



**National Electric Power Regulatory Authority**

ISLAMIC REPUBLIC OF PAKISTAN  
NEPRA Head Office Attaturk Avenue (East),  
Sector G-5/1, Islamabad.  
Ph:051-2013200, Fax: 051-2600021

**Consumer Affairs  
Department**

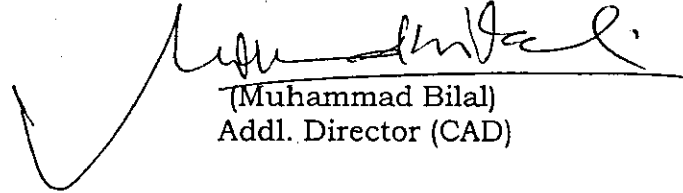
TCD. 7/4283 -2024  
September 26, 2024

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

Subject: **DECISION IN THE MATTER REFERRED BY HONORABLE LAHORE HIGH COURT, RAWALPINDI BENCH IN PETITION NO.2852/2023 TITLED MR. AJAIB KHAN, THROUGH ADVOCATE RIZWAN ELLAHI VS. NEPRA & OTHERS**  
Complaint # IESCO-NHQ-40415-07-24

Please find enclosed herewith the decision of NEPRA Consumer Complaints Resolution Committee, dated September 24, 2024 regarding the subject matter.

**Encl: As above**

  
(Muhammad Bilal)  
Addl. Director (CAD)

Copy to:

1. C.E/Customer Services Director,  
Islamabad Electric Supply Company (IESCO),  
Street No 40, G-7/4,  
Islamabad.
2. Ch. Rizwan Ellahi, Advocate,  
Ellahi Law Chamber, Chamber No.95,  
Chaudhry Iftikhar Block, Ellahi Law Chamber,  
Distt. Court, Rawalpindi # 0310-5624302
3. Mr. Ajaib Khan,  
R/o Stadium Road, Mohallah Abbasi Abad,  
Pandora, Rawalpindi



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

**Complaint No. IESCO-NHQ-40415-07-24**

**Mr. Ajaib Khan**

Through Advocate, Ch. Rizwan Elahi,  
Chamber No. 95, Chaudhry Iftikhar Block,  
Ellahi Law Chamber, Distt. Court, Rawalpindi.

..... Complainant

**VERSUS**

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

..... Respondent

**Date of Hearing:** July 24<sup>th</sup>, 2024

**On behalf of  
Complainant:**

- 1) Ch. Rizwan Ellahi (Advocate High Court)
- 2) Mr. Atta-ur-Rehman (Advocate)
- 3) Mr. M.Ali (Advocate)
- 4) Mr. Afzal (Advocate)

**Respondent:** 1) Mr. Arif Sadozai (CE/CSD), IESCO

**SUBJECT: DECISION IN THE MATTER REFERRED BY HONORABLE LAHORE HIGH COURT, RAWALPINDI BENCH IN PETITION NO. 2852/2023, TITLED MR. AJAIB KHAN, THROUGH ADVOCATE RIZWAN ELLAHI VS. NEPRA & OTHERS**

**DECISION**

This decision shall dispose of the matter referred by the Honorable Lahore High Court, Rawalpindi Bench in Writ Petition No. 2852/2023, titled Mr. Ajaib Khan, through Advocate Mr. Rizwan Elahi VS NEPRA & Others. Mr. Ajaib Khan shall be referred to as the 'Complainant' or 'Petitioner' and the Islamabad Electric Supply Company shall be referred to as the 'Respondent' or 'IESCO.'

2. Brief facts of the case are that Mr. Ajaib Khan, through Advocate Mr. Rizwan Elahi, filed a Writ Petition No. 2852/2023 before the Honorable Lahore High Court, Rawalpindi Bench being aggrieved of the Fuel Price Adjustment (FPA), Quarterly Tariff Adjustment (QTA), the imposition of Neelum-Jhelum (NJ) and Financial Cost (FC) Surcharges, and various taxes (GST, Extra Tax, Further Tax, etc.) and other charges imposed in the electricity bill by the Islamabad Electric Supply Company ("IESCO"). The matter was fixed for hearing before the Court and matter was referred to NEPRA for a decision through a well-reasoned and speaking order in accordance with the law, after providing an opportunity for a hearing to the petitioner and all other concerned parties.

3. In order to comply with the directions of the Honorable Lahore High Court, Rawalpindi Bench, a hearing was held on July 24, 2024 at NEPRA Head Office, Islamabad which was attended by both the parties. During the hearing, the issue was discussed in detail wherein the parties advanced their arguments. Additionally, during the proceedings, the Petitioner/Complainant raised specific queries regarding the charges imposed in electricity bills issued by IESCO. In this regard, IESCO was directed to submit a detailed response addressing the contentions raised by the Petitioner/Complainant. Moreover, the Petitioner/Complainant was given sufficient time to put forward his contentions, ensuring that all relevant concerns were thoroughly examined.

