance and Accounting	Obligation	Within the valid period of License	Pay any costs associated with compliance with decisions, orders, directions and determinations of the Commission	Fail to completely pay any costs associated with compliance with decisions, orders, directions and determinations of the Commission				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
4iii	Decisions, Orders, Directions and Determinations by the Commission: Control of Property	Condition 4, Clause 3	Regulatory Act Section 38	Management	Obligation	As and when directed by the Commission	Comply with any order or direction made by the Commission and allow the Commission, any other authority or person specified in the order of the Commission access to or	Fail to grant access as required by the commission under the Regulatory Act				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							control of property as the Commission requires					
5i	Development and implementation of Technical and Operational Codes	Condition 5, Clause 1	Technical and Operational Codes	Planning and Development, Operation	Obligation	As and when directed by the Commission	Develop in consultation with any Electricity Undertakings the Commission considers appropriate and implement, such technical	1. Fail to develop and implement, such technical and operational codes as the Commission may direct from time to time 2. Fail to				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and operation al codes as the Commission may direct from time to time	develop the codes in consultati on with any Electricit y Undertaki ngs the Commissio n considers appropria te				
5ii	Approval of Technical and Operational Codes	Condition 5, Clause 2		Planning and Development, Operation	1. Submission 2. Obligation	Within the License validity period	Submit for approval any technical and	1. Fail to submit to the Commission for approval				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							operation al codes developed before being implement ed	any technical and operation al codes developed 2. Implemen t any technical and operation codes before being approved by the Commissio n				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
5iii	Review and Revision of Codes	Condition 5, Clause 3	Technical and Operational Codes	Planning and Development, Operation	1. Obligation 2. Submission	As and when necessary	Propose any modifications to the code in any manner different from that of the code modification process set out in the relevant code	Propose any modifications to the code in any manner different from that of the code modification process set out in the relevant code				
5iv	Submission of Codes	Condition 5, Clause 4	Technical and Operational	Planning and Development, Operation	Submission	As and when demanded	Give or send a copy of all	1. Fail to give or send a				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			al Codes	Operation		d	Approved technical and operational codes (and any revisions thereto) developed and implemented to:1. The Commission2. Any person requesting the same	copy of the approved codes to the Commission2. Fail to give or send a copy of any revision to the Commission3. Fail to give or send copy of the code and any revisions				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								to any person requesting them				
5v	Charges for giving copies	Condition 5, Clause 5	Technical and Operational Codes	Planning and Development, Operation	Obligation	Within the valid period of License	Any changes for giving or sending relevant codes to any person do not exceed the amount specified by the Commission	Any changes for giving or sending relevant codes to any person exceed the amount specified by the Commission				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
5vi	Compliance with approved Technical and Operational Codes	Condition 5, Clause 5	Technical and Operational Codes	Planning and Development, Operation	Obligation	Within the valid period of License	Comply with the provisions of any Approved technical and operational codes which are specified as applicable	Fail to comply with the provisions of any Approved technical and operational codes which are specified as applicable				
5vii	Exemptions from the Grid Code	Condition 5, Clause 7	Technical and Operational Codes	Planning and Development, Operations	Obligation	As and when allowed by the Authority	Relief from obligations to complying with the Grid Code	Relief from obligations to complying with the Grid Code				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							according to the Authority's directions	without the Authority's directions				
5viii	Interim Procedures in absence of Grid Code	Condition 5, Clause 8	Existing Technical and Operational Codes	Planning and Development, Operation	Obligation	Until Commission approved technical and operational codes are available	Comply with the existing technical and operational codes in respect of all activities, until such time Commission Approved technical	Fail to comply with the existing technical and operational codes in respect of all activities, until such time Commission Approved				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and operation al codes are available	technical and operation al codes are available				
6i	Other Agreements	Condition 6, Clause 1	Regulatory Act Section 15(2)(f)	Legal	Obligation	As and when directed by the Commission	1. Enter into any agreements with other persons directed to by the Commission, tariff and connection agreement with the	1. Fail to enter into any agreements with other persons directed to by the Commission, tariff and connection agreement				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							relevant licensee 2. Do so within the prescribed time	t with the relevant licensee 2. Failing to do so in the prescribed time				
6ii	Preparation of agreements	Condition 6, Clause 2		Legal	Obligation	As and when directed by the Commission	Participate in the preparation of any agreement which has been directed to be entered into by the Commission	Fail to participate in the preparation of any agreement which has been directed to be entered into by the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n	Commission				
7	Separate accounts for the Transmission and the Bulk Supply Operations Business	Condition 8	Ceylon Electricity Board Act No. 17 of 1969	Finance and Accounting	1. Obligation2. Submission	Within the valid period of License	Perform account keeping and accounting activities in the manners prescribed, in the detail prescribed, keeping separation between business as	Fail to perform account keeping and accounting activities in the manners prescribed, in the detail prescribed, keeping separation between business				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							prescribed and have then audited and submit details to the Commission in the manner prescribedPerform all submission as and when due and directed by the Commission	as prescribed and have then audited and submit details to the Commission in the manner prescribedFail to perform all submission as and when due and directed				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n	by the Commission				
8	Prohibited Activities	Condition 9		Corporate/ Management / Planning and Development	Obligation	Within the valid period of License	Do not directly or through any subsidiary or related undertaking install or keep installed an electric line above or below the ground, except as	Directly or through any subsidiary or related undertaking install or keep installed an electric line above or below the ground, except as provided				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							provided for in Section 44(2) of the Act or otherwise consented to by the Commission	for in Section 44(2) of the Act or otherwise consented to by the Commission				
9i	Prohibition of Cross Subsidy	Condition 10, Clause 1		Management/ Planning and Development	Obligation	Within the valid period of License	Ensure that neither the Transmission Business nor the Bulk Supply	All or some of the its separate businesses give or receive subsidy from any other of				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and Operation s Business give any direct or indirect cross-subsidy to, nor receive any direct or indirect cross-subsidy from, each other or any other business of the	its businesses, affiliates or related undertakings				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Licensee or an Affiliate or Related Undertaking of the Licensee					
9ii	Prohibition of Cross Subsidy (cont.)	Condition 10, Clause 2		Management/ Planning and Development	Obligation	Within the valid period of License	Notwithstanding provisions of above clause 9 (1), any approval to operate a differential bulk supply tariff	Any cross-subsidy is allowed without permission of the commission outside the prescribed circumstances				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							system may be granted by the commission if such uniform tariff system is necessitated by the government policy	nces				
10	Payment of Levy	Condition 11	Levy Order	Finance and Accounting	Submission	As and when directed by the Commission	Pay to the Commission any amounts specified in, or determine	1. Fail to pay to the Commission any amounts specified in, or				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							d under, a Levy Order, in accordance with the provisions of such Levy Order	determine d under, a Levy Order, in accordance with the provisions of such Levy Order 2. Fail to pay in the prescribed time				
11i	Assignment of the License	Condition 12, Clause 1		Corporate/ Legal	Obligation	Within the valid period of License	Do not without the prior written consent of the Commission	Without the prior written consent of the Commission and of				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n and of the Minister, assign the License either in whole or in part	the Minister, assign the License either in whole or in part				
11ii	Transfer of Business	Condition 12, Clause 2		Corporate/ Legal	Obligation	Within the valid period of License	Do not without the prior written consent of the Commission, transfer to another person all or any	Without the prior written consent of the Commission, transfer to another person all or any part of				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							part of the Licensed Business	the Licensed Business				
11iii	Transfer of Business	Condition 12, Clause 4		Corporate/Legal	Obligation	As soon as practicable after Commission/Minister consents	1. Transfer the Licensed Business to an assignee where the Commission/Minister has consented to such assignment 2. Do so as soon as	1. Fail to transfer the Licensed Business to an assignee where the Commission/Minister has consented to such assignment 2. Fail to do so as				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							practicabl e after such consent has been given.	soon as practicabl e after such consent has been given.				
12i	Revocation of the License	Condition 14, Clause 1(a)	Regulator y Act Section 20	Legal	Obligation	Within the valid period of License	Agree in writing with the Commissio n that this License should be revoked	-				
12ii	Revocation of the License (cont.)	Condition 14, Clause 1(b)	Regulator y Act Section 20	Legal	Obligation	14 days after notice is given for amount	Pay levy amount in the prescribe d time in	Fail to pay levy amount in the prescribe				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						being overdue and unpaid under a levy order	the prescribed manner	d time in the prescribed manner				
12iii	Revocation of the License (cont.)	Condition 14, Clause 1(c)	Regulatory Act Section 20, Section 34	Legal	Obligation	60 days or longer from issue of enforcement order	Comply with an enforcement order issued by the Commission	Fail to comply with an enforcement order issued by the Commission				
12iv	Revocation of the License (cont.)	Condition 14, Clause 1(d)	Regulatory Act Section 20	Legal	Obligation	Within the valid period of License	All information given to the Commission	Give materially incorrect or inaccurate				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n is materially correct and accurate	e information which becomes the basis of the license				
13i	Compliance with Environmental Laws	Condition 15: Clause 1	Relevant Environmental Laws in the country	Corporate/Operation	Obligation	Within the valid period of License	1. Comply with all applicable environmental standards when carrying out the Transmission Business; 2. Considers	1. Does not comply with all applicable environmental standards when carrying out the Transmission Business;				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and follows any guidance issued by the Authority ;	2. Does not consider and follows any guidance issued by the Authority ;				
13ii	Environmental Policy	Condition 15: Clause 2	Relevant Environmental Laws in the country	Corporate/ Operation	Submission	Not later than specified by the Commission	1. Prepare a written policy setting out the manner in which the compliance with duties	1. Fail to prepare a written policy setting out the manner in which the compliance with				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							and obligation s under all applicable Environmental Laws will be achieved 2. Prepare the policy in consultation with the Commission 3. Modify the policy in consultation with	duties and obligation s under all applicable Environmental Laws will be achieved 2. Do not prepare the policy in consultation with the Commission 3. Do not modify the policy				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							the Commission from time to time when directed	in consultation with the Commission when directed 4. Delay in submission or updating of the environmental policy				
13iii	Environmental Performance Report	Condition 15: Clause 3	Environment Performance Performance	Corporate/Operation	Submission	Annually	Report annually to the Commission on environment	1. Do not report annually to the Commission on				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ntal performance in such form and at such times as the Commission may specify	environme ntal performance 2. Delay submission of reports 3. Do not submit reports in such form and at such times as the Commission may specify				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
14i	Health and Safety	Condition 16 Clause 1		Management/ Operations	Obligation	Within the valid period of License	Take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused when carrying out the Licensed Business	Fail to take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused when carrying out the Licensed Business				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
14ii	Health and Safety: Safety and Technical Management Plan	Condition 16 Clause 1 and 2		Management/Operations	Submission	No later than the date prescribed by the Commission	Prepare a safety and technical management plan as prescribed	1. Fail to prepare a safety and technical management plan as prescribed 2. Fail to prepare plan in the given time				
14iii	Health and Safety: Safety and Technical Management Plan (cont.)	Condition 16 Clause 2		Management/Operations	1. Obligation 2. Submission	Within the valid period of License	1. Prepare plan in consultation with the Commission 2.	1. Fail to prepare the plan 2. Fail to update the plan 3. Fail to				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Annually review and update the plan to ensure its efficient operation 3. Submit the updated plan to the Commission for approval 4. Not amend the plan without	get the plan approved 4. Fail to compile and submit statistics 5. Fail to get audited 6. Fail to comply with the fail 7. Fail to do any of the above within the prescribed period				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							approval of the Commission. Ensure that an annual audit of the compliance with obligations under the plan is conducted by an independent expert approved by the Commission.					

