

**SENATE OF PAKISTAN  
HOUSE OF THE FEDERATION**

**Report No.1**



Report of the Senate Standing Committee on Cabinet Secretariat on  
“The Regulation of Generation, Transmission and Distribution of  
Electric Power (Amendment) Bill, 2019” introduced by Senator  
Syed Shibli Faraz, Leader of the House on 13<sup>th</sup> May, 2019.

**PRESENTED BY**

**SENATOR MUHAMMAD TALHA MAHMOOD**  
*CHAIRMAN*

## SENATE SECRETARIAT

### REPORT OF THE STANDING COMMITTEE ON CABINET SECRETARIAT

I, Chairman of the Standing Committee on Cabinet Secretariat, have the honour to present the report on "The Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Bill, 2019" introduced by Senator Syed Shibli Faraz, Leader of the House on 13<sup>th</sup> May, 2019, referred by the House to the Standing Committee on Cabinet Secretariat for consideration and report thereof.

2. The composition of the Standing Committee on Cabinet Secretariat is as under:-

i.	Senator Muhammad Talha Mahmood	Chairman
ii.	Senator Hidayat Ullah	Member
iii.	Senator Naseebullah Bazai	Member
iv.	Senator Muhammad Javed Abbasi	Member
v.	Senator Mushahid Ullah Khan	Member
vi.	Senator Najma Hameed	Member
vii.	Senator Rubina Khalid	Member
viii.	Senator Dr. Asad Ashraf	Member
ix.	Senator Dr. Ashok Kumar	Member
x.	Senator Anwar Lal Dean	Member
xi.	Senator Seemee Ezdi	Member
xii.	Senator Samina Saeed	Member
xiii.	Senator Mushtaq Ahmed	Member

3. The matter was taken up in the meetings of the Standing Committee held on 25-07-2019, 28-08-2019 & 26-09-2019, respectively.

4. The Committee disposed off the matter in its meeting held on 26-09-2019 and allowed to submit the report to the House. The following members of the Committee attended the meeting:-

i.	Senator Muhammad Talha Mahmood	Chairman
ii.	Senator Muhammad Javed Abbasi	Member
iii.	Senator Mushahid Ullah Khan	Member
iv.	Senator Najma Hameed	Member
v.	Senator Rubina Khalid	Member
vi.	Senator Dr. Asad Ashraf	Member
vii.	Senator Dr. Ashok Kumar	Member
viii.	Senator Anwar Lal Dean	Member
ix.	Senator Seemee Ezdi	Member
x.	Senator Mushtaq Ahmed	Member
xi.	Minister for Cabinet Secretariat	Ex-Officio Member
xii.	Senator Syed Shibli Faraz	Mover

### SUMMARY

5. The proposed legislation was discussed in detail. The Mover briefed that the purpose of the amendment bill to strengthening the administration of the regulator in power

sector as in the past people not having suitable and relevant professional qualifications and experience were appointed as Members in NEPRA on political basis. He added that provincial representation should not be the criteria for appointment of Members NEPRA, rather individuals with appropriate professional and technical experience should be appointed. He further explained that criterion prescribed in the proposed amendment for the appointment of the Members is made explicit according to the positions they hold, which is also in line with the national and international best practices being followed by the regulators.

6. The Standing Committee agreed with some of the arguments of the Mover but differed with the Mover on some clauses and proposed amendments to those clauses. While reading the bill, clause by clause, the Committee objected to the amended Section 3, (XL of 1997), in sub-section (2). After amendment, Section 3, in sub-section (2) will be read as follows:-

**"(2) The Authority shall consist of a Chairman to be appointed by Federal Government and four specialized Members, to be appointed by the Federal Government and shall comprise of;**

**(a) The Member Tariff & Finance shall be a person holding a degree in the field of Economics, corporate finance or chartered accountancy and is a professional of known integrity and eminence with a minimum of twelve years of related experience in the field of corporate finance or chartered accountancy and shall be nominated by the Provinces or Federal Government, as the case may be, by rotation in the following order, namely:**

- (i) The member representing the Province of Balochistan;**
- (ii) The member representing the Province of Punjab;**
- (iii) The member representing the Province of Khyber Pakhtunkhwa; and**
- (iv) The member representing the Province of Sindh.**

