



National Electric Power Regulatory Authority

NEPRA Tower

Attaturk Avenue (East) Sector G-5/1, Islamabad.

Ph:051-2013200, Fax: 051-2600021

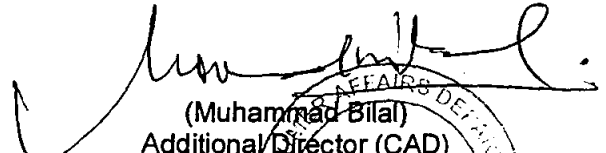
Consumer Affairs Department

TCD 02/ ¹²⁵¹ -2024
March 15, 2024

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

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY MAJOR(R). MUHAMMAD RIAZ, GENERAL MANAGER, CO-ORDINATION, AJ TOWER UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST IESCO REGARDING ESCALATION CHARGES**
Complaint # IESCO-NHQ-30161-10-23

Please find enclosed herewith the decision of NEPRA Consumer Complaints Tribunal, dated March 13, 2024 regarding the subject matter for necessary action and compliance within twenty (20) days, positively.


(Muhammad Bilal)
Additional Director (CAD)
NEPRA
Islamabad
(CAD)

Copy:-

1. C.E/Customer Services Director
Islamabad Electric Supply Company (IESCO)
Street No 40, G-7/4
Islamabad.
2. Major(R). Muhammad Riaz,
General Manager, AJ Tower, Plot No.05, Gulberg Greens,
Main Boulevard, Gulberg Greens, Islamabad.
0311-3335550



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

Complaint No. IESCO-NHQ-30161-10-23

Mr. Muhammad Riaz, GM Coordination, AJ Tower Complainant
Shaheen Abad, Syedan, Rawalpindi.

VERSUS

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

Date(s) of Hearing: November 28, 2023

Complainant: Mr. Muhammad Riaz, GM Coord., AJ Tower

Respondent:

1. Mr. Kamran Aftab, Chief Engineer (P&E) IESCO
2. Mr. Imtiaz Nadeem, Project Director (Construction) IESCO
3. Mr. Liaquat Ashraf, Executive Engineer(Construction)
4. Mr. Altaf Hussain, Executive Engineer (E), IESCO

SUBJECT: DECISION IN THE MATTER OF COMPLAINT FILED BY MAJOR (R). MUHAMMAD RIAZ, GENERAL MANAGER, CO-ORDINATION, AJ TOWER UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST IESCO REGARDING ESCALATION CHARGES

DECISION

This decision shall dispose of the complaint filed by Mr. Muhammad Riaz, GM Coordination, and AJ Tower (hereinafter referred to as the "Complainant" or "Consumer") against Islamabad Electric Supply Company (hereinafter referred to as "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. Brief facts of the case are that NEPRA received a complaint from Mr. Muhammad Riaz, GM Coordination AJ Tower, dated October 23, 2023 wherein, the Complainant informed that IESCO was approached on February 18, 2022 for external electrification at Plot No-6, expressway, Gulberg Green (society) Islamabad. Subsequently, IESCO issued Demand Notice (DN) dated 02-03-2022 amounting to PKR 50,00,3253/- for capital cost (excluding cost of T/Fs) and PKR 10,69,165/- for design vetting fee. The Complainant paid the aforesaid amounts on March 9, 2022. After payment of demand notice, IESCO was supposed to provide the connection and install electricity meters at the site in seventy-six (76) days as per the prevailing procedures, however, IESCO failed to provide connection despite follow up visits by the Complainant in last 19 months. The Complainant further submitted that all the works were completed on part of management of AJ Tower including provision of the transformers to IESCO for testing and execution. However, IESCO is demanding an amount with respect to escalation of material rates at a later stage without providing reasonable justification.



Consequently, the Complainant has sought the intervention of NEPRA to address the matter and ensure a fair resolution based on merits.

3. The matter was taken up with IESCO and in response IESCO vide its report dated November 22, 2023 submitted that in order to process the execution of work for the connection of the complainant, IESCO drew 4000-meters of cable out of total required cable of 17800-meters after receiving work order from the Construction Department on February 02, 2022. Subsequently, the execution work was halted by the administration of Gulberg Green due to non-provision of No Objection Certificate (NOC) by the Complainant regarding use of existing duct line of Gulberg Green. IESCO further submitted that the sponsor has provided the required NOC after lapse of one year and meanwhile the rates of material increased, therefore, now remaining material is required to be drawn on revised (escalated) rates.

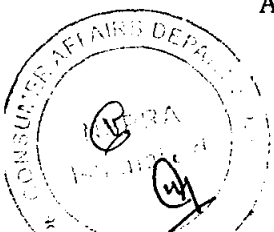
4. The report of IESCO was forwarded to the Complainant for information/rejoinder. In response, the Complainant vide letter dated November 30, 2023 reiterated its earlier version and added that instead of issuing the material and execution of work within 55 days from the date of receipt of the cost of material as required under the law, IESCO drew only 4000 meters cable on 10th August 2022 out of a total estimated requirement of 17800 meters cable. The remaining quantity of material was delayed by IESCO without citing any valid reason. The Complainant emphasized that the terms and conditions outlined in the Demand Notice dated 02.03.2022 did not require the applicant to obtain any NOC from Gulberg Green. Additionally, the Complainant asserted that IESCO has not issued any notice till date for issuance of NOC. Furthermore, the Complainant rebutted IESCO's claim in the report that "the work was halted by the administration of Gulberg Green due to the non-provision of NOC," stating that such assertion is not correct.

