



# National Electric Power Regulatory Authority

NEPRA Office Building, Attaturk Avenue (East),

Sector G-5/1, Islamabad.

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Consumer Affairs  
Department

TCD.09/1309-2021  
February 16, 2021

1. Chief Executive Officer,  
K-Electric Limited (KEL)  
KE House No. 39-B,  
Sunset Boulevard, Phase-II,  
Defence Housing Society, Karachi
2. Mr. Ghani Ur Rehman,  
Al Rehman Electric Services,  
House No. 393/394, Street No. 23, General Abad,  
Shaheen Jinnah Colony, Near Muhammad Masjid,  
Karachi
3. Mr. Islam Uddin,  
House No. A-61/KE345, 7-Star Colony,  
Scheme 33, Super Highway, Karachi
4. Mr. Fateh Muhammad,  
M/s Usman Electric Works,  
Mehran Town, Sector 6B, Surjani Town, Karachi

Subject: **DECISION IN THE MATTER OF COMPLAINTS FILED BY MR. GHANI UR REHMAN, MR. ISLAM UDDIN AND MR. FATEH MUHAMMAD UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC**  
Complaints No. KE-2060-2015, KE-085-2016, KE-126-2016, KE-105-2016

Enclosed find herewith the decision of NEPRA Tribunal dated February 16, 2021 regarding the subject matter for necessary action, please.

Encl: As above

Copy to:

Mr. Ayaz Jaffar Ahmed,  
Director (Finance & Regulation),  
K-Electric Limited, KE House No. 39-B,  
Sunset Boulevard Phase-II, Defence Housing Authority,  
Karachi.

(Lashkar Khan Qambrani)  
Director

*[Handwritten Signature]*  
16/02/2021  
*[Circular Stamp]*



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

**Complaints No. KE-2060-2015, KE-085-2016, KE-126-2016, KE-105-2016**

- |  |                        |
|--|------------------------|
| 1. <b>Mr. Ghani Ur Rehman,</b><br>Al Rehman Electric Services,<br>House No. 393/394, Street No. 23, General Abad,<br>Shaheen Jinnah Colony, Near Muhammad Masjid,<br>Karachi | <b>Complainant # 1</b> |
| 2. <b>Mr. Islam Uddin,</b><br>House No. A-61/KE345, 7-Star Colony,<br>Scheme 33, Super Highway, Karachi  | <b>Complainant # 2</b> |
| 3. <b>Mr. Fateh Muhammad,</b><br>M/s Usman Electric Works,<br>Mehran Town, Sector 6B, Surjani Town, Karachi  | <b>Complainant # 3</b> |

**Versus**

<b>K-Electric Limited (KEL)</b> KE House No. 39-B, Sunset Boulevard, Phase-II, Defence Housing Society, Karachi	<b>Respondent</b>
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**Date of Hearings:** May 25, 2016, September 11, 2017, July 23, 2020 & Dec 07, 2020

**On behalf of:**

**Complainant:**

- 1) Mr. Ghani Ur Rehman (Complainant # 1)
- 2) Mr. Islam Uddin (Complainant # 2)
- 3) Mr. Fateh Muhammad (Complainant # 3)
- 4) Mr. Haq Nawaz

**Respondent:**

- 1) Mr. Muhammad Aamir Ghaziani, Director
- 2) Mr. Arshad Iftikhar, Director
- 3) Mr. Asif Shajer Deputy General Manager (Regulations)
- 4) Ms. Tatheera Fatima Deputy General Manager (Legal Distribution)

**Subject: DECISION IN THE MATTER OF COMPLAINTS FILED BY MR. GHANI UR REHMAN, MR. ISLAM UDDIN AND MR. FATEH MUHAMMAD UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC**

