## **Business Recorder**

# **CCP Reference News**

#### Discos' sell-off to pave way for a competitive market: CCP

The privatisation of power distribution companies could foster competition in a sector that is currently dominated by government intervention, where state-owned enterprises (SOEs) control most of the distribution segment.

The Competition Commission of Pakistan (CCP) is of the view that privatising these companies could break this monopoly, paving the way for a competitive market where consumers would have the option to compare services from multiple providers.

The government has geared up the privatisation of three DISCOs namely, Islamabad Electric Supply Company (lesco), Faisalabad Electric Supply Company (Fesco), and Gujranwala Electric Power Company (Gepco) under the phase-I of privatisation.

MoF seeks making KE QTA mechanism in line with other Discos

However, stakeholders have expressed concerns about the impact of privatisation on market competition.

Responding to different queries, the CCP spokesperson told Business Recorder that privatisation itself is not inherently anti-competitive as it leads to innovation, efficiency and resource allocation. The privatisation of distribution companies and opening up of the sale business at the DISCOs will help to end the single control and create a competitive market where consumers can compare services from different sellers.

However, the spokesperson said, we should keep in view that the electricity distribution network (wire business) is a natural monopoly, with its value increasing with the number of connections.

Duplication of distribution networks could lead to unnecessary infrastructure, higher costs, and reliability issues. Whereas, the control of SOEs in distribution segment is restricting competition, limiting innovation, and leading to inefficiencies such as high circular debt, significant transmission and distribution losses, regulatory inconsistencies, and aging infrastructure.

According to details, the CPPA-G is the sole buyer of electricity from power producers and sells it to DISCOs, which is monopolistic in nature. Before 2018, the scope of electricity distribution encompassed both the physical infrastructure (wire business) and the sale of electricity to end-consumers. However,

with the introduction of the NEPRA (Amendment) Act, 2018, the sale of electricity was separated from the distribution function. Under the amended Act, a distinct "Electric Power Supply Licence" is now required for the sale of electricity, as stipulated in Section 23E of the Act. This amendment effectively decouples the distribution of electricity from its sale, providing a clear regulatory framework for these two essential aspects of the power sector.

Moreover, distribution of electricity (wire business) is typically treated as a natural monopoly, the official said.

Allowing only one company in a specific territory to handle the distribution network avoids unnecessary duplication of infrastructure, which would be costly and inefficient. However, at a later stage, the commission may evaluate the potential for monopolies and encourage unbundling of larger DISCOs into smaller, regionally distinct entities to prevent concentration of market power.

The CCP is proactively coordinating and cooperating with the Privatization Commission to facilitate the privatisation process. To balance the need for competition with the public interest objectives of privatisation, the CCP may grant temporary exemptions to ensure the smooth flow of privatisation, with the understanding that full compliance with competition laws will be required after a certain period of time.

It is necessary to clearly distinct the wire business (distribution network) and the sale business (retail supply). During and after privatisation, more retail vendors must be encouraged to enter the market.

To enable fair access for all new entrants, non-discriminatory access to distribution networks is required, allowing numerous suppliers to use the infrastructure to reach customers, the CCP source added. <u>https://www.brecorder.com/news/amp/40322070</u>

#### Acquisition of Telenor, Orion Towers: PTA gets application

Pakistan Telecommunication Authority (PTA) has received the application for the grant of approval of the proposed acquisition of Telenor Pakistan (Private) Limited and Orion Towers (Private) Limited to Pakistan Telecommunication Company Limited (PTCL).

Official document revealed that this transaction involves transfer of 100 percent shareholding/ equity interest from Telenor Pakistan B.V to PTCL.

As a result of this transaction Telenor Pakistan (Private) Limited, Orion Towers (Private) Limited and Telenor LDI Communication (Pvt) Limited will be controlled by PTCL.

All telecom consumers, stakeholders, interested/affected persons and the general public were notified that PTA has received the application for the grant of approval of the proposed acquisition of Telenor Pakistan (Private) Limited and Orion Towers (Private) Limited.

All telecom consumers, stakeholders, interested/affected persons, and the general public are invited to submit their written comments (if any) regarding the subject matter to the Director General (Wireless Licensing).

Telenor, Orion: PTCL's proposed acquisition could lessen market competition: CCP

The Competition Commission of Pakistan (CCP) is currently conducting a phase-II review of the proposed acquisition of Telenor Pakistan by PTCL.

This crucial review will determine whether the merger is approved and what conditions may be imposed to ensure competitive fairness in the market.

The PTCL filed a pre-merger application on March 06, 2024. The CCP had 30 days to review the application and issue a Phase-I order, according to its law.

Phase-1 order was announced on May 03, 2024, within the timescale specified in the competition law.

Phase-I order analyzed that there may be some potential impact on competition in the telecom sector therefore; the pre-merger application will be considered in phase-II review. CCP has 90 days to complete this detailed review and issue its order.

A Phase-II review involves an in-depth investigation into the merger's potential impact on market competition. This stage is initiated when preliminary findings suggest that the merger could restrict competition in the telecom sector.

