



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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Registrar


No. NEPRA/DG(CAD)/TCD-02/9115-19

April 18, 2023

1. Chief Executive Officer
Islamabad Electric Supply Company (IESCO)
Street No 40, G-7/4, Islamabad.
2. Malik Riaz Hussain,
Chief Executive Bahria Town Private Limited,
Phase-II, Bahria Town, Rawalpindi

Subject: **DECISION/DETERMINATION OF THE AUTHORITY IN THE MATTER OF
HANDING/TAKING OVER OF ELECTRICAL DISTRIBUTION NETWORK OF
BAHRIA TOWN PRIVATE LIMITED (BTPL) BY ISLAMABAD ELECTRIC
SUPPLY COMPANY LIMITED (IESCO)**
IESCO-33/04/2022

Please find enclosed the decision/determination of the Authority (total 9 Pages) regarding the subject matter for taking necessary action by both the parties at their end.


(Engr. Mazhar Iqbal Ranjha)

1. C.E/Customer Services Director
Islamabad Electric Supply Company (IESCO)
Street No 40, G-7/4, Islamabad.
2. Chief Engineer Planning,
Islamabad Electric Supply Company (IESCO)
Street No 40, G-7/4, Islamabad.
3. Deputy Chief Executive
Bahria Town Private Limited (BTPL)
Bahria Town Services Corporate-II,
Office Extension, Phase-II, Bahria Town,
Rawalpindi.



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Case No. IESCO-33/04/2022

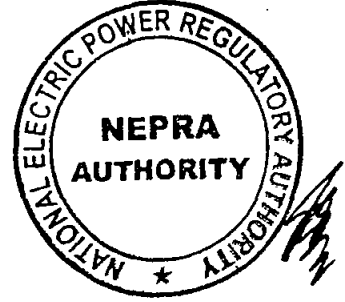
Date of Hearing: 28th February 2022

On behalf of BTPL:

1. Engr. Muhammad Saleem, Deputy Executive Director
2. Mr. Azhar Mahmood, GM (Grid Station)

On behalf of IESCO:

1. Dr. Muhammad Amjad, CEO, IESCO
2. Mr. M. Jafer Murtaza, CSD, IESCO
3. Mr. Umer Farooq, GM (Tech.), IESCO
4. Mr. Muhammad Iqbal, XEN (M&T), IESCO
5. Sardar Liaqat Ashraf, XEN Cantt, IESCO
6. Mr. Faisal Bin Khurshid, Legal Counsel, IESCO
7. Mr. Khaliq uz Zaman, Legal Counsel, IESCO
8. Mr. Rehan Seerat, Chief Legal Officer, IESCO
9. Mr. Sajid Ansari, Deputy Director (CS), IESCO
10. Mr. Khalid Kamdar Yousaf Zai, Deputy Director (Tech.), IESCO
11. Mr. Mohsin Raza Gillani, Addl. PD (Construction), IESCO
12. Syed Ghazanfar, Deputy Director Planning, IESCO



DECISION / DETERMINATION OF THE AUTHORITY
IN THE MATTER OF HANDING/TAKING OVER OF ELECTRICAL DISTRIBUTION
NETWORK OF BAHRIA TOWN PRIVATE LIMITED (BTPL) BY ISLAMABAD ELECTRIC
SUPPLY COMPANY LIMITED (IESCO)

This decision shall dispose of the issue of handing/taking over of distribution network of Bahria Town Private Limited (BTPL) by Islamabad Electric Supply Company (IESCO).