**DECISION**

This single decision shall dispose of the complaints filed by Mr. Ghani Ur Rehman (hereinafter referred to as the "**Complainant # 1**"), Mr. Islam Uddin (hereinafter referred to



as the "Complainant # 2") and Mr. Fateh Muhammad (hereinafter referred to as the "Complainant # 3") combinedly referred to as "Complainants" against K-Electric Limited (hereinafter referred to as the "Respondent" or "KEL"), 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 the Complainant # 1 on March 14, 2016 wherein the Complainant # 1 inter alia submitted that KEL awarded a contract for bulk supply to M/s Al-Rehman Electric Services to provide electric supply to more than 600 consumers of Yaroo Goth Sector 5/F, Surjani Town, Karachi. The Complainant # 1 stated that he deposited Rs. 250,000/- as security deposit equal to about three months billing on February 14, 2011. However all of a sudden and without any default in payment, the power supply of the area under contract was disconnected by KEL on June 11, 2012. Moreover, the Complainant # 1 submitted that an application to this effect was submitted by him before the SHO, Surjani Town along with a copy to KEL as the residents attacked his office for restoration of supply. The Complainant # 1 further submitted that KE invited him for meeting and as outcome of the said meeting, a payment of Rs. 1,000,000/- and further payment of Rs. 5,00,000/- was made by him on November 12, 2012, however KEL handed over the system to their dear ones. The Complainant # 1 added that the monthly electricity bills were on higher side yet the same were paid. The area was experiencing low voltage and in this regard they requested KE to install another transformer of 250 KVA capacity but the issue was not resolved. Furthermore, the Complainant # 1 claimed that he invested more than Rs. 50 Million in the distribution network of KE by installing 159 poles, 120 mm cable, 1400 meters. In view of above, the Complainant # 1 requested that KEL may be directed to either refund the above-mentioned amount or let him continue to work as per contract and issue bill accordingly after adjustment of the extra charged and paid amount.

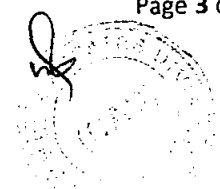
3. The matter was taken up with KEL for submission of parawise comments/report vide complaint No. KE-85-2016. In response, KEL, vide its letter dated April 14, 2016 submitted that the matter is subjudice before honorable High Court of Sindh, Karachi in C.P. No. 1285/2015. KEL further requested to suspend further proceedings in the matter until the final outcome of honorable High Court. Since the matter was subjudice before the honorable High Court of Sindh therefore further proceedings in the matter were suspended by this office and the Complainant # 1 was informed accordingly vide letter dated June 17, 2016. The Complainant # 1 vide letter dated August 22, 2019 provided orders of the High Court dated March 20, 2018 in CP No. D-1285/2015 whereby the Honorable High Court held that since the petitioner/Complainant(s) has already filed suit No. 371/2014 in the Civil Court; therefore, the petition has been infructuous; and hence the petition was dismissed. The

Complainant # 1 made further correspondence and accordingly he was informed vide this office letter dated October 09, 2019 that NEPRA had submitted its comments before Honorable High Court and further proceedings in the matter have been suspended by this office.

4. Residents of Shah Latif Town, Karachi filed a complaint regarding low voltage. The issue was taken up with KE vide complaint No. 2060/2015. In response, KE reported that Malir Development Authority has taken development charges from the residents of the area, however, the requisite infrastructure for electrification has not been provided. Moreover, the issue is subjudice vide CP No. D-5158/2012 before the High Court of Sindh. KE vide letter dated January 8, 2016 further reported that there is no low voltage issue in the area. In order to probe further into the matter, a site inspection was conducted by NEPRA on February 9, 2016 in presence of both the parties i.e KE and the residents. During the site inspection the voltage was found within the permissible limits. It was also revealed that KE has made agreement with the Complainant # 1 for billing/recovery of bills. A hearing in the matter was held on May 25, 2016 at NEPRA Regional Office, Karachi. The hearing was attended by all the parties i.e. KE, Residents of Shah Latif Town and Complainant # 1. Another hearing in the matter was held on September 11, 2017 at the same venue. During the hearing KE representatives informed that new 11 kV feeder is being energized for Shah Latif Town. During the hearing it was made clear to the parties that agreements between KE and bulk supply contractors are illegal.

