

SEPR A

AND REGULATORY HANDBOOK

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graph TD; GP[GENERATION PLANT] --- BB[BULK BUYER]; GP --- MMG[MICRO/MINI GRIDS]; BB --- MMG; BB --- MMG; BB --- MMG
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The diagram illustrates a power distribution network. At the top is a red box labeled "GENERATION PLANT". Two dark blue lines connect it to two boxes at the bottom: a teal box on the left labeled "BULK BUYER" and a yellow box on the right labeled "MICRO/MINI GRIDS". A thick dark blue line connects the "BULK BUYER" and "MICRO/MINI GRIDS" boxes. Above this line is the text "Bilateral Contract | Negotiated Price" in dark blue, and below it is the text "Private Wire or Open Access" in dark blue.

NATIONAL GRID

Outside SEPRa's Domain: Federal Framework Applies

Page 1

HOW TO USE THIS HANDBOOK

This Handbook explains how to establish and operate an electric power business regulated by the Sindh Electric Power Regulatory Authority. It is written for project sponsors, industrial consumers, lenders and their advisers. It is a guide only: it does not have the force of law, and in the event of any difference the Sindh Regulation of Electric Power Services Act, 2023 and the regulations made under it prevail. Statutory references are to that Act unless otherwise stated.

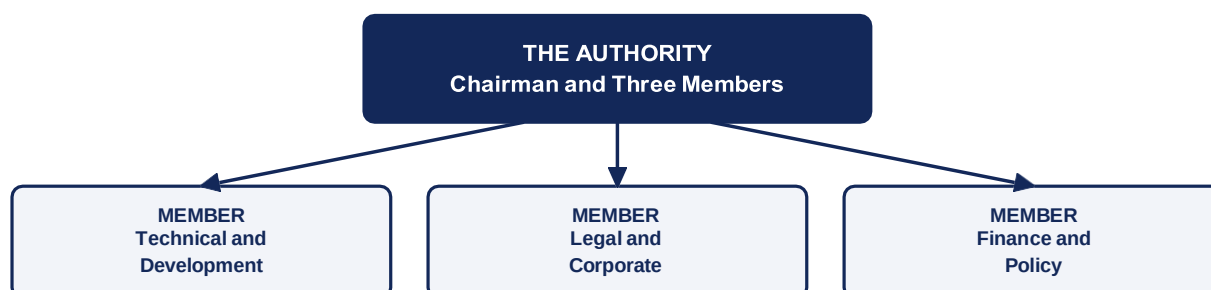
If you are in a hurry, read Section 3 to find out whether you need a license, then read the one business model in Section 5 that matches your project, then Section 9 for the timelines. Everything else is reference material you will need once you decide to proceed.

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Section	Title	What it covers
1	Who SEPR Is	The regulator, its constitution and its powers
2	One Test: Are You On the National Grid?	The jurisdictional boundary, and why it matters
3	Do I Need a License?	Decision tree and the complete activity table
4	Model to do Businesses	Each model, who it suits, and a worked example
5	Applying: Step by Step	Documents, publication, objections, grant
6	Fees	What is payable, when, and what is free
7	Eight Investor Guarantees	The protections, gathered in one place
8	Frequently Asked Questions	What counsel and lenders ask
9	Glossary of Defined Terms	The words that carry legal weight
10	The Instruments and How to Reach Us	The regulatory map and contact particulars

SECTION 1 | WHO SEPRA IS

SEPRA is the electric power regulator of the Province of Sindh, established by the Sindh Regulation of Electric Power Services Act, 2023, which was passed by the Provincial Assembly of Sindh on 7 June 2023, assented to on 12 June 2023 and published on 6 July 2023. The Act rests on Article 157(2) of the Constitution of the Islamic Republic of Pakistan, 1973, read with entry 6 of Part II of the Fourth Schedule, which empowers a Province to construct power houses and grid stations, lay transmission lines for use within the Province, levy tax on the consumption of electricity within the Province, and determine the tariff for distribution of electricity within the Province.



