



National Electric Power Regulatory Authority
ISLAMIC REPUBLIC OF PAKISTAN
Consumer Affairs Department, NEPRA TOWER
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**Consumer Affairs
Department**


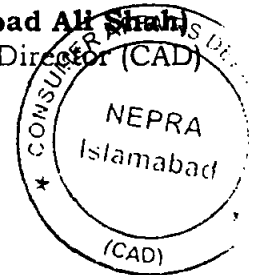
TCD.09/3831-2023
August 29, 2023

Chief Executive Officer,
K-Electric Limited, KE House No. 39-B,
Sunset Boulevard Phase-II, Defence Housing Authority,
Karachi

Subject: **DECISION IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW
FILED BY K-ELECTRIC LIMITED AGAINST THE DECISION OF
NEPRA CONSUMER COMPLAINTS TRIBUNAL IN THE MATTER OF
COMPLAINT OF MR. ARIF ELAHI AGAINST K-ELECTRIC LIMITED
REGARDING NET METERING (CONSUMER No. BL-003788)**
Complaint No. **KElectric-KHI-12643-05-22**

Please find enclosed herewith the decision of the NEPRA Consumer Complaints Tribunal dated August 29, 2023 regarding the subject matter.

Encl: As above


(Syed Ibad Ali Shah)
Deputy Director (CAD)


Copy to:

1. Mr. Imran Hussain Qureshi,
Chief Regulatory Affairs & Government Relation Officer,
KE Office, 56 A, Street No. 88 G-6/3, Islamabad
2. Mr. Abid Hussain, Advisor,
Provincial Office Consumer Affairs, Office # 101,
1st Floor, Balad Trade Centre, Aalamgir Road,
B.M.C.H.S., Bahadurabad, Karachi
3. Mr. Arif Elahi,
H-3/A, Sector 5, Korangi KITE, Karachi,
Ph: 0300-8264391



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

Motion for leave for review in Complaint No. KElectric-KHI-12643-05-22

K-Electric Limited (KE),
KE House No.39B, Sunset Boulevard
Defence Housing Authority, Karachi.

..... **Petitioner**

VERSUS

Mr. Arif Elahi
H-3/A, Sector 5, Korangi KITE, Karachi,
Ph: 03008264391

..... **Complainant**

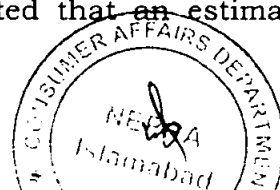
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COMPLAINT OF MR. ARIF ELAHI AGAINST K-ELECTRIC LIMITED
REGARDING NET METERING (CONSUMER No. BL-003788)

DECISION

This decision shall dispose of a motion for leave for review filed by K-Electric Limited (hereinafter referred to as the "K-Electric" or "Petitioner") against the decision of NEPRA Consumer Complaints Tribunal dated January 05, 2023 in the matter of complaint filed by Mr. Arif Elahi (hereinafter referred to as the "Complainant") against KE, 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 the subject complaint dated May 17, 2022 wherein the Complainant apprised that he installed solar system and applied for load enhancement in January 2022 however KE issued exorbitant amount of estimate vide letter dated May 6, 2022 amounting to Rs.5,424,488/- (capital cost) & Rs.494,138/- for security deposit and 600,000/- for Power Factor Improvement (PFI) panel for load enhancement from 127 kW to 400 kW. The Complainant submitted that estimates have been issued on higher side which cannot be paid however the same was paid later by the Complainant. The Complainant requested for resolution of the issue.

3. The matter was taken-up with KE for submission of parawise comments/report. In response, KE vide letter dated May 26, 2022 reported that an estimate of Rs.

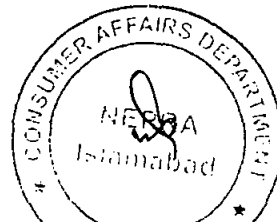


5,424,488/- was issued to the Complainant for cost of material, GST, store and purchase charges etc. along with security deposit amounting to Rs. 494,138/- for extension of load from 127 kW to 400 kW. KE further submitted that PFI panel will also be required to be installed by the consumer to maintain proper power factor if inductive load is present at site. Further, KE informed that 400 kVA capacity transformers are not used in KE system; therefore 500 kVA capacity transformer was proposed for load extension.

