



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/DG(CAD)/TCD-05/36967-70


September 17, 2021

Chief Executive Officer,
Lahore Electric Supply Company (LESCO),
22-A, Queen's Road,
Lahore.

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY M/S DOST STEELS LIMITED UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING IMPOSITION OF PENALTY (REF: NO. 24119199004304U)**
LESCO-32/04/2020

Please find enclosed herewith the Decision of the Member (Consumer Affairs) dated September 16, 2020 (04 Pages) regarding the subject matter for necessary action and compliance within thirty (30) days, positively.

Encl: As above


(Iftikhar Ali Khan)
Director

Copy to:

1. Chief Engineer/Customer Services Director, LESCO, 22-A, Queen's Road, Lahore.
2. Manager (Commercial), LESCO, 22-A, Queen's Road Lahore.
3. Resident Director, M/s Dost Steels Limited, 4th floor Ibrahim Trade Centre, 1-Aibak Block, Barket Market New Garden Town, Lahore



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No. LESCO-32/04/2020

M/s Dost Steels Limited
4th floor Ibrahim Trade Centre,
1-Aibak Block, Barket Market
New Garden Town ,Lahore

.....Complainant

Versus

Lahore Electric Supply Company (LESCO)
22-A, Queen's Road Lahore.

..... Respondent

Date of Hearings:

1. 11th September, 2020
2. 24th October, 2020
3. 29th , January, 2020
4. 18th June, 2021

On behalf of:

Complainant: Mr. Sajjad Ullah Khan, Resident Director

Respondent:

1. Malik Ishfaq, XEN
2. Mr. Naeem Qasim, XEN SS&T South

Subject: DECISION IN THE MATTER OF COMPLAINT FILED BY M/S DOST STEELS LIMITED UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING IMPOSITION OF PENALTY (REF: NO. 24119199004304U)

Decision

Through this decision, the complaint filed by M/s Dost Steels Limited (DSL), Lahore (hereinafter referred to as the "Complainant or DSL") against Lahore Electric Supply Company (hereinafter referred to as the "Respondent" or "LESCO"), under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act"), is being disposed of.

2. NEPRA received the subject complaint, wherein the Complainant submitted that M/S Dost Steels Ltd. (DSL) is a consumer under B-4 tariff category and that on October 09, 2018 due to

thunderstorm a fault occurred in the transmission system, and as a result, a blast followed by fire at DSL 132 kV Grid Station took place. The Complainant added that they were charged an amount of Rs.2,287,386/- by LESCO for replacement of damaged PTs. However their mill was not in production since September 26, 2018 and there was no load at the time of incident. The Complainant added that LESCO did not replace the PTs till payment of the demand notice and penalty. The Complainant further added that LESCO has signed an MOU with them in which some clauses have been added in violation of NEPRA rules and regulations, such as payment of operation and maintenance expenses incurred on 132 kV transmission line, payment of penalty @ Rs. 150,000/- and Rs. 75,000/- per hour if the outage occurs in the transmission line of NTDCL and LESCO respectively due to DSL. The Complainant added that the incident took place due to bad weather condition and not because of fault in the equipment installed at DSL Grid Station. The Complainant requested for reimbursement of the charges recovered by LESCO.

3. The matter was taken-up with LESCO for submission of para-wise comments/report. In response, LESCO submitted that the equipment got damaged due to insulation failure/internal fault. The fault occurred at DSL's Grid Station and 60 Amp load was recorded at that time and 960 kW MDI was also recorded during the month of October 2018 and no fault occurred on LESCO's other system at that time. Upon knowing about the fault; patrolling of transmission line was carried out and the T-off jumper of 132kV DSL was disconnected and the remaining transmission line was re-energized. LESCO further submitted that as per policy; the work was started after payment of the demand notice on October 16, 2018, i.e. after lapse of 7 days. Thereafter, the damaged equipment was replaced within 24 hours and DSL was re-energized on October 17, 2018. LESCO added that all terms & conditions of MOU were prepared in light of DISCO policies which was signed by both the parties and penalty was imposed in accordance with the MOU.

4. In order to proceed further into the matter, a hearing was held at NEPRA Regional Office, Lahore on September 11, 2020 wherein both the parties (i.e. LESCO and the Complainant) participated and advanced their arguments. During the hearing the Complainant raised issue of charging of Rs. 22,87,386/- and submitted that LESCO has illegally charged them testing charges, penalty charges, transportation charges, crane charges, daily allowance charges, overhead charges and company charges along with the cost of material etc. LESCO officials were directed to provide the policies under which the Complainant was charged the said charges. Accordingly, LESCO submitted the MOU signed by both the parties and policies under which the Complainant was charged. In view of the said, further proceedings in the matter were closed and the Complainant was informed accordingly vide letter dated November 02, 2020. However, on November 24, 2020, the Complainant again approached this office and requested to review the matter. The Complainant added that issuance of demand notice is unjustified as the incident took place because of fault in LESCO's system due to natural reasons and not because of fault in the consumer system. Another hearing in the matter was held on June 18, 2021 at NEPRA Regional Office, Lahore; which was attended by both the parties. The then Chief Engineer-G.S.O. LESCO named Rana Ishtiaq Ahmad was also invited to attend the hearing on request of the Complainant who submitted that there was no improper operation by DSL and damage to the equipment is not attributable to the Complainant.