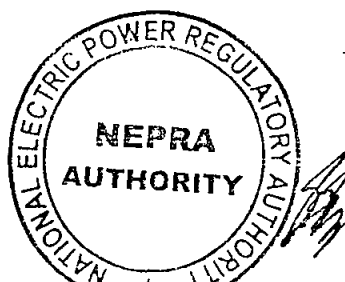
2. Brief facts of the case are that in the year 2005, one of the residents of Bahria Town (Rawalpindi & Islamabad) filed a complaint with the Authority against the management of BTPL regarding disconnection of his electricity supply. In view of the said, a hearing in the matter was scheduled for 28th February 2006 and notices were issued to both parties i.e. BTPL and IESCO. Upon the conclusion of hearing, IESCO was directed to make an arrangement for provision of electricity services to the complainant, however, IESCO failed to comply with the said directions of the Authority. Upon non-compliance of the said directions of the Authority, a Show Cause Notice (SCN) dated 20th June 2006 was served upon IESCO.

In reply to the SCN, IESCO pleaded that BTPL is getting one point supply under C-3 tariff and it is also involved in re-sale of electricity to its residents. IESCO expressed its inability to provide the electric power to the complainant being a resident of Bahria Town whereby the distribution system of IESCO is not available.

3. After reviewing the submissions of IESCO, the Authority observed that IESCO has failed to provide the electric power services in the area of Bahria Town wherein BTPL itself is serving the residents of BTPL for the provision of electric power after purchasing the same in bulk from IESCO. Since the distribution of electricity is a licensed activity, therefore, the Authority decided to withdraw the SCN issued to IESCO and advised BTPL to seek distribution license from the Authority if it intends to remain involved in the business of distribution of electricity. Afterwards, in terms of Section-20 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act"); BTPL filed an application dated 10th February 2007 before the Authority for grant of distribution license for the areas including Phase-I, II, III, IV, V, VI, VII, Bahria Paradise, Safari Villas-I & II. The said application was processed under the NEPRA Licensing (Application and Modification Procedure) Regulations, 1999 (the "Regulation 1999") and was admitted on 17th April 2007. Comments were sought from interested parties and relevant stakeholders including IESCO. The IESCO initially supported the application for grant of distribution license to BTPL and during the hearing held on 9th May 2007, IESCO confirmed that it would surrender part of its Service Territory for which BTPL had applied for the distribution license.

4. Despite its commitment in the hearing, IESCO vide its letter dated 23rd December 2008 informed the Authority that its Board of Directors did not agree to surrender part of its Service Territory in favour of BTPL on the ground of 'exclusivity' provided in its Distribution License. Consequent upon stance of IESCO, the Authority observed that IESCO is not providing electric power services in the territory of Bahria Town and BTPL is getting one point electricity supply from IESCO and thereafter distributing/re-selling the same to its residents. Further, the whole distribution system was laid down by the BTPL and the same is also being maintained and managed by BTPL since the year 2002. In view of said facts, it was clear that BTPL is not a licensee of the Authority and therefore, the residents of Bahria Town legally stand nowhere since they do not have legal remedy against BTPL as in the case of aforesaid complaint. Furthermore, without a distribution license, BTPL is not legally bound to follow the NEPRA Act, relevant Rules & Regulations and any other instruction of the Authority.

5. On the other hand, protecting and safeguarding the interests of the consumers of electricity, who are residing in the territorial limits of Bahria Town, is one of the mandates bestowed upon the Authority and therefore, in the greater public interest, a necessity was felt to consider grant of distribution license to BTPL. Since IESCO did not provide its consent for grant of distribution license to BTPL, therefore, the Authority had decided to modify the Distribution License of IESCO in terms of Section 26 of the NEPRA Act read with regulation 10 of the Regulations 1999 in the public interest. Accordingly, in terms of section 26 of the NEPRA Act, the Authority initiated an Authority Proposed Modification (the "APM") on 07th May 2010 and after following due process of law including, inter-alia, publication in press, notices to stakeholders for their comments and public hearing in the matter; and approved the modifications in the Distribution License of IESCO on 28th September 2010. Later on, the Distribution License of IESCO was modified vide determination dated 29th October 2010 (the "Modification-I") whereby the area served by BTPL was carved out from the Service Territory of Distribution License of IESCO. Subsequent to above-said determinations, the Authority granted a Distribution License No. 20/DL/2010 on 24th November 2010 to BTPL for a period of 20 years for areas located inside (Rawalpindi & Islamabad) as given in the Distribution License.