4. In order to probe further into the matter, hearings were held at NEPRA Regional Office, Karachi which were attended by both the parties who advanced their arguments. During the hearing held on August 01, 2022; the Complainant submitted that he has installed solar system of about 248 kW and required extension of load for provision of net metering facility at the premises for which he applied to KE on October 21, 2021 and demand notice was issued after lapse of 06 months on April 29, 2022. Further, KE insisted to install PFI panel whereas there is no inductive load present at site. The Complainant added that KE is installing a 500 kVA PMT instead of 400 kVA PMT for load extension. In response, KE submitted that load extension of 400 kW was applied by the Complainant on October 27, 2021. Accordingly, site survey was carried out. The load of the premises was assessed as 657 kW however, the Complainant intended to electrify some portion/ warehouse through solar system therefore the extension of load from 127 kW to 400 kW was entertained with net extension of 273 kW. A solar system having capacity of 248 kW is installed at site. The PMT having capacity of 150 kVA is installed to cater the earlier load of 127 kW. The inter connection of distributed generation facility of 248 kW capacity to 150 kVA PMT is not possible therefore the PMT capacity was required to be enhanced to 400-500 kVA. The Complainant added that 30,000 units have been exported to KE through solar system however no units have been compensated/credited to him. During the hearing, KE was informed that if 400 kVA PMT(s) are not commonly used in KE system then it should have installed a higher capacity T/F and charged the sharing cost proportionate to the load of the Complainant. In response, KE submitted that it would have charged the Complainant on sharing basis and the remaining to other consumers but the premises of the Complainant falls in an industrial area where independent PMTs are installed and no common distribution transformers exist hence there are no other consumers to be fed through higher capacity PMT; therefore the Complainant was charged the total cost of 500 kVA PMT. In response to the claim of the Complainant regarding adjustment of units of net-metering, KE submitted that the Complainant has not been issued a Distributed Generation license therefore the units are not adjustable as per relevant regulations.

5. In light of the written/verbal arguments of the parties, applicable law, K-Electric was directed vide decision dated January 05, 2023 as follows:

- i. To withdraw the amount charged to the Complainant on account of rehabilitation charges and design vetting charges recovered in violation of CSM.
- ii. Issue revised estimate to the Complainant as per provisions of CSM regarding installation charges instead of Labor and Transportation charges.



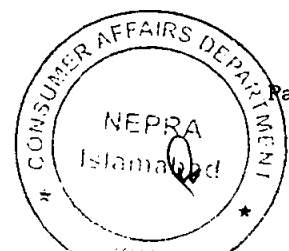
Moreover, KE is directed to reflect charges in estimates as per provisions of CSM in future.