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n and in accordance with the plan6. Compile health and safety statistics and indices specified by the Commission7. Promptly report the results of those audits,					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							statistics and indices to the Commission. Comply with the plan (as updated from time to time) as approved by the Commission					
15	Insurance	Condition 17	Any literature on prudent	Corporate/ Legal Affairs	Obligation	Within the valid period of License	Adopt and implement reasonable and	Do not adopt and implement reasonable				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			utility practices on Insurance				prudent policies in relation to the management and insurance of risks associated with the Licensed Business	e and prudent policies in relation to the management and insurance of risks associated with the Licensed Business				
16i	Disposal of Relevant Assets	Condition 18 Clause 1	Condition 12	Corporate	Obligation	Within the valid period of License	Except in relation to an assignment or a transfer permitted under	1. Dispose an relevant asset except in the prescribed manner				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Condition 12, not dispose an relevant asset except in the prescribed manner in Condition 18	in Condition 18 2. Dispose an asset except in relation to an assignment or a transfer permitted under Condition 12				
16ii	Disposal of Relevant Assets: Terms and Conditions	Condition 18 Clause 2		Corporate	Obligation	Two months prior notice of intention to	Give to the Commission not less than two months'	Fail to dispose of assets in the prescribed manner				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						dispose asset	prior written notice of intention to Dispose of any Relevant Asset, together with such further information as the Commission may request. After this is done an asset can					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							be disposed if: 1. The Commission confirms in writing that it consents to such Disposal 2. The Commission does not inform in writing of any objection to such disposal					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							within the two months notice period					
16iii	Disposal of Relevant Assets: Other allowable ways	Condition 18 Clause 3	Condition 18 Clause 1 and 2	Corporate	Obligation	Within the valid period of License	Notwithstanding Condition 18 Clause 1 and 2, relevant assets are disposed where the Commission has issued directions for the disposal	Fail to dispose of assets in the prescribed manner				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
17i	Economic purchasing of goods, assets and services	Condition 19		Procurement [†]	Obligation	Within the valid period of License	Purchase or otherwise acquire goods, assets and services on the most economically advantageous terms having regard to the terms set by the Commission	Fail to purchase or otherwise acquire goods, assets and services on the most economically advantageous terms Fail to have regard to the terms set by the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								Commission in doing so				
18	Compliance with Standards of Performance	Condition 20	Regulatory Act Sections: 40, 41, 42	Management/ Operations	Obligation	As and when prescribed by the Authority	Conform to the relevant standards of performance in connection with the Licensed Business as may be determined by the Commission as may be prescribed	Do not conform to the relevant standards of performance in connection with the Licensed Business as may be determined by the Commission as may be				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							d by the Authority from time to time or pursuant to relevant sections of the regulatory act	prescribed by the Authority from time to time or pursuant to relevant sections of the regulatory act				
19	Non-Discrimination	Condition 21		Planning and Development, Operation	Obligation	Within the valid period of License	Do not discriminate in the provision of services comprised within the Licensed Business	Discriminate in the provision of services comprised within the Licensed Business				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Business to persons similarly situated	to persons similarly situated				
20i	Dispute Resolution	Condition 22 Clause 1	Regulatory Act Sections 25-30 Schedules 1,2 or 3	Legal	Obligation	Within the valid period of License	Refer any dispute between with a tariff customer under the set sections and schedules of the Act that cannot be resolved by the	Fail to refer any dispute between with a tariff customer under the set sections and schedules of the Act that cannot be resolved				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							business to the Commission for resolution in accordance with the rules made by the Commission under the PUCSL Act	by the business to the Commission for resolution in accordance with the rules made by the Commission under the PUCSL Act				
20ii	Dispute Resolution	Condition 22 Clause 2	PUCSL Act Arbitration Act	Legal	Obligation	Within the valid period of License	In the case of having a dispute	Fail to refer disputes in the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			No. 11 of 1995				other than referred to in Condition 22 Clause 1(a) which cannot be resolved by the business refer the dispute to the Commission for resolution in accordance with such rules	manner directed				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							or, where directed to do so by the Commission refer the dispute to court or arbitration body in accordance with the Arbitration Act, No.11 of 1995					
21i	Connection to the Transmission System	Condition 23, Clause 1	Condition 23, Clause 3 and 4	Planning and Development†	Obligation	Within the valid period of License	1. Offer to enter into an agreement	Fail to offer to enter into an				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							t to provide a connection to the Transmission System with any Electricity Undertaking or Bulk supply Consumer who has made an application for connection to the Transmiss	agreement to provide a connection to the Transmission System or for the Modification of a connection to the Transmission System with any Electricity Undertaking or Bulk				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ion System 2. Offer to enter into an agreement for the Modification of a connection to the Transmission System with any Electricity Undertaking or Bulk Supply Consumer	Supply Consumer who has made an application for Modification of a connection to the Transmission System				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							who has made an application for Modification of a connection to the Transmission System					
21ii	Connection to the Transmission System: Timeline	Condition 23, Clause 2	Condition 23, Clause 1, 3 and 4	Planning and Development	Obligation	Within two weeks of receiving application	1. Offer terms for agreement not more than two weeks after receiving application with	1. Fail to offer terms for agreement in the prescribed time 2. Offer agreement terms				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							details as may be reasonable required	without regard to Condition 23 Clause 3 and 4				
21iii	Connection to the Transmission System: Conditions for Refusal	Condition 23, Clause 3		Planning and Development	-	Within the valid period of License	Not be obliged to enter into any agreement, by reason of the	-				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							capacity of the Transmission System and the use made or reasonably expected to be made of it, it would be required to expand or reinforce the capacity					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							of the Transmission System and where it would not, having regard to all the circumstances, be in the public interest for undertake such expansion or reinforce					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ment					
21iv	Connection to the Transmission System: Conditions for Refusal	Condition 23, Clause 4		Planning and Development	Obligation	Within the valid period of License	Not enter into any agreement with any Electricity Undertaking if to do so would be likely to involve: 1. Breach of any approved technical or operation	Enter into any agreement with any Electricity Undertaking if to do so would be likely to involve: 1. Breach of any approved technical or operation				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							al codes 2. Breach of the Act or any regulation s made under the Act 3. Breach of any enactmen t relating to safety or standards applicable to the Transmiss ion System	al codes 2. Breach of the Act or any regulation s made under the Act 3. Breach of any enactmen t relating to safety or standards applicable to the Transmiss ion System				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							4. Breach of any other Conditions imposed by the Commission	4. Breach of any other Conditions imposed by the Commission				
21v	Connection to the Transmission System: Notification of Refusal	Condition 23, Clause 5	Condition 23, Clause 3 and 4	Planning and Development	Submission	Within 2 weeks of refusal	If refusing to enter into an agreement in accordance with Condition 23 Clause 3 and 4 as soon as practicable	Fail to provide notification within 2 weeks of refusal Fail to provide reason of the refusal				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							e and, in any event, not more than 2 weeks after receipt by the Licensee of an application from that Electricity Undertaking, notify that Electricity Undertaking					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ing of the refusal, specifying the reasons for refusal					
21vi	Connection to the Transmission System: Functions of the Commission	Condition 24, Clause 2	Condition 24, Clause 1	Planning and Development	Obligation	As and when directed by the Commission	If the Electricity Undertaking wishes to proceed on the basis of the agreement as settled by the Commission	Fail to proceed on the basis of the agreement as settled by the Commission, forthwith enter into and				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Commission, forthwith enter into and implement such agreement in accordance with its terms	implement such agreement in accordance with its terms				
21vi i	Connection to the Transmission System: Dispute Resolution	Condition 24, Clause 3	Condition 21	Legal	Obligation	Within the valid period of the License	Accept decision of the Commission to settle any dispute relating to such	Do not accept decision of the Commission to settle any dispute relating				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							variation in such manner as appears to the Commission to be reasonable	to such variation in such manner as appears to the Commission to be reasonable				
22i	Basis of charges for connection to and use of the Transmission System: Approval of the Commission	Condition 25, Clause 4		Legal	Obligation	Within the valid period of the License	Send a copy of the statement prepared for approval by the Commission Ensure	Fail to send a copy of the statement prepared for approval by the Commission				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	n						that this shall not become effective until approved by the Commission	Make the statement effective before approval by the Commission				
22ii	Basis of charges for connection to and use of the Transmission System: Sending Statements	Condition 25, Clause 5	Condition 25, Clause 1 and 2	Communication	Obligation	Within the valid period of License	Send a copy of the statement prepared as prescribed approved by the Commission to any	Fail to send a copy of the statement prepared as prescribed approved by the Commission				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Electricity Undertaking who requests a copy of such statement	n to any Electricity Undertaking who requests a copy of such statement				
22ii	Basis of charges for connection to and use of the Transmission System: Costs of Statement	Condition 25, Clause 6	Condition 25, Clause 3	Communication	Obligation	Within the valid period of License	Any charges for giving or sending statement do not exceed the amount specified by the Commission	Any charges for giving or sending statement exceeds the amount specified by the Commission				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n					
23i	Provision of information to Distribution Licensees	Condition 26 Clause 1		Communication	Obligation	As and when reasonably required	Furnish to Distribution Licensees or Bulk Supply Consumers, in such manner and at such times as may be reasonably required, such information	Fail to furnish to Distribution Licensees or Bulk Supply Consumers, in such manner and at such times as may be reasonably required, such				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							on as may be reasonably required by the Distribution Licensee or a Bulk Supply Consumer in order to ensure the secure and efficient operation, coordinated	information as may be reasonably required by the Distribution Licensee or a Bulk Supply Consumer in order to ensure the secure and efficient operation, co-				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							development and inter-operability of the Total System	coordinated development and inter-operability of the Total System				
23ii	Provision of information to Distribution Licensees (cont.)	Condition 26 Clause 2		Communication	Obligation	Within the valid period of License	Advise the Distribution Licensees and Bulk Supply Consumers of the quality of supply, in terms of	Fail to provide the prescribed information				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							voltage frequency and availability that may be expected in normal circumstances					
24	Confidential Information	Condition 27		All the Utility	Obligation	Within the valid period of License	Take reasonable measures to ensure that all information received relating to the	Fail to take reasonable measures to ensure that all information received relating				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Licensed Business is kept confidential in the prescribed manner and only used in the prescribed manner	to the Licensed Business is kept confidential in the prescribed manner and only used in the prescribed manner				
25i	Development of the Transmission System	Condition 28 Clause 1		Corporate/ Management / Planning and Development	Submission	No later than the date specified by the Commission	1. Draw up and submit to the Commission for approval a Business	1. Fail to submit Business Plan 2. Fail to submit plan in the given				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Plan for five (5) years 2. This Business Plan should contain annual load growth, investment plan for system expansion, projected performance levels, cost reduction plan and	time 3. Fail to include all required components of the plan				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							projected financial position					
25ii	Implementation of approved business plan	Condition 28 Clause 2		Corporate/Management/ Planning and Development	Obligation	Within the valid period of License	Implement the Approved Business Plan	Fail to implement the Approved Business Plan				
25ii i	Revision of business plan	Condition 28 Clause 2		Corporate/Management/ Planning and Development	Submission	Annually	Annually revise the plan and submit for approval of the Commission	1. Fail to annually revise the plan 2. Fail to obtain approval of the Commission for the revised plan				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
25iv	Development of the Transmission System (Cont.)	Condition 28 Clause 3	Planning Standards	Planning and Development/Operations	Obligation	Within the valid period of License	Operating, planning, maintaining and developing the Transmission System in accordance with any such standard of planning and operation Approved by the Commission	1. Fail to operate, plan, maintain and develop the Transmission System in accordance with any such standard of planning and operation Approved by the Commission				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							following consultation with any Electricity Undertaking liable to be materially affected thereby and such other Electricity Undertakings as the Commission shall consider	n 2. Fail to consult with any Electricity Undertaking liable to be materially affected thereby and such other Electricity Undertakings as the Commission shall consider				