5. The Complainant # 1 approached the Prime Minister's Public Affairs and Grievances Wing (PMPA&GW) for redressal of his grievances. The PMPA&GW forwarded the said complaint to NEPRA on July 22, 2019 wherein the Complainant # 1 submitted that some contracts granted by KEL in 2009 regarding resale of electricity contain the wording that they were being approved by NEPRA due to which huge investment was made by him to complete the projects (even security for each PMT was also paid @ Rs.150,000/- per PMT). Moreover, the Complainant # 1 submitted that he sought the consent of NEPRA in writing on September 24, 2009 regarding its approval but NEPRA did not reply back due to which he supposed that the version of KEL is correct. The Complainant # 1 further submitted that it was came into his knowledge that NEPRA has issued an Order on December 03, 2018 regarding illegal distribution/resale of electric power by bulk supply contractors, therefore he is concerned about facing irreparable financial loss due to infringement of contractual agreement and taking over of the system by KEL.

6. Accordingly, a detailed report in the matter was submitted to PMPA&GW vide letter dated August 20, 2019 along with a copy to the Complainant # 1 and KEL, wherein it was reported that the agreement between KEL and the complainant was illegal and therefore



NEPRA cannot intervene in the matter. The Complainant # 1 is required to hand-over the distribution system to KEL for further operation, maintenance and billing. Moreover, the Complainant # 1 was informed through letter dated November 20, 2019 that the matter of compensation for amount invested by him in distribution network does not fall under the purview of the NEPRA. Further, the Complainant # 1 was advised to approach KEL/court of law for redressal of issues pertaining to bilateral agreement between the Complainant and KEL. He was also informed that NEPRA cannot ask KEL for any compensation as agreement between Complainant # 1 and KEL was not legal in view of NEPRA.

7. Similarly, NEPRA received a complaint from the Complainant # 2 dated March 01, 2016 wherein the Complainant # 2 inter alia submitted that a single meter was installed for 200 houses. KE charged higher tariff and taxes which raised domestic tariff equal to commercial tariff, as a result of which the resident stopped payment of bills w.e.f. the year 2009. In the Seven Star Society, KE issued 109 demand notices which were paid by the applicants, however, KE did not provide electricity connections. The applicants again applied for connections in the year 2000, however KE again did not provide connections. The Complainant #. 2 added that bulk supply meter was installed on 20.08.2001 for which they spent a huge amount. Later, KE officials removed electricity poles in their area for which they approached the court of law vide civil suit No. 119/2001 and the court granted stay and decreed the case against KE. They also approached court against excessive billing vide suit No. 134/2009 which is subjudice. KE caused too much losses/disturbances to the inhabitants of the area which included depriving 400 homes from legal electricity connections two times and forcing them into darkness for eight years i.e. 1993-2001, therefore the Complainant # 2 was compelled to sign the illegal undertaking. Foregoing in view, the Complainant # 2 requested that KEL may be directed to pay the compensation on account of this grave violation of the human rights.

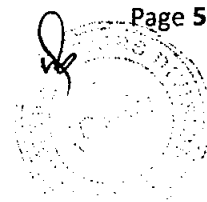
8. Since the matter was subjudice before the honorable High Court of Sindh, Karachi in C.P. No. 1285/2015, therefore the Complainant # 2 was informed vide letter May 06, 2016 that NEPRA cannot intervene in the matter under NEPRA Complaint Handling and Dispute Resolution (Procedure) Rules, 2015. The Complainant # 2 again approached this office on October 15, 2019 and submitted that the first bulk supply contract was inaugurated on August 20, 2001 at 7-Star Colony, Sohrab Goth, Karachi by the then MD KESC. Similarly, the second metering bulk supply contract was inaugurated on the same day at Quetta Town, Karachi. Moreover, the Complainant # 2 submitted that all the contractors of bulk power supply wrote a letter to NEPRA in October, 2009 in order to know the legitimacy of agreements but no response was received from NEPRA in this regard. The Complainant # 2 requested that KEL may be directed to return the amount invested by him in the KEL's distribution system.

9. Accordingly, the above-mentioned complaint was disposed of and a letter was issued to the Complainant # 2 on December 02, 2019 enclosing the response of NEPRA sent to the Complainant # 1 in a similar nature of case, wherein it was informed that illegal distribution system is required to be handed-over to KEL for further operation, maintenance and billing as the agreement between KEL and complainant was illegal.

