

Ministry of Energy
(Power Division)
National Energy Efficiency & Conservation Authority
(NEECA)

Minutes of the 1st Meeting of the Board of Directors (BoD)
of National Energy Efficiency & Conservation Authority (NEECA)
held on 9th August, 2018 at 'A' Block Pak Secretariat, Power Division, Islamabad

The first (01) meeting of the Board of Directors (BoD) of National Energy Efficiency & Conservation Authority (NEECA) was held on 9th August, 2018 at 10:00 am in the Committee Room of Ministry of Energy (Power Division) 'A' Block Pak Secretariat Islamabad. Syed Ali Zafar, Minister for Energy (Power Division) / Chairman, BoD of NEECA chaired the meeting. List of participants is at Annex-I.

2. After recitation from the Holy Quran, Minister for Energy (Power Division) / Chairman, BoD welcomed and appreciated the Members/representatives of all major organizations for participation in the 1st BoD meeting of NEECA, stating that energy efficiency and its conservation would be one of the important and integral part and priority area in the power sector. It was desired to put concerted efforts by all participants to fully operationalize the NEECA and stressed that for the up coming government, energy efficiency and conservation should be the priority area while addressing the energy issues in the country.
3. Secretary, Power Division highlighted the importance of Green Climate Fund (GCF) and emphasized to generate such projects including the energy efficient appliances programs which can help NEECA to get funding from donor agencies and GCF platform. MD, Punjab Energy Efficiency & Conservation Agency (PEECA) in this regard indicated that in Punjab they have identified various projects which could save up to 40% of energy specifically in public sector buildings and shared their success in pilot project on building efficiency and support being given by the World Bank. Secretary, Planning, Development & Reforms Division also endorsed the view point and pointed out that under SE4ALL program various financial channels for implementing the projects related to energy efficiency and energy conservation could be tapped. It was also pointed out that with the involvement of private sector the concept of solar villages for provision of alternate green energy can be implemented, particularly in off grid areas.
4. On behalf of the Ministry of Climate Change, the Board was informed that in coordination with NEECA, the Ministry is working on a number of projects, as 51% emissions of greenhouse gases (GHG) in the country are from the energy sector. In this regard various projects of enhancing energy efficiency and its conservation which include the recent projects like energy efficient brick kilns in the country and greening of public buildings program in joint collaboration with the kfw (German Development Bank) were mentioned. The nexus between the Ministry of Climate Change and NEECA in this regard shall be further strengthened in future with the induction of more professional staff in NEECA as a result of its restructuring process.

5. After initial discussion and an introductory presentation made to the Board on the on ground position as a result of transformation of the ENERCON to NEECA, established under the National Energy Efficiency & Conservation Act, 2016, the following agenda items discussed and decisions taken in respect of each item are as under:

Item No.1:

Opening of PLS Bank Account of National Energy Efficiency and Conservation Authority (NEECA) for placement of Seed Money and other operational receivables/expenditures and approval of Signatories for operating the PLS Bank Account of NEECA, as per Section 9 of the NEECA Act, 2016

The Board was informed that as per Section 6 of the (NEECA) Act, 2016, a federal agency namely National Energy Efficiency and Conservation Authority (NEECA) has been established under the administrative control of the Ministry of Energy (Power Division).

NEECA will serve as the focal federal agency for the establishment of institutions and enunciation of mechanisms and procedures so as to provide for effective conservation and efficient use of energy in various sectors of economy, as per provisions of the NEECA Act, 2016.

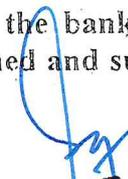
For the purpose of meeting its administrative expenses in connection with the functions and operations of the Authority and its Board, Section 9 of the Act provides for establishment of an Authority Fund with an initial seed money of-Rs. one billion. Sub-section 5 of Section 9 of the Act provides that the accounts of the Authority shall be audited by the Auditor General of Pakistan.

