



Subject:- MINUTES OF THE 11th MEETING OF COMMERCIAL CODE REVIEW PANEL HELD ON 8th January 2023

11th meeting of the Commercial Code Review Panel (CCRP) was held on 18th January 2023 at CPPA-G Office, Shaheen Plaza, 73-West, Fazal-ul-Haq Road, Blue Area, Islamabad under the Chairmanship of Mr. Rihan Akhtar, CEO Central Power Purchasing Agency (Guarantee) limited. List of participants attending the meeting physically is attached (**Annex-I**). List of CCRP members attending the meeting is attached (**Annex-II**). Meeting started with the recitation of Holy Quran. Chairman CCRP welcomed the members of the Commercial Code Review Panel (CCRP).

2. CCRP members were informed that CPPA-G has proposed certain amendments in the Commercial Code, 2018. These amendments were circulated to all the members for inputs / comments (if any). In response comments / inputs have been received from NPCC (**Annex-III**), NTDC (**Annex-IV**), JDW Sugar Mills (**Annex-V**), Chanar Sugar Mills (**Annex-VI**), RYK Sugar Mills (**Annex-VII**). Further K-Electric have informed through a letter (**Annex-VIII**) that K-Electric will submit its comments after the CCRP meeting. Subsequently this meeting of CCRP has been convened to consider and approve these proposed amendments.

3. Representatives of NPCC, NTDC, JDW Sugar Mills Chanar Sugar Mills and RYK Sugar Mills presented their comments / inputs on the proposed amendments in Commercial Code, 2018. Representatives of K-Electric discussed various aspects of the proposed amendments and informed that K-Electric will submit its written comments on these proposed amendments after the CCRP meeting.

4. The comments of NPCC, NTDC, JDW Sugar Mills, Chanar Sugar Mills and RYK Sugar Mills were discussed in the meeting. CPPA-G officials responded to the various queries of K-Electric on the proposed amendments. Other participants of the meeting were also requested to provide their inputs / comments (if any), however no other participants provided any further comments / inputs on the proposed amendments in the Commercial Code, 2018.

5. It was unanimously decided that all the comments / inputs from the stakeholders will be further deliberated by CPPA-G and subsequently necessary amendments should be presented before the CCRP in the next meeting.

Decision

All the comments / inputs from the CCRP members on the proposed amendments in Commercial Code 2018 shall be further deliberated by CPPA-G and subsequently necessary amendments shall be presented before the CCRP in the next meeting.

6. Meeting ended on a note of thanks to all the participants.

Mr. Rihan Akhtar
Chief Executive Officer CPPA-G

**ATTENDANCE SHEET FOR THE MEETING OF
COMMERCIAL CODE REVIEW PANNEL, HELD ON JANUARY 18, 2023
AT CPPA-G OFFICE ISLAMABAD.**

| Sr. No | Name of Participants | Designations & Company Names | CELL No. | E-Mail | Signatures |
|--------|----------------------|------------------------------|------------------------------|--------------------------|------------|
| 01. | Tariq Mehmood | Manager MSP NTDC | 0335 7402411 0335 7402411 | managermsp@ntdc.com.pk | |
| 02. | Rohan Akhbar | CEO CPPA. | | | |
| 03. | M. Jamshaid Ishtiaq | CFO -NTDC | 0347 4490456 | dgmf@ntdc.com.pk | |
| 04. | M. Sammad Ahsan | DM /o CFO NTDC | 0335-7402413 | msammadahsan@ntdc.com.pk | |
| 05. | Abid Rizvi | Sr. Mgr. (Legal) CPPA-G | | | |
| 06. | M. Moim Ahmad | Addl. Manager Fin | 0317-5863776 | moim.ahmed@cpa.gov.pk | |
| 07. | Muhammad Ishtiaq | SMF CPPA | | | |
| 08. | MAJID KHAN | CLO (CPPA) | | | |
| 09. | Mubasher Ahmad | CTO (CPPA) | | | |
| 10. | Zubair Ahmad | CPA DGMF -11 | | | |
| 11. | Shakeer | CPA Manager MD | | | |
| 12. | Noman Rafiq | CS, CPPA-G | | | |
| 13. | | | | | |
| 14. | | | | | |
| 15. | | | | | |