Quorum: three, including the Chairman. Decisions in writing, by consensus or majority.

Figure 1: The Constitution of the Authority

What the Authority May Do

Power or function	Provision
Grant, issue, notify, extend, renew and cancel licenses for electric power services	s. 4(2)(a)
Regulate electric power services within the Province	s. 4(2)(b)
Determine the terms and conditions of supply, including tariff, rates and charges	s. 4(2)(c), s. 19
Adjudicate disputes between licensees	s. 4(2)(f)
Impose and collect fees, fines and penalties	s. 4(2)(g)
Specify provincial grid, transmission, distribution, market and supply codes	s. 4(2)(h)
Specify and enforce standards of quality, service, continuity and reliability	s. 4(2)(i)
Review its own orders, decisions and determinations	s. 4(2)(k)
Promote development of the electricity market in accordance with the Electric Power Policy and Plan	s. 4(2)(l)
Conduct inquiries, investigations, arbitration and alternate dispute resolution	s. 4(3)(c), s. 30

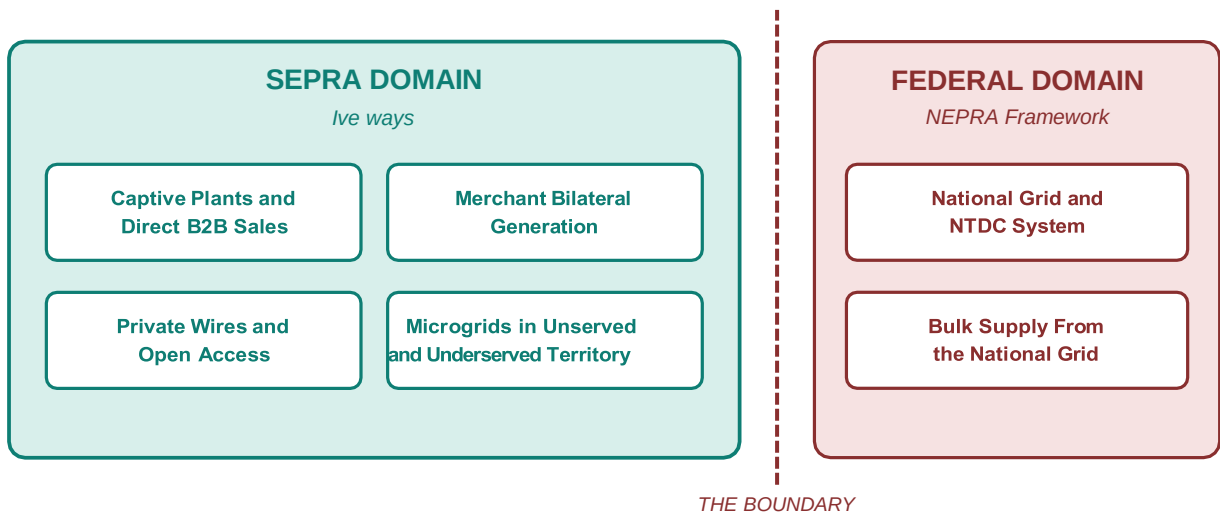
How Decisions Are Taken and Enforced

The Authority decides collegially. Orders, determinations and decisions are taken in writing and reached by consensus or by majority, the Chairman holding a casting vote in the event of a tie (section 5). A Member may participate through electronic means and is deemed present. Where a decision is likely directly or adversely to affect the rights of any person, the proviso to section 6 requires that the person be given an opportunity of being heard, including the opportunity to present evidence. Determinations of the Authority are deemed to be decrees of a civil court under the Code of Civil Procedure, 1908 (section 28), which means an investor holding a favorable determination has an execution remedy and not merely a paper finding. Sums payable to the Authority are recoverable as arrears of land revenue (section 40).

Why this matters to an investor. A regulator whose determinations execute as court decrees, which must hear you before it hurts you, and which publishes its reasons, is a regulator whose decisions can be planned around and, if necessary, tested. Those three features are the foundation of everything else in this Handbook.

SECTION 2 | ONE TEST: ARE YOU ON THE NATIONAL GRID?

