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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/DG(CAD)/LAD-02/6502-04

April 27, 2022

Chief Executive Officer
Islamabad Electric Supply Company (IESCO)
Street No 40, G-7/4, Islamabad.

Subject: DECISION IN THE MATTER OF COMPLAINT FILED BY DR. ZEESHAN AHMED CHATTHA, GENERAL MANAGER, SHAAFI INTERNATIONAL HOSPITAL UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST IESCO REGARDING CHANGE OF TARIFF (AC # 27 14335 2520410)
Complaint # IESCO-NHQ-7783/09/2021

Please find enclosed herewith the Decision of the Member (Consumer Affairs), dated April 25, 2022 (03 Pages) regarding the subject matter for necessary action and compliance within thirty (30) days, positively.

Encl: As above

(Iftikhar Ali Khan)
Director

Copy to:

1. C.E/Customer Services Director
Islamabad Electric Supply Company (IESCO)
Street No 40, G-7/4, Islamabad.
2. Dr. Zeeshan Ahmed Chattha,
General Manager Shaafi International Hospital Islamabad,
Plot No. C-3, Doctor's Town, PWD Road, Sector O-9,
Lohi Bhir, Islamabad.
051-5170395-7 & 051-8449002-3



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No. IESCO-NHQ-7783-09-2021

Dr. Zeeshan Ahmed Chattha

General Manager Shaafi International Hospital
Plot No. C-3, Doctors Town, PWD Road, Sector O-9
Lohi Bher, Islamabad.

..... Complainant

VERSUS

Islamabad Electric Supply Company (IESCO)

Street No. 40, Sector G-7/4, Islamabad.

..... Respondent

Date of Hearing: February 22, 2022
March 01, 2022
March 30, 2022

On behalf of

Complainant: 1) Mr. Abdul Ahad, Advocate
2) Mr. Nadir Altaf, Advocate

Respondent: 3) Mr. Muhammad Arshad, DCM, IESCO

Subject: DECISION IN THE MATTER OF COMPLAINT FILED BY DR. ZEESHAN AHMED CHATTHA UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST IESCO REGARDING CHANGE OF TARIFF (REF. NO. 27-14335-2520410)

DECISION

This decision shall dispose of the complaint filed by Dr. Zeeshan Ahmed Chattha, General Manager Shaafi International Hospital Islamabad (hereinafter referred to as the "Complainant" against Islamabad Electric Supply Company (hereinafter referred to as the "Respondent" or "IESCO"), under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the NEPRA Act)

2. The brief facts of case are that NEPRA received a complaint dated on September 24, 2021 wherein the Complainant submitted that Shaafi International Hospital is a private and for profit organization for which a temporary electricity connection was installed in the year

2013. IESCO converted the temporary connection into regular connection on March 24, 2015 under A2 (c) tariff. The tariff was changed to A2 (I) tariff unilaterally without informing the Complainant w.e.f October 2016 to June 2019. The Complainant added that IESCO further changed the tariff to A2 (a) w.e.f July, 2020 and issued notice to the Complainant for misuse of tariff. The Complainant requested to rectify the issue of wrong application of tariff and restrain IESCO from taking adverse action against the Complainant.

3. The subject matter was taken up with IESCO. In response, IESCO vide its report dated December 13, 2021 submitted that the Complainant's connection being reference No. 27-14335-2520410 was installed on August 06, 2013 under temporary tariff E-I(ii) and the same was converted into permanent connection during October, 2016 under tariff A-2(1) instead of A2 (c) due to computer mistake until corrected during September, 2021, hence, MDI was not charged from October, 2016 to October, 2021. IESCO further submitted that after detection of the mistake by the circle Committee, the tariff was converted as two part i.e. A-2(c) with effect from November, 2021 through assigning new reference No. 27-14614-6001004. The complainant's account has been overhauled w.e.f October, 2016 by providing credit in the form of difference of tariff i.e. Rs. 11,04,360/- and debiting 2846 kW MDI i.e. Rs. 14,94,150/- which resulted into recoverable amount from the Complainant as Rs. 3,89,790/-.

4. The report of IESCO was shared with the Complainant for information/comments whereby the Complainant vide letter dated January 04, 2022 raised observations over the report of IESCO and submitted that the report of IESCO is based on mala-fide intentions and facts have been ignored. The Complainant requested for an opportunity of hearing before NEPRA. In order to probe into the matter, a hearing was held on February 22, 2022 wherein the matter was discussed in detail with both the parties. During the hearing, IESCO officials requested for another opportunity of hearing due to non-availability of sufficient record. Consequently, another hearing was held on March 30, 2022 wherein the matter was discussed in detail

5. In order to finalize the matter, another hearing was held on March 30, 2022 at NEPRA Head Office, Islamabad wherein both the parties advanced their arguments.