II

**ATTENDANCE SHEET FOR THE MEETING OF
COMMERCIAL CODE REVIEW PANNEL, HELD ON JANUARY 18, 2023
AT CPPA-G OFFICE ISLAMABAD.**

| Sr. No | Name of Participants | Designations & Company Names | CELL No. | E-Mail | Signatures |
|--------|------------------------|------------------------------|----------|--------|------------|
| 01. | Mahesh Kumar | PPIB | | | Zoom Link |
| 02. | Yousaf Ali | Act Wind | | | Zoom Link |
| 03. | Ali Nawaz | PPIB | | | Zoom Link |
| 04. | Awais Ali | TESCO | | | Zoom Link |
| 05. | Tanzil Raheem | CEO JPCL | | | Zoom Link |
| 06. | Sabeeh uz Zaman Faruqi | CEO NPGCL | | | Zoom Link |
| 07. | Hammad Hashmi | TESCO MIRAD | | | Zoom Link |
| 08. | Mustafa Umar | CTG | | | Zoom Link |
| 09. | Imran Maqbool | Manager (NTDCL) | | | Zoom Link |
| 10. | Salman Gul | DM (NPCC) | | | Zoom Link |
| 11. | CEO | GHCL | | | Zoom Link |
| 12. | Saad Azhar | K-Electric LTD | | | Zoom Link |
| 13. | Jamil | CPPA | | | Zoom Link |
| 14. | DG | MEPCO Mirad | | | Zoom Link |
| 15. | Shahab Badar | JDW | | | Zoom Link |

**ATTENDENCE SHEET FOR THE MEETING OF
COMMERCIAL CODE REVIEW PANNEL, HELD ON JANUARY 18, 2023
AT CPPA-G OFFICE ISLAMABAD.**

| Sr. No | Name of Participants | Designations & Company Names | CELL No. | E-Mail | Signatures |
|---------------|-----------------------------|---|-----------------|---------------|-------------------|
| 16. | Waqas Akbar | RYK | | | Zoom Link |
| 17. | Samina Naz | Atlas Power | | | Zoom Link |
| 18. | AM (Finance) | FESCO | | | Zoom Link |
| 19. | | | | | |
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National Transmission & Despatch Company Ltd.

General Manager (System Operations)

No. 803-08 /GM (SO)/NPCC

Dated: 16/01/2023

Secretary,
Commercial Code Review Panel (CCRP),
CPPA-G, Shaheen Plaza,
Blue Area, Islamabad.

Subject: NOTICE OF THE 11TH MEETING OF THE COMMERCIAL CODE REVIEW PANEL (CCRP)

Reference: i. CFO NTDC letter No. NTDC/CFO/DGM(F) B&R/17-20 dt. 13-01-23.
ii. Company Sec. CPPA-G letter No. CPPA/CS/CCRP/2023/4013-025 dt. 06-01-23.

In continuation to CFO NTDC comments on proposed amendments to Commercial Code 2018, the comments of NPCC are as under:

| Clause | Comment | Proposed modification |
|---|---|---|
| Section 2.1 (Scope and Availability): "NTDC shall provide Transmission Services (with its transmission assets), metering services and system operation and dispatch services (System Operator services) to all Market Participants, at use of system charges (UoSC) paid by the demand..." | As System Operation is a separately licensed service and is not part of the transmission business, the System Operator Fee should be separated from UoSC as already in practice in Market Commercial Code and NERPA Open Access regulations. The methodology for calculation and collection of System Operator Fee should also be mentioned in chapter 11 of Commercial Code, similar to that of Market Operator fee (Market Commercial Code Clause 6.6) or CPPA-G fee in Chapter 11 of Commercial Code 2018. | NTDC shall separately invoice CPPA-G for System Operator fee, calculated as per Chapter 11. The System Operator fee should have no requirement of verification from Market Participants as it is not levied through Interconnection Agreements (ICAs). |
| Section 6.1.4 (Commercial Transactions and Transfer Price): TP=TC+UoSC+MOF+GST | UoSC and System operator fee should be separated as they are both separately licensed activities and SO fee is not in the scope of ICS. | TP=TC+UoSC+SOF+MOF+GST |
| 8.11.1 (d): "verified Megawatts available by generation and demanded by DISCOs as informed by NTDC and its System Operator;" | As already mentioned in Clause 8.5.1, the SO shall only provide declared and available capacity of each Generation Company, segregating at generation unit level, as per PPA. | Verified Megawatts generated by Generation Company and consumed by DISCOs as informed by NTDC as Metering Service Provider; |