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							appropriate	te				
25v	Development of the Transmission System: Performance Standards Statement	Condition 28 Clause 4 and 5		Planning and Development +/ Operations	Submission	No later than the date specified by the Commission	Draw up and submit to the commission for approval a statement setting out criteria by which the performance in maintaining Transmiss	1. Fail to draw up and submit to the commission for approval a statement setting out criteria by which the performance in maintainin				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ion System security and availability and quality of service may be measured Include in the statement the level of energy losses in the Transmission System and costs	Transmiss ion System security and availability and quality of service may be measured 3. The statement does not include required parameters 2. Fail to do so within the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							incurred in reducing these	prescribed period				
25vi	Development of the Transmission System: Performance Standards Report	Condition 28 Clause 6	Performance Standards Criteria	Planning and Development t/ Operations	Submission	Within 2 months of the end of each Financial Year	Submit to the Commission a report providing details of the performance during the previous Financial Year against the criteria set	Fail to submit report in the prescribed time				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
26	System Capacity	Condition 29		Planning and Development [†]	Submission	Annually	1. Prepare and submit plans for the succeeding 5 years statements that include but are not limited to circuit capacity, forecast power flows and loading on each part of the	Follow the rules and regulations of the Commission regarding the preparation of the plans				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Transmission System and system losses for each transmission node and transient stability analysis 2. Ensure that statement includes all the required information					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							3. Submit the statement to the Commission 4. Provide the statement to anyone requesting the statement 5. Ensure that charges for providing statement to anyone do not					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							exceed the prescribed maximum charges					
27	Central Dispatch and merit order	Condition 30		Planning and Development t/ Operations	Obligation	Within the valid period of License	Ensure that all regulations regarding Dispatch and merit order are complied with	Fail to ensure compliance with regulations regarding Dispatch and merit order				
28	Economic purchasing of electricity and	Condition 31		Procurement t	Obligation	Within the valid period of License	Ensure that all regulations regarding	Fail to ensure compliance with all regulation				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Ancillary Services						Economic purchasing of electricity and Ancillary Services are complied with	s regarding Economic purchasing of electricity and Ancillary Services				
29	Bulk supply tariff	Condition 32		Planning and Development/Financial and Accounting	Obligation	Within the valid period of License	Ensure that all regulations regarding bulk supply tariff are complied with	Fail to ensure compliance with all regulations regarding bulk supply tariff				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
30i	Power Sales Agreement : Non-discrimination	Condition 33, Clause 1	Condition 10 Clause 2	Planning and Development +/ Operations	Obligation	Within the valid period of License	In the provision of electricity to Distribution Licensees and Bulk Supply Consumers at the bulk supply tariff, do not discriminate as between any Distribution Licensees	Discriminate, in the provision of electricity to Distribution Licensees and Bulk Supply Consumers at the bulk supply tariff, between any Distribution Licensees				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							on Licensees or class or classes of Distribution Licensees, or any Bulk Supply Consumers or class or classes of Bulk Supply Consumer	or class or classes of Distribution Licensees, or any Bulk Supply Consumers or class or classes of Bulk Supply Consumer				
30ii	Power Sales Agreement :	Condition 33, Clause 2	Condition 21 Condition 33 Clause	Planning and Development t/ Operations	Obligation	Within the valid period of License	Offer to enter into an agreement	1. Fail to offer to enter into an				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Non-discrimination		4				t with any Distribution Licensee or person seeking to become a Distribution Licensee, or Bulk Supply Consumer or person seeking to become a Bulk Supply Consumer in the prescribe	agreement with any Distribution Licensee or person seeking to become a Distribution Licensee, or Bulk Supply Consumer or person seeking to become a Bulk Supply Consumer in the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							d manner	prescribed manner 2. Offer to enter into agreement in a non-prescribed manner				
30ii i	Power Sales Agreement : Timeline	Condition 33, Clause 3	Condition 33 Clause 2	Planning and Development +/ Operations	Obligation	Not more than two weeks after receipt of application (save when the Commission	Offer terms of agreement after receipt of application containing all information reasonable	1. Fail to offer terms of agreement after receipt of application containing all information				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						consents to a longer period)	y required	reasonable y required 2. Fail to offer in the required time				
30i v	Power Sales Agreement (cont.)	Condition 33, Clause 4	1. Condition 33 2. Regulatory Act 3. Any safety or applicable standards 4. Approved operational and	Planning and Development t/ Operations	Obligation	Within the valid period of License	Not offer to enter or to enter into any agreement t if to do so would involve: 1. In breach of its duties under the Act	Offer to enter or to enter into any agreement t if to do so would involve: 1. In breach of its duties under the Act 2. In				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			technical codes				2. In breach of any regulations made under the Act or of any other enactment relating to safety or standards applicable in respect of the Licensed Business 3. In breach of any	breach of any regulations made under the Act or of any other enactment relating to safety or standards applicable in respect of the Licensed Business 3. In breach of any Conditions				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Conditions of this License 4. In breach of any approved technical and operational codes	of this License 4. In breach of any approved technical and operational codes				
31i	Procurement of New Power Plant	Condition 34, Clause 1	Regulatory Act Section 43 Guidelines as prescribed by Regulations	Procurement	Submission	As and when directed by the Commission	1. Prepare a competitive tendering procedure for the procurement of new	1. Fail to prepare a competitive tendering procedure for the procurement of new				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Generation Plants or the Extension of existing generation Plants 2. Submit the procedure to the Commission for approval 3. Implement the approved procedure	Generation Plants or the Extension of existing generation Plants 2. Fail to submit the procedure to the Commission for approval 3. Fail to implement the approved procedure				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
31ii	Basis of Tendering Procedure	Condition 34, Clause 2		Procurement [†]	Obligation		Base tendering procedures based on factors prescribed by the commission and taking care of the needs required by the Commission	Basis of tendering procedure does not include all prescribed needs and factors of the Commission				
31iii	Procurement of New Power Plant	Condition 34, Clause 3		Procurement [†]	Obligation	Within the valid period of License	Procure new Generation Plants	Fail to procure new Generation				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	(cont.)						or Extending existing Generation Plants in accordance with the approved procedure in order to ensure that there is sufficient generation capacity available to meet the forecast demand	n Plants or Extending existing Generation Plants in accordance with the approved procedure in order to ensure that there is sufficient generation capacity available to meet the forecast				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								demand				
31iv	Revision of Competitive Tendering Procedure	Condition 34, Clause 4		Procurement [†]	Obligation	As and when directed by the Commission	Amend or revise the competitive tendering procedure as directed by the Commission from time to time	Fail to amend or revise the competitive tendering procedure as directed by the Commission from time to time				
31v	Revision of Competitive Tendering	Condition 34, Clause 5		Procurement [†]	Obligation	Within the valid period of License	Do not make any changes or	Make any changes or revisions				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Procedure (cont.)						revisions to the competitive tendering procedure approved by the Commission without the prior approval of the Commission	to the competitive tendering procedure approved by the Commission without the prior approval of the Commission				
31vi	Revision of Competitive Tendering Procedure (cont.)	Condition 34, Clause 6	Condition 34 Clause 1	Procurement	Obligation	Within the valid period of License	Only procure new Generation Plants or Extend	Procure or extend generation plants in a manner not				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							existing Generation Plants in accordance with the competitive tendering procedure approved by the Commission	approved by the Commission				