10. Likewise, NEPRA received a complaint from the Complainant # 3 on April 05, 2016 wherein the Complainant # 3 submitted that KEL awarded a contract to M/s Usman Electric Power in 2013 for bulk metering power supply to kunda settlement in sector -6E & 6G, Mehran Town, Karachi. Moreover, the Complainant # 3 submitted that under the terms of contract, KEL was liable to provide/install one 250 kVA PMT for each sector in 6E & 6G and to use HT pole from nearest HT supply along with one CT operated meter for billing purpose, whereas the Complainant # 3 was responsible to maintain individual network on LT side and to pay the amount billed on the basis of meter reading. Further, M/s Usman Electric Power had to deposit a sum of Rs.2,75,500/- for sector - 6E, Rs.2,75,500/- for sector - 6G being Security Deposit, and to pay the advance billing equal to three months i.e. Rs.6,11,250/- for both the sectors. The Complainant # 3 added that KEL was to provide 2 x 250 kVA PMTs at its own in sector 6B and one CT operated meter and Usman Electric Works was required to pay Rs. 1,500,000 as advance to execute the further contract. The amount was paid on June 10, 2013 but KEL neither issued work order nor installed PMTs. In the meanwhile a defaulter contractor M/s RK Solangi Electric Company was facilitated for detention and contract. The Complainant # 3 requested that KEL may be directed to refund him the amount of Rs.1,160,250/- with marketable interest paid by him on account of security deposit and advance billing and security deposit paid for sector 6B Mehran Town with interest. The Complainant # 3 added that KEL is carrying out survey in the area to handover the system to another contractor/ or operate at its own.

11. The matter was taken up with KEL for submission of parawise comments/report vide complaint No. KE 105-2016. In response, KEL, vide its letter dated June 27, 2016 submitted that the matter is subjudice before honorable High Court of Sindh, Karachi. The report of KE was sent to the Complainant # 3 vide letter dated July 22, 2016 and further proceedings in the matter were suspended by this office.

12. The Complainant # 3 again approached this office on July 15, 2019 and submitted that some contracts granted by KEL in 2009 regarding resale of electricity contain the wording that they were being approved by NEPRA due to which huge investment was made by him to complete the projects (even security for each PMT was also paid @ Rs.150,000/- per PMT). Moreover, the Complainant # 3 submitted that he sought the consent of NEPRA



in writing on September 24, 2009 regarding its approval but NEPRA did not reply back due to which he supposed that the version of KEL is correct. The Complainant # 3 further submitted that it was came into his knowledge that NEPRA has issued an Order on December 03, 2018 regarding illegal distribution/sale of electric power by bulk supply contractors, therefore he is concerned about facing irreparable financial loss due to infringement of contractual agreement and taking over of the system by KEL.

13. Accordingly, the above-mentioned complaint was disposed of and a letter was issued to the Complainant # 3 on November 20, 2019, wherein the Complainant # 3 was informed that the matter of compensation for amount invested by him in distribution network does not fall under the purview of the NEPRA. Moreover, the Complainant # 3 was advised to approach KEL/court of law for redressal of issues pertaining to bilateral agreement between him and KEL. The Complainant # 3 was further informed that NEPRA cannot ask KEL for any compensation as agreement between Complainant # 3 and KEL was not legal in view of NEPRA.

14. Subsequently, the Complainants approached this office through different forums for redressal of their grievances, therefore, the Authority constituted a tribunal under section 11 of the NEPRA Act to decide the said cases. Accordingly, an online hearing in the matter was held on July 23, 2020 which was attended by both the parties i.e. the Complainants and KEL. During the hearing, KEL informed that the Complainants have filed cases in courts and the matter is subjudice. Therefore, KEL was advised to submit the status of the ongoing court cases pertaining to the Complainants, under which law the agreements were made with the Complainants, chronology of signing agreements, termination of agreements and reasons for termination, reference number of the meter for single-point supply and outstanding dues of KEL against each connection, metering arrangement downstream of the single point supply and comments on the Complainants' claim that they have invested millions of rupees in laying infrastructure for supply in these areas. In response KE could not quote any law under which these agreements were made rather KE mentioned the difficulties being faced in theft areas. KE reported that the local representatives were involved with specified conditions as an interim solution. KE further submitted that the complainants have filed various litigations and the matter is currently subjudice. KE further reported that agreements were terminated owing to performance failures and these areas are being regularized by conversion into individual billing. KE further submitted that the Complainants have submitted arbitrary and unsubstantiated claims of investment made in LT networks in the said areas. They owed huge outstanding amount to KE due to non-payment of monthly bills. The details of court case and outstanding dues are summarized as under:

