Korangi Association of Trade & Industry

ایوانِ صنعت و تجارت کورنگی کراچی (پاکستان)

Muhammad Ikram Rajput
President

KATI/3-D/2026 –19338
September 10, 2026

The Registrar
Sindh Electric Power Regulatory Authority (SEPRA)
Sumaya Sky View, 14th Floor
1401–1404, Civil Lines
Karachi.

Subject: Comments on the SEPRA (MICROGRID) REGULATIONS, 2026 DRAFT Submitted by the Korangi Association of Trade and Industry (KATI) in response to Public Notice INF/KRY/3939/2026

Dear Sir,

KATI has reviewed the draft SEPRA (MICROGRID) Regulations, 2026 and offers the following comments on matters of regulatory design, consistency and bankability, in order of priority. These comments are confined to structural and drafting issues in the instrument itself and do not address the scope of eligible territory, which KATI is raising separately.

PRIORITY 1: Grid-arrival compensation has no defined valuation methodology

Issue: Regulation 33 refers to "the depreciated value of the assets" and "the unrecovered investment recognized in the applicable tariff determination" as compensation inputs, without specifying a depreciation method, cost base, or how the two are reconciled if they diverge. Left open, compensation becomes a case-by-case negotiation with no predictable formula a material risk for anyone financing a microgrid against the possibility of grid arrival.

Recommendation: Fix a compensation formula in the Regulations themselves (for example, the higher of indexed historical cost net of accumulated depreciation, or depreciated replacement cost), so compensation is calculable ex-ante.

PRIORITY 2: No procedure for voluntary divestiture or partial transfer of service territory

Issue: Neither section 25 of the Act, regulation 22 of the Licensing and Registration Regulations, nor these Regulations provide a procedure for a licensee to voluntarily divest or transfer part of its service territory to another licensee. Chapter VI of these Regulations addresses only the reverse case a host network expanding into a microgrid's territory not a licensee relinquishing part of its own territory to admit a new distribution licensee or microgrid developer. This is a recognised gap: the same issue was raised by stakeholders during NEPRA's own recent regulatory consultations and remains unaddressed there. The province's own draft Energy Policy already anticipates multiple distribution licensees sharing a service territory as a competitive-framework goal, but no mechanism exists to achieve it, and no coordination process is defined with NEPRA for cases where the incumbent is federally, rather than provincially, licensed.

First Floor, S.M. Muneer Aiwan-e-Sanat-o-Tijarat, Plot No. ST-4/2, Sector 23, Korangi Industrial Area, Karachi-74900 (Pakistan) **Tel:** 35061211-3 **Email:** president@kati.pk **Website:** www.kati.pk

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Recommendation: Introduce an explicit divestiture/partial-transfer procedure: an application and approval process; the same compensation formula recommended above; public notice and objection rights for affected consumers comparable to regulation 11; continuity-of-supply conditions during transition; and, where the incumbent is NEPRA-licensed, a defined SEPRA–NEPRA coordination mechanism.

PRIORITY 3: No statutory timeline for processing an application

Issue: The draft commits the Authority to no overall decision period once an application is admitted as complete. Open-ended processing timelines are a well-recognised barrier to project bankability, since financing and land/equipment commitments cannot be timed against an unknown approval date.

Recommendation: Insert a fixed processing period (e.g., 60–90 working days from admission under regulation 9(5)), extendable only by the applicant's response time to information requests.

PRIORITY 4: Full licensing procedure applies uniformly regardless of system size

Issue: A microgrid of a few hundred kW and one of 10 MW go through the identical Form A-5 application, company-eligibility test, Registrar scrutiny, public notice in three languages, and objection process, disproportionate for small systems and a deterrent to the smaller, faster projects that would otherwise move first.

Recommendation: Introduce a simplified registration track for systems below a defined threshold (e.g., 500 kW), reserving the full process for larger systems.

PRIORITY 5: Voltage/capacity limits are stated inconsistently across SEPRA's own instruments

Issue: This draft fixes the microgrid limit at 11 kV/10 MW, matching the Act. Regulation 33(2) of the companion Licensing and Registration Regulations instead describes the limit as "such limits of voltage and capacity as the Authority may notify" implying a variable, Authority-set cap rather than the Act's fixed one.

Recommendation: Amend regulation 33(2) of the Licensing and Registration Regulations to cross-refer to the fixed limit in these Regulations, or state expressly which instrument governs in case of conflict.

PRIORITY 6: No cross-reference to the captive generation and open access regimes

Issue: Microgrid licensing is treated as a self-contained track, with no reference to captive-generation registration or to wheeling/open access under the Bilateral Electric Power Market and Open Access Regulations. An applicant has no way, from this document alone, to see which track fits its need.

Recommendation: Add a cross-reference directing an applicant to the appropriate track captive generation, open access/wheeling, or a full microgrid licence depending on the scale and structure of the intended arrangement.

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PRIORITY 7: No protection for a developer during pre-application feasibility work

Issue: Regulation 15 addresses two applications filed for the same territory, but nothing protects a developer who has already incurred feasibility or consultation costs before formally filing, from being overtaken by a later entrant.

Recommendation: Provide a short, time-bound site-reservation period (e.g., 6-12 months) on documented notice of intent to the Registrar.

PRIORITY 8: No defined dispute-resolution channel for consumer complaints

Issue: Regulation 28 establishes a complaints process but does not specify a mediation or conciliation step, or a timeline, for a genuine dispute as opposed to a routine service complaint.

Recommendation: Adopt an explicit, time-bound mediation or conciliation step, with a defined maximum duration, before a dispute proceeds to a full Authority determination.

KATI would welcome the opportunity to discuss these comments with the Authority ahead of finalisation of the Regulations.

With best regards,

Muhammad Ikram Rajput
President
Cell: 0321-3082255

Copy to: Mr. Rehan Jawed, Chairman NEPRA & OGRA Standing Committee-KATI.

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ARZACHEL
EMPOWERING YOUR ENERGY STRATEGY, TOGETHER

Ref: ARZ/SEPRA/MG/001/2026 Date: September 16, 2026

To,
Registrar SEPRA
Sindh Electric Powert Regulatory Authpority (SEPRA)
Sumya Sky View, 14th Floor 1401-1404, Civil Lines
Karachi, Sindh

Subject: **Comments on the Draft SEPRA (Microgrid) Regulations, 2026**

Dear Sir,

Arzachel (Pvt.) Ltd. is an energy policy and regulatory advisory firm based in Karachi, working on issues related to electricity sector reform, decentralized energy, and regulatory development in Pakistan. We welcome the publication of the draft Sindh Electric Power Regulatory Authority (Microgrid) Regulations, 2026 and commend SEPRA for taking this important step toward creating a formal regulatory framework for microgrids and decentralized energy systems in Sindh.

Having reviewed the draft Regulations carefully, we wish to place on record the following concerns for SEPRA's consideration:

I. Definitions and Scope (Regulation 3)

- The definition of "underserved territory" distinguishes it from an "unserved territory"; however, the Licensing Regulations permit microgrids in both areas. This creates ambiguity regarding the applicable requirements on underserved territory. SEPRA should clearly define the service standard against which an area is classified as underserved. If such a standard has already been established, it should be explicitly identified, including the relevant benchmarks and evidence required to distinguish underserved from unserved territories.

II. Licensing Process and Eligibility (Regulations 7–15)

-The licensing process is well-designed overall, but two points need attention. Regulation 7 requires applicants to be registered companies under the Companies Act, 2017, but allows SEPRA to grant exemptions on a case-by-case basis. While this flexibility is welcome since many microgrids are run by community groups or NGOs the exemption criteria are vague and give no clear indication of who is likely to qualify. SEPRA should publish simple guidelines listing the types of organisations and projects that would normally be considered for exemption.

-Additionally, Regulation 15 protects existing microgrid operators when a new applicant wants to serve the same area, which is fair, but it does not say for how long or up to what point that protection applies. If an existing operator has already recovered most of its investment, there is no reason to block a better applicant indefinitely. SEPRA should introduce a time-based or cost-recovery-based limit on how long incumbent protection can be used to block new entrants

III. Grid Connection and National Grid Interface (Regulations 6 and 32)

This is one of the most practically important issues in the Regulations. Regulations 6 and 32 require SEPRA's prior approval before any microgrid can connect to the Provincial Grid/National Grid, which is appropriate. However, the National Grid is operated by NGC (National Grid Company, formerly NTDC), which is regulated by NEPRA at the federal level, not by SEPRA. The Regulations should therefore clarify the basis and process for SEPRA's prior

approval where the proposed connection involves infrastructure, systems, or approvals falling under NEPRA's jurisdiction.

The Regulations also do not explain what happens when SEPRA and NEPRA need to coordinate, for example, when the National Grid is being extended into a SEPRA-licensed microgrid's area, or when a microgrid operator wants to eventually transition to grid-connected status. A clear prior-approval and inter-regulatory coordination mechanism should be established, identifying the respective roles of SEPRA, NEPRA, NGC and the microgrid operator, including the sequence of approvals and applicable technical and regulatory requirements. Without such a mechanism, a microgrid operator could find itself caught between different regulatory requirements with no clear path forward..