6. Being aggrieved with the APM decision of the Authority and grant of Distribution License to BTPL, the utility/IESCO filed a Writ Petition No. 1411/2011 in the honorable Islamabad High Court (IHC). The said Writ Petition was finally withdrawn when BTPL offered amicable settlement of the issue. However, when settlement efforts failed, IESCO resultantly filed the Writ Petition No. 2860/2012: IESCO vs. NEPRA etc. in the honorable IHC. IESCO in its prayer, pleaded to declare decision of the Authority regarding modification in its Distribution License and subsequent grant of Distribution License to BTPL as null and void ab-initio. The relevant Para of the prayer clause is reproduced hereunder:

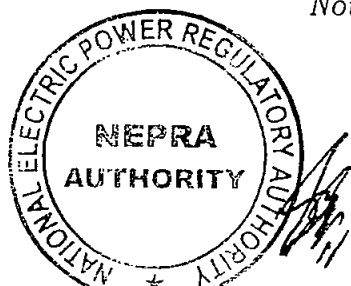
"It is most respectfully prayed that the Decision dated 24th June 2010, Determination dated 28th September, 2010/29th October, 2010 and the consequential Modification-I dated 29th October 2010 in the Petitioner IESCO's Distribution Licence No. 01/DL/2001 and the grant of Distribution Licence No. 20/DL/2010 dated 24th November, 2010 by Respondent No. 1 NEPRA to Respondent No. 2 BTPL for the provision of distribution service in the exclusive Service Territory of Petitioner IESCO be graciously declared null and void ab-initio, against the public interest envisaged by Section 26 of the Act of 1997 and the terms of the Distribution License granted to Petitioner under the Act of 1997, invalid and of no legal effect....."

7. During the course of Court hearing on 25th June 2020, the Counsel for BTPL stated that under the instructions of his client, BTPL does not intend to further contest the Writ Petition and his client has no objection if the WP. No. 2860/2012 may be accepted. However the counsel for IESCO expressed its concerns that if the Distribution License of BTPL is cancelled (as prayed in the Writ Petition) all of sudden, the interests of consumers would be adversely affected and modalities are to be adopted for taking over of the distribution system of BTPL. After hearing both the parties, the honorable Bench passed the following Order:

"Learned counsel for M/s Bahria Town (Private) Limited ("M/s B.T.P.L.") submits that M/s B.T.P.L. would have no objection if the prayer sought in the instant petition is allowed and the matter is referred to National Electric Power Regulatory Authority ("N.E.P.R.A.") for a decision regarding amendment in the license and a decision on the pending tariff petition within two weeks. For the purpose of clarity, the prayer clauses of the instant writ petition are reproduced herein below:

"It is most respectfully prayed that the Decision dated 24th June 2010, Determination dated 28th September, 2010/29th October, 2010 and the consequential Modification-I dated 29th October 2010 in the Petitioner IESCO's Distribution Licence No. 01/DL/2001 and the grant of Distribution Licence No. 120/DL/2010 dated 24th November, 2010 by Respondent No. 1 NEPRA to Respondent No. 2 BTPL for the provision of distribution service in the exclusive Service Territory of Petitioner IESCO be graciously declared null and void ab-initio, against the public interest envisaged by Section 26 of the Act of 1997 and the terms of the Distribution License granted to Petitioner under the Act of 1997, invalid and of no legal effect.

It is further prayed that pending final adjudication of the titled writ Petition, as an interim relief, the operation of the Decision dated 24th June, 2010, the determination dated 28th September, 2010/29th October, 2010 and the consequential Modification-I dated 29th October 2010 in IESCO's Distribution Licence No. 01/DL/2001 and the grant of Distribution Licence No. 20/DL/2010 dated 24th November, 2010 by Respondent No. 1 NEPRA to Respondent No. 2



BTPL for the provision of distribution service in the exclusive Service Territory of Petitioner IESCO be graciously suspended.

