



National Electric Power Regulatory Authority
ISLAMIC REPUBLIC OF PAKISTAN
Attaturk Avenue (East) Sector G-5/1, Islamabad.
Ph: 051-2013200 Fax: 051-2600021

**Consumer Affairs
Department**

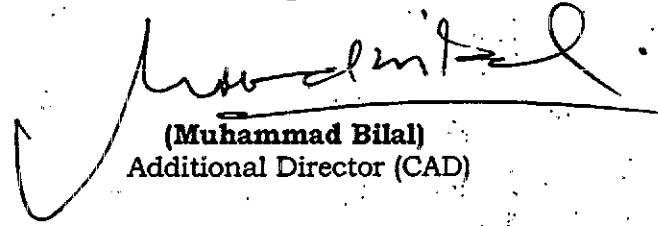
TCD.03/1556-2025
April 28, 2025

Chief Executive Officer,
Faisalabad Electric Supply Company (FESCO),
Abdullah Pur, Canal Bank Road, Faisalabad.

**SUBJECT: DECISION IN THE MATTER OF COMPLAINT FILED BY M/S PAK ARAB
REFINERY LIMITED UNDER SECTION 39 OF THE REGULATION OF
GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC
POWER ACT, 1997 AGAINST FESCO REGARDING ISSUANCE OF
ADDITIONAL DEMAND NOTICE**
Complaint No. FESCO-NHQ-44212-09-24

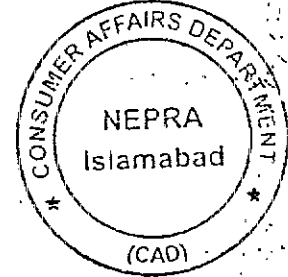
Please find enclosed herewith the decision of the NEPRA Complaints Resolution Committee (CRC), dated April 23, 2025 regarding the subject matter for necessary action and compliance within thirty (30) days.

Encl: As above


(Muhammad Bilal)
Additional Director (CAD)

Copy to:

1. Chief Engineer/Customer Services Director
FESCO, Abdullah Pur, Canal Bank Road, Faisalabad.
2. Director Commercial
FESCO, Abdullah Pur, Canal Bank Road, Faisalabad.
3. M/s Pak-Arab Refinery Ltd,
Korangi Creek Road, Karachi.
Cell: 0300-3519891





**BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)**

Complaint No. FESCO-NHQ-44212-09-24

M/s Pak Arab Refinery Limited
Korangi Creek Road, Karachi.

.....Complainant

Versus

Faisalabad Electric Supply Company (FESCO)
Abdullah Pur, Canal Bank Road, Faisalabad.

..... Respondent

Date of Hearing: January 07, 2025
On behalf of:
Complainant: Mr. Sarmad Legal Counsel

Respondents: Mr. Muhammad Ramzan Addl. PD, FESCO

Subject: DECISION IN THE MATTER OF COMPLAINT FILED BY M/S PAK ARAB REFINERY LIMITED UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST FESCO REGARDING ISSUANCE OF ADDITIONAL DEMAND NOTICE DECISION

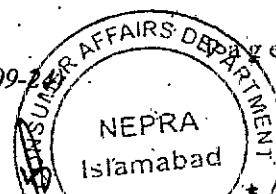
This decision shall dispose of the complaint filed by M/s Pak Arab Refinery Limited (hereinafter referred to as the "Complainant") against Faisalabad Electric Supply Company (hereinafter referred to as the "FESCO") under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act").

2. Brief fact of the case are that NEPRA received a complaint from the Complainant wherein it was submitted that the Complainant applied to FESCO for a new connection with tentative load of 5300 kW. In response, the application was approved by FESCO during the year 2017 through a newly proposed independent 132 kV grid station and transmission line for which a demand notice was issued by FESCO while the same was paid by the Complainant and connection got energized during the year 2021. Later, another demand notice amounting to Rs. 16,822,479/- was issued to the Complainant for payment on pretext of balance of payment while the work related to grid & transmission line was already executed by FESCO. Being aggrieved with the additional demand notice while premising his case on accorded approval & installed connection being closed transaction, the Complainant prayed for withdrawal of the same.

3. The subject matter was taken up with FESCO and in response, FESCO in its written arguments inter alia submitted that:

- i. The Complainant's cost deposit work after payment of demand notice was got completed by GSC, FESCO through borrowing of some material designated for separate works, however, available with FESCO during the execution of project. The same material as utilized against the connection was, later, procured by FESCO at enhanced rates.

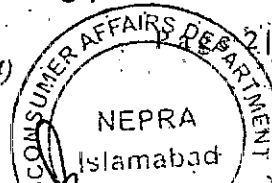
CRC Decision: M/S Pak Arab Refinery Ltd vs FESCO (FESCO-NHQ-44212-09-24)



- ii. Thus, second demand notice was issued to the Complainant due to escalation of material rates following execution of work as the initial demand notice was only served on provisional basis entailing rates of borrowed/ already available material which, later, got revised conforming to applicable material rates during subsequent procurement of the same after completion of project and difference was charged to the Complainant in the form of second demand notice.