IV: Technical Requirements and Governance Framework

The draft Microgrid Regulations provide an overall framework for the development and operation of microgrids; however, the technical requirements and associated compliance criteria are not explicitly defined in sufficient detail. For effective governance, regulatory oversight, and consistent implementation, it is important that the Regulations clearly establish the minimum technical standards and requirements applicable to microgrid development, design, interconnection, operation, protection, metering, communication, power quality, reliability, safety, and maintenance.

It is appreciated if SEPRA could elaborate these requirements in greater detail, either within the Regulations or through clearly referenced technical codes, standards, and guidelines. The framework may also specify the responsibilities of the microgrid operator, distribution licensee, and other relevant stakeholders, including requirements for system studies, protection coordination, grid interconnection, islanding and synchronization, fault levels, voltage and frequency control, cybersecurity, data acquisition, emergency response, and periodic inspection/testing.

A clearly defined technical and governance framework would provide greater certainty to developers and operators, facilitate consistent regulatory oversight, ensure interoperability with the existing distribution network, and minimize ambiguity during project approval, commissioning, and subsequent operation. We therefore recommend that SEPRA further elaborate and standardize the technical requirements before finalization of the Regulations.

V. Transitional Provisions (Regulation 46)

-Regulation 46 gives existing microgrid operators those already running before these Regulations come into force a chance to apply for a licence and continue operating during the transition period. This is the right approach, but two practical problems remain.

-First, the Regulation does not say how much time existing operators will have to notify SEPRA and file their application, it leaves this entirely to SEPRA to decide later. Many microgrid operators in rural areas do not have legal or regulatory teams, and a short or unpredictable deadline could put them at serious risk. A minimum period of at least 180 days should be written into the Regulations themselves.

- Second, if an existing operator's application is refused, the Regulation says SEPRA will decide how long they have to wind down but it does not mention any compensation for the investment they have already made. Regulation 33 elsewhere provides a compensation framework for such

situations, but Regulation 46 does not refer to it. SEPRA should clarify that operators whose transitional applications are refused will have access to the compensation provisions under Regulation 33, so that good-faith investors are not left without any remedy.

We trust that SEPRA will give these comments due consideration. Arzachel remains available to provide further input or technical clarification on any of the above points and looks forward to continued engagement with the Authority as this important regulatory framework is finalized..

Best regards,

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Association of Builders And Developers of Pakistan
Since 1972

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ABAD/2026-2243 /EM-5324
September 29, 2026

The Registrar,
Sindh Electric Power Regulatory Authority (SEPRA),
Sumya Sky View,
14th Floor -1401-1404 Civil Lines,
Karachi.

Sub: ABAD's Comments on SEPRA Microgrid Regulations 2026

Dear Sir,

We would like to refer the Public Notice – Invitation of Public Comments/Opinions on draft SEPRA Microgrids Regulations, 2026 in daily Times in respect of above noted subject, which is as follows;

Our Comments on Clause 7(1) – Inclusion of Served Areas within the Scope of Microgrid Regulations

The Sindh Regulation of Electric Power Act expressly recognizes the development and utilization of renewable and indigenous energy resources on cost-effective terms for the benefit of consumers. The Microgrid Regulations should therefore be framed in a manner that advances these objectives by facilitating greater deployment of renewable energy, promoting competition and innovation, and enabling citizens/consumers to benefit from reliable and potentially lower-cost electricity without discrimination between served and unserved areas.

The eligibility criteria under Clause 7(1), however, appear to restrict the development of microgrids primarily to unserved and underserved areas. It is submitted that such restriction may unnecessarily limit the potential of microgrids and renewable distributed generation in Sindh. Microgrids should also be permitted in already served areas, subject to appropriate technical, safety, licensing and consumer-protection requirements.

Consumers in served areas presently depend predominantly on electricity supplied through the conventional DISCO grid. Allowing renewable-energy-based microgrids in such areas can complement the existing distribution system and provide significant economic, technical and environmental benefits.

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International regulatory practices demonstrate that distributed energy arrangements need not be restricted to areas without an existing electricity network. Some countries, recognize citizen and renewable energy communities and provides frameworks under which citizens can participate in generation, consumption, storage and sharing of electricity while retaining their rights as final customers. Such communities are required to operate under fair, proportionate and non-discriminatory regulatory arrangements.

Proposed Amendment

It is therefore suggested that Clause 7(1) be amended so that eligibility for development and operation of a microgrid is **not restricted to unserved and underserved areas.**

The Regulations should also permit microgrids in **served areas**, including projects developed by citizen and energy communities, cooperative societies, associations, housing societies, high-rise and mixed-use developments, industrial and commercial clusters, developers, limited liability companies and other eligible entities, particularly where such projects utilize renewable and indigenous energy resources.

Accordingly, it is proposed that the words **"unserved and underserved areas"** should be deleted in the eligibility provisions of Clause 7(1), so that the benefits of microgrids and cheaper renewable solar distributed generation are available to all citizens throughout Sindh rather than being restricted solely on the basis of existing grid non-availability.

1. **Limits of Voltage and Capacity (Clause 5)**

   The cap of 10 MW be enhanced to 20 MW and expandable to 25 MW.

2. **Additional Comments**

   i) SEPRA is requested to make sure that the microgrid operations are developer's friendly, not DISCOS protected. There should be no need of obtaining No Objection Certificates (NOC) or clearance from utilities like KE, HESCO, SEPCO or STDC as pre-condition to obtain license.

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ii) Single line diagrams / designs for distribution networks within territory of microgrid license prepared by PEC registered consultants (complying with technical and safety prudent international standards such as IEC, IEEE etc.), should be considered sufficient basis for meeting technical parameters (voltage / capacity limits).

iii) Avoidance of Civic / Municipal Approvals

SEPRA while processing of microgrid unified licenses is requested not to make a condition for developers to obtain approvals from civic authorities like SBCA / Town planning / Building Control, to avoid unnecessary delays.

iv) Assets of Distribution Networks

Distribution assets created by licensee on expiry, termination, surrender or revocation of license should not be transferred to host DISCO without market compensations to the satisfaction of ex licensee.

v) Obtaining Microgrid License from SEPRA needs to be governed through one window operations.

vi) Once valid license applications is received in SEPRA, it should be processed on fast track, to be time specific (say 60 days' time) in issuance of unified license.

vii) Service territory of licensee be provided exclusivity to the developer for the licensed period.

viii) Initial license period should be 20 years extendable to 30 years.

Best Regards,

Muhammad Hassan Bakshi
Chairman ABAD

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Dear Sir/Madam,

With reference to SEPRA's public notice inviting comments and recommendations on the Draft Microgrid Regulations, 2026, Thar Textiles (Private) Limited appreciates this timely initiative to establish an enabling framework for decentralized electricity and microgrids in Sindh.

As a small corporate venture working towards cleaner, low-carbon and socially inclusive textile value chains, we respectfully suggest that microgrids be recognized not only as an electricity-supply mechanism, but also as an instrument for **renewable-energy development, energy security, industrial decarbonization, climate action and inclusive economic growth**. Sindh has considerable renewable-energy potential alongside industrial and agricultural areas affected by unreliable supply and dependence on fossil-fuel backup. Enabling renewable-powered microgrids for industrial clusters, SMEs, agriculture and associated communities could therefore convert locally available renewable resources into reliable and increasingly affordable productive energy.

This is particularly relevant to Pakistan's textile value chain—from cotton cultivation and irrigation to ginning, processing and manufacturing—with Karachi serving as a major industrial and export hub. Cleaner and more reliable energy can reduce production risks and carbon intensity while helping Sindh's industries progressively develop **cleaner products, including clean textiles**, and strengthen their readiness for international markets increasingly attentive to climate and environmental performance.

We further suggest linking the microgrid framework with **Pakistan's NDC implementation and emerging carbon-market architecture**. International practice increasingly recognizes carbon finance as a potential means of supporting qualifying renewable-energy, storage and replacement of fossil-fuel generation, subject to credible baselines, additionality, measurement, reporting, verification and safeguards. Pakistan's NDC 3.0 identifies carbon markets and Article 6 participation among emerging market-based climate-finance approaches. SEPRA could therefore enable appropriate metering, emissions-data and regulatory provisions so that eligible microgrid projects are not prevented from accessing future domestic or international carbon-finance mechanisms. Any carbon-credit arrangements should avoid double counting and remain consistent with applicable federal carbon-market and NDC requirements.

Finally, we recommend incorporating **just energy transition and community benefit-sharing principles**. Small community-owned, cooperative or community-managed renewable microgrids could be enabled, particularly in underserved productive areas, with simplified procedures, concessional finance or targeted subsidies, technical assistance and institutional handholding until sustainable. Productive energy use, local employment, skills, livelihoods and, where applicable, an equitable share of carbon-finance benefits could help ensure that communities

also benefit from industrial and agricultural decarbonization. International high-integrity carbon-finance approaches increasingly recognize both verified emission reductions and sustainable-development/community benefits.