A Bank Account (No. 3148542126) for placement of Seed Money has been opened in National Bank of Pakistan, Holiday Inn Branch, Islamabad (Branch Code 1663) and the Managing Director NEECA and Accounts Office/DDO NEECA were proposed to be the authorized signatories to sign the instruments of the Bank Account for NEECA.

Decision:

The Board allowed the permission to the extent of opening of Bank account of NEECA in the National Bank of Pakistan, Holiday Inn Branch, Islamabad and authorized the Managing Director NEECA and Accounts Officer/DDO NEECA, as its co-signatories.

The Board, however, directed that for operating of the bank account, the proper financial rules/regulations to be followed shall be framed and submitted to the Board in its next meeting.


DR. SARDAR MOHAZZAM
Managing Director, NEECA
Ministry of Energy (Power Division)
Government of Pakistan
Islamabad

Item No.2:

Targeted Energy Efficiency (EE) programs for Sectors covered under the NEECA Act, 2016

During an introductory presentation made on 1st August, 2018 to the Honorable Minister for Power on the current status and affairs of the NEECA, the Honorable Minister for Power/Chairman BoD NEECA desired to suggest some policy tools and to propose focused and targeted Energy Efficiency (EE) Programs for various sectors covered under the NEECA Act, 2016.

Accordingly, a position paper along with presentation on the proposed policy tools and activities to be initiated in the five sectors i.e. Building, Industry & Power, Transport, Agriculture and Training & Outreach sectors (Annex-II) was prepared and placed before the Board for its consideration.

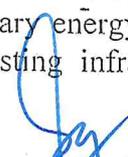
The Board was informed that a National Energy Conservation Policy was framed in the year 2006 which needs to be revised on the basis of various provisions of the National Energy Efficiency & Conservation Act, 2016, particularly keeping in view the provisions made in Sections 7 & 9 of the NEECA Act, 2016 which relates to the various functions and imposition of levy to be collected by the Federal Government, fee received and income from investments to be made by the Authority. Therefore, for revision of the National Energy Conservation Policy, the consultation from the Provincial governments is required which would be made through the provincial representatives in the NEECA Board.

Based on the discussion held on various proposals made during the meeting, the following decisions were taken to gear up the pace in implementation of selective measures for achieving the energy efficiency and energy conservation in various sectors covered under the NEECA Act, 2016:

Decisions:

- i. The Board directed to initiate the work on developing the National Energy Conservation Policy, as per provisions of the NEECA Act, 2016, in consultation with all stakeholders and present the progress in the next NEECA BoD meeting.
- ii. The Board recommended that the respective Provincial Designated Agencies may allocate certain budget for energy efficiency activities and all provincial designated agencies may initiate at least one energy efficiency and conservation program for which NEECA will provide all possible technical support. Punjab Energy Efficiency & Conservation Agency (PEECA) was also directed to share its experience in this regard with other Provincial Designated Agencies.
- iii. keeping in view Section 14(1) of the NEECA Act, 2016 (Powers of Provincial Government to make Rules) which states that "The Provincial Government may by notification in the official Gazette, make rules for carrying out the provisions of this Act and not inconsistent with the rules, if any, made by the Federal Government" the Board observed that the Provincial Designated Agencies need not to have their separate laws and under cover of this Act, the designated departments may prepare the relevant rules and take necessary actions.