32i	Notices and Communications	Condition 35, Clause 1		Legal/Communications	Obligation	Within the valid period of License	All communications given or made under this License	Risk of not having proper records or of communications not				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							shall be in writing	being accepted				
32ii	Notices and Communications (cont.)	Condition 35, Clause 2		Legal/Communications	Obligation	Within the valid period of License	Accept any notice if addressed as prescribed as duly given or made according to the following timeline: 1. If mailed by certified or registered	Do not accept any notice if addressed as prescribed as duly given and made according to the timeline prescribed by the Commission				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							d mail, ten (10) Business Days after mailing 2. If sent for overnight delivery with fee prepaid, six (6) Business Days after delivery to a recognized overnight					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							express carrier 3. If sent via facsimile, upon dispatch with receipt of confirmation of transmittal 4. If sent by personal delivery, upon delivery at the address					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							of the Commission or Licensee					
1	Interpretation and Construction	Condition 1	Regulatory Act	All	Obligation	Within the valid period of License	Interpret the License as prescribed by the Commission and the Regulatory Act	Construe any interpretation of the License contrary to as prescribed by the Commission and the Regulatory Act				
2i	Authorized Business Activities	Condition 2		All	Obligation	Within the valid period of	Conduct the Licensed	Conduct business in any way				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						License	Business, other businesses for which the Commission has issued licenses as prescribed by the Commission	other than that allowed by the Commission				
2ii	Authorized Business Activities: Relief	Condition 2, Clause 4	Regulatory Act	All	Obligation	Within the valid period of License	Have any relief from obligations under Condition 2 in	Have an relief from obligations under the license				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							relation to any particular case to such extent and subject to such terms and conditions as the Commission may specify in writing	other than that allowed by the Commission				
3i	Provision of Information to the Commission	Condition 3, Clause 1	Regulatory Act PUSCL Act	Management	Submission	As and when required by the Commission	Furnish to the Commission in such manner	1. Fail to furnish to the Commission in such				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	n					on	and at such times as the Commission may require, such Information and procure and furnish to it reports that the Commission may consider necessary	manner and at such times as the Commission may require, such Information and procure and furnish to it reports that the Commission may consider necessary				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								in furnishing such reports				
3ii	Provision of Information to the Commission regarding detailed accounts	Condition 3, Clause 2		Finance and Accounting	Submission	As and when required by the Commission	Furnishing accounting Information which is more extensive than, or differs from, that required to be prepared and supplied	Fail to furnish accounting Information which is more extensive than, or differs from, that required to be prepared and supplied				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							to the Commission under Condition 8	to the Commission under Condition 8				
3iii	Appointment of person responsible for business	Condition 3, Clause 4		Corporate/Management†	Obligation	Within one month of grant of License	Appoint a person in the organization who is responsible for the Business	Fail to appoint a person in the organization who is responsible for the Business				
4i	Decisions, Orders, Directions and Determinations by the	Condition 4, Clause 1	Regulatory Act	Management†	Obligation	Within the valid period of License	Comply with any decisions, orders, directions and determinations	Fail to comply with any decisions, orders, directions and				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	Commission						tions made by the Commission	determinations made by the Commission				
4ii	Costs associated with compliance	Condition 4, Clause 2		Management/ Finance and Accounting	Obligation	Within the valid period of License	Pay any costs associated with compliance with decisions, orders, directions and determinations of the Commission	Fail to completely pay any costs associated with compliance with decisions, orders, directions and determinations of the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								Commission				
4iii	Decisions, Orders, Directions and Determinations by the Commission: Control of Property	Condition 4, Clause 3	Regulatory Act Section 38	Management	Obligation	As and when directed by the Commission	Comply with any order or direction made by the Commission and allow the Commission, any other authority or person specified in the order of the	Fail to grant access as required by the commission under the Regulatory Act				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Commission access to or control of property as the Commission requires					
5i	Development and implementation of Technical and Operational Codes	Condition 5, Clause 1	Technical and Operational Codes	Planning and Development, Operation	Obligation	As and when directed by the Commission	Develop in consultation with any Electricity Undertakings the Commission considers appropriate and	1. Fail to develop and implement such technical and operational codes as the Commission may direct				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							implement , such technical and operation al codes as the Commissio n may direct from time to time	from time to time 2. Fail to develop the codes in consultati on with any Electricit y Undertaki ngs the Commissio n considers appropria te				
5ii	Approval of Technical	Condition 5, Clause 2		Planning and Developmen t,	1. Submission 2.	Within the License	Submit for approval	1. Fail to submit to the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	and Operational Codes			Operation	Obligation	validity period	any technical and operational codes developed before being implemented	Commission for approval any technical and operational codes developed 2. Implement any technical and operational codes before being approved by the Commission				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								n				
5iii	Review and Revision of Codes	Condition 5, Clause 3	Technical and Operational Codes	Planning and Development, Operation	1. Obligation 2. Submission	As and when necessary	Propose any modifications to the code in the prescribed manner	Propose any modifications to the code in any manner different from that of the code modification process set out in the relevant code				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
5iv	Submission of Codes	Condition 5, Clause 4	Technical and Operational Codes	Planning and Development, Operation	Submission	As and when demanded	Give or send a copy of all Approved technical and operational codes (and any revisions thereto) developed and implemented to:1. The Commission2. Any person requesting the	1. Fail to give or send a copy of the approved codes to the Commission2. Fail to give or send a copy of any revision to the Commission3. Fail to give or send copy of the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							same	code and any revisions to any person requesting them				
5v	Charges for giving copies	Condition 5, Clause 5	Technical and Operational Codes	Planning and Development, Operation	Obligation	Within the valid period of License	Any changes for giving or sending relevant codes to any person do not exceed the amount specified by the	Any changes for giving or sending relevant codes to any person exceed the amount specified by the Commissio				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Commission	n				
5vi	Compliance with approved Technical and Operational Codes	Condition 5, Clause 5	Technical and Operational Codes	Planning and Development, Operation	Obligation	Within the valid period of License	Comply with the provisions of any Approved technical and operational codes which are specified as applicable	Fail to comply with the provisions of any Approved technical and operational codes which are specified as applicable				
5vii	Exemptions from the Grid Code	Condition 5, Clause 7	Technical and Operational Codes	Planning and Development, Operations	Obligation	As and when allowed by the	Relief from obligations to	Relief from obligations to				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						Authority	complying with the Grid Code according to the Authority's directions	complying with the Grid Code without the Authority's directions				
5viii	Interim Procedures in absence of Grid Code	Condition 5, Clause 8	Existing Technical and Operational Codes	Planning and Development, Operation	Obligation	Until Commission approved technical and operational codes are available	Comply with the existing technical and operational codes in respect of all activities, until such time Commission	Fail to comply with the existing technical and operational codes in respect of all activities, until such time				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n Approved technical and operational codes are available	Commission Approved technical and operational codes are available				