**(b) The member Technical shall be a person holding an engineering degree in the fields of electricity, energy or power and is a professional of known integrity and eminence with a minimum of twelve years of related experience in the field of electrical and power services business and shall be nominated by the Provinces or Federal Government, as the case may, by rotation in the following order, namely;**

- (i) The member representing the Province of Sindh;**
- (ii) The member representing the Province of Khyber Pakhtunkhwa;**
- (iii) The member representing the Province of Punjab; and**
- (iv) The member representing the Province of Balochistan.**

**(c) The member Law shall be a person holding a degree in the field of corporate and economics law and is a professional of known integrity and eminence with a minimum of twelve years of related experience in the field of corporate law and shall be nominated by the Provinces or Federal Government, as the case may, by rotation in the following order, namely;**

- (i) The member representing the Province of Punjab;**
- (ii) The member representing the Province of Sindh;**
- (iii) The member representing the Province of Balochistan; and**

- (iv) The member representing the Province of Khyber Pakhtunkhwa.
- (d) The member Development shall be a person holding a degree in the field of Economics, chartered accountancy or an engineering in electricity, energy or power and is a professional of known integrity and eminence with a minimum of twelve years of related experience in the field of public policy, renewable energy or electric power services business and shall be nominated by the Provinces or Federal Government, as the case may be, by rotation in the following order, namely:
  - (i) The member representing the Province of Khyber Pakhtunkhwa;
  - (ii) The member representing the Province of Balochistan;
  - (iii) The member representing the Province of Sindh; and
  - (iv) The member representing the Province of Punjab."

7. The Committee also proposed amendments in existing sub-section (3) that for the word "accounting" the words "chartered accountancy" shall be substituted. After amendment, Section 3, in sub-section (3) will be read as follows:-

"[(3) The Chairman shall be a person known for his integrity and competence having experience of not less than twelve years of related experience in law, business, engineering, finance, chartered accountancy, economics, or the power business].

8. The Committee also objected to the amended sub-section (4) of Section 3, and proposed that existing sub-section (4) shall be substituted with the following and (4A), (4B), (4C) & (4D) shall be omitted. After amendment, Section 3, in sub-section (4) will be read as follows:-

**"(4) Every member of the Authority shall be appointed for a period of three years on such terms and conditions as may be prescribed."**

9. The Committee proposed amendment in existing sub-section (5), for the first proviso following shall be substituted, namely:-

**"Provided that the Chairman or a member shall not be appointed under sub-section (2) if he has attained the age of sixty years;"**

10. The Committee also proposed amendments in second proviso of sub-section (5) for the words "six months" the words "ninety days" shall be substituted.

11. The Committee proposed that in sub-section (5), after the second proviso, following new proviso shall be inserted namely;

**"Provided further that the process of appointment shall be finalized within ninety days in case of vacancy created due to the death, resignation or removal of the Chairman or Member. The Federal Government shall appoint a member to work as an acting Chairman till the appointment of new Chairman within the prescribed time period."**

12. Additionally, the Committee also proposed that a provision regarding temporary arrangements in case of vacancy of the post of Chairman for the quorum, to be

inserted in Section (5) of the Bill. Hence, following proviso after sub-section (2), of Section (5) is inserted:-

**"Provided that the Members of the Authority shall, nominate a Member amongst themselves to work as an acting Chairman in case of absence of the Chairman, as the case may be, for meeting of the Authority."**

10. The Bill moved by Senator Syed Shibli Faraz, Leader of the House is attached as Annexure 'A' whereas the Bill reported by the Committee is attached as Annexure 'B'.

### **RECOMMENDATION**

11. The Committee disposed off the Bill with the recommendation that the Bill may be passed with above-mentioned amendments as reported by the Committee.



(TARIQ BIN WAHEED)  
D.G./Secretary Committee



(SENATOR MUHAMMAD TALHA MAHMOOD)  
Chairman



AS

**[TO BE INTRODUCED IN THE SENATE]**

**A**

**Bill**

*to amend the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997*

**WHEREAS** it is expedient to amend the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) for the purposes hereinafter appearing;

It is hereby enacted as follows:-

**1. Short title and commencement.** (1) This Act may be called the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2019.