The working rule is short. Electric power activity within Sindh which is not connected to the national grid falls within SEPRAs domain. Anything on, into, or out of the national grid remains governed by the federal framework under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The boundary is written into SEPRAs regulations rather than left to inference, and every application, registration and contract filing carries a certification of connection status. A project that answers the question honestly at the outset does not face a jurisdictional surprise later.



SECTION 3 | DO I NEED A LICENCE?

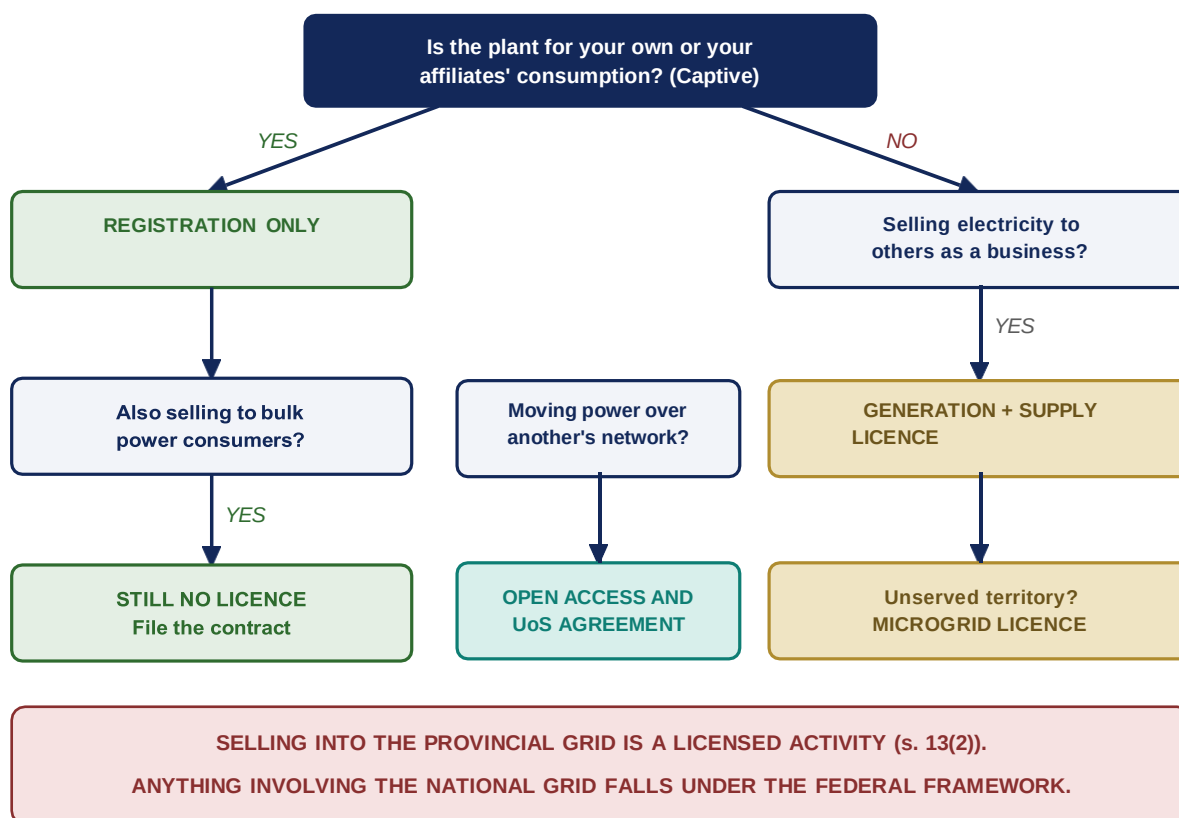


Figure 3: The Licensing Decision Tree

The Complete Activity Table

What you want to do	What you need	Authority
Generate for your own undertaking and affiliates (captive)	Registration only	s. 13(1)
Sell captive power to bulk power consumers or to consumers of your affiliates	License only, plus filing of the contract	s. 13(1)
Build a merchant plant selling to industrial buyers	Generation license and supply license, combined application	ss. 15, 16
Move power to a distant buyer over another's network	Agreement(s) pursuant to relevant regulation(s)	ss. 13(3), 21(2)
Serve an area with no or un reliable electricity service	Unified microgrid license	s. 18
Build and run a distribution network and supply business	Distribution and supply licenses	s. 17
Storage, EV charging, a Government energy site, a pilot project	Special purpose license, scoped to the project	s. 14