6i	Other Agreements	Condition 6, Clause 1	Regulatory Act Section 15(2)(f)	Legal	Obligation	As and when directed by the Commission	1. Enter into any agreements with other persons directed to by the Commission, tariff and connectio	1. Fail to enter into any agreements with other persons directed to by the Commission, tariff and				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n agreement with the relevant licensee 2. Do so within the prescribed time	connection agreement with the relevant licensee 2. Failing to do so in the prescribed time				
6ii	Preparation of agreements	Condition 6, Clause 2		Legal	Obligation	As and when directed by the Commission	Participate in the preparation of any agreement which has been directed to be entered	Fail to participate in the preparation of any agreement which has been directed to be				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							into by the Commission	entered into by the Commission				
7	Separate accounts for the Transmission and the Bulk Supply Operations Business	Condition 8	Ceylon Electricity Board Act No. 17 of 1969	Finance and Accounting	1. Obligation2. Submission	Within the valid period of License	Perform account keeping and accounting activities in the manners prescribed, in the detail prescribed, keeping separation between	Fail to perform account keeping and accounting activities in the manners prescribed, in the detail prescribed, keeping separation				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							business as prescribed and have then audited and submit details to the Commission in the manner prescribedPerform all submission as and when due and directed	n between business as prescribed and have then audited and submit details to the Commission in the manner prescribedFail to perform all submission as and when due				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							by the Commission	and directed by the Commission				
8	Prohibited Activities	Condition 9		Corporate/ Management / Planning and Development	Obligation	Within the valid period of License	Do not directly or through any subsidiary or related undertaking install or keep installed an electric line above or below the	Directly or through any subsidiary or related undertaking install or keep installed an electric line above or below the ground,				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ground, except as provided for in Section 44(2) of the Act or otherwise consented to by the Commission	except as provided for in Section 44(2) of the Act or otherwise consented to by the Commission				
9i	Prohibition of Cross Subsidy	Condition 10, Clause 1		Management/ Planning and Development	Obligation	Within the valid period of License	Ensure that neither the Transmission Business nor the	All or some of the its separate businesses give or receive subsidy				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Bulk Supply and Operations Business give any direct or indirect cross-subsidy to, nor receive any direct or indirect cross-subsidy from, each other or any other	from any other of its businesses, affiliates or related undertakings				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							business of the Licensee or an Affiliate or Related Undertaking of the Licensee					
9ii	Prohibition of Cross Subsidy (cont.)	Condition 10, Clause 2		Management/ Planning and Development	Obligation	Within the valid period of License	Notwithstanding provisions of above clause 9 (1), any approval to operate a differential bulk	Any cross-subsidy is allowed without permission of the commission outside the prescribe				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							supply tariff system may be granted by the commission if such uniform tariff system is necessitated by the government policy	d circumstances				
10	Payment of Levy	Condition 11	Levy Order	Finance and Accounting	Submission	As and when directed by the Commission	Pay to the Commission any amounts specified	1. Fail to pay to the Commission any amounts				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						on	in, or determined under, a Levy Order, in accordance with the provisions of such Levy Order	specified in, or determined under, a Levy Order, in accordance with the provisions of such Levy Order 2. Fail to pay in the prescribed time				
11i	Assignment of the License	Condition 12, Clause 1		Corporate/Legal	Obligation	Within the valid period of License	Do not without the prior written consent	Without the prior written consent of the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							of the Commission and of the Minister, assign the License either in whole or in part	Commission and of the Minister, assign the License either in whole or in part				
11ii	Transfer of Business	Condition 12, Clause 2		Corporate/Legal	Obligation	Within the valid period of License	Do not without the prior written consent of the Commission, transfer to another	Without the prior written consent of the Commission, transfer to another person all				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							person all or any part of the Licensed Business	or any part of the Licensed Business				
11iii	Transfer of Business	Condition 12, Clause 4		Corporate/Legal	Obligation	As soon as practicable after Commission/Minister consents	1. Transfer the Licensed Business to an assignee where the Commission/Minister has consented to such assignment	1. Fail to transfer the Licensed Business to an assignee where the Commission/Minister has consented to such assignment				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							2. Do so as soon as practicable after such consent has been given.	2. Fail to do so as soon as practicable after such consent has been given.				
12i	Revocation of the License	Condition 14, Clause 1(a)	Regulatory Act Section 20	Legal	Obligation	Within the valid period of License	Agree in writing with the Commission that this License should be revoked	-				
12ii	Revocation of the License	Condition 14, Clause 1(b)	Regulatory Act Section	Legal	Obligation	14 days after notice is	Pay levy amount in the	Fail to pay levy amount in				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	(cont.)		20			given for amount being overdue and unpaid under a levy order	prescribed time in the prescribed manner	the prescribed time in the prescribed manner				
12iii	Revocation of the License (cont.)	Condition 14, Clause 1(c)	Regulatory Act Section 20, Section 34	Legal	Obligation	60 days or longer from issue of enforcement order	Comply with an enforcement order issued by the Commission	Fail to comply with an enforcement order issued by the Commission				
12iv	Revocation of the License	Condition 14, Clause 1(d)	Regulatory Act Section	Legal	Obligation	Within the valid period of	All information given	Give materially incorrect				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
	(cont.)		20			License	to the Commission is materially correct and accurate	or inaccurate information which becomes the basis of the license				
13i	Compliance with Environmental Laws	Condition 15: Clause 1	Relevant Environmental Laws in the country	Corporate/Operation	Obligation	Within the valid period of License	1. Comply with all applicable environmental standards when carrying out the Transmission Business;	1. Does not comply with all applicable environmental standards when carrying out the Transmission				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							2. Considers and follows any guidance issued by the Authority ;	ion Business; 2. Does not consider and follows any guidance issued by the Authority ;				
13ii	Environmental Policy	Condition 15: Clause 2	Relevant Environmental Laws in the country	Corporate/ Operation	Submission	Not later than specified by the Commission	1. Prepare a written policy setting out the manner in which the complianc	1. Fail to prepare a written policy setting out the manner in which the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							e with duties and obligations under all applicable Environmental Laws will be achieved 2. Prepare the policy in consultation with the Commission 3. Modify the policy in	compliance with duties and obligations under all applicable Environmental Laws will be achieved 2. Do not prepare the policy in consultation with the Commission 3. Do not				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							consultation with the Commission from time to time when directed	modify the policy in consultation with the Commission when directed 4. Delay in submission or updating of the environmental policy				
13iii	Environmental Performance Report	Condition 15: Clause 3	Environmental Performance	Corporate/Operation	Submission	Annually	Report annually to the Commission	1. Do not report annually to the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			Performance				n on environmental performance in such form and at such times as the Commission may specify	Commission on environmental performance 2. Delay submission of reports 3. Do not submit reports in such form and at such times as the Commission may specify				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
14i	Health and Safety	Condition 16 Clause 1		Management/ Operations	Obligation	Within the valid period of License	Take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused when carrying out the Licensed Business	Fail to take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused when carrying out the Licensed Business				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
14ii	Health and Safety: Safety and Technical Management Plan	Condition 16 Clause 1 and 2		Management/ Operations	Submission	No later than the date prescribed by the Commission	Prepare a safety and technical management plan as prescribed	1. Fail to prepare a safety and technical management plan as prescribed 2. Fail to prepare plan in the given time				