In this way, Sindh's microgrid framework can create a practical pathway from **local renewable resources → reliable productive energy → cleaner agriculture and industry → lower-carbon products and export competitiveness → NDC and climate benefits → potential carbon finance → community benefit-sharing and inclusive growth**.

We appreciate SEPRA for providing this opportunity and respectfully recommend that these dimensions be considered in the final Regulations and/or subsequent implementation guidelines.

Regards,

Mr. Imran
Thar Textiles (Private) Limited
Sindh, Pakistan

M.E. CONSULT (PVT) LTD COMMENTS
DATED 29.09.20226

Sr No	SEPRA Microgrid Regulations 2026	MEC Comments
1.	**Short title and commencement.—** (1) These regulations may be called the **Sindh Electric Power Regulatory Authority (Microgrid) Regulations, 2026.** (2) They shall come into force at once.	---
2.	**Scope and application.—** (1) These Regulations shall apply to the grant, amendment, renewal, suspension, cancellation and surrender of a microgrid licence, the rights and obligations of a microgrid licensee, and the construction, ownership, operation, maintenance, generation, distribution and supply of electricity through a microgrid undertaking within the Province. (2) These Regulations shall apply to every applicant for, and holder of, a microgrid licence and to every person authorised under such licence to carry out a microgrid undertaking. (3) Nothing in these Regulations shall relieve a licensee from compliance with any applicable law, rule, regulation, code, standard, environmental or safety requirement, or condition of the licence relating to the microgrid undertaking. (4) These Regulations shall be read and applied consistently with the Act and other applicable provincial laws and, subject to the constitutional and statutory division of regulatory jurisdiction, with applicable laws, rules, regulations, codes and standards of the Federation relating to electric power. (5) A microgrid shall be eligible for licensing under these Regulations only to the extent that the proposed microgrid undertaking falls within the regulatory jurisdiction of the Authority under the Act.	--- --- --- --- --- ---
3.	**Definitions.—** (1) In these Regulations, unless there is anything repugnant in the subject or context—	---

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	(a) **"Act"** means the Sindh Regulation of Electric Power Services Act, 2023 (Sindh Act No. XVII of 2023); (b) **"Authority"** means the Sindh Electric Power Regulatory Authority established under section 3 of the Act; (c) **"consumer"** means a person who purchases or receives electric power for self–consumption and not for re–sale to others and includes residential, commercial, industrial, bulk power and agricultural consumers; (d) **"extension"** means the expansion or extension of a distribution system into, or within, the service territory of a licensee for the purpose of supplying electric power to consumers; (e) **"licence"** means a microgrid licence granted by the Authority under section 18 of the Act and these Regulations; (f) **"licensee"** means a person granted a microgrid licence under section 18 of the Act and these Regulations; (g) **"microgrid"** has the meaning assigned to it in clause (xviii) of section 2 of the Act; (h) **"Registrar"** means the Registrar of the Authority or such officer of the Authority as may be designated by the Authority for the purposes of these Regulations; (i) **"service territory"** means the geographic, spatial or virtual area specified in a licence within which the licensee is authorised to conduct electric power service business; (j) **"standards of service"** means the standards relating to the quality, service, continuity and reliability of electric power services specified in Schedule II and such other standards as the Authority may specify under the Act; (k) **"underserved territory"** means an area within the Province in which electric power service is available to consumers but is not available to all premises, or is available for fewer hours or at a standard of service below the standard specified by the Authority: Provided that an underserved territory shall not, by virtue of this definition alone, be deemed to be an "unserved territory" for the purposes of clause (xviii) of section 2 of the Act; (l) **"unserved territory"** means an area within the Province in which no distribution system exists for the supply of electric power to consumers; and (m) **"working day"** means a day on which the offices of the Authority are open for business, excluding a public holiday declared by the	--- --- --- --- --- --- --- --- --- ---

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	Government. 2. Words and expressions used but not defined in these Regulations shall have the meanings assigned to them in the Act.	
4	**Requirement of a microgrid licence.—** (1) Any eligible person intending to construct, own and operate a microgrid within an unserved or underserved territory may apply to the Authority for the grant of a microgrid licence in accordance with these Regulations. (2) A microgrid licence shall be a single, unified licence granted by the Authority under section 18 of the Act and shall authorise the licensee, within its approved service territory and subject to the terms and conditions of the licence, to generate, distribute and supply electric power to consumers connected to the microgrid and to construct, own, operate and maintain the microgrid and its distribution system. (3) The microgrid licence shall also authorise the licensee to undertake activities incidental or ancillary to the generation, distribution and supply of electric power, including connection, metering, billing, collection and disconnection for non-payment or payment default, in accordance with the Act, these Regulations and the applicable codes, standards and consumer protection requirements. (4) A microgrid licence shall not authorise the licensee to distribute or supply electric power to consumers outside its approved service territory, except as may be expressly permitted by the Authority under the Act and the applicable regulations. (5) A microgrid shall not be connected, directly or indirectly, to the Provincial Grid or National Grid except in accordance with regulation 6 and section 18(5) of the Act.	**Comments against 4(1):** Please refer to comments against 7.1 below **Comments against 4(2):** The Microgrid Licencee will declare its area of jurisdiction and will submit map of area and will generate renewable energy at various locations as per technical requirements and viability in its declared area of jurisdiction. --- --- ---
5	**Limits of voltage and capacity.—** (1) For the purposes of a microgrid licence under section 18 of the Act, a microgrid shall— (a) operate at a nominal distribution voltage not exceeding eleven kilovolts (11 kV); and (b) serve a maximum coincident load not exceeding ten megawatts (10 MW). (2) The limits specified in sub--regulation (1) shall be determined as follows— (a) the 11 kV limit shall be determined by reference to the highest nominal voltage level	**Comment against 5(1)(b):** Maximum coincidental load of 10MW should be considered for eligibility purposes of Microgrid licence. In case during Micro grid operation at any later stage, the maximum coincidental load of licencee's area exceeds 10 MW, the

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	used for the distribution of electricity within the microgrid; and (b) the 10 MW limit shall be determined by reference to the maximum coincident demand served by the microgrid, based on metering and measurement arrangements approved or specified by the Authority. (3) A microgrid licence shall not be granted, renewed or maintained in respect of a system that exceeds either of the limits specified in sub–regulation (1), unless the Authority, in accordance with the Act, determines that the system remains eligible for licensing as a microgrid. (4) A system that exceeds either of the limits specified in sub–regulation (1) and is not determined by the Authority to remain eligible as a microgrid shall not qualify as a microgrid for the purposes of section 18 of the Act and shall be subject to such licensing requirements as may be applicable under the Act and the regulations made thereunder. (5) The limits specified in this regulation shall continue to apply to a microgrid notwithstanding any approval granted under regulation 6 for interconnection with the Provincial Grid or National Grid, unless the Authority, in accordance with the Act, determines otherwise.	authority may allow the same license for new demand extendable upto 20MW. --- --- ---
6	**Connection with the Provincial Grid or National Grid.—** (1) A microgrid shall not be connected, directly or indirectly, to the Provincial Grid or National Grid except with the prior approval of the Authority in accordance with section 18(5) of the Act. (2) An application for such connection shall be made in the form and manner specified by the Authority and shall include the proposed point of connection, technical and protection arrangements, metering arrangements, proposed import and export arrangements, and such other information as the Authority may require. (3) The Authority may, after the public hearing required under section 18(5) of the Act, approve such connection subject to such	--- --- ---

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	technical, safety, operational, metering and commercial conditions as it considers necessary. (4) A microgrid shall not inject, export or otherwise deliver electric power to the Provincial Grid or National Grid except as authorised by the Authority and in accordance with the applicable law, licence conditions and codes. (5) Two or more microgrids may be interconnected with the prior approval of the Authority, subject to such conditions as the Authority may specify, provided that such interconnection does not constitute an unauthorised connection to the Provincial Grid or National Grid. (6) The licensee shall immediately notify the Authority of any unauthorised or unintended connection with the Provincial Grid or National Grid and comply with any directions issued by the Authority.	--- --- --- ---
7	**Eligibility for grant of microgrid licence.—** (1) Any person intending to construct, own and operate a microgrid in an unserved or underserved territory may apply to the Authority for the grant of a microgrid licence in accordance with the Act and these Regulations. (2) Subject to sub--regulation (3), a microgrid licence shall not be granted to any person unless that person is a company registered under the Companies Act, 2017. (3) The Authority may, on an application made by the applicant, exempt the applicant from the requirement under sub--regulation (2), where the Authority is satisfied, having regard to the circumstances of the case, that such exemption is appropriate and is not inconsistent with the Act. (4) In determining an application for exemption under sub--regulation (3), the Authority shall have regard to— (a) the nature and legal form of the applicant; (b) the size, capacity and nature of the proposed microgrid; (c) the interests and protection of consumers within the proposed service territory;	**Comment against 7(1):** Appreciating SEPRA's initiatives to encourage use of Sindh's rich renewable energy resources, we understand that new housing societies and other community areas developed under a legal entity are eligible for Microgrid licence. Since the housing schemes/community areas are developed in areas either with no electricity networks or partially electrified pockets, which qualify as unserved and underserved areas respectively.