Any other or further relief to which Petitioner IESCO is found entitled under the facts and circumstances stated above, be also graciously granted along with costs of the Petition."

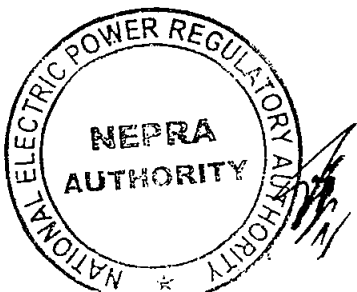
Learned counsel for I.E.S.C.O. submits that if the distribution license granted to M/s B.T.P.L. by N.E.P.R.A. is revoked all of a sudden, in such case, the interests of the consumers would be adversely affected. He further submits that even if M/s B.T.P.L. is conceding to the prayer made in the instant writ petition, it must give suggestions about the modalities to be adopted for the distribution system in question to be taken over by I.E.S.C.O.

He further submits that once these suggestions are given, and I.E.S.C.O. submits its response to them, this Court may refer the matter to Regulator/N.E.P.R.A. so as to pass a detailed order providing for the manner in which the takeover of the distribution system is to take place by I.E.S.C.O. bearing in mind the interests of the consumers. Let I.E.S.C.O. and M/s B.T.P.L. submit their proposals in this regard prior to the next date of hearing".

8. That in wake of Order dated 25th June 2020, no proposal was placed before the honorable High Court and consequently, IESCO was directed vide Orders dated 29th July 2020 and 13th August, 2020 by the Court to submit its concerns/application on record for further referral to the Authority.

9. Subsequently, IESCO filed an application before the Authority on 8th September 2020 wherein IESCO took the position that during the last ten (10) years, BTPL has not invested a single penny out of its pocket for installing the distribution network and all the cost was borne by the allottees of the plots over the time. Based on limited access provided to IESCO for inspecting the distribution network of BTPL, it revealed that (a) monthly progressive line losses are 70% more than IESCO's losses; (b) additional transformers are required to be installed; (c) requirement to convert overhead cables to lay them underground; (d) requirement to install uniform electric meters; and (e) requirement to upgrade the system to achieve line losses up to permissible limit of 3% allowed to IESCO. In this regard, around Rs. 2,132/- million will be required to upgrade the distribution network of BTPL and this cost should be borne by BTPL on the ground that it has only taken profits from its consumers over the period of ten (10) years without spending a single penny. The said application concluded with the following prayer:

"It is therefore most graciously prayed that the Authority may pass in accordance with the above submissions detailed orders providing for the manner & the terms & conditions on which IESCO shall take over the electric power distribution system & services in the localities mentioned in the distribution licence issued by the Authority to BTPL") (No.20/DL/2010, dated 24.11.2010) and restoring/ reinstating IESCO's distribution licence (No. 01/DL/2001, dated 2.11.2001) to the terms & conditions existing prior to the amendments made pursuant to the Authority's proposed modification (Modification No.1, dated 29.10.2010) and grant any further or additional relief."



10. The honorable Court on 09th September 2020 directed the Authority to decide the application of the IESCO within three (03) months. The directions of the honorable Court are reproduced as under:

"Learned counsel for the petitioner has brought on record the application submitted to the National Electric Power Regulatory Authority ("N.E.P.R.A.") on 08.09.2020 with the following prayer:

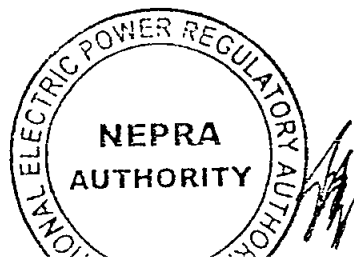
"It is therefore most graciously prayed that the Authority may pass in accordance with the above submissions detailed orders providing for the manner & terms & conditions on which IESCO shall take over the electric power distribution system & services in the localities mentioned in the distribution licence issued by the Authority to BTPL" (No.20/DL/2010, dated 24.11.2010) and restoring/reinstating IESCO's distribution licence (No. 01/DL/2001 dated 2.11.2001) to the terms & conditions existing prior to the amendments made pursuant to the Authority's proposed modification (Modification No.1, dated 29.10.2010) and grant any further or additional relief."