5. The case has been examined in detail in light of the record made so available by the parties, arguments advanced during the hearings and applicable law. The following has been observed:


- i. The Complainant (M/S Dost Steels Ltd.) is a consumer of LESCO under B-4 tariff category with sanctioned load of 10.7 MW. The DSL is being fed through T-off from 132 kV Sarfaraznagar-Bhaipheru-Transmission Line (BPR-2).
- ii. On October 09, 2018, at 01:10 am, 3x 132kV transmission lines emanating from Sarfaraz Nagar to Bhaipheru tripped simultaneously and the same were energized. Later, at 01:25

am, the transmission line (BPR-2) having T-off of DSL again tripped. During checking, 2x 132kV potential transformers installed at DSL grid station were found damaged.

- iii. According to LESCO, the fault occurred due to defect in the equipment installed at consumer's Grid Station i.e. insulation failure / internal fault. Accordingly, LESCO issued a demand notice amounting to Rs. 2,287,386/- including cost of PTs, testing charges, penalty charges, transportation charges, crane charges, daily allowance charges, overhead charges and company.
- iv. LESCO issued Demand Notice to the Complainant amounting to Rs. 2,287,386/- on October 11, 2018. The Complainant vide letter dated October 16, 2018 raised observation only on imposition of penalty charges amounting to Rs. 721,250/-. In its complaint to NEPRA, the Complainant has requested for reimbursement of all the charges paid to LESCO in this regard. According to the Complainant, their factory was not in production since September 26, 2018 and at the time of fault there was no production activity, therefore the fault is not attributable to DSL, rather the same was due to bad weather condition. The Complainant submitted that the MDI of 960 kW, recorded in the month of October 2018, was due to testing / checking carried out by LESCO, whereby DSL was asked to put load. However, no documents were placed on record by the Complainant regarding any such activity. Further reasonable / higher units have been recorded in the months of September 2018 and October 2018 as compared to consumption in corresponding months of the previous year.
- v. Contrary to the arguments of the Complainant, LESCO is of the view that the transmission system tripped due to fault at the DSL and when DSL was isolated; the remaining transmission lines became energized without any trouble.
- vi. An MOU has been signed between LESCO and the DSL wherein it is stated that the operation and maintenance of the 132 kV feeding interconnection transmission line will invariably be carried out by LESCO. The Operation & Maintenance expenses will, however, be charged to the consumer including the expenses to be incurred for attending to a breakdown along with the cost of rehabilitation, if any.
- vii. As per the agreement, proper maintenance of 132 kV Dost Steels Ltd, Grid Station shall be the responsibility of M/s Dost Steels Ltd and it will ensure necessary periodic maintenance. M/s Dost Steels Ltd could also seek technical assistance and support from CE(TSG) NTDC who render consulting services in this regard on payment. The MOU also envisages that DSL will be liable to pay a penalty in case it does not maintain/operate the equipment properly resulting in undue outages of the transmission line or any other system interruption in the network of NTDC/LESCO. The penalty shall be at the rate of Rs 150,000/- and 75,000/- per hour of the outage time in the case of NTDC and LESCO respectively. Further as per MOU, in case the equipment or any part thereof installed at the said Grid Station for supplying power to the consumer is damaged, burnt or broken due to any technical or other fault/reason, the consumer shall be responsible to provide the required equipment such as Power Transformer, CTs, PTs, Isolator, Insulator, control & relay panels etc. for its replacement or to pay its cost if the same is supplied by LESCO.
- viii. According to the provisions of Consumer Service Manual; the consumer receiving supply at 66 kV and above shall at their own sole risk and expense, furnish, install and maintain in good and safe condition all electrical wires, lines, machinery and apparatus of any kind for receiving electricity from DISCO / NTDC.



- ix. Due to the outages occurred in the transmission line of LESCO, LESCO imposed a penalty on Dost Steel Mills; amounting to Rs.721,250/- @ Rs. 75,000 per hour; for a total interruption of 09 hours and 37 minutes. With regard to maintenance of the system, it is the responsibility of the consumer. There is no provision in Consumer Service Manual for imposition of penalty in any such event. Moreover, LESCO or any other DISCO never suggested for inclusion of such penalty in the CSM.
6. In view of the foregoing, LESCO is directed to withdraw the penalty amounting to Rs.721,250/- and refund/ adjust the said amount in future bills of the Complainant.
7. Compliance report be submitted within thirty (30) days.


(Rehmatullah Baloch)
Member (Consumer Affairs)
16/9/21

Islamabad, September 16 , 2021