



# National Electric Power Regulatory Authority

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

## Consumer Affairs Department


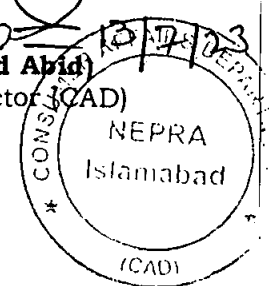
TCD.05/ 2830 -2023  
July 13, 2023

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

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY CHAUDHARY AURANGZEB, (FOR AL-KABIR DEVELOPERS) M/S KINGS TOWN HOUSING SCHEME UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING APPROVAL OF ELECTRIFICATION CASE**  
**Complaint No. LESCO-NHQ-19859-02-23**

Please find enclosed herewith the decision of the NEPRA Consumer Complaints Tribunal dated July 13, 2023 regarding the subject matter for necessary action and compliance within thirty (30) days, positively.

**Encl: As above**

  
(Muhammad Abid)  
Assistant Director (CAD)  


Copy to:

1. C.E/Customer Services Director  
LESCO, 22-A, Queens Road, Lahore.
2. Engr. Dr. Bilal Masood, (Incharge/Additional Director),  
NEPRA Provincial Office, 1st Floor, Link Arcade,  
54B, GECH Society, Phase 3, Link Road, Model Town, Lahore.
3. Mr. Tahir Mehmood Nadeem,  
Manager/ Incharge Complaint Cell, (Focal Person for NEPRA)  
LESCO, 22-A, Queens Road, Lahore.
4. Chaudhary Aurangzeb,  
(For Al-Kabir Developers),  
M/s Kings Town Housing Scheme,  
Mouza Rakh Jadhu Dheer, Raiwind Road, Lahore.



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

**Complaint No. LESCO-NHQ-19859-02-23**

**Chaudhary Aurangzeb,**  
(For Al-Kabir Developers),  
M/s Kings Town Housing Scheme,  
Mouza Rakh Jadhu Dheer, Raiwind Road, Lahore.

..... **Complainant**

**Versus**

**Lahore Electric Supply Company (LESCO)**  
22-A, Queens Road, Lahore.

..... **Respondent**

**Date of Hearing:** April 06, 2023

**On behalf of:**

**Complainant:** Mr. Kaleem Ul Hassan, Manager (Electrical)

**Respondent:**

Mr. Ghulam Shabbir, Addl. SE (P&D)  
Mr. Nasir Ali, Addl. Manager (P&D), LESCO

**Subject: DECISION IN THE MATTER OF COMPLAINT FILED BY CHAUDHARY AURANGZEB, (FOR AL-KABIR DEVELOPERS) M/S KINGS TOWN HOUSING SCHEME UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING APPROVAL OF ELECTRIFICATION CASE.**

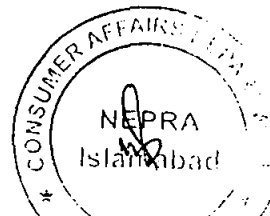
**DECISION**

This decision shall dispose of the complaint filed by Chaudhary Aurangzeb M/s Kings Town Housing Scheme (hereinafter referred to as "the Complainant or Society") against Lahore Electric Supply Company Limited (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").

2. The Complainant i.e. Chaudhary Aurangzeb M/s Kings Town Housing Scheme, Lahore has submitted that Kings Town Housing Scheme is situated at Mouza Rakh Judhu Dheer, Tehsil Raiwind, Lahore. The design of external electrification of the scheme for individual metering was got prepared as underground HT/LT distribution system and the same was approved by LESCO on November 06, 2020 for ultimate load demand of 731 kW. The Complainant paid Rs. 1,891,237/- on account of Design vetting charges, supervision charges, grid sharing charges and inspection charges. The permission for carrying out the work of external electrification through WAPDA approved contractors was also allowed by LESCO on December 22, 2021.