Sell electricity into the provincial grid	A license, even for a captive plant	s. 13(2)
Anything touching the national grid	Federal framework: this Handbook does not apply	s. 12(3)(a)

A bulk power consumer is a consumer meeting the threshold notified by SEPR, expressed as a contracted or recorded load in kilowatts or as supply at 11 kV or above. The current specification notification carries the figure.

SECTION 4 | MODELS TO DO BUSINESS

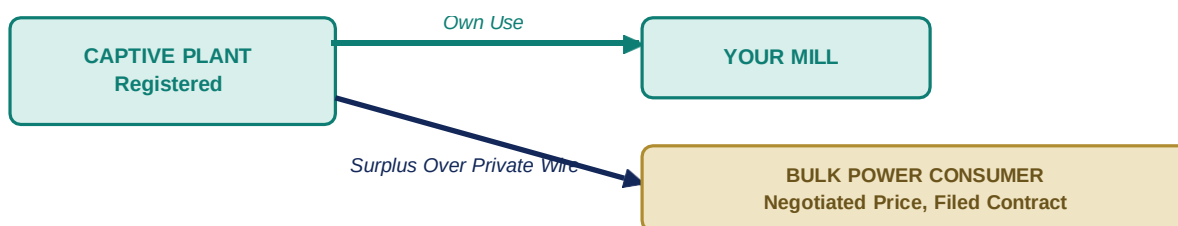
Model 1 — Captive Self-Supply (Registration Required)

Captive Power Generation: Under Section 13, a captive power plant need registration and does not require a licence if plant and load are located in same premises. However, where the captive plant is located at a distance from the point of consumption, a Special Purpose Distribution Licence may also be required to wheel electricity from the captive power plant to its end-use destination.

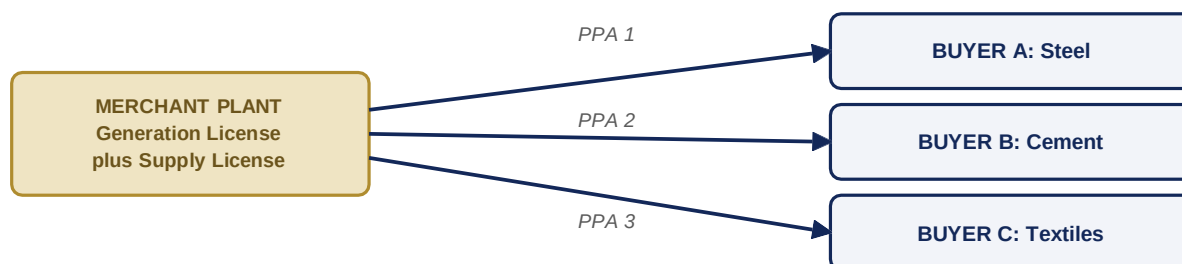


Model 2 — Captive Plus Direct Business-to-Business (B2B) Sale

Business-to-Business (B2B) Electricity Transactions: This arrangement is technically similar to captive power generation but serves distinct regulatory objectives - namely, to facilitate transactions whereby a power generation plant may sell electricity to one or more bulk power consumers (BPCs) or industrial consumers. This arrangement appears to require three separate licenses: a Generation License, a Distribution License, and a Supply License.