| | | |
|--|---|--|
| | Furthermore, the phrase "demanded by DISCOs" gives the notion of day-ahead demand and is proposed to be modified. | |
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The above mentioned modification may please be considered for discussion in the 11th meeting of Commercial Code Review Panel (CCRP).



Engr. Sajjad Akhtar
General Manager (SO)
NPCC, NTDC, Islamabad.

Copy To:

1. Dy. Managing Director (SO), NTDC, NPCC, Islamabad.
2. General Manager (Technical), NTDC, WAPDA House, Lahore.
3. Chief Law Officer, NTDC, Lahore.
4. Chief Financial Officer, NTDC, Shaheen Complex, Lahore.
5. PS to MD NTDC, WAPDA House, Lahore (for information).



NATIONAL TRANSMISSION AND DESPATCH CO. LTD

Telephone: 042-99204045
042-99202211/2106

Chief Financial Officer NTDC
Office # 4, 2nd Floor Shaheen Complex,
Egerton Road, Lahore.

Dated: 13 JAN 2023

No. NTDC/CFO/DGM (F) B&R/17-20

Secretary,
Commercial Code Review Panel (CCRP),
CPPAG Head Quarters, Shaheen Plaza,
Blue Area, Islamabad.

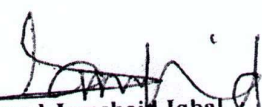
SUB:- NOTICE OF THE 11TH MEETING OF THE COMMERCIAL CODE REVIEW PANEL (CCRP) - COMMENTS OF NTDC

- Ref: 1. Company Secretary CPPAG letter No. CPPA/CS/CCRP/2023/4013-025 dated 06-01-2023
2. CLO NTDC letter No. CLO/NTDC/359-62 dated 11-01-2023

Reference to your letter on subject, please find below comments of NTDC on proposed amendments to Commercial Code along with additional remarks which may be considered to align the Commercial Code with updated dynamics of Power Sector:

| Sr. No. | Proposed Amendment by CPPAG | NTDC Comments |
|-------------|--|---|
| 1 & 2 | Section 2.1 (Scope and Applicability) Additional proposed text by CPPAG: The terms and standards of said services shall be governed by the Grid Code and the Inter-Connection Agreements (ICAs) executed by NTDC with Market Participants. | The Interconnection Agreement between NTDC and DISCOs is not executed yet, and the draft is pending finalization. Presently, CPPAG already has a PPA arrangement with DISCOs while NTDC has Business Transfer Agreement with CPPAG. The present practice of Issuance of NTDC UoSC to CPPAG for collection from DISCOs is covered under "CPPA Operations" defined in clause 1.1 of Business Transfer Agreement executed b/w NTDC & CPPAG and NTDC Tariff as approved by NEPRA. |
| | The invoices issued by NTDC for the services rendered thereby shall be addressed to the service user with a copy to CPPA-G for calculation of the Transfer Charge. | Moreover, the Draft Inter Connection Agreements, and NTDC Tariff Determination by NEPRA (see NTDC remarks on Sr. 3 & 4) also reflect that NTDC Use of System Charge Invoices are to be raised through CPPAG for settlement. |
| | The recipient of the service shall verify the invoice in accordance with the ICA and intimate to CPPAG the undisputed amount payable. | The verification of Energy and Demand of all DISCOs is already carried out by NTDC from Commercial Metering System under mandate from Section 7 of existing Commercial Code. And the same is reconciled with CPPAG (as Agent of DISCOs) regularly every month before issuance of NTDC Invoices. Hence, the "proposed" verification of NTDC Use of System Charge Invoice by DISCOs will be redundant provided the above practice and the provision of Section 8.4.1. & 8.4.2. in proposed amendment by CPPAG (which mandates CPPAG with verification of such Data). |
| | CPPAG shall settle these payables out of the remittances made by Market Participants to CPPAG in accordance with this Code. | The determination of "Undisputed Amounts Payable" regarding NTDC UoSC in the absence of detailed "Verification Procedures" and "Dispute Resolution Mechanism" may needlessly complicate smooth transactions. |