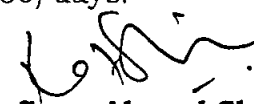
6. The case has been examined in detail in light of record made so available by both the parties, arguments advanced during the hearing and applicable law. The following has been concluded:

- i. Shaafi International Hospital Islamabad was initially provided with electricity connection under temporary supply E-I (ii) tariff having reference No. 27-14335-2520410 for 150 kW load during August, 2013. The same was changed into permanent connection on request of the Complainant on March 24, 2015. IESCO approved A-2(c) tariff however, due to feeding mistake of the IESCO officials, the tariff of the connection was fed as A-2(1) instead of A-2(c) tariff.
- ii. According to tariff Terms & Conditions approved by the Authority; A-2 commercial tariff is applicable to private hospitals. The A-2 commercial consumers having sanctioned load of less than five (05) kW shall be billed under A-2 Single-Part tariff i.e. A-2(a). Further, the A-2 commercial consumers having sanctioned load of five (05) kW and above shall be billed under two part tariff i.e. A-2(c); as per which fixed charges based on Maximum Demand Indicator (MDI) are applicable.
- iii. The electricity bills were issued to the Complainant under A-2(1) tariff by IESCO w.e.f October, 2016 to June, 2020. IESCO applied A-2(a) tariff from July, 2020 to October, 2021. The fixed charges were not charged to the complainant w.e.f October, 2016 to October, 2021. Accordingly, the Complainant was served with notices dated

December 31, 2019 & January 08, 2021 by IESCO for misuse of tariff. The Complainant responded to the notices of IESCO that they are not responsible for application of wrong tariff. The tariff was corrected at a belated stage i.e. November, 2021 as A-2(c) tariff. Furthermore, IESCO issued a notice to the Complainant on October 11, 2021 for payment of Rs.24,68,850/- against difference of tariff and pending MDI.

- iv. The Complainant's account was overhauled with effect from October, 2016 to October, 2021 as a result of which IESCO calculated tariff differential credit amounting to Rs. 11,04,360/- & debiting MDI i.e. Rs. 14,94,150/- which resulted into recoverable amount from the Complainant to the tune of Rs. 3,89,790/-.
- v. According to Consumer Service Manual; application of a correct tariff is responsibility of IESCO at the time of sanction of connection. In case of application of wrong tariff, which is lower than the applicable tariff, no differential bill will be debited against the consumer account. However, in case where higher tariff has been charged to the consumer than adjustment/credit for six (06) months be allowed retrospectively, from the date of pointing out of such discrepancy.
- vi. IESCO applied wrong tariff i.e. A-2(1) and A-2(a) to the petitioner instead of A-2(c) as determined by NEPRA. The internal team of IESCO pointed out the discrepancy i.e. wrong application of tariff and accordingly IESCO issued notice to the complainant for payment of arrears.
- vii. The Consumer Service Manual (CSM) read with clarification issued vide letter dated March 26, 2021, envisages that if the charges i.e. MDI, fixed charges, multiplying factor, power factor penalty, tariff category etc. have been skipped by DISCO due to any reason; the difference of these charges can be raised within one year for maximum period of six months, retrospectively. In the instant matter, the MDI was not charged to the Complainant from October, 2016 to October, 2021 despite being eligible due to IESCO's own mistake therefore, these charges are not justified and liable to be withdrawn. However, the complainant is liable to be charged fixed charges for the period of six (06) month.
- viii. The consumers have legitimate expectancy that what was being billed to them was actually the cost of electricity consumed. IESCO cannot be allowed to recover the loss of revenue from any consumer which is sustained due its own mismanagement. Non-application of correct tariff shows inability, incompetence and negligence on part of IESCO.

7. Foregoing in view, IESCO is directed to withdraw the MDI charges amounting to Rs. 3,89,790/- raised for the period from October, 2016 to October, 2021 and charge MDI (fixed) charges for six months retrospectively i.e. May, 2021 to October, 2021 as per provisions of Consumer Service Manual. Compliance report be submitted within (30) days.


(Rafique Ahmed Shaikh)
Member (Consumer Affairs)

Islamabad, April 25, 2022