- iv. The Board directed to initiate the work on developing concept note for launch of National Energy Efficiency & Conservation Awards scheme to encourage, motivate and recognize the industrial units and building establishments who have taken extra efforts to reduce energy intensities. The scheme is aimed to create an environment that would spur industries in achieving excellence in efficient use of energy conservation. The compendium of best practices for energy efficiency would also be developed.
- v. For promotion of Pakistan Energy Label products, the Ministry of Industries may consider to suggest the Utility Stores Corporation of Pakistan to allocate special section in their stores for energy efficient labeled products.
- vi. Ministry of Finance through State Bank of Pakistan may consider to direct commercial banks under its Green banking guidelines, that provision of loans for house building should be subject to inclusion of energy efficiency attributes and installation of energy efficient appliances.
- vii. The board while appreciating the successful initiative of energy labeling scheme for electric fans recommended to adopt similar initiatives for refrigerators, air conditioners and LED Lights to promote energy efficient products on mandatory basis. Keeping in view that the accredited labs for the LEDs and Refrigerators have been established by Pakistan Council of Scientific & Industrial Research (PCSIR) and AC lab being established by PEECA, the Board recommended the Ministry of Science & Technology to direct Pakistan Standards & Quality Control Authority (PSQCA) and PCSIR to conduct surveys of aforementioned appliances from their accredited labs and recommend energy efficiency levels for adoption by NEECA under its labeling regime.
- viii. It was decided that construction of new public buildings should have energy efficiency attributes reflected in the PC-1, and compliance mechanism needs to be developed for construction of buildings as per building energy conservation codes. In this regard, the Planning Commission was directed to ensure quick adoption of relevant PC-1 revised formats for construction of public buildings, the draft of which already prepared by NEECA in consultation with various stakeholders and available with Ministry of Planning, Development & Reforms. Secretary, planning assured his support and stated that Planning Commission will embed the format for consideration in CDWP/ECNEC level projects.
- ix. The Board directed adoption of standard industrial classification codes by gas and electricity utility companies under the ongoing activity of Integrated Energy Planning by the Ministry of Planning, Development & Reforms which will help in identification of potential designated consumers.
- x. ~~The Board suggested to present the National Scheme for Certified Energy Auditors/Managers and the Provincial Designated Agencies may take support from their Provincial Universities/Pakistan Engineering Council Regional offices for preparatory training sessions.~~
- xi. The Board directed to initiate the ease with relevant department for inclusion of private vehicles in the Motor Vehicle Examination ambit and necessary energy efficiency fuel saving reporting mechanism should be incorporated and testing infrastructure to be established.


DR. SARDAR MOHAZZAM
Managing Director, NEECA
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- xii. The Board directed to develop a program for Tractors Fuel Optimization in consultation with Ministry of Climate Change and seeking funding from relevant development partners.
- xiii. The Board directed to prepare some appropriate versions of vision/mission statement of NEECA, relevant to its mandate under the NEECA Act, 2016.
- xiv. The Board also directed to initiate action on formulation of at least one Energy Conservation Tribunal, as per Section 19 of the NEECA Act 2016 to ensure necessary legal back up support for NEECA and its designated agencies.
- xv. In order to formulate the draft of the National Energy Conservation Policy and to coordinate implementation of the abovementioned decisions, the Board constituted a Technical Committee comprising the following:

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| (1) Joint Secretary --II(Org), M/o Science & Technology | - | Chairman |
| (2) Joint Secretary, M/o Industries & Production | - | Member |
| (3) Representatives of all Provincial Designated Agencies | - | Members |
| (4) Manager (Technical) NEECA | - | Member/Secretary |

The Committee can opt to include any member from concerned organizations, if required

Item No.3:

Recommendation of the Finance Division duly approved by the Prime Minister to utilize the ECF funds as Seed Money for NEECA

The Board was informed that in June 2017, a Summary for the Prime Minister was initiated by the Ministry of Water & Power through Finance Division for provision of seed money for NEECA as per Section 9(3)(a) of the NEECA Act, 2016. On the recommendations of the Finance Division, the Prime Minister accorded the approval that funds of Rs. 311 Million available with Energy Conservation Fund (ECF) may be used as seed money for NEECA to initiate and perform its functions under the NEECA Act 2016.

Energy Conservation Fund (ECF) was incorporated in 2002, with Securities & Exchange Commission of Pakistan (SECP). The company is limited by Guarantee not having share capital and is not for profit within the meaning of Section 42 of the Companies Ordinance, 1984. ECF is responsible to undertake Energy Conservation through Energy Efficiency with a focus on introducing new technologies, use of alternative economical, non-polluting energy and better maintenance techniques for all types of devices including machinery and equipment in Pakistan.