| Sr. No. | Proposed Amendment | NTDC Comments |
|---------|---|---|
| 3 & 4 | Section 6.1.4 (Commercial Transactions and Transfer Price) Additional proposed text by CPPAG: TP = TC + UoSC + MoF + GST UoSC = Use of System Charges in PKR invoiced by NTDC to the Market Participants | It is added that the settlement mechanism of NTDC Use of System Charges and PMLTC (HVDC) Transmission Service Charges as approved by NEPRA vide Tariff Determination No. NEPRA/R/ADG(TRF)/TRF-533/NTDC-2020/40671-40673 dated 04-11-2021 in Para 167-168 as follows: <i>167. NEPRA has determined the transmission tariff for PMLTC and the same shall be billed by PMLTC to NTDC as per NEPRA approved tariff. NTDC shall raise invoice to CPPA-G indicating:</i> <i>i. Revenue Requirement of NTDC as determined by NEPRA</i> <i>ii. Revenue Requirement of PMLTC as per the tariff approved by NEPRA and amended from time to time.</i> But there is no mention of significant HVDC/PMLTC payments anywhere in the Transfer Pricing Mechanism, which should be included. |
| 5 | Payment to Generators and NTDC Additional proposed text by CPPAG: (iii) Pay the NTDC for the Market Participants representing Demand charges | As per NEPRA approved NTDC Tariff, the applicability of NTDC Fixed Use of System Charges is only to the extent of DISCOs (XWDISCOs + KE). |
| 6 | Complete Rewriting of "Settlement and Billing" Section | 8.6 NTDC has been mandated to report CDP Meter Data to Market Operator within 2 working days, but there is no emphasis on Market Participants being bound to facilitate/expedite NTDC in this regard. Presently, NTDC faces delay in compilation/consolidation of Meter Data due to delay in reporting of DISCOs. Consequent to above, the proposed timeline (5 th Working Day) for issuance of NTDC UoSC Invoice is prima-facie not practicable. 8.7.4. Market Settlement System doesn't include PMLTC payments settlement mechanism as approved by NEPRA. 8.11. Settlement Advices do not include mention of PMLTC payments as approved by NEPRA. |
| 7 | Complete Rewriting of "Payment System" Section | 9.1. Framework for allocation of Funds is descriptive in nature and no definitive calculations/formulae are attached. 9.2.1. NTDC does not get a mention in the details regarding Sharing Data of fund allocation in Power Sector. |
| 8 | Market Transaction Audit | No Comments |
| 9 | Additional Remarks | i. Settlement mechanism for Allowed Losses of NTDC within the Regulator Limits (or beyond) is not incorporated. ii. Mechanism of MDI Calculation for Market Participant Representing Demand doesn't cover the upcoming issues w.r.t. Non-coincidental / Co-incidental methodology. iii. Settlement Mechanism for PMLTC (HVDC) Transmission Service Charges as approved by NEPRA be made part of Transfer Price Mechanism |


Muhammad Jamshaid Iqbal
Chief Financial Officer NTDC

CC to :-

1. General Manager Technical NTDC.
 2. Chief Law Officer, NTDC.
 3. PS to MD NTDC.
- M/File

PROPOSED CHANGES BY JDW GROUP (Shahab Badar GM Accountns)

- 1. Section 8.1.3 - Reception of Generation Invoices
- 2. Section 8.3.8 - Disputed and Undisputed Amounts

- **Section 8.1.3 - Reception of Generation Invoices**

The relevant para of Section 8.1.3 of under heading "Reception of Generation Invoices" has been re-produced hereunder for your reference:

"The invoices received on or before fifth (5th) working day of a month and corresponding to market transactions carried out during the previous month shall be used for settlement purposes. Any invoices received after the fifth (5th) working day shall be considered for settlement purpose in subsequent month."