Learned counsel for N.E.P.R.A. submits that the process pursuant to the said application would be initiated at the earliest. He expects that the said application would be decided within a period of three months. Let the needful be done. Relist thereafter."

11. In this regard, a hearing was held on 15th October 2020 wherein BTPL explicitly stated that it is no more interested to continue distribution of electricity business in Bahria Town and are ready to surrender its distribution license. It was also communicated to the Authority vide letter dated 16th October 2020 that BTPL is ready to surrender its distribution license and hand over its entire electrical network i.e. 220/132 KV Grid Stations and distribution systems on "as is and where is" basis. In view of the aforementioned submissions made by BTPL during the hearing and in writing, the Authority on 20th October 2020 cancelled the Distribution License of BTPL w.e.f. 16th October 2020.

12. The Authority observed that as per the submissions made by BTPL and IESCO before the honorable IHC, the BTPL's distribution network is to be taken over by IESCO. On the other hand, IESCO has shown reservations on the issue and submitted that significant investment is required for up-gradation, rehabilitation and renovation of the distribution system. The Authority, however, believed that the consumer's interest is of paramount importance as envisaged under Section 7(6) of the NEPRA Act and therefore, consumers cannot be left at the mercy of dispute between the parties i.e. BTPL & IESCO. In this situation, Authority acknowledged that revival of Distribution License of IESCO prior to Modification-I was inevitable and decided that separate proceedings regarding IESCO's claim of an estimated amount of Rs.2,132/-million for the up-gradation/overhauling of distribution system of BTPL will be addressed on merits.

13. Considering the surrendering of Distribution License by BTPL, statutory responsibility of the Authority to safeguard the consumer interest, pleadings of IESCO in WP. No. 2860/2012 and prayer of IESCO in its letter dated 8th September 2020 to restore/reinstate IESCO's Distribution Licence prior to Modification-I, the Authority vide decision dated 15th December 2020 extended the Service Territory of IESCO to include areas served by BTPL, namely Phase-I, II, III, IV, V, VI, VII, Bahria Paradise and Safari Villas-I & II and consequently, Clause (d) of Article 3.2(i) of Distribution License of IESCO was omitted.



Here it is important to clarify that area of Bahria Enclave, Islamabad was never excluded from service territory of IESCO, and therefore, the same has always been remained under the service territory of IESCO. Moreover, the decision of the Authority dated 15th December 2020 was neither challenged by the IESCO at any forum nor it took over the distribution network of Bahria Town for the provision of electric power services. In defiance of Order of the Authority, IESCO vide letter dated 29th January 2021 was directed to take over the distribution network of BTPL or enter into O&M agreement with BTPL in accordance with the NEPRA (Supply of Electric Power) Regulations, 2015 for smooth transition of distribution services from BTPL to IESCO to avoid any inconvenience to the residents of BTPL, however, no action was taken by IESCO.