Name of Contractor	Area	Account Number	Outstanding Dues	Court Case
Seher Electric	Shah Latif Town 20C, Bin Qasim	BS000001	10,462,983	Suit No. 502/2016 and Civil Recovery Suit # 467/2017 (decreed in favor of KE). CR 29/2019 filed by complainant and dismissed. Civil Appeal 15/2020 pending before District & Session Judge Malir.
Purab / Usman Electric	Nooruddin Goth, Surjani Town	0400021309530	13,608,808	Suit No. 827/2017 (Lower Court)
	Bhittai Goth, Surjani Town	0400021309530	33,975,058	Suit 371/2014 disposed off in November 2019. Thereafter, a specific Performance Suit (689/2020) filed by Plaintiff.
	MPR Colony, Orangi 1	0400017916821	24,176,264	No Court Case
	Mehran Town 68, KIMZ	0400002474709	15,419,618	Suit 449/2015 - Fateh Muhammad (Usman Electric)
Al Rehman Services	Sultanabad, Mangophir, Orangi 1	0400014118697	13,835,895	Suit 1698/2018 & Suit # 124/2015
Islam Din	Seven Star Colony	BL001952	38,071,254	Suit 134/2009 pending before Sindh High Court.
		BL00193	60,879,089	

15. Similarly, the Complainants were advised to submit their arguments along with supporting documents/information, particularly the reasons for executing agreements with KEL without approval of NEPRA, break-up/details of investments made by them along with proof of investment (receipts, invoices, etc), how the electricity consumption downstream of the single-point supply was being metered, comments on the version of KEL regarding filing of cases in courts by the Complainants along with copies of suits/petitions and comments on the version of KEL regarding non-payment of dues by the Complainants. In response, the Complainants provided the desired information vide letter dated September 04, 2020.





16. The Complainants submitted that they were given impression by KE that the agreement is being done with approval of NEPRA. Moreover, they sought the consent of NEPRA in writing in the year 2009 regarding legality of the contracts, however NEPRA did not reply. The electricity consumption downstream of the single-point supply was being metered through sub-meters. They further submitted that they have not filed cases in any court of law. The version of KEL regarding non-payment of dues is wrong. The Complainants added that they were and are bound to pay legitimate charges of electricity that have already been paid, however no law on earth compels consumers to pay supplementary bills without any valid cause of action. The complainants claimed as under:

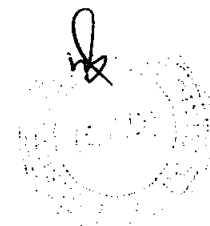
Sr. #	Name of Firm	Project Area	Investment (Rs.)	Investment on gold rates 2020 (Rs.)
1.	Al Rehman Electric Services (Pvt) Ltd.	Yaroo khan Goth	2,98,52,471/-	7,89,12,204/-
2.	Al Rehman Electric Services (Pvt) Ltd.	Sultanabad (Mangopir)	1,09,37,121/-	2,89,11,252/-
3.	Sehar Electric Services	Shah Latif (20 C)	1,96,97,995/-	5,20,69,800/-
4.	Usman Electric Works	Mehran Town (6B)	45,71,588/-	2,31,75,303/-
5.	Usman Electric Works	Mehran Town (6E/6G)	56,92,860/-	1,37,83,894/-
6.	Purab Electric (Pvt.) Ltd.	MPR Colony	1,15,12,160/-	3,04,31,314/-
7.	Purab Electric (Pvt.) Ltd.	Noor Ud Din Goth	1,36,12,331/-	3,59,82,918/-
8.	Purab Electric (Pvt.) Ltd.	Bhitai Goth	1,75,86,031/-	4,64,87,021/-
9.	Purab Electric (Pvt.) Ltd.	Mehran Town	40,01,645/-	96,89,022/-
10.	Seven Star Colony	Seven Star Colony	2,05,92,614/-	14,07,34,855/-

The Complainants further submitted that there are 3792 bulk power contractors who are still functioning in Karachi but KE has not taken action against them. However, no complete details were provided by the complainants. The Complainants mentioned consumer No. BS-000002 to Bs-000013, PMTs in Bismillah Colony only.

