



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.nepa.org.pk, E-mail: registrar@nepa.org.pk

No. NEPRA/DG(CAD)/TCD-05/36972-79

September 17, 2021

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

Subject: **DECISION IN THE MATTER OF PETITIONS FILED BY MR. AHMED IQBAL MALIK AND PAKISTAN EXPATRIATES CO-OPERATIVE HOUSING SOCIETY (PECHS) LAHORE AGAINST LESCO**
Complaint No. LESCO-157/11/2020

Please find enclosed herewith the Decision of the Member (Consumer Affairs) dated September 15, 2021 (04 Pages) regarding the subject matter for necessary action and submission of preliminary report within thirty (30) days, positively.

Encl: As above

(Iftikhar Ali Khan)
Director

Copy to:

1. Assistant Registrar (Writ), For Deputy Registrar (Judicial), Islamabad High Court, Islamabad.
2. Chief Engineer/Customer Services Director, LESCO, 22-A, Queen's Road, Lahore.
3. Chief Engineer (Planning), LESCO, 22-A, Queen's Road Lahore.
4. Manager (Commercial), LESCO, 22-A, Queen's Road Lahore.
5. President, Pakistan Expatriates Co-operative Housing Society Izmir, Canal Road, near Shahkam Chowk, Lahore.
6. Mr. Aftab Rashid, Advocate, H. No. 66, Street 46, F-10/4, Islamabad.
7. Mr. Ahmad Iqbal Malik, House No. 69-J, Pakistan Expatriates Co-operative Housing Society Izmir, Canal Road, near Shahkam Chowk, Lahore.

w.r.t. order of Lahore High Court in writ Petition No 28295/2021 dated June 14, 2021 and your letter No. 18581/Writ dated July 15, 2021 in W.P No 2530/2021



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No. LESCO-157/11/2020

Mr. Ahmed Iqbal Malik, etc.

..... **Complainant**

House No. 69-J,
Pakistan Expatriates Co-operative Housing Society (PECHS) Izmir,
Canal Road, near Shahkam Chowk,
Lahore.

VERSUS

Lahore Electric Supply Company (LESCO)

..... **Respondent**

22-A, Queens Road, Lahore

Date of Hearing:

January 28, 2021

August 12, 2021

August 24, 2021

On behalf of

IZMIR:

Malik Salim, GM

Complainant:

Mr. Aftab Rashid, Advocate

Respondent:

1) Mr. Faisal Zakaria, Manager (P&D), LESCO

2) Mr. Nasir Ali, DM (P&D), LESCO

Subject: DECISION IN THE MATTER OF PETITIONS FILED BY MR. AHMED IQBAL MALIK
AND PAKISTAN EXPATRIATES CO-OPERATIVE HOUSING SOCIETY (PECHS),
LAHORE AGAINST LESCO

DECISION

This decision shall dispose of the complaint No LESCO-157/11/2020 in accordance with the Writ Petitions bearing Nos. 2530/2021 and 28295/2021 referred by Honorable Islamabad High Court and Lahore High Court, Lahore respectively.

✓



2. The brief facts of the case are that NEPRA received a complaint from Mr. Ahmed Iqbal Malik and others, (hereinafter referred to as "the Complainants" or the "Petitioner"), residents of Pakistan Expatriates Cooperative Housing Society (PECHS), Izmir, Lahore. The Complainants submitted that distribution of electricity is being managed by the Society itself and the Society is charging high rates of electricity to the residents.

3. The matter was taken up with LESCO. In response, LESCO submitted that the Izmir Society is electrified through a bulk supply connection, having load of 4500 kW with Tariff C2 and further billing is being carried out to the residents by the Society itself.

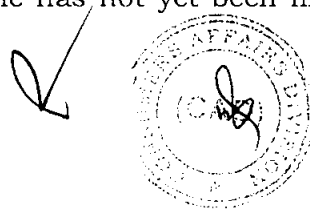
4. A hearing in the matter was held on January 28, 2021 at NEPRA Head Office, Islamabad. Subsequently the Complainants were informed vide NEPRA letter dated February 23, 2021 that Pakistan Expatriates Cooperative Housing Society (PECHS), Izmir has approached NEPRA for regularization of resale/distribution of electricity in accordance with NEPRA (Supply of Electric Power) Regulations, 2015 and their Operation and Management (O&M) agreement is under process. Once the fate of O&M agreement is decided, the issue of rates chargeable to the residents of the Society will be resolved, accordingly. In response, the Complainant filed appeal before NEPRA under Section 12 G of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. Accordingly, the Complainant was informed vide letter dated July 08, 2021 that NEPRA does not have its jurisdiction to entertain the appeal.

5. In the meanwhile the Complainants approached the Honorable Islamabad High Court vide Writ Petition No. 2530/2021. In the said petition the Complainants submitted that Pakistan Expatriates Cooperative Housing Society (PECHS), Izmir is bulk Consumer of LESCO under C-Tariff and were authorized by Govt of Punjab to supply electricity in the Society. Later, NEPRA directed LESCO to increase the load of the Society and also the Society was required to obtain distribution license from NEPRA. The Petitioner added that so far no distribution license has been obtained and the Society is illegally distributing electricity and has been charging higher rates. The Petitioners prayed that LESCO may be directed to discontinue / cancel the bulk supply connection of the Society and take over the distribution system for maintenance, operation and billing, purposes.