The matter regarding transfer of funds of Rs.311 Million to NEECA was deliberated upon by the ECF Board in its 40th Meeting held on 8th December, 2017 and Board opined that a legal advice / opinion may be obtained by the Power Division from Ministry of Law & Justice, regarding status of ECF and transfer of funds of Rs. 311 million to NEECA. Accordingly, Ministry of Energy (Power Division) referred the case to Ministry of Law & Justice soliciting transfer of ECF funds to NEECA as seed money and guidance on existing employees of ECF.

In response, the GEF representative, Ministry of Climate Change has commented that the establishment of revolving fund under the GEF project "Fuel Efficiency in Road Transport Sector" was one of the objectives of the project with the purpose to provide loans for purchase of tune-up equipment by workshop owners and mechanics to support the market in its initial stage of growth. The aim was to facilitate purchase of advanced tune-up and diagnostic equipment by private sector. As long as Fund is complementing its original objectives there will be no issue from the donor but any deviation from the set objectives of revolving fund may not be recommended. Since the project (FERTS) stand closed, the final decision of handling the money should be with the ECF Board.

Ministry of Law & Justice in its opinion has quoted Sub-section (1) of Section - 27 of the National Energy Efficiency and Conservation Act, 2016, which states that "The assets, rights, powers, authorities and privileges and all property, cash and bank balances, reserve funds, investment and all other interests and rights in or arising out of such property, etc. whatever kind of the ENERCON subsisting immediately before its dissolution shall stand transferred to and vest in the Authority constituted under the NEECA Act. Therefore, the finances of the ECF of the dissolved ENERCON can be transferred to the NEECA.

The details of ECF Terms Deposits (TDRs) with dates of maturity are at Annex-III: The ECF Board in its meeting held on 11th July, 2018 has decided that transfer of funds of ECF to NEECA be made in a phased manner on maturity of existing term deposits dates. The term deposit of Rs 40 million with Habib Bank matured on 21st March, 2018 and Rs 55 million with National Bank matured on 05th July, 2018 (Total Rupees 95 million) were decided to be transferred to the NEECA bank account as seed money after deduction/retaining of six months Budgeted administrative expenses of ECF up to 31st December, 2018. The remaining terms deposits of Rs. 206 million were decided to be subsequently transferred to the NEECA on maturity dates and the last one would be on 5th December, 2018.

It was also decided by the ECF Board that the ongoing activities of ECF i.e energy labeling scheme of electric fans, promotional activities for energy conservation and awareness campaign for energy efficient products and other activities of specific purpose grants which have already been received by ECF from UNEP and M/o Climate Change and accounts being maintained separately, as well as, future grants /activities on new projects like energy efficient brick kilns shall be continued.

The ECF Board keeping in view the present status of the ECF, and transfer of its funds to NEECA allowed extension in employment contract of its existing (14) fourteen employees only for a period of six months up to 31st December, 2018.

It was, however, also opined by the ECF Board that the views of the Securities & Exchange Commission of Pakistan (SECP) in the matter may also be obtained as the ECF was a Company established and governed under the Companies Act, 2017. Accordingly, a letter in this regard has also been sent to the SECP.

While examining the above position by the NEECA Board, an opinion was made that as per Section 9 of the NEECA Act, 2016, a fund of the Authority shall be formed with an initial seed money of Rs one Billion to be provided by the Federal Government. The Representative of the Finance Division, however, observed that instead of seeking seed money from the Federal Government, the Authority should prepare a business plan so as to generate funds to become a revenue generation self-sustained entity.

The Board, however, observed that the functions assigned to the NEECA under the Act in achieving the energy efficiency and conservation of energy are not meant for earning profit, rather such functions comes within the ambit of public service and energy conservation resulting saving on its generation cost, as well.

Decision:

In order to consider all the above mentioned factors, including proposed transfer of funds of ECF to NEECA, as well as, to prepare a business plan for the earnings of the Authority, the Board decided to constitute the following Finance Committee for submission of its recommendations in the next Board meeting:

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| (1) Joint Economic Advisor, Finance Div. | - | Chairman |
| (2) Director General (Env) Climate Change | - | Member |
| (3) Executive Director, OGRA | - | Member |
| (4) Manger (Technical) ECF/NEECA | - | Member |
| (5) Company Secretary, ECF | - | Member/Secretary |

The Committee can opt to include any member from the concerned organizations, if required.