3. The Complainant further submitted that a revised design of underground external electrification of the Society was submitted to LESCO under one point supply for O&M agreement. However, LESCO refused to accept the application of the Society for O&M Agreement since decision of NEPRA regarding amendments in O&M Agreement has been challenged by LESCO before Lahore High Court, Lahore. LESCO has approved the revised design of underground external electrification of Kings Town Housing Scheme for individual metering on October 07, 2022 whereby load has been enhanced upto 1435 kW. Therefore, the Complainant further paid Rs. 8,601,875/- on account of design vetting charges,

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supervision charges, grid sharing charges and inspection charges in lieu of enhanced load. The Society intends to enter into O&M agreement with LESCO for receiving electricity supply at one point supply but LESCO is not entertaining their request, therefore, the Complainant requested NEPRA to direct LESCO for acceptance of application of the Society till finalization of revised O&M agreement.

4. In order to probe into the matter, a hearing was held on April 06, 2023 at NEPRA Head Office, Islamabad which was attended by both the parties and the case was discussed in detail. Subsequently, the Complainant intimated that he wants to retain the system.

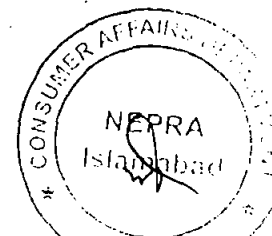
5. Distribution/ resale of electricity is a licensed activity under Section 20 of the NEPRA Act. For the purpose of distribution and sale of electricity, the Authority granted Distribution Licenses to the Distribution Companies (DISCOs) and defined their service territories for their operations. Furthermore, under Article 7 of the Distribution Licenses, the DISCOs have been granted exclusivity till the expiry of their distribution licenses in their service territories to engage in the distribution services, sale of power and services incidental thereto. The existing license of LESCO based on exclusivity was expired on March 31, 2022. Subsequently, LESCO applied for renewal of license on the same terms and conditions, however, NEPRA has granted a fresh license to LESCO on non-exclusive basis till 8<sup>th</sup> May, 2043.

6. The Authority framed National Electric Power Regulatory Authority (Supply of Electric Power) Regulations-2015 to regulate entities who are involved in sale of power without distribution license. 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.

In light of the amendments in the NEPRA Act; the ibid regulations were amended vide S.R.O 832/2020 dated September 08, 2020. Accordingly, O&M agreement was amended and new template of O&M agreement was shared with all stakeholders. However, LESCO being aggrieved, challenged the amended O&M agreement template before the Honorable Lahore High Court, Lahore.

7. Prior to amendments in the NEPRA Act, in 2018; wire and sale/supply segments were embedded under the head of distribution as envisaged in Section 21 of the NEPRA Act. However, after amendments in the NEPRA Act, 2018, both the segments were segregated, resultantly wire/distribution function remained under Section 21 and sale/supply function was incorporated in newly inserted provision i.e. Section 23E of the NEPRA Act. Further, to give effect to the statutory provisions, the Authority notified the NEPRA Licensing (Electric Power Distribution) Regulations, 2022 (the "Distribution Regulations") and the NEPRA Licensing (Electric Power Supplier) Regulations, 2022 (the "Supply Regulations"); whereby "supplier" was categorized into electric power "Supplier of Last Resort" (SoLR) and electric power "Competitive Supplier" (CS). According to Supply Regulations, the SoLR is defined as *"a Supplier of last resort means a person who holds an electric power supply license for the service territory specified in its license and is obligated to supply electric power to all consumers located in that service territory at the rates determined by the Authority and is also obligated to provide electric power supply to the consumers, located within its service territory, of any competitive supplier who defaults on its obligations of electric power supply"*. Further, as per regulation 3(2)(a) of the Supply Regulations, *"a deemed licensee shall be the supplier of last resort in its respective service territory till expiry of the period mentioned in proviso to sub-section (1) of section 23E of the Act and subject to such rights and obligations*



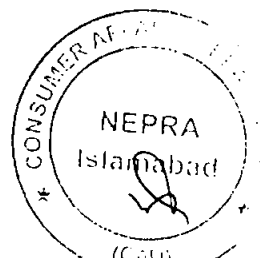
as of a supplier of last resort specified in these regulations and other applicable documents." Further regulation 9(9) of the Supply Regulations puts restriction on supplier-to-supplier sale, therefore, the supplier has to procure/arrange electric power either from own generation or from any generation company through wheeling arrangement.