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	(d) the technical, managerial and financial capacity of the applicant to construct, own and operate the microgrid and to provide electric power services in accordance with the Act, these Regulations and the terms and conditions of the licence; and (e) the ability of the applicant to remain accountable to the Authority and consumers for compliance with the Act, these Regulations and the terms and conditions of the licence. (5) An exemption granted under this regulation shall— (a) be granted by an order of the Authority stating the reasons for such exemption; (b) be subject to such conditions as the Authority may specify in the order; and (c) be published in such manner as the Authority may determine. (6) An applicant for a microgrid licence shall satisfy the Authority that the applicant possesses, or has made adequate arrangements to procure, the technical, managerial and financial capability necessary to— (a) construct and commission the proposed microgrid; (b) operate and maintain the microgrid in a safe, secure, reliable and efficient manner; (c) generate, distribute and supply electricity to consumers within the proposed service territory in accordance with applicable standards of service; and (d) comply with the Act, these Regulations and the terms and conditions of the proposed licence throughout its term. (7)The Authority may, for the purposes of determining an applicant's eligibility and capability under this regulation, require such information, documents, undertakings, financial information, technical studies, feasibility studies or other evidence as may be specified in the application requirements or reasonably required for determination of the application.	
8	**Application process.—** (1) An application for a microgrid licence shall be made to the Authority in Form A–5 and shall be filed with the Registrar together with the particulars and documents specified in Schedule I, and shall be duly verified on oath in the manner specified in the Form.	---

	(2) An application may be filed electronically through the facility or in such manner as may be specified by the Authority, or may be delivered by email, courier or such other means as may be notified by the Authority to the Registrar.	---
	(3) The prescribed fee, if any, shall accompany the application: **Provided that** where no fee is prescribed, an application shall not be treated as incomplete solely on the ground that no fee has been paid.	---
	(4) The Authority may, for reasons to be recorded in writing and in accordance with such criteria as may be specified by the Authority, reduce or waive the prescribed fee in respect of a microgrid proposed to be established in an unserved territory.	---
	(5) No applicant shall be required to furnish any particular, document or undertaking other than those specified in Form A--5 or Schedule I: **Provided that** the Authority may, where reasonably necessary for the determination of the application, require such additional information or clarification as may be necessary, and shall record the reasons for requiring such information or clarification.	---
9	**Scrutiny of an application.—** (1) Upon receipt of an application for grant of a microgrid licence under section 18 of the Act, the Registrar shall scrutinize the application and the documents accompanying it to ascertain, on the face of the record,—	---
	(a) whether the proposed facility satisfies the requirements of a microgrid as defined in the Act;	---
	(b) whether the proposed service territory is an unserved or underserved territory within the meaning of the Act and these Regulations;	**Comments against 9(b):** As commented above against para 7(1)
	(c) whether the proposed microgrid complies with the applicable statutory limits and requirements, including those relating to voltage, load and connection to the Provincial Grid or National Grid; and	---
	(d) whether the proposed activity or any material part thereof falls within the regulatory jurisdiction and powers of the Authority under the Act.	---
	(2) Where, upon scrutiny under sub--regulation (1), the Registrar is unable to confirm	---

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	compliance with any requirement referred to therein, or a material question arises as to the jurisdiction of the Authority or the eligibility of the proposed activity for a microgrid licence, the Registrar shall place the application, together with the reasons and relevant documents, before the Authority for determination. (3) Before making a determination under sub-regulation (2) which may adversely affect the applicant, the Authority shall communicate to the applicant the material ground or grounds on which the question has arisen and provide the applicant a reasonable opportunity of being heard and of submitting relevant evidence or information. (4) Where the Authority determines, by an order recording reasons, that the proposed activity or any material part thereof is outside the powers or functions of the Authority, or is otherwise not eligible to be considered for a microgrid licence under the Act, the Authority shall reject the application on that ground, and the application fee paid in respect thereof shall be refunded in full. (5) Where the Authority determines that the application is within its jurisdiction and may be processed under the Act and these Regulations, the Registrar shall admit the application for further processing, allot an application number and issue an acknowledgement of receipt to the applicant. (6) An acknowledgement issued under sub-regulation (5) shall not be construed as approval, acceptance of eligibility, grant of a licence, or a determination that the proposed facility satisfies all requirements of the Act or these Regulations.	--- --- --- --- ---
10	**Deficiency in an application.—** (1) Where, upon scrutiny of an application, the Registrar finds that the application is incomplete or does not comply with any requirement of the Act, these Regulations or the applicable Schedule, the Registrar shall communicate to the applicant all deficiencies identified at that stage and shall specify the documents, information or clarification	---

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	required for rectification of such deficiencies. (2) A deficiency communication under this regulation shall not constitute a decision to refuse the application. (3) The applicant shall rectify the deficiencies and submit the required documents, information or clarification within the period specified by the Registrar, which shall not be less than fifteen days from the date of receipt of the deficiency communication, unless the applicant requests and the Registrar allows a reasonable extension. (4) Where the applicant fails to rectify the deficiencies within the prescribed period, the Registrar may place the application before the Authority for appropriate orders in accordance with the Act and these Regulations. (5) Nothing in this regulation shall apply to a question of jurisdiction or eligibility which is required to be determined by the Authority under regulation 9.	--- --- --- --- ---
11	**Public notice and objections.—** (1) Before deciding an application for the grant of a microgrid licence, the Authority shall cause a notice of the application to be published in English, Urdu and Sindhi in such manner as the Authority considers appropriate to bring the application to the notice of persons residing or carrying on business within, or otherwise likely to be affected by, the proposed service territory, and shall also cause a copy of the notice to be served upon the concerned local government. (2) The notice under sub–regulation (1) shall, at a minimum, specify— (a) the name and address of the applicant; (b) the proposed location and boundaries of the microgrid and its service territory; (c) the nature and proposed capacity of the microgrid and the electric power services proposed to be provided; (d) the manner and period within which an objection or representation may be submitted to the Authority; and (e) such other particulars as the Authority may consider necessary in the public interest. (3) Any person who has an interest in, or may be	--- --- M.E. CONSULT (PVT) LTD.

	directly or adversely affected by, the proposed microgrid may, within the period specified in the notice, submit to the Authority a written objection or representation stating the grounds thereof. (4) The Authority shall consider every objection or representation duly submitted under sub-- regulation (5) before deciding the application and, where an objection or representation raises a material issue, may provide the person making it an opportunity of being heard in accordance with the Act and these Regulations. (6) Where the Authority decides an application after considering objections or representations, its determination shall state, in sufficient detail, the substance of the material objections and representations received and the Authority's conclusions and reasons in respect thereof. (7) Nothing in this regulation shall be construed to dispense with any public hearing expressly required under the Act, including the public hearing required before a microgrid is connected to the National Grid or Provincial Grid under section 18(5) of the Act.	--- --- --- --- ---
12	**Criteria for grant.—** In deciding an application for a microgrid licence, the Authority shall have regard to— (a) whether the proposed service territory is unserved or underserved and the evidence submitted in support thereof; (b) the number of premises proposed to be connected and the proportion thereof to the total premises within the proposed service territory; (c) the technical, managerial and financial capability of the applicant; (d) the suitability of the proposed design, plant and equipment having regard to the nature and requirements of the proposed service territory; (e) the proposed standards of service and the applicant's capacity to comply with them; (f) the proposed tariff and its affordability to consumers within the proposed service territory; (g) the arrangements for operation and maintenance of the microgrid during the term	**Comments against 12(a):** As commented above against para 7(1) --- --- --- --- --- ---

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	of the licence, including training of local personnel; (h) the arrangements for expansion of the microgrid, where applicable; and (i) any objections or representations received under regulation 11.	--- ---
13	**Grounds of refusal.—** (1) Subject to regulation 9 and after giving the applicant an opportunity of being heard, the Authority may refuse an application for a microgrid licence only on one or more of the following grounds, namely— (a) that the proposed microgrid service territory is not an unserved or underserved territory; (b) that the proposed microgrid does not comply with a limit specified in regulation 5; (c) that the applicant does not possess, or has not made adequate arrangements to secure, the technical, managerial or financial capability required for the proposed microgrid; (d) that the proposed design, plant or equipment is not appropriate for the proposed activity or service territory; (e) that the applicant has not obtained, or has not satisfied the Authority that it is capable of obtaining, any consent, approval or no-objection certificate required under any applicable law, including any approval required under environmental law; (f) that the grant of the licence would endanger the safety of persons or property; (g) that, where two or more applications relate to the same service territory, another applicant would better serve the interests of consumers; (h) that the proposed activity or any material part thereof falls outside the jurisdiction or powers of the Authority under the Act; or (i) that the applicant has knowingly or recklessly submitted a statement or document that is false or misleading in a material particular in connection with the application and, after being given an opportunity to correct or explain the same, has failed to do so. (2) The Authority shall not refuse an application on a ground that has not been communicated to the applicant and on which the applicant has not been given a reasonable opportunity to respond. Every refusal shall be made by a reasoned order, and the order shall be published. (3) In applying clause (e), the Authority shall consider only whether the requisite consent,	--- **Comments against 13(1)(a):** As commented above against para 7(1) --- --- --- --- --- --- --- --- --- --- ---