4. In response to the contentions of the Petitioner/Complainant IESCO vide letter dated August 02, 2024 submitted as follows:

- i. The unit cost is being charged as per tariff determined by NEPRA and notified by the Government vide SRO/notification No. 1025 dated July 12, 2024, whereas GST is chargeable at the rate of 18% as per SRO No. 179(1)/2023 issued by the Government of Pakistan Ministry of Finance and Revenue Division.
- ii. The meter reading is taken as per the Consumer Service Manual (CSM) by issuing a billing program every month in such a way that the meters of each batch are read normally on the same date each month except force majeure/ public holidays for which prorated billing is carried out to avoid excessive /less days billing.
- iii. Furthermore, the bill is calculated as per consumption measured by metering equipment. Consumption of Consumers differs every month, therefore different slab rates are applied to different domestic consumers according to units slab category where recorded units fall. Domestic consumers who consume less than 200 units for six (06) months consecutively are entitled for a protected category having subsidized tariff rates.
- iv. Financing cost surcharge is billing component and charged to consumers in the light of SRO No. 407 dated March 31, 2023 issued by Federal Government Power Division Ministry of Energy.
- v. Fuel Price Adjustment (FPA) is determined by NEPRA every month for indexation of fuel cost components based on prevalent fuel prices under the fuel price adjustment mechanism. Hence, FPA is also a part of tariff therefore, GST is also charged accordingly.
- vi. Electricity duty is charged proportionately based on variable charges. As FPA is part of variable charges therefore Electricity duty is also charged on FPA.

5. As far as the Petitioner/Complainant's contention regarding Neelum-Jhelum Surcharge is concerned it is to note that the said Surcharge was introduced by the Federal Government in 2008 as a means to fund the construction and operation of the Neelum-Jhelum Hydropower Project. This surcharge was set at 0.10 paisa per kWh and was imposed on all electricity consumers of XWDISCOs, with the exception of lifeline domestic consumers falling under the "Residential A-1" category.

6. The surcharge was intended to be a cost incurred by the distribution companies (DISCOs) and was therefore included in the tariff structure recommended by NEPRA. The imposition of this surcharge has been a critical element in ensuring the financial viability of the Neelum-Jhelum project, which is of national importance.

7. The legality of the Neelum-Jhelum Surcharge is supported by Section 51 of the NEPRA Act. This section provides a retrospective validation of all actions taken by the Federal Government concerning the imposition of surcharges, including the Neelum-Jhelum Surcharge, from July 1, 2008, until the enactment of the Regulation of Generation, Transmission, and Distribution of Electric Power (Amendment) Act, 2018.

8. In this regard, Section 51 of the Act specifically states that:

*"Anything done, actions taken, orders passed, instruments made, notifications issued, agreements made, proceedings initiated, processes or communications issued, powers conferred, assumed or exercised by the Federal Government in terms of sub-section (5) of section 31 on or after the first day of July, 2008, till the coming into force of the Regulation of Generation, Transmission, and Distribution of Electric Power (Amendment) Act, 2018 shall be deemed to have been validly done, made, issued, taken, initiated, conferred, assumed and exercised and shall be deemed to have effect accordingly."*

9. Additionally, Section 51(2) extends this validation to acts done and notifications issued by the Federal Government from the enactment of the 2018 Amendment until the 2021 Amendment. This legal framework ensures that the Neelum-Jhelum Surcharge, as well as other surcharges imposed during these periods, are deemed to have been lawfully enacted and are therefore enforceable.

10. The Financing Cost (FC) Surcharge is another levy imposed by the Federal Government to cover the financial costs related to the power sector. The NEPRA Act, specifically under Section 31(8), empowers the Federal Government to impose surcharges on all categories of consumers to fund projects of public importance or to meet financial obligations related to electric power services. The relevant part of Section 31(8) reads as follows:

*"Notwithstanding anything contained in this Act and in addition to the tariff, rates, and charges notified under sub-section (7) and this sub-section, each electric power supplier shall collect such surcharges from any or all categories of consumers, as the Federal Government may charge and notify in the official Gazette from time to time, in respect of each unit of electric power sold to any or all categories of consumers and deposit the amount so collected in such manner as may be prescribed. The amount of such surcharges shall be deemed as a cost incurred by the electric power supplier and included in the tariff notified under sub-section (7)."*

11. Moreover, the taxes and duties challenged by the Petitioner/Complainant include General Sales Tax (GST), Extra Tax, and Further Tax. These taxes are imposed under various statutes, including the Sales Tax Act, 1990, and are collected

by the Federal Board of Revenue (FBR). These taxes are applied across the board to various goods and services, including electricity, and it is important to note that NEPRA's jurisdiction does not extend to the imposition or regulation of taxes and duties such as GST, Extra Tax, and Further Tax. These taxes are within the exclusive domain of the FBR. Consequently, the complainant's grievances regarding these taxes fall outside the scope of NEPRA's regulatory authority.

12. Quarterly Tariff Adjustments (QTAs) are made in the approved tariff on account of the capacity & transmission charges, impact of transmission & distribution losses, variable operation & maintenance cost along with the Fuel Charges Adjustments (FCAs) on account of variations in fuel cost on monthly basis pursuant to the relevant provisions of NEPRA Act to recover the actual cost of electricity. Hence, the Authority determines consumer end tariff for each distribution company (DISCO) based on its prudently incurred cost which is afterwards made uniform as per relevant provision of NEPRA Act.

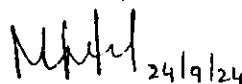
13. As far as contention of the Complainant/Petitioner regarding taxes and duties is concerned, the Complainant/Petitioner may approach the Federal Board of Revenue (FBR) for any relief or clarification regarding the taxes and duties imposed in electricity bills.

14. The matter is disposed of in above terms.



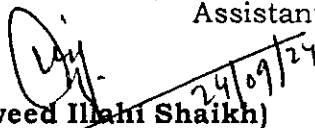
**(Lashkar Khan Qambrani)**

Member, Complaints Resolution Committee/  
Director (CAD)



**(Moqem ul Hassan)**

Member, Complaints Resolution Committee/  
Assistant Legal Advisor (CAD)



**(Naweed Illahi Shaikh)**

Convener, Complaints Resolution Committee/  
Director General (CAD)

Islamabad September 24, 2024