17. The case has been examined in detail in light of written/verbal arguments of the parties, documents provided on record and applicable law. The following has been concluded:

- According to Section 20 of the Regulation of Generation, Transmission & Distribution of NEPRA Act 1997; distribution of power is a licensed activity. Any entity/person can only be engaged in distribution of electric power subject to issuance of distribution license by NEPRA.

- ii. In the agreements the word "consumer" has been mentioned that the definition will be in accordance with NEPRA Act. However, NEPRA Act does not empower any consumer to be involved in distribution/resale of electricity.
- iii. The Authority has prescribed the procedure for resale of electricity under the NEPRA (Supply of Electric Power) Regulations, 2015 to conduct lawful supply of electric power.
- iv. The residents of seven star colony paid demand notices but KE failed to provide connections.
- v. KEL and the Complainants, in violation of the provisions of the NEPRA Act and Rules & Regulations made thereunder, executed bilateral agreements for sale of electric power in theft dominated areas on commission basis without approval of NEPRA. Hence, the agreements executed by KEL and the Complainants are illegal and have no justification. The Complainants have submitted that they sought clarification from NEPRA in the year 2009 about the said agreements, and no response was received to them, therefore they considered the agreements legal. There is no force in arguments of the complainants because no such request is available on record. Further, in the absence of any clarification from NEPRA, the Complainants should not have made any such agreement with KE. The Complainants made such agreements to gain financial benefits. The Complainants received commission of 10% for all recoveries made. In other words, K-Electric illegally outsourced their billing and collection to 3rd parties, such as the Complainants.
- vi. KEL is required to take-over illegal distribution system for further operation, maintenance and billing in its all areas not only limited to the Complainants.
- vii. In the year 2017, the Authority took notice of such resale activity and issued notices to all Distribution Companies to report cases where illegal resale/distribution of electric power is taking place. In response, a total of ninety three (93) cases were reported which include fifty seven (57) cases of KEL. According to the report, a total of thirty nine (39) PMTs (transformers) were given to private contractors/persons for further re-sale of electric power in the specified areas, and the concerned contractors were responsible to supply electricity and to recover bills from the consumers. Some of the areas mentioned at Para 14 were also included in the list provided by KEL.



- viii. Accordingly, explanation letter were issued to the relevant DISCOs and the entities involved in resale of electric power.
- ix. The Complainants have informed that 3792 bulk power contractors are operating in KEL for resale/distribution but KEL only penalized to the complainants. However, the complainants did not submit details of such contractors. The Complainants mentioned consumer No. BS-000002 to BS-000013, PMTs in Bismillah Colony only
- x. According to the agreements made between KEL and Complainants the tenure of agreements were one year mostly. Though the agreements were illegal yet there is no record regarding extension of these agreements.
- xi. All DISCOs including KEL were directed vide Order dated December 03, 2018 to regularize the resale activity under the provisions of NEPRA (Supply of Electric Power) Regulations, 2015 and immediately take its distribution system back from the entities for further operation, maintenance and billing.
- xii. The issue of compensation raised by the Complainants does not fall under the purview of NEPRA. Further the Complainants have submitted irrational claims for compensation. The Complainants have claimed their investment at gold prices applicable in the year 2020. The Complainants have ignored the aspect of depreciation of the material.
- xiii. There is contradiction in the claims made by the Complainants in their different correspondence as given below if compared with the claims given at Para-16 above.