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	approval or no--objection certificate has been obtained or is capable of being obtained, and shall not exercise any function vested by law in another authority in relation to environmental protection	
14	**Grant, term and issuance of licence.—** (1) A licence granted under these Regulations shall be issued in Form L--1, shall contain the particulars specified in Schedule III, and shall be authenticated in the manner prescribed by the Authority. (2) A licence shall be granted on such terms and conditions as the Authority may determine in accordance with the Act and these Regulations, and shall be non--exclusive. (3) The Authority shall determine the term of a licence having regard to the nature and useful life of the assets, the financing arrangements and the period reasonably required for recovery of the investment. (4) A licence shall specify the date by which the microgrid shall be commissioned and, subject to regulation 16, supply shall commence. The Authority may, on the application of the licensee and for reasons to be recorded in writing, extend that date. (5) No licence shall be deemed to have been granted, extended or renewed by default, lapse of time or otherwise than by a written decision of the Authority.	--- --- --- --- --- ---
15	**Competing applications.—** (1) Where two or more applications for a microgrid licence relate to the same or substantially overlapping service territory, the Authority may consider such applications together and may grant the licence to the applicant that, in the opinion of the Authority, best serves the interests of consumers and the objectives of the Act, having regard to, in particular, the proposed coverage, technical and financial capability, reliability, affordability, investment and implementation plan of the applicants. (2) Before making a determination under sub--regulation (1), the Authority shall provide each	--- ---

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	affected applicant an opportunity of being heard. (3) Where an application overlaps with the service territory of an existing microgrid licensee, the Authority shall have regard to the interests of consumers served by the existing licensee and the investment made by it, without creating any exclusive or perpetual right to the service territory.	---
16	**Certificate of compliance before commencement of commercial operation.—** (1) A licensee shall not commence commercial operation of a microgrid until it has filed with the Authority a certificate, issued by a competent person, certifying that the microgrid, as built, complies with the Act, these Regulations, the licence and the applicable technical and safety standards. (2) The certificate shall be accompanied by— (a) the as--built single--line diagram; (b) the applicable protection settings; (c) the results of commissioning tests; and (d) evidence of compliance with such environmental, electrical and safety approvals as may be applicable. (3) The Authority, or any officer, expert or consultant authorised by the Authority, may inspect the microgrid and, where the inspection identifies any material defect or non--compliance, direct the licensee to remedy the defect or non--compliance before commencing commercial operation.	--- --- ---
17	**Obligation to serve.—** (1) A microgrid licensee shall connect and supply electricity to any consumer within its service territory on a non--discriminatory basis, subject to the limits of its distribution system specified by the Authority and where the connection is technically and financially viable. (2) Where a connection cannot be provided on the grounds specified in sub--regulation (1), the microgrid licensee shall inform the applicant, in writing, of the reasons for refusal. (3) A microgrid licensee shall not discriminate between consumers of the same class in respect	**Comments against 17(1):** It is highly likely that after passage of some time, the majority of consumers may shift to solar behind the meter and by using battery storage (BESS) they may disconnect from licencee's supply. During low output season of solar energy, such consumers or new consumers who never got connection (having their own solar power), may want to connect—up temporarily with licencee's system. In this case, it is to be clarified if the licencee will be bound to

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	of connection, supply, metering, billing or applicable tariff.	supply them as supplier of last resort. If so, the cost of arranging connection plus the diesel/RLNG generation cost will be payable by these consumers on actual basis.
18	**Inquiry upon denial of connection or supply.—** (1) Where a licensee refuses to connect or supply a consumer within its service territory, it shall record the reasons for such refusal in writing and communicate the same to the consumer. (2) A consumer aggrieved by such refusal may file a written complaint with the Authority in accordance with section 29 of the Act. (3) In determining the complaint, the Authority shall consider whether the refusal is justified under section 18(4) of the Act, including whether— (a) the requested connection or supply would cause the licensee to exceed the specified limits of its distribution system; or (b) the connection or supply is technically or financially not viable. (1) The burden of establishing the grounds relied upon for refusal shall rest on the licensee, which shall provide such technical, financial and other information as the Authority may require. (2) Where the Authority finds that the refusal is not justified, it may direct the licensee to connect and supply the consumer within such period and on such terms as it may specify.	--- --- --- --- --- --- --- ---
19	**Standards of service.—** (1) A licensee shall observe the standards of service set out in Schedule II and such further standards as the Authority may specify. (2) The licence shall specify the minimum hours of supply in each day, and the licensee shall display that figure at a conspicuous place within the service territory. (3) A licensee shall record its performance against	--- ---

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	each standard and report it to the Authority in the manner and at the intervals specified. (4) Where a licensee fails to observe a standard, the Authority may direct the payment of such compensation to the consumers affected, by way of credit against their bills, as it may determine in accordance with the Act and applicable law.	--- **Comments against 19(4):** In addition, SEPRA should also add a regulation to ensure addressal of the additional burden of licencee due to following reason: The solar generation during rainy season, dense smog/fog is not usually sufficient. Back---up diesel/RLNG generators have to be used by licencee. Extra generation cost incurred will be payable to licencee on actual cost basis by consumers.
20	**Metering. —** (1) A licensee shall install, maintain and operate a meter at the premises of each consumer in accordance with the applicable metering code and standards specified by the Authority, and shall meter the electricity generated by the microgrid in accordance with such requirements.	---
	(2) A consumer shall be billed on the basis of an actual meter reading: **Provided that**, where the meter is defective or the premises are inaccessible, the licensee may issue an estimated bill in accordance with the procedure and limits specified or approved by the Authority and shall adjust the account on the basis of the next actual meter reading.	---
	(3) The licensee shall ensure that meters are tested at the intervals specified by the Authority and, upon request of a consumer, in accordance with the applicable procedure. The cost of testing shall be borne in accordance with the applicable rules, regulations or standards specified by the Authority.	---
	(4) The licensee may employ prepayment metering in accordance with the procedure and standards specified or approved by the Authority and shall provide the consumer with a reasonable means to ascertain the available credit and recharge the meter within the service territory.	---

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21	**Technical and safety standards.—** (1) A licensee shall design, construct, own, operate and maintain the microgrid in accordance with the applicable codes, standards and safety requirements specified or approved by the Authority.	---
	(2) Where the Authority has not specified or approved a code or standard for a particular matter, the licensee shall comply with the relevant applicable national or international standard, including standards of the International Electrotechnical Commission (IEC), Institute of Electrical and Electronics Engineers (IEEE) or International Organization for Standardization (ISO), as applicable.	---
	(3) Where more than one applicable standard addresses the same matter, the licensee shall comply with the standard specified by the Authority or, in the absence of such specification, the standard that provides the higher level of safety and reliability, to the extent technically applicable.	---
	(4) A distribution system serving a residential settlement shall be designed, constructed, operated and maintained to protect persons, livestock and property, and shall comply with applicable requirements relating to earthing, protection, insulation, clearances and other safety measures.	---
	(5) A licensee shall report to the Authority, within twenty--four hours of its occurrence, any accident involving death or serious injury and any fire at or arising from the microgrid facilities, without prejudice to any reporting requirement under applicable law.	---
22	**Storage, capacity and supply.—** (1) A licensee may install and operate energy storage as part of the microgrid, and the capacity and duration of such storage shall be specified in the licence or approved by the Authority.	---
	(2) A licensee shall maintain sufficient generation and storage capacity, as applicable to its approved design, to meet the applicable standards of service and shall promptly notify	---

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	the Authority of any material reduction in such capacity. (3) A licensee may supply residential, commercial, industrial or other consumers within its service territory, subject to the terms and conditions of the licence and applicable standards of service, and shall do so on a non–discriminatory basis.	---
23	**Records, returns and accounts.—** (1) A licensee shall maintain such records relating to generation, supply, connections, disconnections, interruptions, metering, meter testing and consumer complaints as may be specified by the Authority, and shall retain such records for the period specified by the Authority. (2) A licensee shall submit to the Authority an annual return, in the form and manner specified by the Authority, by the thirty–first day of July each year. (3) A licensee shall maintain proper books of account and shall cause its accounts to be audited annually in accordance with applicable law, and shall submit the audited financial statements to the Authority within one hundred and twenty days after the close of its financial year.	--- --- ---
24	**Service contract and terms of supply.—** (1) A microgrid licensee shall supply electricity to consumers on the terms and conditions determined or specified by the Authority and shall enter into a service contract with each consumer. (2) The licensee shall, before or at the time of connection, provide the consumer with a written statement in Urdu or Sindhi specifying the applicable tariff, standards of service, billing procedure, grounds and procedure for disconnection, reconnection charges, and procedure for lodging a complaint. (3) The licensee shall publish the applicable tariff and terms of supply at a conspicuous place within its service territory and make them readily accessible to consumers.	--- --- ---
25	**Consumer deposits.—** A licensee may require a consumer to pay a security deposit, not exceeding such amount as	---