14. Regarding handing/taking over issue, the Authority vide letter dated December 24, 2020 directed IESCO and BTPL to jointly check/verify the healthiness of the distribution network of BTPL and submit a joint report within thirty (30) days. Subsequently, IESCO vide letter dated 23rd February 2021 submitted a unilateral report and informed that distribution network of BTPL is not compatible with its standards, therefore, in order to up-grade and take over the same, a substantial amount to the tune of Rs. 5580/- million would be required from BTPL. Since the issue of handing/taking over of the distribution network of BTPL by IESCO remained a controversy between the parties and on the other hand the residents/consumers in Bahria Town (Rawalpindi & Islamabad) are suffering from charging of bills by BTPL in discrimination with the other consumers of IESCO. Therefore, during the hearing held on 28th February 2022 the Authority directed IESCO to take over the distribution network of BTPL with suggestion that up-gradation charges will be adjusted in upcoming tariff determination of IESCO, however, IESCO opposed to the said proposal and argued that the burden of Bahria Town consumers cannot be shifted to the rest of its consumers. Later on, the Authority vide letter dated 14th March 2022 directed the parties to re-evaluate the distribution network of BTPL and submit a joint report within three (03) weeks. Lately, on the query of honorable IHC regarding progress of matter of handing/taking over, the Authority vide letter dated 14th March 2022 apprised the honorable IHC that both the parties were directed to submit a joint report, enabling the Authority to give final verdict in the matter. The Order dated 28th March 2022 of the honorable Court is reproduced hereunder:

"After the last date of hearing on 17.02.2022, a hearing was scheduled to take place at National Electric Power Regulatory Authority ("N.E.P.R.A.") on 28.02.2022. This hearing was attended by IESCO as well as the representative of the Bahria Town Private Limited ("B.T.P.L.)."

IESCO's apprehension is that N.E.P.R.A. might require the cost of upgrading the distribution system established by B.T.P.L. to be recovered from the consumers through electricity bills generated by IESCO. IESCO has a reservation against this process and according to which it is not backed by any provision of the law. IESCO, during the hearing objected to the cost of upgrading the distribution system established by B.T.P.L. to be recovered from the consumers. The Chief Executive Officer of IESCO is in attendance and endorses this position.

Learned counsel for B.T.P.L. submits that the suggestion made by N.E.P.R.A. for the recovery of the said amount from the consumers suffers from no legal infirmity. Be that as it may, N.E.P.R.A. is yet to take a decision in the matter.

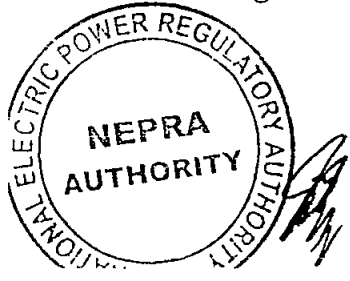


Mr. Irfan ul Haq, Legal Adviser, N.E.P.R.A. is in attendance and has brought on record letter dated 14.03.2022 paragraph 6 whereof shows that IESCO and B.T.P.L. may re-evaluate/re-assess the distribution network of Bahria Town under the supervision of Director General (Consumer Affairs Department), N.E.P.R.A. and submit a joint report. In the event, the IESCO and B.T.P.L. did not cooperate in the process, the Director General (Consumer Affairs Department), N.E.P.R.A. was to proceed further with the matter and submit a report within a period of three weeks as prescribed in paragraph-6 of the said letter dated 14.03.2022.

It is expected that N.E.P.R.A. would take a decision in the matter within a period of one month from the date of the submission of the report."

Thereafter, in reply of this office letter dated 14th March 2022; IESCO vide letter dated 23rd April 2022 submitted that an amount of Rs. 7276/- million is required for up-gradation of the system (excluding the cost required to upgrade the 132 kV network). Hence, the issue of handing / taking over of the Distribution Network remained un-resolved.