14iii	Health and Safety: Safety and Technical Management Plan (cont.)	Condition 16 Clause 2		Management/ Operations	1. Obligation 2. Submission	Within the valid period of License	1. Prepare plan in consultation with the Commission 2.	1. Fail to prepare the plan 2. Fail to update the plan 3. Fail to				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Annually review and update the plan to ensure its efficient operation 3. Submit the updated plan to the Commission for approval 4. Not amend the plan without	get the plan approved 4. Fail to compile and submit statistics 5. Fail to get audited 6. Fail to comply with the fail 7. Fail to do any of the above within the prescribed period				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							approval of the Commission. Ensure that an annual audit of the compliance with obligations under the plan is conducted by an independent expert approved by the Commission					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							n and in accordance with the plan6. Compile health and safety statistics and indices specified by the Commission7. Promptly report the results of those audits,					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							statistics and indices to the Commission. Comply with the plan (as updated from time to time) as approved by the Commission					
15	Insurance	Condition 17	Any literature on prudent	Corporate/ Legal Affairs	Obligation	Within the valid period of License	Adopt and implement reasonable and	Do not adopt and implement reasonable				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			utility practices on Insurance				prudent policies in relation to the management and insurance of risks associated with the Licensed Business	e and prudent policies in relation to the management and insurance of risks associated with the Licensed Business				
16i	Disposal of Relevant Assets	Condition 18 Clause 1	Condition 12	Corporate	Obligation	Within the valid period of License	Except in relation to an assignment or a transfer permitted under	1. Dispose an relevant asset except in the prescribed manner				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Condition 12, not dispose an relevant asset except in the prescribed manner in Condition 18	in Condition 18 2. Dispose an asset except in relation to an assignment or a transfer permitted under Condition 12				
16ii	Disposal of Relevant Assets: Terms and Conditions	Condition 18 Clause 2		Corporate	Obligation	Two months prior notice of intention to	Give to the Commission not less than two months'	Fail to dispose of assets in the prescribed manner				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
						dispose asset	prior written notice of intention to Dispose of any Relevant Asset, together with such further information as the Commission may request. After this is done an asset can					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							be disposed if: 1. The Commission confirms in writing that it consents to such Disposal 2. The Commission does not inform in writing of any objection to such disposal					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							within the two months notice period					
16iii	Disposal of Relevant Assets: Other allowable ways	Condition 18 Clause 3	Condition 18 Clause 1 and 2	Corporate	Obligation	Within the valid period of License	Notwithstanding Condition 18 Clause 1 and 2, relevant assets are disposed where the Commission has issued directions for the disposal	Fail to dispose of assets in the prescribed manner				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
17i	Economic purchasing of goods, assets and services	Condition 19		Procurement [†]	Obligation	Within the valid period of License	Purchase or otherwise acquire goods, assets and services on the most economically advantageous terms having regard to the terms set by the Commission	Fail to purchase or otherwise acquire goods, assets and services on the most economically advantageous terms Fail to have regard to the terms set by the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
								Commission in doing so				
18	Compliance with Standards of Performance	Condition 20	Regulatory Act Sections: 40, 41, 42	Management/ Operations	Obligation	As and when prescribed by the Authority	Conform to the relevant standards of performance in connection with the Licensed Business as may be determined by the Commission as may be prescribed	Do not conform to the relevant standards of performance in connection with the Licensed Business as may be determined by the Commission as may be				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							d by the Authority from time to time or pursuant to relevant sections of the regulatory act	prescribed by the Authority from time to time or pursuant to relevant sections of the regulatory act				
19	Non-Discrimination	Condition 21		Planning and Development, Operation	Obligation	Within the valid period of License	Do not discriminate in the provision of services comprised within the Licensed Business	Discriminate in the provision of services comprised within the Licensed Business				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Business to persons similarly situated	to persons similarly situated				
20i	Dispute Resolution	Condition 22 Clause 1	Regulatory Act Sections 25-30 Schedules 1,2 or 3	Legal	Obligation	Within the valid period of License	Refer any dispute between with a tariff customer under the set sections and schedules of the Act that cannot be resolved by the	Fail to refer any dispute between with a tariff customer under the set sections and schedules of the Act that cannot be resolved				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							business to the Commission for resolution in accordance with the rules made by the Commission under the PUCSL Act	by the business to the Commission for resolution in accordance with the rules made by the Commission under the PUCSL Act				
20ii	Dispute Resolution	Condition 22 Clause 2	PUCSL Act Arbitration Act	Legal	Obligation	Within the valid period of License	In the case of having a dispute	Fail to refer disputes in the				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
			No. 11 of 1995				other than referred to in Condition 22 Clause 1(a) which cannot be resolved by the business refer the dispute to the Commission for resolution in accordance with such rules	manner directed				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							or, where directed to do so by the Commission refer the dispute to court or arbitration body in accordance with the Arbitration Act, No.11 of 1995					
21i	Connection to the Transmission System	Condition 23, Clause 1	Condition 23, Clause 3 and 4	Planning and Development [†]	Obligation	Within the valid period of License	1. Offer to enter into an agreement	Fail to offer to enter into an				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							t to provide a connection to the Transmission System with any Electricity Undertaking or Bulk supply Consumer who has made an application for connection to the Transmiss	agreement to provide a connection to the Transmission System or for the Modification of a connection to the Transmission System with any Electricity Undertaking or Bulk				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ion System 2. Offer to enter into an agreement for the Modification of a connection to the Transmission System with any Electricity Undertaking or Bulk Supply Consumer	Supply Consumer who has made an application for Modification of a connection to the Transmission System				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							who has made an application for Modification of a connection to the Transmission System					
21ii	Connection to the Transmission System: Timeline	Condition 23, Clause 2	Condition 23, Clause 1, 3 and 4	Planning and Development	Obligation	Within two weeks of receiving application	1. Offer terms for agreement not more than two weeks after receiving application with	1. Fail to offer terms for agreement in the prescribed time 2. Offer agreement terms				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							details as may be reasonable required	without regard to Condition 23 Clause 3 and 4				
21iii	Connection to the Transmission System: Conditions for Refusal	Condition 23, Clause 3		Planning and Development	-	Within the valid period of License	Not be obliged to enter into any agreement, by reason of the	-				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							capacity of the Transmission System and the use made or reasonably expected to be made of it, it would be required to expand or reinforce the capacity					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							of the Transmission System and where it would not, having regard to all the circumstances, be in the public interest for undertake such expansion or reinforce					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ment					
21iv	Connection to the Transmission System: Conditions for Refusal	Condition 23, Clause 4		Planning and Development	Obligation	Within the valid period of License	Not enter into any agreement with any Electricity Undertaking if to do so would be likely to involve: 1. Breach of any approved technical or operation	Enter into any agreement with any Electricity Undertaking if to do so would be likely to involve: 1. Breach of any approved technical or operation				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							al codes 2. Breach of the Act or any regulation s made under the Act 3. Breach of any enactmen t relating to safety or standards applicable to the Transmiss ion System	al codes 2. Breach of the Act or any regulation s made under the Act 3. Breach of any enactmen t relating to safety or standards applicable to the Transmiss ion System				