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	may be specified by the Authority, as security for payment of electricity charges. The security deposit shall be held and accounted for in accordance with such directions as the Authority may issue and shall be refunded to the consumer upon termination of supply, after adjustment of any outstanding amount lawfully due from the consumer.	
26	**Billing and collection.—** (1) A licensee shall issue bills at such intervals as may be specified by the Authority, clearly stating the meter reading, units supplied, applicable tariff, amount payable, due date and such other particulars as may be specified by the Authority, and shall provide reasonable facilities for payment within its service territory. (2) Where a consumer disputes a bill and pays the undisputed amount by the due date, the licensee shall not disconnect the supply solely on account of the disputed amount while the dispute is pending before the licensee or the Authority.	--- --- ---
27	**Disconnection and reconnection.—** (1) A microgrid licensee shall not disconnect the supply to a consumer except— (a) for non--payment of an amount lawfully due and not disputed by the consumer; (b) for a material contravention of the applicable terms and conditions of supply; or (c) where disconnection is necessary for safety. (2) Except where disconnection is necessary for safety, the microgrid licensee shall give the consumer not less than seven days' prior written notice specifying the ground for disconnection and, where applicable, the amount payable to avoid disconnection. (3) The microgrid licensee shall restore supply within forty--eight hours after the ground for (4) disconnection has ceased to exist and the consumer has paid any applicable reconnection charge approved or specified by the Authority. (5) The Authority may, by order or notification, specify classes of consumers or periods during which a microgrid licensee shall not	--- --- --- ---

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	disconnect supply without the prior approval of the Authority.	
28	**Complaints.—** (1) A microgrid licensee shall establish and maintain a complaints management system within its service territory, record every complaint received from a consumer, and dispose of the complaint within the period specified by the Authority. (2) A consumer aggrieved by the disposal of a complaint, or where the licensee fails to dispose of the complaint within the specified period, may file a complaint with the Authority in accordance with section 29 of the Act and the applicable regulations. (3) No fee shall be payable by a consumer for filing a complaint under this regulation.	--- --- ---
29	**Microgrid Tariff:** (1) A microgrid licensee shall supply electricity to consumers at the rates, charges and on the terms and conditions determined by the Authority under the Act and these Regulations. (2) The Authority shall determine the tariff for a microgrid having regard to— (a) efficient and prudent costs of generation, storage, distribution and supply; (b) a reasonable return commensurate with the risks of the investment; (c) the quality, reliability and continuity of supply; (d) affordability and the interests of consumers; (e) efficient technical and non--technical losses; and (f) promotion of investment, competition and renewable and indigenous energy resources. (3) In determining the tariff, the Authority may adopt a cost--of--service methodology, benchmark costs, a standard tariff methodology or such other methodology as it considers appropriate. (4) The Authority may, after considering the views of the licensee and affected consumers and in accordance with the applicable procedure, determine different tariffs for different classes of consumers on the basis of	--- --- --- ---

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	objectively justifiable factors, including demand, voltage, load profile, cost of service or time of use, provided that there is no undue discrimination. (5) The tariff determination may include an automatic adjustment mechanism based on objectively ascertainable variables, including fuel cost, inflation, exchange rate or power purchase cost. An adjustment made strictly in accordance with an approved mechanism shall take effect in the manner specified in the tariff determination. (6) The Authority may, on its own motion or on an application by the licensee or an affected consumer, modify or revise a tariff where there is a material change in the circumstances or costs on which the tariff was determined, a material failure to meet applicable service standards, or where such modification or revision is otherwise necessary in the public or consumer interest. (7) No tariff or charge shall have retrospective effect except for correction of fraud, misrepresentation, manifest billing error or an adjustment expressly provided for in the tariff determination or permitted under regulation 30. (8) A microgrid licensee shall disclose to consumers the applicable tariff, connection charges, fixed charges, security deposit, reconnection charges and other approved charges in the consumer service agreement and billing documents. No charge shall be recovered from a consumer unless it is determined or otherwise authorised by the Authority under the Act. (9) Any subsidy or financial assistance provided by Government or any other person for a class of microgrid consumers shall be transparently accounted for and dealt with in accordance with the directions of the Authority.	--- --- --- --- ---
30	**Review and indexation of tariff.—** (1) The tariff determined by the Authority may provide for periodic indexation or adjustment in accordance with a formula specified in the tariff determination (2) The licensee or an affected consumer may apply to the Authority for review of the tariff	-- --

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	where there has been a material change in the circumstances or costs on which the tariff was determined. (3) The Authority may, on its own motion or on an application under sub--regulation (2), review, modify or revise the tariff in accordance with the Act and these Regulations. (4) No review or revision of a tariff shall have retrospective effect, except where necessary to correct fraud, misrepresentation, manifest billing error or an adjustment expressly provided for in the tariff determination.	-- --
31	**Intimation of proposed extension.—** (1) Where a licensee becomes aware of any proposal to extend a distribution network or electricity supply into or within its licensed service territory by any person, it shall promptly inform the Authority in writing and provide such particulars as are reasonably available to it. (2) Where the proposed extension is by another licensee, the licensee proposing the extension shall notify the Authority and the affected licensee at least one hundred and eighty days before the proposed extension is energised. (3) Upon receiving an intimation or notice under this regulation, the Authority may, where it considers necessary in the public interest, issue notice to the affected licensees and consumers and provide them a reasonable opportunity of being heard. (4) Where the proposed extension is by a person not subject to the jurisdiction of the Authority, the Authority may seek such information as it considers necessary and may refer the matter to the Government or the appropriate authority.	-- -- -- --
32	**Upon extension of a public electricity grid.—** (1) Where the Provincial Grid or National Grid is proposed to be extended to the service territory of a microgrid, the Authority shall, after providing an opportunity of hearing to the licensee, the relevant grid company and the affected consumers, determine whether— (a) the microgrid shall continue to operate within its existing service territory and the grid extension shall not include premises being	--

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	supplied by the microgrid; (b) the licensee shall obtain such generation, distribution and electric power supply licences as may be required under the Act and continue its operations in accordance therewith; or (c) the microgrid shall be integrated with the relevant grid and the microgrid licence surrendered or otherwise dealt with in accordance with the Act and these Regulations. (2) In making a determination under sub-- regulation (1), the Authority shall have regard to— (a) the interests of consumers and continuity, quality and reliability of supply; (b) the tariff payable by consumers; (c) the technical and economic feasibility of the proposed grid extension; (d) the investment made by the licensee and the extent to which such investment has been recovered; and (e) the availability of reasonable arrangements for transfer, integration, compensation or continued operation. (3) No microgrid shall be connected to the Provincial Grid or National Grid except with the permission of the Authority and in accordance with section 18(5) of the Act. (4) The Authority shall publish the determination under this regulation together with reasons therefor. (5) Where the Authority determines under clause (b) of sub--regulation (1) that the licensee shall obtain one or more licences under the Act, the microgrid licence shall, upon the issuance and coming into force of the relevant licence or licences, cease to apply to the extent specified by the Authority.	-- -- -- --
33	**Compensation.—** (1) Where, pursuant to an order of the Authority under the Act or these Regulations, the applicable licence or an applicable tariff determination, a microgrid undertaking is transferred or the microgrid is required to cease operation before the expiry of the period recognized in the applicable tariff determination, the Authority may determine the compensation payable to the licensee for the unrecovered investment.	--

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	(2) In determining compensation under sub-regulation (1), the Authority shall have regard to— (a) the depreciated value of the assets employed in the undertaking; (b) the unrecovered investment recognized in the applicable tariff determination; and (c) the reasonable cost of decommissioning or relocating assets that are not transferred, so as to avoid double recovery.	--
	(3) The Authority shall determine the person liable to pay the compensation, having regard to the person acquiring the undertaking or authorised to take over the relevant supply.	--
	(4) A determination of compensation made under this regulation shall be enforceable in accordance with section 28 of the Act.	--
34	**Transfer of microgrid licence.—** (1) A licensee shall not transfer or assign a microgrid licence, or the undertaking relating thereto, without the prior written approval of the Authority in Form A–9.	--
	(2) The Authority may approve a transfer where the proposed transferee is eligible to hold a microgrid licence under the Act and these Regulations and the transfer will not adversely affect the continuity, quality or terms of electric power service to consumers.	--
	(3) Upon the effective date of transfer, the transferee shall assume the rights and obligations of the transferor under the microgrid licence and applicable documents, and shall comply with any directions issued by the Authority to ensure continuity of supply.	--
	(4) The transfer shall not take effect until the Authority has approved it in writing and the transferee has accepted the terms and conditions specified by the Authority.	--
35	**Tariff upon change of supplier.—** Where a microgrid is interconnected with another microgrid, its undertaking or licence is	--