4. In order to analyze the matter, hearing was held on January 07, 2025 at NEPRA Head office, Islamabad whereby the matter was discussed in attendance of both parties. The case has been examined in detail in light of the record made so available by parties, arguments advanced during the hearing and applicable law. Following has been observed:

- i. The Complainant approached FESCO for a new industrial connection under B-IV tariff category in the name of M/s Pak Arab Refinery Limited located at Kot Bahadur Shah, District Jhang. In response, FESCO approved the application on June 30, 2017 through an independent 132 kV grid station and associated transmission line. Accordingly, demand notice amounting to Rs. 7,135,377/- was issued by FESCO and the same was paid in full by the Complainant within prescribed time period. Later, another/second demand notice amounting to Rs. 16,822,479/- dated January 10, 2024 was issued, however, the same was not paid by the Complainant while the work for construction & energization of 132 kV grid station was already completed by FESCO prior to issuance of second demand notice.
- ii. According to FESCO, a substantial work related to energization of independent 132 kV grid station was completed by FESCO after obtaining material on loan basis which was designated for some separate works on the pretext of its non-availability with GSC, FESCO against instant project and for which rates commensurate with the earlier procurement were charged in the form of first demand notice. Following the energization of project during the year 2021 and later, during the procurement of material as considered borrowed by FESCO, the Complainant was charged difference of capital cost of relevant material in form of revised demand notice during the year 2024.
- iii. It is pertinent to mention that the material was obtained by GSC Department from the stock already available with FESCO which inherently disputes coinage of term i.e. loaned material as claimed by FESCO. Furthermore, same reflects the fact that the material were already purchased and thus only transferred against the instant connection within FESCO which does not constitute the designation of disputed material as loaned/ borrowed and was installed at the Complainant's premises as per actual rates declared/annexed with approval accorded by FESCO.
- iv. According to the time frame for new connection given in NEPRA Performance Standards (Distribution) Rules, 2005 read with the Consumer Service Manual (CSM), DISCOs are required to provide electricity connection within time period of (451) days from date of payment of demand notice in case of any connection getting electricity supply on 132 kV voltage level. In the instant matter, the demand notice was paid by the Complainant on May 28, 2018 and connection getting supply from the 132 kV grid station should have been energized by August 22, 2019, however, the same was energized during March, 2021 by FESCO in violation of the allowed time period. However, FESCO argued through canvas of shortage of material required during execution of project causing the delay in provision of the connection.
- v. According to clause 2.7.1 of CSM, in the cases where there is shortage/ non-availability of any material, DISCOs may ask the applicant to procure required material as per the specifications of DISCO at its own from the approved vendors of DISCO. In instant case, if there was any shortage/ non-availability



of material was on horizon, FESCO should have informed the Complainant for procurement of the same on its own, however, FESCO neither completed the designated work nor informed the Complainant for the procurement of any unavailable material, which renders argument created by FESCO ineffective.

- vi. Furthermore, the clause 2.4.6 of CSM stipulates that if escalation in cost of material takes place within time period required for installation of connection, then in such a case additional cost due to escalation, shall be paid by the applicant. Since, CSM and Performance Standards (Distribution) Rules, 2005 also provide certain time period for installation of connection, hence, any financial revision of the fully paid demand notice on account of cost escalation materializing before August 22, 2019 within a set time frame i.e. 451 days, required for the installation of connection after issuance of demand notice can be considered justified. However, according to the same clause, no escalation charges shall be applicable if enhancement in rates of material takes place after the lapse of time period given for installation of connection. Thus, penalizing the Complainant through the revised demand notice dated January 10, 2024 apparently based on escalated material cost in effect after lapse of (451) days since payment of first demand notice during May, 2018 is unwarranted and the same is not liable to be paid by the Complainant.
- vii. The record reflects that the connection was energized by FESCO during March, 2021 after the cutoff date for the installation of connection i.e. August 22, 2019 which, thus, provides logical reasoning & rationale for not including any cost escalation of material allocated by GSC, FESCO through its own material stores or obtained from any other department or against any other work after the allowed time period. However, the revision of rates for material presumably borrowed or otherwise can be considered valid & chargeable to the Complainant for any cost escalation on or before August 22, 2019. Moreover, GSC is FESCO's own department and any transfer within FESCO cannot be coined as loaning of material.

5. Foregoing in view, FESCO is directed to revise the second demand notice dated January 10, 2024 by charging difference of cost of all the material only as per the rates applicable on August 22, 2019 (i.e. the date till when FESCO was obligated to install the connection). Compliance report be submitted within (30) days.

(Lashkar Khan Qambrani)

Member, Complaints Resolution Committee/
Director (CAD)

(Muhammad Irfan ul Haq)

Member, Complaints Resolution Committee/
Assistant Legal Advisor

(Naweed Illahi Shaikh)

Convener, Complaints Resolution Committee /
Director General (CAD)

Islamabad April 23, 2025