5. In order to probe further into the matter, a hearing was held on December 18, 2023, wherein the matter was discussed at length in presence of both the parties. Both the parties reiterated their arguments based on earlier submitted written responses. The representatives of IESCO apprised that due to delay in provision of NOC by the Complainant, electrification work was delayed. In this regard, IESCO submitted a copy of notice, dated December 23, 2022, whereby the Complainant was asked for provision of NOC for laying the cable in existing duct in Gulberg Green. The complainant also expressed concerns regarding an additional demand notice dated December 5, 2023, which was delivered during the processing of this case from the Chief Engineer (P&E) of IESCO approximately 19 months after depositing the previous amounts in March 2022. The complainant was of the view that there is no valid justification for additional demand notice with IESCO.

6. In order to further investigate the matter, IESCO was directed vide letter dated January 5, 2024 to submit the status for availability of material in IESCO's store at the time of issuance of demand notice in February 2022 till issuance of second demand notice w.r.t escalation charges including price bulletin details of the same period. In response, IESCO vide letter dated 07, February 2024 submitted the requisite details whereby, it was revealed that sufficient stock/quantity of material was available in IESCO's store at the time of issuance of DN in February 2022 and thereafter as well. Despite availability of sufficient material, IESCO failed to execute electrification work at site and also never informed the complainant for requirement of NOC required to complete the electrification work for the electricity connection of the Complainant.


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

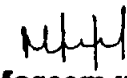
- i. The Complainant submitted an application dated February 18, 2022 to IESCO for provision of electricity connection for ultimate load of 2.249 MW. Subsequently, a demand notice was issued and the same was paid by the complainant on March 9, 2022. After receipt of the payment, IESCO was under an obligation to execute the work within the specified time frame as outlined in the relevant provisions of Consumer Service Manual (CSM) and NEPRA Performance Standard Distribution Rules, 2015. According to these provisions, the execution work of electricity connection of the AJ




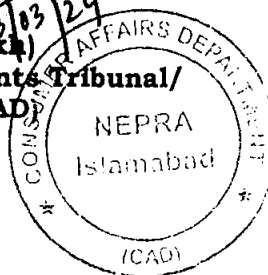
Tower should have been executed within seventy six (76) days after payment of the demand notice. Unfortunately, IESCO did not fulfill these obligations.

- ii. IESCO stated that NOC was not submitted by the complainant causing delay in execution of his electrification work. IESCO submitted a copy of letter dated 23, December 2023 addressed to the complainant for providing NOC of the society. On the Contrary, the complainant clarified that IESCO had not asked for NOC at the time of issuing Demand Notice and did not require NOC till date however at a later stage IESCO verbally asked for the NOC after expiry of the prescribed time period for execution of his connection against the paid DN.
 - iii. The record provided by IESCO, clearly shows that there was no shortage of material and sufficient stock/quantity of material was available in IESCO's store at the time of issuance of Complainant's demand notice in February 2022 and afterwards.
 - iv. Following the fulfillment of all formalities and the Complainant's payment of the demand notice, IESCO was obligated to initiate the essential procedures for executing the connection within the stipulated timeframe mandated by the law. The delay in executing the work is not attributable to the complainant, rather, it falls within the responsibility and duty of IESCO. Consequently, the current issue has been pending on the part of IESCO since February 2022 without any reasonable justification.
 - v. Please note that in Clause 2.4.6 of the CSM, it is explicitly stated that "if escalation in cost of material takes place within the time period required for installation of connection/electrification, as the case may be then in such a case additional cost due to escalation, shall be paid by the applicant. No escalation charges shall be applicable if enhancement in rates of material take place after the lapse of time period given for installation of connection.
 - vi. IESCO was required to complete the work under 76 days of payment of demand notice. If there was any issue of NOC, during the execution of work, it should have been informed to the Complainant soon after payment of demand notice. IESCO has claimed that it informed the Complainant about the NOC, however, the said requirement was raised by IESCO vide letter, dated December 23, 2023 after a lapse of the specified time of 76 days required for energization of connection after payment of demand notice.
8. Foregoing in view, IESCO is directed to withdraw the additional demand notice issued to the Complainant in respect of escalation of material charges and complete/energize the electricity connection of the Complainant immediately. Escalation if any will only be applicable upto 76 days after the payment of demand notice.
9. Compliance report be submitted within twenty (20) days.


(Uhed Ullah Memon) 13/03/24
Member Consumer Complaints Tribunal/
Director (CAD)


(Moqeem ul Hassan)
Member Consumer Complaints Tribunal/
Assistant Legal Advisor (CAD)


(Naveed Illahi Shaikh) 13/03/24
Convener, Consumer Complaints Tribunal/
Director General (CAD)



Islamabad, March 13, 2024