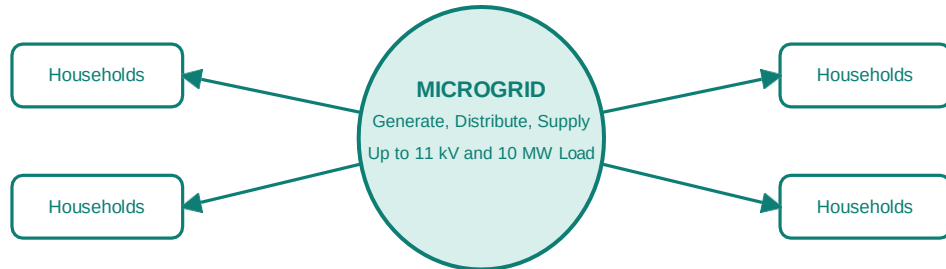


Model 3 — Merchant Bilateral Generation



Model 4 — Microgrid for Unserved and Under-served Territory

Microgrids / Mini-grids: The existing SEPRA Act envisages the issuance of a unified integrated license for microgrids under Section 18, authorizing the licensee to generate, distribute, and supply electricity to consumers connected to the microgrid



Islanded: No Grid Connection Without SEPRA Permission After a Public Hearing

Choosing Between the Models

If this is true of you	Start here
You consume the power yourself and want nothing else	Model 1
You have surplus and a large neighbor	Model 2: the lightest touch route in the framework
Power sales are the business, and buyers are industrial	Model 3
Your buyer is not adjacent	Model 3 or 4 combined with a wheeling arrangement
You are electrifying an area that has nothing	Model 5

SECTION 5 | APPLYING: STEP BY STEP

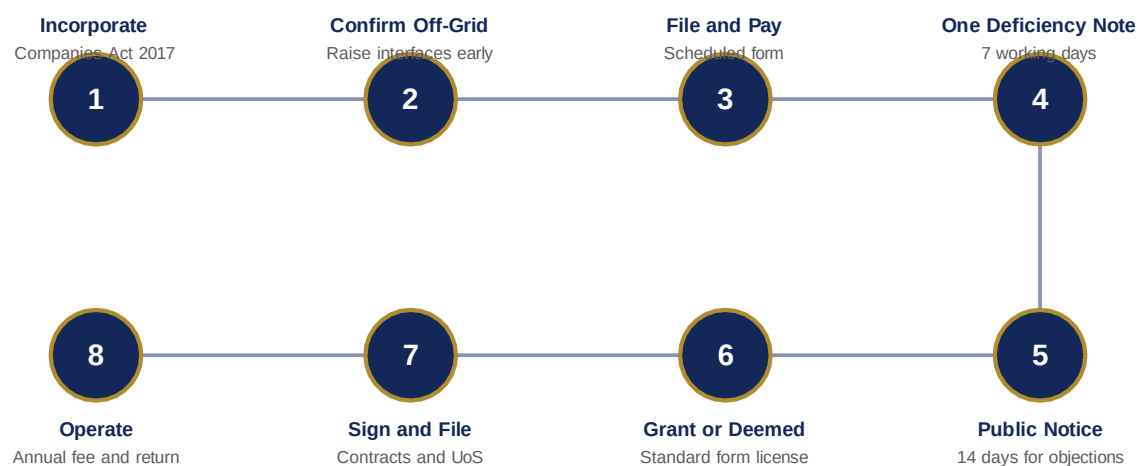


Figure 6: The Road to Your License

SECTION 06 | FEES

Fees would be charged in accordance with the provision of relevant Regulation to be approved by the Authority.

SECTION 07 | EIGHT INVESTOR GUARANTEES

1 LAWFULNESS

Business-to-business supply off the national grid is expressly lawful: by registration for captive sellers, by standard-form license for merchant sellers.

2 PRICE FREEDOM

Bilateral prices with eligible buyers are negotiated, filed and effective without any individual determination.

3 CONTRACT SANCTITY

No reopening of a filed contract except prospectively, after a hearing, on three narrow and stated grounds.

4 TIME-BOUND PROCESS

Every approval carries a stated deadline, with deemed approval or deemed effect if the deadline passes.

5 OPEN NETWORKS

Open access on non-discriminatory terms, refusable only for demonstrated capacity or safety reasons with data, appealable to SEPRa on a forty-five day clock.