Item No.4:

Approval to advertise the positions of five sectoral experts from the Private Sector as Members of BOD of NEECA

The Board was informed that Section 3(1)(s) of the NEECA Act, 2016, provides that the Board shall also consist of five persons of known integrity and competence from private sector of which three would be paid full time. These members shall have expertise in different sectors defined in the Act, including Agriculture and Livestock.

While approving the constitution of the NEECA Board by the Federal Cabinet, as notified by Ministry of Energy (Power Division) dated 12th December, 2017, the above five persons from private sector shall be recommended to be indicated in the Board as sectoral experts by the NEECA Board, after a transparent process and selection on merit.

A member of the Board other than ex-officio member, shall hold office for a period of three years from the date of his appointment and shall be eligible for appointment but for not more than two terms.

As per Section 3 (1)(q) of the NEECA Act, 2016, one person from agriculture sector shall also be nominated by the Federal Government.

Decision:

The Board decided to constitute the following HR Committee to recommend the draft of job description, qualification and experience required for appointment of the five (05) sectoral experts for induction as members in the BoD for advertising the positions one each from power sector, industrial sector, transport sector, agriculture & livestock sector and the building sector, as defined in the NEECA Act, 2016. The HR Committee shall also recommend the three members out of the above five sectoral experts, who would be full time paid members alongwith their proposed pay package/emoluments:

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| (1) Managing Director, NEECA | - | Chairman |
| (2) Joint Economic Advisor, Finance Div. | - | Member |
| (3) Joint Secretary (Admn) Planning Div. | - | Member |
| (4) Joint Secretary (Admn) Industries Div. | - | Member |
| (5) Director General (Env) Climate Change | - | Member |
| (6) Chief (Admn) NEECA | - | Member/Secretary |

The Committee can opt to include any member from the concerned organizations, if required.

Item No.5:

Consultants Report regarding existing and proposed organizational structure and framing of Service Rules/Regulations for NEECA.

The Board was informed that in March 2017, the services of Mr. K.M. Zubair as Lead Consultant and Mr. Waseem Mansoor as Associate Consultant were engaged by the ECF Board to carry out the review of existing organizational structure, functions, human resource requirements, reporting relationships procedures, salary structure and to develop departmental profiles for existing and new departments for NEECA, in order to effectively meet the requirements as outlined in the NEECA Act, 2016.

The Consultants have submitted its reports containing two parts Deliverable-I and Deliverable-II, which were circulated and also emailed to the Board Members. Based on the Consultant's report, a presentation was made to the Board during its meeting.

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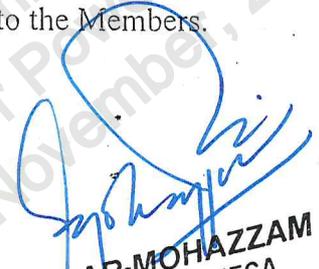
Decision:

The Board decided that the recommendations contained in the restructuring study of the Consultants (Deliverable-I & Deliverable-II) shall be reviewed/examined by the following HR Committee of the Board already constituted and will submit its report for consideration by the Board in its next meeting:

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| (1) Managing Director, NEECA | - | Chairman |
| (2) Joint Economic Advisor, Finance Div. | - | Member |
| (3) Joint Secretary (Admn) Planning Div. | - | Member |
| (4) Joint Secretary (Admn) Industries Div. | - | Member |
| (5) Director General (Env) Climate Change | - | Member |
| (6) Chief (Admn) NEECA | - | Member/Secretary |

The Committee can opt to include any member from the concerned organizations, if required.

6. The meeting ended with a note of thanks from the Chairman to the Members.


DR. SARDAR-MOHAZZAM
Managing Director, NEECA
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