8. One important aspect to consider during the process of designating a supplier of last resort (SoLR) is the capacity and capability of the said SoLR to ensure non-discriminatory and continuous supply of electric power to consumers. M/s Kings Town Housing Scheme is situated in service territory of LESCO, therefore, LESCO is take over the role of SoLR for the scheme for better utilization of its generation resources to enhance its revenues and reduce the cost. The global electricity market practice also supports the idea of assigning the role of SoLR to only a limited number of market players with the required generation capacity available in their pool to ensure non-discriminatory and continuous supply of electric power to consumers. Keeping in view the above, LESCO is the most suitable entity to be designated as the Supplier of Last Resort for the service territory of M/s Kings Town Housing Scheme, which is aligned to the NEPRA Act and other applicable documents.

9. In view of the above and applicability of amended NEPRA Act, Distribution Regulation, Supply Regulations and other applicable documents, following is directed:

- (i) In view of omission of the "Exclusivity", under the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2018, expiry of term of Distribution License of LESCO, M/s Kings Housing Society is to apply for grant of Distribution License from the Authority in terms of Section-20 and Section-21 of the NEPRA Act.
- (ii) LESCO shall act as SoLR in accordance with NEPRA Act, the Supply Regulations and other applicable documents for supply of electric power to the residents/consumers residing in approved areas of M/s Kings Town Housing Scheme.
- (iii) LESCO will carry out billing and collection of dues from the residents/consumers of the scheme as being carried out for its other consumers.
- (iv) M/s Kings Town Housing Scheme is to get the energy meters checked/tested/calibrated (if required) to the satisfaction of LESCO to ensure precise and accurate meter reading.
- (v) Once M/s Kings Town Housing Scheme is granted Distribution License, the said Housing Scheme is to file tariff petition to NEPRA for determination of its Distribution Margin (DM) including O&M and Depreciation & Return (if network is financed by Housing Scheme itself) etc. The Transmission & Distribution (T&D) loss level for the Housing Scheme network would be determined accordingly. The Distribution Margin and level of T&D losses allowed to housing scheme, would be made part of LESCO's tariff. M/s Kings Town Housing Scheme would raise its DM invoice to LESCO for recovery of allowed amount of DM. LESCO would pay the amount of DM to Housing Scheme by recovering the same in its tariff. Any T&D losses over and above of the allowed limit would be borne by M/s Kings Town Housing Scheme itself.
- (vi) LESCO and M/s Kings Town Housing Scheme shall strictly follow all the relevant provisions of the NEPRA Act, the rules, regulations, terms and conditions of their licenses, registration, authorization, determination, codes, manuals, directions, guidelines and orders or notifications of the Authority issued or approved under the Act, from time to time.

10. Foregoing in view, LESCO is directed to provide electricity supply to Kings Town Housing Scheme at one point under C-2 tariff on interim basis only in the approved area till provision of distribution license by NEPRA to M/s Kings Town Housing Scheme. However, before proceeding further; LESCO is required to obtain an undertaking from the society to the effect that the supply will be given only in the approved area. The society will

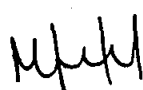


submit undertaking that no resale activity shall take place. Moreover, the Housing Scheme will comply with any direction/determination/order of the Authority & other applicable documents issued from time to time in this regard.

11. Compliance report be submitted within thirty (30) days.

  
(Lashkar Khan Qambrani)

Member, Consumer Complaints Tribunal/  
Director (CAD)

  
(Moqem-ul-Hassan)

Member, Consumer Complaints Tribunal/  
Assistant Legal Advisor (CAD)

  
(Naweed Illahi Shaikh)

Convener, Consumer Complaints Tribunal/  
Director General (CAD)

Islamabad, July 13, 2023.