(2) It shall come into force at once.

**2. Amendment of section 3, Act XL of 1997.-** In the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), hereinafter referred to as the said Act, in section 3,-

(i) for sub-sections (1) and (2), the following shall be substituted, namely:-

"(1) As soon as may be, after the commencement of this Act, the Federal Government shall, by notification in the official Gazette, establish an Authority to be known as the a National Electric Power Regulatory Authority which shall be a body corporate, having perpetual succession and a common seal with powers, subject to the provisions of this Act, to acquire and hold property, both moveable and immovable, and to sue and be sued by its name.

(2) The Authority shall consist of a Chairman and four Members out of whom one shall be designated as Member Tariff & Finance, one as Member Technical, one as Member Law and one as Member Admin & Enforcement. The Chairman and Members of the Authority shall be appointed by the Federal Government for a term of four years and shall be eligible for appointment for a similar term or terms."

- (ii) for sub-section (4), the following shall be substituted, namely:-

"(4) The Member tariff & finance shall be a person holding degree in the field of Economics, corporate finance or accounting and is a professional of known integrity and eminence with a minimum of ten years of related experience in the field of corporate finance or accounting."

- (iii) after sub-section (4A), the following new sub-sections (4B), (4C) and (4D) shall be inserted, namely:-

"(4B) The Member Technical shall be a person holding an engineering degree in the field of electric and energy or power and is a professional of known integrity and eminence with a minimum of ten years of related experience in the field of electric and power services.

(4C) The Member Law shall be a person holding a degree in the field of law preferably in the corporate and economics sectors and is a professional of known integrity and eminence with a minimum of ten years of related experience in the field of law.

(4D) The Member Admin & Enforcement shall be a person holding a degree in the field of social sciences and is a professional of known integrity and eminence with a minimum of ten years of related experience in the field of public policy and administration."

- (iv) in sub-section (5), for the first and second provisos, following shall be substituted, namely:-

"Provided that the Chairman or a Member appointed under sub-section (1) shall not be less than the age of forty five years;

Provided further that the process of appointment of new Chairman or Member under sub-section (1) shall be finalized six months prior to the retirement of incumbent Chairman or Member as the case may be."

3. **Amendment of section 5, Act XL of 1997.** In the said Act, in section 5, for sub-section (2), the following shall be substituted, namely:-

"(2) The Chairman and two other Members shall constitute a quorum for a meeting of the Authority requiring a decision by the Authority."

**STATEMENT OF OBJECTS AND REASONS**

The competency of senior management of the regulatory body is of vital importance as it establishes a vision and policy for the provision of services, strategies and plans for delivery. The amendment in this Act aims at strengthening the administration of the regulator in Power sector. Hence, the criterion prescribed in the proposed amendment for the appointment of the Members is made explicit according to the positions they hold, which is also in line with the national and international best practices being followed by the regulators. Furthermore, the minimum age prescribed for the appointments of the Members and the Chairman is decreased and proposed to be as per logical availability in market to engage the experienced as well as professional work force for the same.

**SENATOR SYED SHIBLI FARAZ**  
**Member-in-Charge**



[AS REPORTED BY THE STANDING COMMITTEE]

A

Bill

To amend the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997)

WHEREAS it is expedient to amend the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) for the purposes hereinafter appearing;

It is hereby enacted as follows:-

**1. Short title and commencement.**

- (1) This Act may be called the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2019.
- (2) It shall come into force at once.

**2. Amendment of section 3, Act XL of 1997.**

In the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), hereinafter referred to as the said Act, in section 3,-

a) for subsection (1), following shall be substituted, namely:-

- (1) "As soon as may be, after the commencement of this Act, the Federal Government shall, by notification in the official Gazette, establish an Authority to be known as the a National Electric Power Regulatory Authority which shall be a body corporate, having perpetual succession and a common seal with powers, subject to the provisions of this Act, to acquire and hold property, both moveable and immovable, and to sue and be sued by its name".

b) for sub-section (2), following shall be substituted, namely:-

**“(2) The Authority shall consist of a Chairman and four specialized members, to be appointed by the Federal Government and shall comprise of,-**