6 ENFORCEABILITY

SEPRa determinations execute as decrees of a civil court; sums due are recoverable as arrears of land revenue.

7 JURISDICTIONAL CERTAINTY

The national-grid boundary is written into the regulations and certified on every filing, so a compliant project does not face a federal surprise.

8 CONFIDENTIALITY

Commercial terms filed with SEPRa remain confidential; only skeletal particulars appear on the public register.

SECTION 08 | FREQUENTLY ASKED QUESTIONS

Q. We already hold a NEPRa license for our Sindh facility. Do we need a SEPRa license as well?

A. Your NEPRa license is deemed to be a license under the Sindh Act by force of section 23(1). SEPRa may direct you to obtain a SEPRa license where the activity falls within its exclusive provincial functions, and that is done through a transition procedure with notice and hearing. Until such a direction, you operate on the deemed license and simply intimate it for the register.

Q. Can our captive plant sell to any factory nearby?

A. To any buyer meeting the notified bulk power consumer threshold, yes, on registration alone. Consumers of your affiliates are covered by the statute itself. Sales to consumers below the threshold require a supply license.

Q. Will SEPRa second-guess the tariff we negotiate with our buyer?

A. No. The filed rate is the effective rate. SEPRa's jurisdiction over it is confined to three narrow grounds, exercised prospectively and only after a hearing.

Q. How do lenders take security, and can they step in?

A. Creating security over assets or shares in favor of project lenders requires intimation only, not approval. If the security is enforced and control changes, the ordinary change of control approval applies, which may be withheld only on the published criteria and after a hearing.

Q. Does a supply license give us territorial exclusivity?

A. No. Territories, including virtual territories, may overlap, and the Act does not create franchise monopolies for bilateral supply. Your protection is your contract.

Q. Can we wheel power through the network of HESCO, SEPCO or K-Electric?

A. Those are NEPRA-licensed systems. Section 21(2) asserts a right of open access through licensee and NEPRA-licensee facilities, but the federal-side network's own terms and charges apply alongside, and SEPRAs coordinate under sections 23 and 38. Plan such routes with SEPRAs at the outset; wholly provincial routes are the fast path.

Q. What happens if SEPRAs miss their own deadline?

A. The application is deemed approved on the standard form and the Registrar must issue the license within seven working days. The only carve-outs are those stated in the regulations, and they must be communicated to you in writing.

Q. Is renewable generation treated differently?

A. The fee regulations enable class concessions for renewable, small and off-grid projects. Separately, sites for generation vested in the Government under section 44, including wind corridors and solar parks, are to be developed under a dedicated framework through the public sector, the private sector or public private partnership.

Q. Do we need to be a company?

A. Yes, for a license: section 22 requires a company registered under the Companies Act, 2017, unless SEPRAs exempt you for recorded reasons, which is contemplated in particular for community and cooperative microgrid operators in unserved areas. Captive registration is likewise for companies.

Q. What if a consumer in our microgrid complains that we refused a connection?

A. SEPRAs may inquire and pass an order under section 18(4). A refusal is defensible only where the connection would exceed the specified limits of the distribution system or is technically or financially not viable, and those reasons should be documented at the time.