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	transferred with the approval of the Authority, or its consumers are supplied by another licensee, the Authority may determine, modify or revise the tariff, rates, charges and terms and conditions applicable to such consumers, having regard to the tariff applicable immediately before such change and the circumstances of the change.	
36	**Modification of licence.—** (1) A licence may be modified by the Authority— (a) on an application made by the licensee in Form A–7; or (b) on its own motion, after giving the licensee notice and a reasonable opportunity of being heard. (2) Where a proposed modification materially affects the service territory, standards of service, or tariff payable by consumers, the Authority shall give notice to the affected consumers and provide them a reasonable opportunity of being heard. (3) The Authority shall not make a modification that would make the licensed activity incapable of being carried on or adversely affect a right accrued in good faith to a third party, except on such terms and conditions as the Authority considers just and reasonable and in accordance with the Act.	-- -- --
37	**Renewal.—** (1) A licence may be renewed on an application made by the licensee in Form A--8, filed before the expiry of the licence within such period as may be specified by the Authority. (2) Where an application for renewal is filed within the prescribed period, the existing licence shall continue in force, on its existing terms and conditions, until the application is finally decided by the Authority, and such continuation shall not constitute a deemed renewal. (3) In deciding an application for renewal, the Authority shall have regard to the licensee's satisfactory performance, compliance with the Act and applicable documents, and any order or determination made against the licensee in respect of a contravention relevant to the licensed activity.	-- -- --

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	(4) The Authority may, where necessary to protect consumers or ensure continuity of supply, impose interim conditions during the period referred to in sub--regulation (2).	--
38	**Suspension and cancellation of licence.—** (1) The Authority may, after giving the licensee an opportunity of being heard and upon determination of a contravention of the Act, these Regulations or any condition of the licence, or where the licence was obtained by misrepresentation, suspend or cancel the licence in accordance with the Act. (2) Before suspending or cancelling a microgrid licence, the Authority shall determine such measures as may be necessary to ensure continuity of electricity supply to consumers in the service territory. (3) Where necessary to ensure continuity of electricity supply, the Authority may, in lieu of cancellation or following suspension or cancellation, direct the transfer of the undertaking in accordance with regulation 34 or make such other arrangements as are permissible under the Act.	-- -- --

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39	**Surrender of licence.—** (1) A licensee may apply to the Authority for surrender of its licence on such terms and conditions as the Authority may determine. (2) The surrender shall not take effect unless and until the Authority is satisfied that adequate arrangements have been made for the continuity of electricity supply to consumers within the microgrid's service territory. (3) As a condition of accepting surrender, the Authority may require the licensee to transfer the undertaking in accordance with regulation 34 or make such other arrangements as are necessary to ensure continuity of supply. (4) The surrender of a licence shall not relieve the licensee of any liability incurred, obligation accrued, or proceeding commenced before the effective date of surrender.	-- -- -- --
40	**Register of Microgrid Licences** (1) The Registrar shall maintain a Register of Microgrid Licences containing, in respect of each licence, the licence number, name of the licensee, service territory, installed capacity, term, standards of service and current status of the licence, and shall publish the Register on the website of the Authority. (2) The Register shall not contain any confidential price, tariff or other commercially sensitive term relating to the procurement or sale of electricity or any other transaction of the licensee, except to the extent disclosure is required by law or by an order of the Authority. (3) Nothing in this regulation shall limit any disclosure required under regulation 24, regulation 29 or any other applicable law.	-- --
41	**Duplicate licence.—** (1) Where a licence is lost, destroyed or defaced, the licensee may apply to the Authority for issuance of a duplicate licence, stating the circumstances of the loss, destruction or defacement and paying the prescribed fee, if any. (2) The duplicate licence shall be marked **"DUPLICATE"**, shall bear the date of issue of the original licence and shall have the same force and effect as the original licence.	-- --

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42	**Review.—** A person aggrieved by an order, decision or determination of the Authority under these Regulations may seek review in accordance with the applicable review regulations. The order, decision or determination shall state the right to seek review and the period within which the review may be sought.	--
43	**False or misleading statements.—** A person who knowingly or recklessly makes, in any application, undertaking, return or other document submitted under these Regulations, a statement that is false or misleading in a material particular commits a contravention for the purposes of section 27 of the Act.	--
44	**Standard operating procedures, forms and guidelines.—** (1) The Authority may, from time to time, issue standard operating procedures, forms and guidelines for the implementation of these Regulations. Such instruments shall be published before they are applied to an application or licensee and shall not amend or be inconsistent with these Regulations. (2) Where a matter is required to be specified by the Authority and no specification is in force, an application shall not be rejected or treated as incomplete solely for that reason, and the Authority shall determine the matter in accordance with the Act, these Regulations and the material available on record.	-- --
45	**Residuary provision.—** (1) Any matter of procedure not provided for in these Regulations shall be dealt with by the Authority in a manner consistent with the Act, these Regulations and the principles of natural justice. (2) Nothing in this regulation shall be construed to authorise the Authority to— (a) impose any requirement inconsistent with the Act or these Regulations; (b) refuse an application on a ground other than a ground provided under these Regulations; or (c) exercise any power or perform any function beyond those conferred on the Authority under the Act.	-- --

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46	**Transitional provision.—** (1) Notwithstanding anything contained in these Regulations, a person lawfully operating a microgrid immediately before the commencement of these Regulations shall intimate the Authority within such period as the Authority may specify and, if an application for a microgrid licence is filed within that period, may continue such operation during the transitional period, subject to the Act, these Regulations and any applicable directions or conditions imposed by the Authority, until the application is finally decided. (2) The Authority may, during the transitional period, impose such interim conditions as are reasonably necessary to protect consumers and ensure the safe, reliable and continuous operation of the microgrid (3) Where a person referred to in sub–regulation (1) fails to intimate the Authority or fails to file an application within the period specified by the Authority, the Authority may, after giving such person an opportunity of being heard, direct cessation of the operation or take such other action as may be permissible under the Act. (4) Where an application for a microgrid licence made under this regulation is refused, the Authority shall, after considering the interests of consumers and continuity and safety of supply, determine the period within which the applicant shall cease operation or make such alternative arrangements as the Authority may direct. (5) Nothing in this regulation shall be construed as constituting a deemed grant of a microgrid licence.	-- -- -- -- --
47		**<u>Additional Comments:</u>** The Civic/Municipal/Local bodies should be bound by SEPRA to accept the Licencee's design of Microgrid for electrification purposes.

Civil Society Support Program
CSSP

Date: 7th October 2026

To,

The Registrar
Sindh Electric Power Regulatory Authority (SEPRA)
Sumya Sky View, 14th Floor, 1401-1404, Civil Lines
Karachi, Sindh

Subject: Comments and recommendations on the Draft SEPRA (Microgrid) Regulations, 2026, in response to the Public Notice dated 9th September 2026

Dear Sir/Madam,

In response to the Public Notice inviting comments on the Draft SEPRA (Microgrid) Regulations, 2026, the Sindh Just Energy Transition Alliance (SJETA), in collaboration with the Alternative Law Collective (ALC) and Civil Society Support Program (CSSP), is pleased to submit the enclosed recommendations for the Authority's consideration.

We appreciate SEPRA's efforts to establish a regulatory framework for microgrids in Sindh and welcome several positive features of the draft, including the proposed licensing pathway, fee waiver provisions for difficult and underserved areas, and the opportunity for public objections and stakeholder participation.

To facilitate a broad-based review of the draft, SJETA convened a multi-stakeholder consultation on 30 September 2026, bringing together representatives of approximately nine organisations and other relevant stakeholders. The consultation provided an opportunity for participants to review the draft regulations and share technical, legal and implementation-related inputs. Based on these inputs, SJETA, in collaboration with ALC, has consolidated and finalised the enclosed recommendations, which have subsequently been endorsed by the organisations and individuals listed on the enclosed endorsement page.

Priority Recommendations: Our recommendations identify a number of threshold legal, regulatory and implementation issues that we believe should be clarified and addressed before the Regulations are finalised and notified. These include the treatment and definition of underserved areas; the proposed 11 kV and 10 MW thresholds; procedures for licence modification; the relationship with existing NEPRA licences; arrangements concerning the transfer of assets or licences and associated compensation; and the regulatory treatment of microgrids that subsequently connect to the main grid.

In addition, we recommend that the regulatory framework be guided by the following six overarching principles:

1. **Proportionality and differentiated regulation:** Adopt a tiered regulatory approach, with registration or light-touch requirements for very small systems and simplified licensing and compliance requirements for intermediate-scale projects, while maintaining appropriate safeguards for larger systems.
2. **Community participation and ownership:** Establish accessible pathways for cooperatives, community-based organisations, NGOs, social enterprises and other locally constituted entities to develop, own, manage and participate in microgrid projects.
3. **Regulatory coordination and institutional clarity:** Clearly define the relationship between SEPRA-regulated microgrids and existing electricity-sector arrangements, including NEPRA licensing, DISCO expansion, CTBCM, wheeling, open access and future grid connection.

4. **Investment certainty and consumer protection:** Provide predictable and transparent arrangements for market assessment, tariffs, affordability, consumer protection and grid arrival, with clear regulatory decision timelines and protection of legitimate investment.
5. **Decentralised renewable energy and productive use:** Facilitate renewable-based microgrids, energy storage, AC/DC and hybrid systems, community ownership and productive uses of energy, while avoiding unnecessary fossil-fuel lock-in and regulatory arbitrage.
6. **Just Transition and environmental safeguards:** Integrate appropriate safeguards relating to land use, meaningful community participation, benefit sharing, environmental and biodiversity protection, and climate, disaster and flood-risk resilience, particularly in vulnerable and underserved communities.