We always try to comply the above requirement for submission of monthly billing. But when quarterly indexation of Tariff becomes due from NEPRA, usually NEPRA's issues decision beyond 5th working date of the starting month of relevant quarter and this is not due to us. Pls. see the below mentioned table based on factual data of NEPRA's decision date of Indexation for your reference.

Proposal:

"In the absence of tariff indexation for relevant quarter, the Power Generator(s) are allowed to submit their invoices of their respective month on provisional basis based on the adjusted draft tariff workings, submitted by the IPP's in NEPRA, OR latest available tariff of preceding quarter, with undertaking that any differential amount shall be adjusted accordingly."

- **Section 8.3.8 - Disputed and Undisputed Amounts**

Section 8.3.8 under heading "Disputed and Undisputed Amounts". It states as follows;

"If it is revealed at any subsequent date ,,,,,,,,,,,,,,,,,,,,,, without regard to any limitation of time."

Proposal:

"If it is revealed, not later than 360 days after submission of invoice (as per Section 9.6(a) of Energy Purchase Agreement), that the calculation of an invoice has been issued or an amount has been claimed fraudulently and/or such is contrary to the provision of the relevant power purchase contract, such amounts shall be recovered from such party alongwith the applicable delayed payment interest with regard to limitation of time."

**PROPOSED CHANGES FROM CHANAR SUGAR MILLS (AHMED
RAZA)**

Apropos to the subject matter, we have received a notice No. CPPA/CS/CCRP/2023/4013-025 date 06th January, 2023 regarding meeting proposed on 18th January, 2023.

In this regard, we would like to share our concern regarding Clause 8.1.3 under heading "Reception of Generation Invoices". It states as follows:

"The invoices received on or before fifth (5th) working day of a month and corresponding to market transactions carried out during the previous month shall be used for settlement purposes. Any invoices received after the fifth (5th) working day shall be considered for settlement purpose in subsequent month."

We would like to highlight that during quarterly indexation, at times, NEPRA take more than usual time to finalize the tariff adjustments and resultantly there are chances that deadline of 05th working day will pass. We would like to request that for ease of generation companies, the following may kindly be added as part of 8.1.3 or as a separate clause as 8.1.4:

In absence of fresh indexation, the Power Generator are allowed to submit their invoices on basis of their respective one time adjusted tariff and subsequently an invoice to the effect of differential amount may be raised on or before 5th working day of next month.



BD/MZ/CPPA-G/0950/2023-0117
17 January 2023

Noman Rafiq
Company Secretary/Secretary CCRP
Central Power Purchasing Agency Guarantee Limited (CPPA)
Shaheen Plaza, Plot No. 73-west, Fazal e Haq Road
Blue Area, Islamabad

**SUBJECT: NOTICE OF THE 11TH MEETING OF THE COMMERCIAL CODE REVIEW
PANEL (CCRP)**

Dear Sir,

We write this with respect to your letter having reference No. CPPA/CS/CCRP/2023/4013-025 dated 06th January 2023, on the above captioned subject, wherein CPPA has invited comments on the proposed amendments in the Commercial Code, 2018.

We would like to mention that in order to submit comments on the proposed amendments, we require detailed deliberation and comprehensive understanding on these amendments including but not limited to their interpretation and linkages of these amendments. Further, a consultative discussion with CPPA is also necessary for clarity on the purpose and rationale of these amendments.

In view of the above, we will be submitting our comments on the proposed amendments after discussion on the proposed amendments in the subject meeting and once these amendments have been comprehensively reviewed by KE working team and management.

Looking forward to your favourable consideration in this regard.

Sincerely,

Mudassar Zuberi
Head of Business Development