- iii. KE should bring in place different ratings of PMTs i.e. 200 kVA & 400 kVA in its system as applicable in other DISCOs to cater the required load on case to case basis to avoid financial loss to the applicant besides transformer losses due to non-utilization of PMTs at full load.
 - iv. Units have been exported by the Complainant to KE and data of the same can be downloaded/retrieved. KE should not have taken these units without issuance of distributed generation license to the consumer. Since units have been exported and admitted by KE therefore KE may resolve the issue of adjustment of units exported to KE amicably with the Complainant.
6. Being aggrieved with the decision of NEPRA Consumer Complaints Tribunal, K-Electric filed a motion for leave for review under NEPRA (Review Procedure) Regulations, 2009 vide letter dated February 02, 2023. KE in its review has inter alia submitted as under:
- i. The Complainant applied for load extension in October 2021 but the Complainant did not inform KE that he was desirous of obtaining net metering facility before filing and hearing of the said complaint on May 17, 2022 and June 07, 2022 respectively. The material requirement as well as other charges mentioned on the estimate were worked out in accordance with the charges prescribed in CSM 2021. As such the Complainant's assertion of exorbitant charges is factually incorrect.
 - ii. The Complainant only applied for load extension of 273 in addition to the existing load requirement of 127 kW without submitting any request for net metering facility and later on during the hearing/filing of complaint in NEPRA in May/June 2022 it was informed that a solar system of 248KW was installed on site by the Complainant. The delay between the submission of load extension request on October 27, 2021 and issuance of estimate on April 29, 2022 was due to the fact that the Complainant failed to fulfill the necessary codal formalities including earmarking space for switch room/substation in accordance with the total assessed load requirement of 657kW. As such KE cannot be held responsible for delays on part of the Complainant. The Complainant was facilitated in good faith after submission of an undertaking on April 11, 2022 that the load of the premises would be restricted to 400kW after complete isolation of warehouses for which independent solar system will be installed by the Complainant.
 - iii. The PMT of 500 kVA rating was appropriately prescribed in the instant case considering the total load requirement of the premises i.e., 400 kW (127 kW existing and 273 kW as load extension). Furthermore, a 400 kVA PMT would not be enough to cater the total load demand of 400 kW after extension of load of 273 kW in addition to existing load of 127 kW. Hence, the



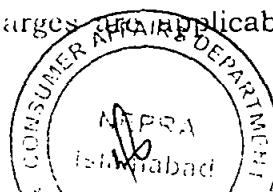
understanding that a higher rating PMT of 500 kVA was proposed by KE instead of 400 KVA is factually incorrect. The Complainant established the interconnection of his DG facility (solar system) with KE network unlawfully without submitting any formal request to KE as well as issuance of prior license from NEPRA to be eligible for the net metering benefit as required under Clause 6 of the Interconnection Agreement as mentioned in Schedule I of the NEPRA Net Metering Regulations.

- iv. Design and vetting charges of Rs. 59,384/- i.e. 1.5% of the total material cost is applied by KE in the instant case due to the fact that it went through the entire process of scheme designing including simulation based load flow study and was managed through in-house expertise without referring the case to external independent consultant for scheme preparation who would have charged certain percentage (7%-10%) to the Complainant for scheme designing. Whereas in the instant case KE provided entire services of scheme designing and its vetting by merely charging 1.5% of material cost.
- v. Contrary to other DISCOs, KE has a ring HT network and is designed on standardized 300 MM HT underground cable or Tiger Overhead conductor as per the available HT network in the area. The new customer/applicant is connected to KE network by laying standard size HT cable to enable back-feed provision for customer in case of outage. Most of such interlinking's are done through substation or RMU which also is necessary for switching off supply and load and also to maintain N-1 status. In case where an applicant's load requirement can be served through a lower capacity HT cable, an applicant is compensated for the differential cost in the cost estimate however KE installs the standard cable to maintain the standardization of network design and to enable back feed provision to ensure N-1 redundancy and alternate source of supply in case of a cable fault. In addition, the cost of rehabilitation of deteriorated HT poles, replacement/reinforcement of hopeless HT spans and HT underground linking cables, shifting of equipment, rehabilitation of existing substations, etc. is borne by KE to facilitate its new connection customers and to relieve the cost burden on them, for provision of required load to them. The actual rehabilitation cost incurred by KE is often higher than the cost charged to consumers as per NEPRA approved rates. However, KE does so in good faith to minimize the impact of this high cost to a single customer by averaging it out over a number of customers.
- vi. The charges of 12% and 8% of material cost are correctly applied by KE in the cost estimate as per the guidelines enshrined in chapter 2 of NEPRA CSM. Whereas it was mentioned as 'Labor & Transport Charges and Store and Purchase Charges' due to some system related development issues. However, the necessary system development has been carried out by concerned IT teams to address the issue for reflection of correct nomenclature on cost estimates.

