



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/DG(CAD)/TCD-09/ 17391

November 13, 2024

Chief Executive Officer,
K-Electric Limited, KE House No 39-B,
Sunset Boulevard Phase-II, Defence Housing Authority,
Karachi.

Subject: ORDER OF THE AUTHORITY IN THE MATTER OF EXPLANATION ISSUED TO K-ELECTRIC (KE) UNDER RULE 4(1) & (2) OF NEPRA (FINES) RULES 2002 TO BE READ WITH NEPRA (FINE) REGULATIONS, 2021

Enclosed please find herewith the Order of the Authority (total 03 Pages) in the subject matter for information and compliance.

Enclosure: As above

Wasim Anwar Bhiinder
(Wasim Anwar Bhiinder)



National Electric Power Regulatory Authority

ORDER

IN THE MATTER OF EXPLANATION ISSUED TO K-ELECTRIC (KE) UNDER RULE 4 (1) & (2) OF NEPRA (FINES) RULES 2002 TO BE READ WITH NEPRA (FINE) REGULATIONS, 2021.

Pursuant to Section 20 and 21 of the NEPRA Act, K-Electric (KE) (the "Licensee") was granted a Distribution Licence No. 09/DL/2024 dated January 19, 2024 and pursuant to Sections 23(E) and 23(F) of the NEPRA Act KE was granted a Supplier Licence to engage in distribution service and to make sales of electric power to the consumers in the Service Territory of the K-Electric, subject to terms and conditions as specified by the Authority in of the aforesaid Licences; and

BACKGROUND:

2. K-Electric vide letter dated May 15, 2024 followed by a reminder dated June 13, 2024 was directed to provide following information within seven (7) days on the pretext that a large number of net-metering applications were rejected by K-Electric on the basis of overloading of common distribution system/ PMTs. However, no information whatsoever provided by KE without any justification.

Sr. No.	Name of applicant	PV Load	Capacity of PMT & Location	Maximum Load on PMT (with supporting documents)

3. The Licensee did not comply with the above directions of the Authority and failed to provide the requisite information despite lapse of given time period and issuance of a reminder. KE vide letter dated June 28, 2024 (after lapse of more than a month) requested for extension in submission of information till July 15, 2024. If any extension was required, KE should have requested within the given time period of seven days.

4. The Authority took serious notice of non-compliance with the directions of the Authority by the Licensee w.r.t. provision of information pertaining to non-provision of net-metering connection to a large number of consumers on the basis of overloading of Common Distribution System / PMTs and issued an Explanation letter dated July 12, 2024 to the Licensee under Rule 4 (1) and 4(2) of NEPRA (Fines) Rules 2002 to be read with NEPRA (Fine) Regulations, 2021. The salient features of the Explanation are as under:

- i. **WHEREAS**, it is explicitly stated in the NEPRA (Fines) Rules, 2002 and NEPRA (Fine) Regulations, 2021 that if any person acts or omits to act in a manner which in the opinion of the Authority constitutes violation of the provisions of the Act or the applicable documents, explanation may be called from the said person by the Authority for any violation of the applicable documents; and



- ii. **WHEREAS**, NEPRA (Fines) Rules, 2002 provide that "applicable documents" means the rules and regulation issued in pursuance of the Act by the Authority, from time to time, the generation, distribution and transmission licences, the grid and distribution codes and any documents, instruments, approvals or authorizations issued or granted by the Authority in exercise of its powers under the Act; and
- iii. **WHEREAS**, the Authority has reason to believe that the Licensee has *prima facie* acted in violation of the applicable documents by not providing the information related to the large number of net-metering consumers, whose applications were rejected by KE on the basis of overloading of common distribution system/ PMTs.

5. In response, the Licensee vide its letter No.3224 dated July 25, 2024 submitted its reply against the said Explanation. Following is the summary of the reply to explanation submitted by K-Electric:

- i. Compilation of information was longer than expected and hence more time was required for submission of authenticated information after its revalidation through site surveys, therefore extension request was submitted to NEPRA for submission of response, pursuant to which the requisite information has been submitted.
- ii. KE always ensures submission of accurate and up-to-date information to NEPRA and utmost compliance of applicable laws and did not act in any manner whatsoever which violates any of the provisions of the NEPRA Act or the applicable documents.

6. Meanwhile, KE vide letter dated July 15, 2024 submitted the information which was not in accordance with the directions issued by this office. KE was once again directed vide letter dated August 12, 2024 to submit complete / comprehensive information i.e. details of rejected net-metering cases along with maximum load on PMTs, at the earliest. In response, KE after lapse of a month vide letter dated September 13, 2024 submitted that net metering cases in which PV injection reaches 80% of the installed Distribution Transformer (DT) capacity require augmentation of DT cost of which is to be borne by the consumers as per Clause 3.A7 of PPIB (AEDB) guidelines as reproduced below:

"In case if the load capacity due to already installed DG facilities at any transformer reaches 80%, the DISCO shall not grant approval for any new DG facility at that transformer unless the new DG Facility operator agrees and pay for the cost of augmenting the transformer capacity."

7. KE further apprised that such cases are not rejected by KE and they are pending at the consumer end as their consent is awaited for further processing and this ensures that the burden of augmentation is not passed onto other consumers of common distribution system who are not the beneficiary of Net Metering facility.

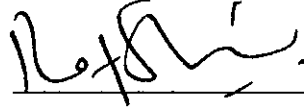


DECISION

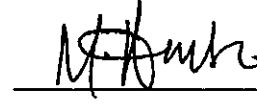
8. Taking into account the submissions of the Licensee in light of the NEPRA Act, National Electric Power Regulatory Authority (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015 ("Net-Metering Regulations, 2015"), NEPRA (Fine) Regulations, 2021 and other applicable documents, the Authority is of the considered opinion that the Licensee has failed to comply with the directions of the Authority and applicable documents. Hence, the same constitutes a clear violation of NEPRA Act, NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015 ("Net-Metering Regulations, 2015"), NEPRA (Fine) Regulations, 2021 and other applicable documents of which implementation is binding upon the Licensee under the law, being an applicable document. It is therefore, concluded that the Licensee has failed to submit a satisfactory reply to the Explanation issued to it, therefore, the Authority hereby decides to issue a Show Cause Notice to the Licensee in terms of Regulation 4 (8) & (9) of the NEPRA (Fine) Regulations, 2021.

AUTHORITY

Rafique Ahmed Shaikh
Member (Technical)



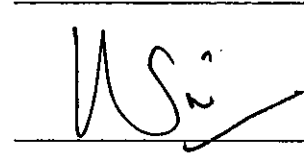
Engr. Maqsood Anwar Khan
Member (Licensing)



Mathar Niaz Rana (nsc)
Member (Tariff)

(On leave)

Amina Ahmed
Member (Law)



Waseem Mukhtar
Chairman