**(a) The member tariff & finance shall be a person holding a degree in the field of Economics, corporate finance or chartered accountancy and is a professional of known integrity and eminence with a minimum of twelve years of related experience in the field of corporate finance or chartered accountancy and shall be nominated by the Provinces or Federal Government, as the case may be, by rotation in the following order, namely,-**

- (i) the member representing the province of Baluchistan;**
- (ii) the member representing the Province of Punjab;**
- (iii) the member representing the province of Khyber Pakhtunkhwa; and**
- (iv) the member representing the province of Sindh.**

**(b) The member Technical shall be a person holding an engineering degree in the fields of electricity, energy or power and is a professional of known integrity and eminence with a minimum of twelve years of related experience in the field of electrical and power services business and shall be nominated by the Provinces or Federal Government, as the case may be, by rotation in the following order, namely,-**

- (i) the member representing the province of Sindh;**
- (ii) the member representing the Province of Khyber Pakhtunkhwa;**
- (iii) the member representing the province of Punjab; and**
- (iv) the member representing the province of Baluchistan.**

(c) The member Law shall be a person holding a degree in the field of corporate and economics law and is a professional of known integrity and eminence with a minimum of twelve years of related experience in the field of corporate law and shall be nominated by the Provinces or Federal Government, as the case may be, by rotation in the following order, namely,-

- (i) the member representing the province of Punjab;
- (ii) the member representing the province of Sindh;
- (iii) the member representing the province of Baluchistan; and
- (iv) the member representing the province of Khyber Pakhtunkhwa.

(d) The member development shall be a person holding a degree in the field of Economics, chartered accountancy or an engineering in electricity, energy or power and is a professional of known integrity and eminence with a minimum of twelve years of related experience in the field of public policy, renewable energy or electric power services business and shall be nominated by the Provinces or Federal Government, as the case may be, by rotation in the following order, namely,-

- (i) the member representing the province of Khyber Pakhtunkhwa;
- (ii) the member representing the province of Baluchistan;
- (iii) the member representing the province of Sindh; and
- (iv) the member representing the province of Punjab."

c) in sub-section (3), for the words "accounting" the words "**chartered accountancy**" shall be substituted.

d) for sub-section (4), following shall be substituted, namely:-

**"(4) Every member of the Authority shall be appointed for a period of three years on such terms and conditions as may be prescribed."**

e) in sub-section (5), the words **"and a member"** shall be omitted.

f) in sub-section (5), for the first proviso, following shall be substituted, namely:-

**"Provided that the Chairman or a member shall not be appointed under sub-section (2) if he has attained the age of sixty years;"**

g) in sub-section (5), for the second proviso, following shall be substituted, namely:-

**"Provided further that the process of appointment of new Chairman or member under sub-section (2) shall be finalized ninety days prior to the retirement of incumbent Chairman or member as the case may be;"**

h) in sub-section (5), after the second proviso, following shall be inserted, namely:-

**"Provided further that the process of appointment shall be finalized within ninety days in case of vacancy created due to the death, resignation or removal of the Chairman or member. The Federal Government shall appoint a member to work as an acting Chairman till the appointment of new Chairman within the prescribed time period."**

**3. Amendment of section 5, Act XL of 1997.** In the said Act, in section 5, for sub-section (2), following shall be substituted, namely:-

**" (2) The Chairman and two other members shall constitute a quorum for a meeting of the Authority requiring a decision by the Authority,**

**"Provided that the members of the Authority shall, nominate a member amongst themselves to work as an acting Chairman in case**

**of absence of the Chairman, as the case may be, for meeting of the Authority.”**

**STATEMENT OF OBJECTS AND REASONS:**

The competency of senior management of the regulatory body is of vital importance as it establishes a vision and policy for the provision of services, strategies and plans for delivery. The amendment in this Act aims at strengthening the administration of the regulator in Power sector. Hence, the criterion prescribed in the proposed amendment for the appointment of the Members and Chairman are made explicit according to the positions they hold, rather than mere representation of the provinces. Furthermore, age prescribed for the appointments of the Members and the Chairman is proposed as per logical availability in market to engage the work force for the same.

**SENATOR SYED SHIBLI FARAZ**

**Member-in-charge**