6. The Honorable Islamabad High Court vide order dated July 14, 2021 disposed of the above petition. The operative part of the decision is as under:

'It is noted that the Authority has been established under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 [hereinafter referred to as the "Act of 1997"]'. It is a statutory duty of the Authority to ensure that legitimate interests of the consumers are protected. It is also a statutory duty of the Authority to decide and dispose of complaints expeditiously and with due diligence. In case the petitioners have filed a complaint and the same is pending before the Authority, then this Court expects that the latter will decide the grievances of the petitioners at the earliest preferably within ninety days from the date of receiving a certified copy of this order'.

7. Similarly, the management of PECHS Izmir filed a writ petition bearing No. 28295/2021 before the Honorable Lahore High Court, Lahore wherein it was inter-alia submitted that PECHS comprised of Valencia and Izmir Housing Schemes. Later on, Valencia and Izmir were parted into two Societies and they had been engaged in distribution of electricity since the year 1995. The Society has been getting electricity from LESCO under Tariff C-2 and the electricity so received is supplied to the consumers of the Society. Accordingly, the cost of electricity is being charged proportionality. The PECHS Izmir requested LESCO to take over the distribution system, however, LESCO refused to take over the same. The PECHS, Izmir added that In light of NEPRA (Supply of Electric Power) Regulation 2015 an Operation and Maintenance (O&M) agreement has been submitted to LESCO, however, the same has not yet been finalized by



LESCO and in this regard, a request has also been made to NEPRA, but so far no response has been received by the Society. The petitioner prayed that, LESCO may be directed to sign and execute the O&M agreement without any further delay.

8. The Lahore High Court vide order dated June 14, 2021 disposed of the petition. The operative part of the Order is as under:

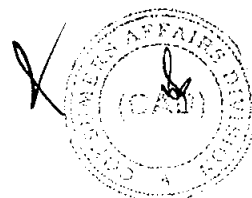
'It is directed that Respondent No.1 (NEPRA) will either way decide the aforementioned representation of the petitioner if pending, strictly in accordance with law after hearing to all concerned expeditiously, preferably within a period of 60 days from the date of the receipt of certified copy of this order.'

9. In order to comply with the directions of the apex Courts, a hearing was scheduled for August 12, 2021 which was adjourned on request of legal counsel of the Izmir Society and was held on August 24, 2021 at NEPRA Head office Islamabad. The hearing was attended by representatives of LESCO, Izmir, Valencia and legal Counsel of the Complainants. During the hearing, the representative of the Pakistan Expatriates Cooperative Housing Society (PECHS), Izmir submitted that they are ready to handover their distribution system to LESCO. In response LESCO agreed to take over the distribution system of PECHS Izmir subject to bringing the distribution network as per specifications of LESCO on cost deposit basis.

10. During the hearing the PECHS Izmir was informed that for the sake of bringing their distribution system in accordance with the specifications of LESCO, charges (if any) shall be paid by the PECHS Izmir. The representative of PECHS, Izmir agreed to the same and assured that they will bear the cost to bring their distribution system as per LESCO's specifications.

11. The case has been examined in detail in light of written/ verbal arguments of the parties. The following has been concluded:

- i. Distribution/ resale of electricity is a licensed activity under Section 20 of the NEPRA Act.
- ii. For the purpose of distribution and sale of electricity, the Authority has granted distribution Licenses to the distribution companies (the "DISCOs" or Licensees") including LESCO and defined their service territories for their operations. Furthermore under Article 7 of the distribution licenses, the DISCOs have been granted exclusivity in their service territories to engage in the distribution services, sale of power and services incidental thereto.
- iii. The Authority framed National Electric Power Regulatory Authority (Supply of Electric Power) Regulations, 2015 to regulate lawful supply of electric power under the NEPRA Act. According to the said regulations; any housing colony, housing society, an industrial estate or a complex engaged in procuring electricity from the Distribution Licensee at a duly approved Rate and supplying the same to the residents/consumers prior to the commencement of the Act, may have the options either to:
 - a) Surrender their distribution network to the concerned Distribution Company
 - b) Obtain a distribution license from the Authority
 - c) Enter into an O&M Agreement with the concerned Distribution Company as per regulation 5 and submit the same for the approval of the Authority
 - d) Any other arrangement as approved by the Authority.

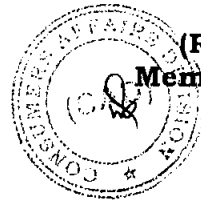


- iv. In light of the amendments in the NEPRA Act; the ibid regulations have been amended. Accordingly, the regulations along with new templates of O&M was shared with all stakeholders. In response, LESCO challenged the same in the Lahore High Court, Lahore vide writ petition No 6022-2021.
- v. PECHS was authorized by Government of Punjab to supply electricity in the Society since the year 1995.
- vi. The management of Pakistan Expatriates Cooperative Housing Society (PECHS), Izmir Housing Society is willing to surrender the distribution network of the Society to LESCO for maintenance, operations and billing etc, purposes.

12. In view of the above, LESCO is directed to take over the distribution system of Pakistan Expatriates Cooperative Housing Society (PECHS), Izmir after completion of codal formalities. However, the cost to bring the distribution network as per the specifications of LESCO will be borne by Pakistan Expatriates Cooperative Housing Society (PECHS), Izmir Lahore as agreed by PECHS Izmir.

13. A preliminary report in the matter be submitted within 30 days.

Islamabad, September 15 , 2021



(Rehmatullah Baloch)
Member (Consumer Affairs)