We believe that addressing these issues will help ensure that the Regulations are legally coherent, proportionate, investment-enabling, and consumer-protective and aligned with Sindh's transition towards decentralised and renewable-based energy systems.

A soft copy of the recommendations in editable format has been shared with your office by email. We remain available to provide any further information or clarification that may assist the Authority in its review.

Yours sincerely,

Mr. Noor Muhammad Bajeer
Coordinator
Sindh Just Energy Transition Alliance (SJETA)
Chief Executive Officer
Civil Society Support Program (CSSP)

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KCCI/PSU/2026-2028/6274
October 14, 2026

Registrar
Sindh Electric Power Regulatory Authority (SEPRA),
Sumya Sky View,
14th Floor, 1401-1404
Karachi.

SUBJECT: COMMENTS ON DRAFT SEPRA (MICROGRID) REGULATIONS, 2026

Dear Sir,

SEPRA's Draft Microgrid Regulations, 2026, issued under Section 18 of the Sindh Regulation of Electric Power Services Act, 2023, advise licensing private operators to generate, distribute and supply electricity in unserved or underserved areas. The draft has implications for industrial consumers, SMEs and agro-processing units facing unreliable electricity, load-shedding and costly diesel backup. In 2023, Sindh's Energy Minister reported that 54%[1] of the province's villages lacked electricity, while NEPRA data cited in a Sindh SDG-7 document identified about 9,200 un-electrified villages within SEPCO, HESCO and K-Electric service areas.

The following comments suggest revisions to protect consumers, ensure competitive tariffs and establish a transparent route for transferring underserved service areas.

- **Definition and Verification of "Underserved" (Regulations 3(1)(k), 9 and 12)**

  "Underserved" turns on supply below "the standard specified by the Authority", but no such standard has been specified and Schedule II is not yet public. The World Bank's Multi-Tier Framework survey[2] for Pakistan already measures access by hours, reliability and capacity and offers a ready benchmark. The Regulations must state a measurable test (for example, average daily supply hours and outage frequency over the last 12 months), name the evidence accepted (DISCO feeder data, load-shedding schedules, consumer surveys), and require the incumbent DISCO to provide that data within a fixed period. Industrial estates and SME clusters suffering chronic load-shedding should expressly qualify.

- **No Route for an Existing DISCO to Relinquish Service Areas**

  Almost every underserved area in Sindh lies within an existing DISCO territory (HESCO, SEPCO or K-Electric). Since the 2018 amendment of section 21 of the NEPRA Act[3], DISCO licences are non-exclusive, and section 23(1) of the Act deems NEPRA licences to be licences under the Act. Yet the draft provides no process through which a DISCO can voluntarily hand over a poorly served

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[1] Sajid, A. (2023). Over half of villages in Sindh have never had electricity. ProPakistani. https://propakistani.pk/2023/06/08/over-half-of-villages-in-sindh-have-never-had-electricity/

[2] World Bank. (2024). Pakistan energy survey: Insights into the true energy access situation in Pakistan based on the Multi-Tier Framework. https://openknowledge.worldbank.org/entities/publication/44f99069-fb65-4e62-9b6e-15d4f81dbcb9

[3] National Electric Power Regulatory Authority (NEPRA). (2018). Authority proposed modification in the existing distribution licence of HESCO. https://nepra.org.pk/licensing/Licences/Licence%20Modification/Disttributions/HESCO-NEPRA%20letter%20and%20HESCO%20reply.PDF

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area to a qualified operator, or for the handover of assets, dues and consumer records. Without it, microgrids will be confined to the margins while consumers in neglected DISCO pockets remain underserved.

- **Absence of Timelines (Regulations 8–15, 6 and 29)**

  Draft sets no period for scrutiny, admission, publication, objections, hearing, licence decision, grid-connection approval, or tariff determination, it fixes only the deficiency response period (15 days). SEPRA itself lists "Periods for Screening, Scrutiny and Decision" as a forthcoming instrument. Open-ended processes raise financing costs and delay supply. Nigeria's 2023 Mini-Grid Regulations[4] require a DisCo to consent within 15 business days before granting a permit in an underserved area. Indicative periods should be written into the Regulations themselves, not left to later guidance.

- **Capacity Limits and Growth Pathway (Regulation 5)**

  Regulation 5 caps coincident load at 10 MW but is silent on whether installed generation and battery storage may exceed that figure, which is normal for solar-plus-storage systems. It also gives no path for a successful microgrid that outgrows the limit, and no rule for aggregating load when two microgrids interconnects under Regulation 6(5). SEPRA lists "Voltage and capacity limits for a microgrid" as a planned consultation[5]. The Regulations should confirm that the cap applies to load only, and provide a pre-approved migration route to distribution and supply licences once the limit is approached.

- **Grid Connection and NEPRA Coordination (Regulations 6, 31 and 32)**
  The national grid is operated by a NEPRA licensee, and section 12(3)(a) of the Act considers bulk supply at the point of interconnection of the national and provincial grids. Regulation 6 requires SEPRA approval after a public hearing but does not say how NEPRA, NTDC/NGC or the relevant DISCO participate, or what technical, metering, import, export and standby terms apply. The Regulations should set out a joint SEPRA–NEPRA protocol, publish standard interconnection terms, and allow the licence and interconnection hearings to be combined.

- **Investment Protection and Grid Arrival (Regulations 14, 15 and 31–33)**

  The licence term is left wholly to discretion (Regulation 14(3)), compensation on grid arrival is discretionary ("may", Regulation 33), and incumbent protection under Regulation 15(3) has no defined duration. ESMAP identifies compensation for grid arrival as a key enabling measure for mini-grid investment[6]. The Regulations should specify an indicative term (for example, 20–25 years), make compensation mandatory and settled before the grid extension is energized and provide for lender step-in and change of control.

- **Consumer Safeguards (Regulations 20, 25–28)**

  The deposit cap, complaint-disposal period and estimated-billing limits are all left to be "specified" later. There is no procedure for theft or detection billing. Consumers of a sole local operator have no alternative supplier, so these protections must be fixed upfront: a deposit cap (for example, two

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[4] Stren & Blan Partners. (2024). Power sector review: Breaking down NERC's mini-grid regulations, 2023. Mondaq. https://www.mondaq.com/nigeria/environmental-law/1458760/power-sector-review-breaking-down-nercs-mini-grid-regulations-2023

[5] https://sepra.gos.pk/consultations.php

[6] Power for All. (2019). US$220 billion needed to build mini-grids for half a billion people [Research summary]. https://www.powerforall.org/application/files/8915/6707/2339/RS__US220_billion_needed_to_build_mini-grids_for_half_a_billion_people3.pdf

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months' estimated bill), a complaint-disposal period, and a detection-billing procedure requiring evidence, prior notice, independent meter testing and a cap on retrospective periods. Protection for vulnerable consumers, and for industrial units against arbitrary disconnection during disputes, should also be explicit.

- **Tariff Fairness and Timeliness (Regulations 29, 30 and 35)**

  The draft does not expressly require a public hearing before a microgrid tariff is set, though Form A-5 states that one will be held. It provides no provisional tariff, and Regulations 29(6)– (7) and 30(2)– (4) duplicate each other. The Regulations should require a hearing, allow a provisional tariff pending final determination, and offer standardized or benchmark tariffs for small systems. Subsidies must be transparent and not be recovered through cross-subsidy loading on industrial or commercial consumers. Under Regulation 35, the tariff on a change of supplier cannot rise above the pre-change level for a defined transition period.

- **Proportionate Compliance (Regulations 16, 21 and 23)**

  "Competent person" for the commissioning certificate is undefined, phased commissioning is not provided for, and a 50-kW village system faces the same audit and reporting duties as a 10 MW one. The Regulations should define the certifying engineer (for example, a PEC-registered engineer or accredited third party), allow phased commissioning, and tier technical codes, reporting and audit requirements by system size.

POLICY MEASURES

- Reconcile the draft with section 2(xviii) of the Act, over a clarifying amendment or a parallel licensing route, before licences are granted in underserved or grid-connected areas.
- Define "underserved" by a measurable supply-hours and reliability test, and oblige DISCOs to share feeder data with applicants and SEPRA within a fixed period.
- Insert a voluntary relinquishment mechanism for DISCO service areas, with public notice, objective selection, a regulatory formula for assets and dues, and coordinated SEPRA–NEPRA approval under section 23.
- Prescribe indicative timelines for scrutiny, notice, hearing, licence decision, grid-connection approval and tariff determination in the Regulations themselves. Fix deposit caps, complaint timelines and a detection-billing procedure with independent meter testing.
- Require public hearings and allow provisional and standardized tariffs; prohibit recovery of microgrid subsidies through cross-subsidy loading on industrial and commercial consumers.

Hold consumer tariffs at pre-change levels for a defined period when an area changes operator.

Thanks and regards

S.M.H. RIZVI
SECRETARY GENERAL

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