15. In order to resolve the long-standing dispute between Bahria Town and IESCO, the Authority conducted several hearings and meetings of the stakeholders, however, due to stern position of both the parties; the matter remained unresolved. Consequently, it caused unrest and stir amongst the residents of Bahria Town which led to filing of couple of more writ petitions against higher tariff charges by the BTPL. Foregoing in view, the Authority deemed appropriate to deal the situation of handing/taking over of distribution network of BTPL under the current regulatory regime as envisaged in the NEPRA Act after 2018 amendments. Prior to amendments in the NEPRA Act, in 2018; wire and sale/supply segments were embedded under the head of distribution as envisaged in Section 21 of the NEPRA Act. However, after amendments in the NEPRA Act, 2018, both the segments were segregated, resultantly wire/distribution function remained under Section 21 and sale/supply function was incorporated in newly inserted provision i.e. Section 23E of the NEPRA Act. Further, to give effect to the statutory provisions, the Authority notified the NEPRA Licensing (Electric Power Distribution) Regulations, 2022 (the "Distribution Regulations") and the NEPRA Licensing (Electric Power Supplier) Regulations, 2022 (the "Supply Regulations"); whereby "supplier" was categorized into electric power "Supplier of Last Resort" (SoLR) and electric power "Competitive Supplier" (CS). According to Supply Regulations, the SoLR is defined as *"a Supplier of last resort means a person who holds an electric power supply license for the service territory specified in its license and is obligated to supply electric power to all consumers located in that service territory at the rates determined by the Authority and is also obligated to provide electric power supply to the consumers, located within its service territory, of any competitive supplier who defaults on its obligations of electric power supply"*. Further, as per regulation 3(2)(a) of the Supply Regulations, *"a deemed licensee shall be the supplier of last resort in its respective service territory till expiry of the period mentioned in proviso to sub-section (1) of section 23E of the Act and subject to such rights and obligations as of a supplier of last resort specified in these regulations and other applicable documents."* Further regulation 9(9) of the Supply Regulations puts restriction on supplier-to-supplier sale, therefore, the supplier has to procure/arrange electric power either from own generation or from any generation company through wheeling arrangement.



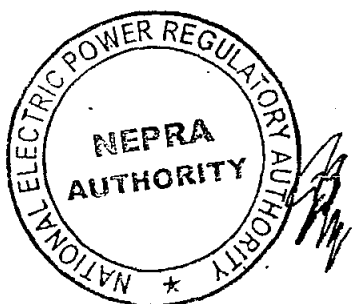
16. Considering above-stated provisions of law, the Authority vide letter dated 1st September 2022 issued following directions to BTPL:

- a. Apply for Distribution (Network) License and subsequently Distribution Tariff thereof;
- b. Apply for Supply License to sale power in its service territory as Electric Power Supplier and subsequently supply tariff thereof;
- c. In case, BTPL is not ready to supply electricity in the areas of its Distribution License, then the host Distribution Licensee i.e. IESCO shall act as " SoLR and shall pay Use of System Charges to BTPL as approved by the Authority.

17. In response, BTPL vide letter dated 7th September 2022 conveyed its concurrence to apply for a Distribution License and subsequently distribution tariff for distribution of electric power in its Service Area. BTPL also consented to apply for a supply license for sale of electric power in its Service Area, after power acquisition arrangement from any generation source. BTPL further informed that at present, power acquisition arrangements between BTPL and Generation Company have not been finalized, therefore, IESCO may be directed to supply electric power as SoLR to the residents of Bahria Town. Subsequently, BTPL has applied for obtaining distribution license which is under process.

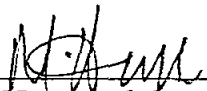
18. In order to proceed further in the matter, the Authority vide letter dated 23rd September 2022 directed IESCO to act as SoLR to provide electric power to the consumers of Bahria Town (Rawalpindi & Islamabad) on non-discriminatory basis as per provisions of the NEPRA Act and relevant regulations. IESCO shall be responsible for billing of the consumers of BTPL every month based on the rates, charges and other terms & conditions as determined and approved by the Authority for other consumers of IESCO. Further, IESCO shall be obligated to recover from consumers and pay use of system charges to BTPL as per tariff to be determined by the Authority. In response, IESCO vide letter dated 11th November 2022 submitted that it has certain reservations regarding the proposed arrangement and is going to challenge the same before a court of law, however no notice in this regard has been received from any Court of law.