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							4. Breach of any other Conditions imposed by the Commission	4. Breach of any other Conditions imposed by the Commission				
21v	Connection to the Transmission System: Notification of Refusal	Condition 23, Clause 5	Condition 23, Clause 3 and 4	Planning and Development	Submission	Within 2 weeks of refusal	If refusing to enter into an agreement in accordance with Condition 23 Clause 3 and 4 as soon as practicable	Fail to provide notification within 2 weeks of refusal Fail to provide reason of the refusal				

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Sr. No.	Description of Regulatory Requirement	Reference	Cross Reference	Organizational Dimension	Requirement Nature	Required Frequency of Response	Definition of Utility's		Dimension of Non-Compliance Risks	Responsibilities of Concerned Departments	Proposed Penalty for Non-Compliance	
		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							e and, in any event, not more than 2 weeks after receipt by the Licensee of an application from that Electricity Undertaking, notify that Electricity Undertaking					

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							ng of the refusal, specifying the reasons for refusal					
21vi	Connection to the Transmission System: Functions of the Commission	Condition 24, Clause 2	Condition 24, Clause 1	Planning and Development	Obligation	As and when directed by the Commission	If the Electricity Undertaking wishes to proceed on the basis of the agreement as settled by the Commission	Fail to proceed on the basis of the agreement as settled by the Commission, forthwith enter into and				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							Commission, forthwith enter into and implement such agreement in accordance with its terms	implement such agreement in accordance with its terms				
21vi i	Connection to the Transmission System: Dispute Resolution	Condition 24, Clause 3	Condition 21	Legal	Obligation	Within the valid period of the License	Accept decision of the Commission to settle any dispute relating to such	Do not accept decision of the Commission to settle any dispute relating				