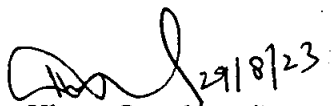


7. The motion for leave for review filed by KE was considered and accordingly a hearing was held on July 18, 2023 via Zoom link. The motion for leave for review is disposed of in the following terms:

- i. The 500 kVA PMT is appropriately proposed for installation at site considering the 400 kW load requirement of Complainant's premises.
- ii. NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015 envisages that the "*Applicant*" means a consumer of a Distribution Company which submits an Application to interconnect its Distributed Generation Facility to the Distribution System of the Distribution Company and who applies for grant of the license to operate a Distributed Generation Facility as a Distributed Generator. It further provides that the "*Distributed Generator*" means a Distribution Company's 3 phase 400V or 11 kV consumer i.e. domestic, commercial, industrial, agricultural, general services or single point bulk supply and who owns and/or operates the Distribution Generation Facility, and is responsible for the rights and obligations related to the Agreement and under these Regulations. The interconnection of DG facility was established by the Complainant without prior intimation to KE as per the requirement of applicable NEPRA Rules and Regulations. NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015, provides that the net metering arrangement shall commence upon grant of license to the Distributed Generator whereas in the instant case the Complainant did not apply for Distributed Generation license. On a query during the hearing regarding receiving units from the Complainant, KE informed that already an AMR meter was installed which is capable for recording bi-directional units and there was nor any net metering arrangement installed by KE to calculate the units received at KE's end neither the Complainant made any bi-lateral Sale/Purchase agreement with KE for export of units as per the ibid regulations. The Sale/Purchase of electricity is a regulated business whereas in this case the NEPRA regulations/procedures and codal formalities; which are mandatory in such businesses, have been ignored. The Complainant should have properly applied to KE for interconnection of the solar system with KE network as per provision of the ibid regulations; however the same was not done. Legally, the exported units cannot be net off prior to issuance of distributed generation license however; since units have been injected into KE's system therefore both parties may settle the issue amicably as deemed appropriate.
- iii. The amount charged to the Complainant on account of rehabilitation charges and design vetting charges are in violation of CSM. As per provisions of Consumer Service Manual (CSM), the design vetting charges are only applicable for housing societies/high-rise buildings/commercial plazas, multi-storey buildings, etc. only. In this case charging of design vetting charges amounting to Rs. 59,384/- is not justified. Further, KE has charged Rs. 327,600/- to the Complainant on account of rehabilitation charges. CSM envisages that the rehabilitation charges are not applicable in case of

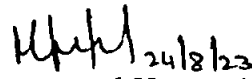


industrial category where connection is provided from common 11 kV feeder up to 1000 kW load and in other cases the rehabilitation charges shall be as per actual cost incurred (if any) for upgradation of system for provision of connection from Common Distribution System (CDS). Moreover, in the instant case, KE has charged rehabilitation charges as applicable to industrial consumers i.e. 1200/kW for the load of 273 kW which becomes Rs. 327,600/- whereas the Complainant is a commercial consumer of KE and also KE did not establish that if actually any cost was incurred on rehabilitation. During the hearing, KE informed that design vetting charges and rehabilitation charges have been refunded to the Complainant. The Complainant also endorsed the same. However, the Complainant submitted that the GST amount charged by KE on design vetting charges and rehabilitation charges be also refunded to him. In response, KE submitted that the same cannot be refunded in bills however, KE will provide certificate to the Complainant regarding the GST which he may claim in tax adjustment by FBR.

 29/8/23

(Lashkar Khan Qambrani)

Member Consumer Complaints Tribunal
Director (CAD)

 24/8/23

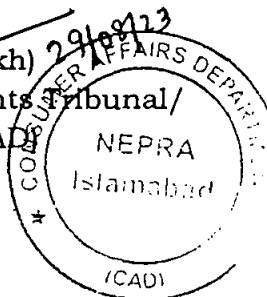
(Moqem ul Hassan)

Member Consumer Complaints Tribunal
Assistant Legal Advisor (CAD)



(Naweed Iqbal Shaikh)

Convener Consumer Complaints Tribunal/
Director General (CAD)



Islamabad: August 29, 2023