SECTION 09 | GLOSSARY OF DEFINED TERMS

Term	Meaning
Affiliate	A legal entity having common association or relationship with a holding entity to the extent of majority or fifty-one per cent control (s. 2(ii)).
Applicable documents	The rules, regulations, licenses, registrations, authorizations, determinations, codes, manuals, directions, guidelines, orders, notifications and agreements issued or approved under the Act (s. 2(iii)).
Bulk power consumer	A consumer purchasing or receiving electric power at one premises in the amount, voltage level or other characteristics SEPRAs specifies (s. 2(v)).
Captive power plant	A generation company set up for own consumption and supply of electric power to affiliated entities (s. 2(vi)).
Consumer	A person who purchases or receives electric power for self-consumption and not for resale, including residential, commercial, industrial, bulk power and agricultural consumers (s. 2(viii)).
Microgrid	A small-scale decentralized grid operating at a voltage not exceeding 11 kV, serving load not exceeding 10 MW, developed in an unserved territory and not connected directly or indirectly to the provincial or national grid (s. 2(xviii)).
National grid	The grid, interconnection and transmission facilities of the national grid company, including generation facilities connected directly with it (s. 2(xix)).
Open access	Access to a transmission or distribution network, or the licensee's system or associated facilities, for movement and delivery of electric power services on specified terms (s. 2(xxiv)).
Provincial grid	The grid, interconnection and transmission facilities of the Sindh Transmission and Dispatch Company, including generation facilities connected directly with it (s. 2(xxvii), (xxviii)).
Service territory	The geographic, spatial or virtual area specified in a license within which the licensee may conduct electric power service business (s. 2(xxxvi)).
Supply	The sale or delivery of electric power services by a licensee in a specified service territory (s. 2(xxxviii)).
Use of system charges	All charges related to use of transmission or distribution, and other service charges for movement and delivery of electric power, as specified (s. 2(xl)).

SECTION 10 | THE INSTRUMENTS AND HOW TO REACH US

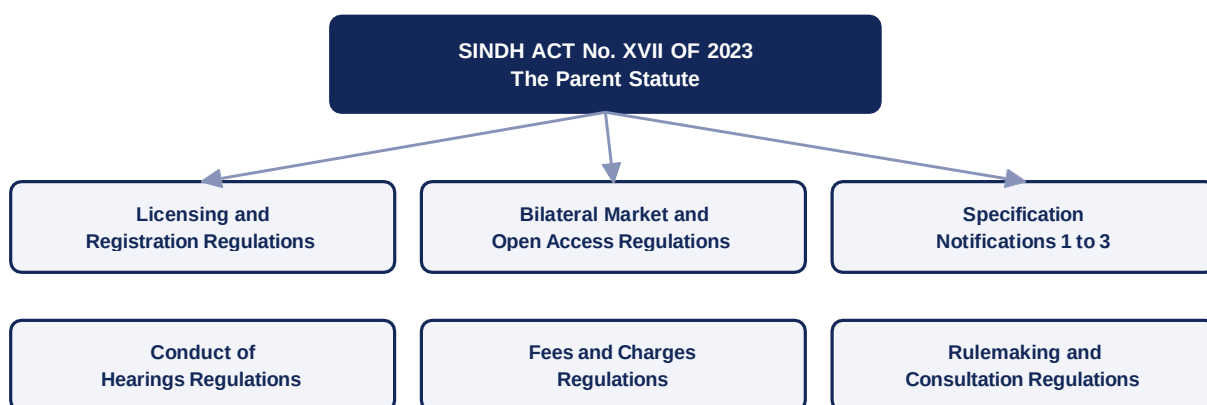


Figure 9: The Regulatory Map

This Handbook corresponds to the Licensing and Registration Regulations, 2026; the Bilateral Electric Power Market and Open Access Regulations, 2026; Specification Notifications Nos. 1 to 3 of 2026; the Conduct of Hearings Regulations, 2026; the Fees and Charges Regulations, 2026; and the Rulemaking and Public Consultation Regulations, 2026. Always consult the current text as published in the official Gazette.

Facilitation and Contact

SEPPA maintains a designated facilitation officer for bilateral market transactions, publishes its forms and standard licenses, maintains public registers of licenses, registrations and contracts, and publishes a current statement of fees and account particulars. Applications and filings are made to the Registrar at the principal office of the Authority at Karachi.

Purpose	Contact
Applications, filings and registers	Registrar, SEPPA [registrar@sepra.gos.pk]
Investor facilitation and pre-application guidance	Facilitation Officer, Bilateral Market [registrar@sepra.gos.pk]
Consumer complaints	Complaints Cell [info@sepra.gos.pk or registrar@sepra.gos.pk] — no fee payable
Published instruments, forms, registers and fees	[www.sepra.gos.pk]

This Handbook is issued for guidance. It does not have the force of law and does not create any right or expectation enforceable against the Authority. First Edition, 2026.