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		Transmission License	Applicable Documents (if any)				Compliance	Non-Compliance			Maximum Amount	Reference No.
							variation in such manner as appears to the Commission to be reasonable	to such variation in such manner as appears to the Commission to be reasonable				

Annexure - E

'Proposed Scope and Program for Awareness Campaign for Monitoring and Managing Transmission Utility's Regulatory Compliance'

A. Scope of Regulatory Awareness Campaign within the Transmission Utility

1. Goal

Ensure the Power Transmission Utility is in compliance with all regulatory requirements that are set down in the Transmission License in a manner and within the time schedule, as required by the Regulator.

2. Objectives

- a. Enhance the awareness of the Utility staff on regulatory issues, in particular on regulatory requirements and their own roles and responsibilities in this context.
- b. Contribute to improving the capability of the Utility staff to adequately, effectively and efficiently comply with the regulatory requirements.

3. Strategy

a. Organize Awareness Workshops

- 2-5 persons from each concerned department of the Transmission Utility in addition to focal person and any resource person(s) nominated by that department.
- Focus: Departments/persons directly concerned and responsible for compliance with different requirements
- Line of action:
 - o Elaborate on the concept with frequent examples of submissions and obligations
 - o Include group-wise activities for reiterating information already shared by the multimedia presentation in order to i) ensure adequate awareness on the subject; and ii) keep the participants involved and focused during the workshop. Such activities may cover information on regulatory submissions like Transmission System Development Plan, Significant Incident Reporting, Asset Register, and Reporting on O&M Standards, Planning Standards, etc. and on various regulatory obligations.

- b. Write and publish articles in Utility's publications, Intranet Discussion Forum, Quarterly Newsletter or possibly a special/reserved page/part of a page in Utility's website

- Focus: All Utility staff
- Line of action: Develop an overall awareness of the change (restructuring and reform) and its acceptance in general terms.
- Suggested topics/contents
 - o Background of restructuring and power market reforms
 - o What Reforms are we envisioning in the future?
 - o Before-After situation in the perspective of a transmission entity
 - o Defining concept of competitive market
 - o Why restructuring and power market reforms?
 - o What are the benefits, merits, de-merits and potential threats? How Utility plans to combat potential threats?
 - o Regulation and what does it entail
 - o Role and Responsibilities of the Regulator
 - o Role and responsibilities of Utility with respect to regulations
 - o Responsibilities, achievements and current activities of Focal Department (responsible to maintain interface with the Regulator)
 - o What goals regulatory compliance intends to achieve?
 - o Why it is important to comply with the regulatory requirements? (Relevant laws and regulations, Loss of prestige, Financial penalties proposed by the Regulator, etc.)
 - o Efforts by the Utility for preparing the concerned department for compliance

c. Round Table Discussions

- Focus: Selected departments
- Line of action:
 - o Involve Utility staff in the formulation of compliance strategy by providing opportunity to the selected groups for speaking out their mind and raise concerns, queries, etc.

- o Identify limitations and hurdles in the way of effective compliance
- o Seek participants feedback in order to review and improve the scheme for monitoring and managing compliance

4. Concerned Departments

- a. Wholesale Energy Trading Department
- b. Accounts Department
- c. Technical Services Department
- d. System Operation and Control
- e. Business Coordination Department
- f. Transmission Assets Planning Department
- g. Transmission Assets Development Department
- h. Assets Performance and Service Quality Department
- i. Finance Sector
- j. Engineering and Projects Sector (Standards and Specification Department, Commissioning Services Department, and others)

5. Salient areas/aspects to be covered in the awareness campaign

- a. Background
- b. Compliance and its importance
- c. Risks of non-compliance
- d. Strategic approach for compliance
- e. Compliance framework
- f. Compliance cycle and program

B. Proposed Program for the Regulatory Awareness Workshops

1. Contents/aspects

Salient contents/aspects to be covered in the workshops are available in the following pages:

2. Target group and participation (around 50 persons)

Concerned departments listed in Section 5.

C. Contents Planned for the Regulatory Awareness Workshops

1. Background

- Power sector reforms and restructuring
 - o Industry structure prior to reforms
 - o What Reforms are we envisioning in the future?
 - o Before-After situation in the perspective of a transmission entity
 - o Defining concept of competitive market
 - o Why restructuring and power market reforms? (Legal perspective)
 - o What are the benefits, merits, de-merits and potential threats? How to combat potential threats?
- Regulation and what does it entail
 - o Responsibilities of the Regulator
 - o Responsibilities of the Power Transmission Utility
- Legal and regulatory framework in the Country
 - o Electricity Law, Transmission License, Grid Code, Distribution Code and Any other Regulations Instrument, etc.

2. Compliance and its importance

- What are the regulatory requirements, obligations and submissions?
- Compliance glossary
- Compliance dimensions
- Why a timely compliance is required?
- Why submissions are required in a form required and prescribed by the Regulator? (Examples of submissions and requirements)
- What goals regulatory compliance intends to achieve?
- What are international best practices regarding regulatory compliance (include examples of power transmission entities and of some accredited business entities)
- How do we standardise regulatory submissions?

3. Anticipated risks of non-compliance

- Why and how it is important to comply with the regulatory requirements? (Relevant laws and regulations, Loss of prestige, Financial penalties proposed by the Regulator, Performance improvement in view of restructuring and reforms, etc.)

4. Strategic approach to compliance

- How do we undertake to streamline the compliance process? (Developing, making available and implementing standards, procedures and templates)
- Flow of information for compliance i) Obligation and ii) Submission
- Understanding and awareness of time factor
- Why and how an economic compliance? (Tariff, budgetary approvals by the Regulator, efficient working for saving man hours, avoiding penalties, saving money by performing within limits set by the Regulator)
- Activities/assignment/group tasks focusing different regulatory submissions and obligations
- Maintaining record of compliance and non-compliance by different departments
- Preparing concerned department for compliance
 - o Seeking Focal persons and resource persons
 - o Responsibilities
 - o Backup of concerned personnel
 - o Importance of communication and close liaison with Focal Department for guidance and support
 - o Developing and maintaining databases/information banks
- What will be the role of Focal Regulation Department? (Functioning as hub of activities relating to restructuring and reforms by developing and maintaining an interface with the Regulator)

5. Compliance Framework

- Components of framework
 - o Identify requirements

- o Assess capability
- o Compliance mechanism/procedures
- o Communicate and educate
- o Measure and manage
- o Assess compliance
- o Review, evaluate and improve
- Roles and responsibilities
 - o Regulator (role and authority)
 - o Focal Department of the Utility (for interaction with the Regulator)
 - o Different departments
 - o Focal persons
 - o Resource persons

D. Compliance Cycle and Program

#	Components of Compliance Framework	1 st	2 nd	3 rd	4 th
		Quarter			
1	Identify Requirements	✓			
2	Assess Capability	✓			
3	Develop Mechanism	✓			
4	Communicate and Educate	✓	✓		
5	Measure and Manage	✓	✓	✓	
6	Assess Compliance	✓	✓	✓	
7	Review, Evaluate and Improve	✓	✓	✓	✓



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