Currently, CCP is conducting extensive analysis, collecting detailed data, market participant responses through comprehensive questionnaires, and comments from Pakistan Telecommunication Authority (PTA).

https://www.brecorder.com/news/40322060

#### **CCP** News

#### Pro Pakistani

#### CCP, British Council Conduct Session on Competition Law for UK Alumni

The Competition Commission of Pakistan (CCP), in collaboration with the British Council, conducted an interactive session on Competition Law for UK Alumni based in Karachi.

The session attracted a diverse group of participants, representing various sectors including healthcare, pharmaceuticals, IT consulting, logistics, energy, agriculture, legal services, real estate, banking, academia, non-profit organizations, and the public sector.

Mastercard and UPaisa Launch a New Debit Card to Transform Pakistan's Payment Landscape This interaction aimed to enhance participants' understanding of competition law by offering direct engagement with the CCP senior official and getting insights into Pakistan's competition law. The session included brief videos on the core components of the Competition Law, a comprehensive presentation on the law, and two actual case studies on actions taken against cartels and deceptive marketing practices respectively.

Salman Amin, Member CCP, in his remarks emphasized the significance of Competition Law, noting that now competition Index is increasingly a crucial factor in attracting investment. He highlighted the importance of the CCP's role in maintaining a fair and competitive economy, which is vital for improving Pakistan's investment climate and economic competitiveness for undertakings willing to conduct business locally or internationally.

During the presentation, Ahmed Qadir, Director General CCP, presented an overview of the core provisions of the Competition Law and the CCP's commitment to promoting a competitive environment that benefits both consumers and businesses alike.

The session was very interactive, with participants engaging in thoughtful Q&A discussions on various aspects and impacts of Competition Law in different sectors of the economy. Attendees expressed strong interest in actual case studies and for further advocacy sessions by the CCP. They also appreciated the inclusion of Competition Law in Director Training Programs being carried out in Pakistan by different organizations.

Punjab Police to Wear Bodycams During Duty Hours

Emphasizing CCP's role in promoting adherence to best practices across industries, Usman Khalid (Senior Manager) and Marryam Qadir (Manager) from the British Council conveyed that the recent sessions on Competition Law, held in Islamabad and Karachi, have received an overwhelming response. They noted that UK Alumni, in Islamabad and Karachi, have greatly benefited from the collaboration between CCP and the British Council. It was also agreed to include a similar session for UK Alumni in Lahore in their upcoming event which will further extend the outreach and impact of this valuable partnership between the CCP and British Council.

https://propakistani.pk/2024/09/11/ccp-british-council-conduct-session-on-competition-law-for-ukalumni/

#### Mettis Global

# CCP, British Council partner to strengthen industry's competition law knowledge

To enhance the understanding of Competition Law by offering direct engagement with the Competition Commission of Pakistan (CCP) senior official and get insights into Pakistan's Competition Law, the CCP, in collaboration with the British Council, conducted an interactive session on Competition Law for UK Alumni based in Karachi.

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https://mettisglobal.news/ccp-british-council-partner-to-strengthen-industrys-competition-lawknowledge/#:~:text=September%2012%2C%202024%20(MLN)%3A,an%20interactive%20session%20on %20Competition

## Bloom Pakistan

#### **CCP, British Council partner to strengthen industry's understanding of competition law**

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https://www.bloompakistan.com/ccp-british-council-partner-to-strengthen-industrys-understanding-ofcompetition-law/



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# CCP, British Council partner to strengthen industry's understanding of competition law

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فیتنه) Ausaf CCP، كمپشيشن قوانين بارے آگہی بارے سيشن كاانعقاد مقصد يردفيشن افراد کولمپٹيثن قانون کی متعلق آگاہی فٹ راہم کرنا ہے اسلام آباد(اوصاف نيوز) كميثيثن كميشن آف التعليم، صحت، دواسازى، آتى في كنسلنتك، ياكتان (ى ى يى) في برنش كوس ك اشتراك المسلس، توانانى، زداعت، ليكل، رئيل استيف، ے کراچی میں مقیم برطانیہ کے سابق طلباء کی المنائی بنیکنگ، غیر منافع بخش تظیموں اور گور تمنت کے کیلئے پاکتان کے کمپنیشن قوانین بارے آگبی کے دیگر شعبوں سے تفا۔ کمپنیشن کمیشن کے ممبر سلمان حوالے بے ایک سیشن کا انعقاد کیا۔ سیشن برٹش امین نے کمپنیشن قانون کی عالمی اہمیت پر روشن كوس المسود يش عروفيش دو يم من كور التي مو ع كما كد ياكتان من مرمايدكارى ي كا حصه بجس كا متصد يروفيشن افرادكوكينيش ماحول اور معاشى مسابقت كو بجتر بناف اور ايك قانون كى متعلق آگابى فراہم كرنا ب- شركاء كاتعلق مصفاند اور مقابله ب (باتى صفحه 6 بقيد نمبر 2) 200 بھر نور مارکیٹ پلیس کو برقر اررکھنے میں تی تی کی کی کا کردار انتہائی اہمیت کا حامل ہے۔سیش کے دوران، احمد قادر، ڈائر یکٹر جزل سی کی بی کمپٹیشن قانون کی بنیادی دفعات کا جائزہ پیش کیا۔