19. One important aspect to consider during the process of designating a supplier of last resort (SoLR) is the capacity and capability of the said SoLR to ensure non-discriminatory and continuous supply of electric power to consumers. IESCO is currently supplying electric power to BTPL through a one-point supply arrangement. This means that IESCO already has a share in the pool of CPPA-G which caters to the electric power demand of the residents of BTPL. This make the most viable and suitable case for IESCO to take over the role of SoLR for the service territory of BTPL for better utilization of its generation resources to enhance its revenues and reduce the cost. The global electricity market practice also supports the idea of assigning the role of SoLR to only a limited number of market players with the required generation capacity available in their pool to ensure non-discriminatory and continuous supply of electric power to consumers. In this regard, the historical role of IESCO as the supplier of electric power in the BTPL territory and its adequate capacity for supply of electric power further strengthens the case for IESCO to be designated as the SoLR for the service territory of BTPL. Keeping in view the above, the Authority considers IESCO the most suitable entity to be designated as the Supplier of Last Resort for the service territory of BTPL, which is aligned to the NEPRA Act and other applicable documents.

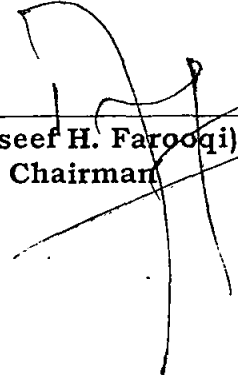


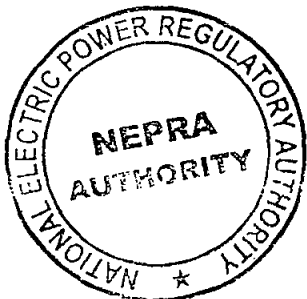
20. In view of the above and applicability of amended NEPRA Act, Distribution Regulation, Supply Regulations and other applicable documents, the Authority decides as under:


- (i) In view of omission of the "Exclusivity", under the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2018, expiry of term of Distribution Licence of IESCO and reluctance of IESCO to take over the Distribution Network of Bahria Town, BTPL to apply for grant of Distribution Licence from the Authority in terms of Section-20 and Section-21 of the NEPRA Act. In this regard, BTPL will be responsible for all the network related functions of Bahria Town Phase-I to VIII (Rawalpindi & Islamabad) and Bahria Enclave Islamabad.
- (ii) IESCO shall act as SoLR in accordance with NEPRA Act, the Supply Regulations and other applicable documents for supply of electric power to the residents/consumers located in Bahria Town Phase-I to VIII (Rawalpindi & Islamabad) and Bahria Enclave, Islamabad.
- (iii) IESCO will carry out billing and collection of all the above-mentioned residents/consumers of Bahria Town (Rawalpindi & Islamabad) every month as being carried out for its other consumers.
- (iv) BTPL is directed to get the defective/doubtful energy meters checked/tested/calibrated (if required) to the satisfaction of IESCO to ensure the precise and accurate meter reading.
- (v) Once BTPL is granted Distribution License, BTPL to file tariff petition to NEPRA for determination of its Distribution Margin (DM) including O&M and Depreciation & Return (if network is financed by BTPL itself) etc. The Transmission & Distribution (T&D) loss level for the BTPL network would be determined accordingly. The Distribution Margin and level of T&D losses allowed to BTPL, would be made part of IESCO's tariff. BTPL would raise its DM invoice to IESCO for recovery of allowed amount of DM. IESCO would pay the amount of DM to BTPL by recovering the same in its tariff. Any T&D losses over and above of the allowed limit would be borne by BTPL itself.
- (vi) IESCO and BTPL shall strictly follow all the relevant provisions of the NEPRA Act, the rules, regulations, terms and conditions of their licenses, registration, authorization, determination, codes, manuals, directions, guidelines and orders or notifications of the Authority issued or approved under the Act, from time to time.


(Engr. Maqsood Anwar Khan)
Member


(Rafique Ahmed Shaikh)
Member


(Tauseef H. Farooqi)
Chairman




18/04/23