Sr. #	Name of Firm	Project Area	Investment (Rs.)
1	Al Rehman Electric Services (Pvt) Ltd.	Sultanabad (Mangopir)	2,31,50,000/-
2.	Sehar Electric Services	Shah Latif (20 C)	2,55,00,000/-
3.	Usman Electric Works	Mehran Town (6-E/6G)	4,00,00,000/-
4.	Purab Electric (Pvt.) Ltd.	MPR Colony	2,50,00,000/-

- xiv. KE has also claimed outstanding dues against the Complainants. KEL should have terminated the agreements with the Complainants if bills were not paid to KEL.

xv. The agreements made between the Complainants and KE provide for dispute resolution. For example; the agreement made between KEL and M/s Sehar Electrical Services provides for dispute resolution as under:-

- a) In the event of any dispute between the Parties, both Parties shall cooperate to amicably resolve the dispute within five (05) business days by referring the dispute to the senior management of both Parties.
- b) In case any dispute cannot be settled amicably or satisfactorily it shall be referred for the joint equitable decision by way of arbitration under the Arbitration Act, 1940 and any applicable rules made thereunder by two arbitrators, one to be appointed by each Party and in the event of no such equitable decision being available within 60 days of the commencement of the arbitration, to the final decision of the Umpire to be jointly appointed by the arbitrators before entering upon the reference. Any award made in such arbitration by the arbitrators together or by the Umpire as the case may be, shall be final and binding on the Parties for all purposes whatsoever. The venue for such arbitration shall be Karachi. The arbitration shall be conducted in English language. Arbitration shall be a prerequisite to any other action at law. Each party shall bear their own costs under the Arbitration / Dispute Resolution. For the avoidance of doubt, the arbitrators and the umpire shall be retired confirmed judges of the High Court of Sindh at Karachi. Notwithstanding the above, the Parties hereto submit to the civil jurisdiction of the High Court of Sindh at Karachi

The record is silent whether the Parties approached for arbitration or otherwise.

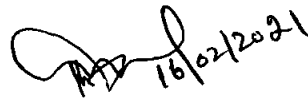
- xvi. The record reveals that CP No. 1285 of 2015 was dismissed vide order dated March 20, 2018 by the Honorable Sindh High Court on the grounds that the Complainant(s) filed a similar suit No. 371/2014 in the Civil Court. Later, the Complainant(s) filed an appeal before the Honorable Supreme Court of Pakistan vide CP No. 634-K of 2018. The said appeal was disposed of by the Honorable Supreme Court of Pakistan with directions to the Trial Court to sympathetically consider the time consumed by the Complainant(s) in pursuing their remedy before the High Court and Supreme Court, in case they file suit in respect of present issue. This reveals that the issue was in the Court vide suit No. 371/2014. The Suit 371/2014 was disposed off in November 2019. Thereafter, a specific Performance Suit (689/2020) was filed by Complainant(s). Further, Civil Appeal 15/2020 is pending before District & Session Judge Malir. Since the



issue is subjudice and out of purview of NEPRA, as such NEPRA cannot intervene in the instant case. .

18. In view of foregoing, the parties are directed as under:

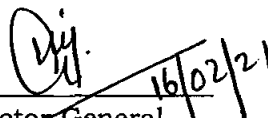
- i. The issue is between a licensee of NEPRA i.e. KEL and contractors to whom area/PMTs were given for distribution of electric power and billing purpose which is against NEPRA Act, Rules and Regulations.
- ii. All DISCOs including KEL were required to regularize illegal resale/distribution or to take over all such areas where this illegal activity is being carried out. KEL is required to ensure that no such illegal activity is being done in its territory as the Complainants have alleged that there are so many contractors who are involved in illegal resale/distribution of electric power. KEL is further directed to immediately take over distribution systems in its territory if already not taken over by it for billing, maintenance etc.
- iii. The claims of Complainants and KEL are required to be verified through third party as both have counter claims against each other.
- iv. The issue be resolved through Arbitration in accordance with the provisions of the Agreements made between KEL and the Complainants.
- v. If the Complainants qualify for O&M agreement under NEPRA Supply of Power Regulations 2015, KEL may prefer these complainants for any such agreement in future.
- vi. In case if issue is not resolved between the parties, the Complainants may approach concerned court of law for seeking compensation (if any) from KEL in accordance with the mutually agreed terms and conditions as laid down in the bilateral agreements as the issue of compensation does not fall under the purview of NEPRA.

  
16/02/2021

Director (Consumer Affairs)



Legal Advisor (Consumer Affairs)

  
16/02/21

Director General  
(Consumer Affairs)



Sr. Advisor  
(Consumer Affairs)

