



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/ 1986 -2024
May 2, 2024

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

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY MR. MUHAMMAD AMJAD HUSSAIN, DIRECTOR ADMINISTRATION, SAPPHIRE GROUP, UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING PROVISION OF CONNECTIONS. LESCO-NHQ-31439-11-23**

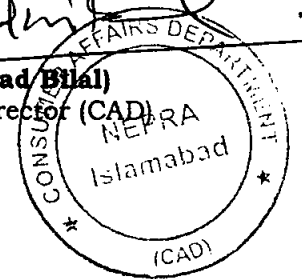
Please find enclosed herewith the decision of NEPRA Complaints Resolution Committee dated April 30, 2024, regarding the subject matter for necessary action and compliance within thirty (30) days, positively.

Encl: As above

Copy to:

1. Chief Engineer/Customer Services Director,
LESCO, 22-A, Queen's 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. Manager (Commercial),
LESCO, 22-A, Queen's Road, Lahore.
4. Rana Rizwan Sibghatullah,
Incharge Complaint Cell,
(Focal Person to NEPRA)
LESCO, 22-A, Queens Road,
Lahore.
5. Mr. Muhammad Amjad Hussain,
Director Administration, Sapphire Group,
73-E, 1st Floor, Tricon Corporate Centre,
Main Jail Road, Lahore.
+92 21 111 000 100

(Muhammad Bilal)
Additional Director (CAD)



[For coordination, please]



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)
Complaint No. LESCO-NHQ-31439-11-23

Mr. Muhammad Amjad Hussain
 Director Administration, Sapphire Group
 73-E, 1st Floor, Tricon Corporate Center
 Main Jail Road, Lahore.

..... Complainant

VERSUS

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

..... Respondent

Date of Hearing: December 20, 2023

**On behalf of
 Complainant:**

- 1) Mr. Muhammad Amjad Hussain
- 2) Mr. Akhtar Hayat Khan

Respondent:

- 1) Rana Abid Dilshad Addl. Director, LESCO

SUBJECT: DECISION IN THE MATTER OF COMPLAINT FILED BY M/S SAPPHIRE GROUP THROUGH MR. MUHAMMAD AMJAD HUSSAIN DIRECTOR ADMINISTRATION UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING PROVISION OF CONNECTIONS.

DECISION

This decision shall dispose of the complaint filed by Mr. Muhammad Amjad Hussain Director Admin. Sapphire Group (hereinafter referred to as the "Complainant") against Lahore Electricity 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").

The Complainant in his complaint submitted as under:

- i. The Complainant applied to LESCO for (2) Nos. of new industrial connections during May, 2021 which were approved by LESCO on the technical basis during November, 2021. Accordingly, the demand notice for augmentation of both the power transformer and corresponding transmission line was issued by LESCO and the same was paid by the Complainant.
- ii. The dispute raised by the Complainant was that both the connections have not yet been energized by LESCO on the pretext



that that (2) Nos. of electricity connections of similar nature of business already exist on the same premises in the name of Sapphire Fibers Limited (SFL-5) and Sapphire Finishing Mills Limited (SFML-1).

- iii. The Complainant was of the view that new connections have been applied for Sapphire Fibers Limited (SFL-9) & Sapphire Finishing Mills Limited (SFML-3) which are separate corporate entities with proper physical separation & are essentially independent of previously installed units i.e. SFL-5 & SFML-1. The Complainant also disputed the notion of considering different nature of industries under the broad definition of 'textile' by LESCO.
- iv. The Complainant requested to direct LESCO to provide the required electricity connections at the premises.

3. The matter was taken up with LESCO whereby LESCO vide a letter dated December 19, 2023 apprised that the Complainant applied for two numbers of industrial connections under tariff B-3 for Sapphire Fibers Limited (SFL-9) & Sapphire Finishing Mills Limited (SFML-3). LESCO further submitted that both the units have been developed jointly by M/s Sapphire Group on the same premises whereby additionally (2) Nos. of electricity connections are already installed against Sapphire Fibers Limited (SFL-5) and Sapphire Finishing Mills Limited (SFML-1) under B-3 tariff having sanctioned load of 4.95 & 4.8 MW respectively energized from the Sapphire 132 kV independent grid station. LESCO further apprised that all the (4) numbers of units are interconnected with each other with common auxiliary systems and also share the Board of Directors. In addition, all products being made in all the units of the Complainant falls largely in the ambit of textile products i.e. similar nature of industry and the Complainant was advised by LESCO to get the extension of load as per SOPs. As a way to further examine the matter, a hearing was held on December 20, 2023 at NEPRA Head Office, Islamabad wherein the matter was deliberated at length. During the hearing, LESCO representatives reiterated their earlier version whereas the Complainant submitted that all the four premises are physically and legally separate, therefore, they are entitled for separate connections. Moreover, all the four premises have different nature of industrial processes and cannot be considered in the broader spectrum of textile industry.

4. During the hearing, the Complainant was advised to provide documentary evidence in connection with the matter that all the subject units have different nature of industries. Accordingly, the Complainant vide letter dated January 05, 2024 submitted the detailed industrial process i.e. raw material and end product etc. involving all the (4) Nos. of units and further categorized the same with separate textile related nomenclature.

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

- i. The Complainant approached LESCO for (2) Nos. of new industrial connections vide applications numbers 1058-B3 & 1061-B3 dated May 20, 2021 at his premises located at 3.5 km Manga-Raiwand Road, Lahore for tentative load of 4.95 MW for each connection. In response, LESCO approved the applications on November 25, 2021 for the augmentation & upgradation of power transformer and 132 kV corresponding transmission line feeding 132 kV Sapphire grid station in order to accommodate the load from 9.75 MW to 19.65 MW. Accordingly, the demand notices were issued by LESCO and the same were subsequently paid by the Complainant.



- ii. The work for the upgradation of electricity infrastructure was completed by LESCO during year 2022, however, both the connections remained pending for energization on the pretext of similar nature of industries already existing at the same premises.

The detail of existing connections is as under:

- (1) B3 connection having sanctioned load of 4.95 MW in the name of Sapphire Fibers Limited-Dyeing Division (SFL-5).
- (2) B3 connection having sanctioned load of 4.8 MW in the name of Sapphire Finishing Mills Limited (SFML-1).

The detail of applied connections is as under:

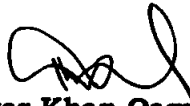
- (1) B3 connection having tentative load of 4.95 MW in the name of Sapphire Fibers Limited-Denim Division (SFL-9).
 - (2) B3 connection having tentative load of 4.95 MW in the name of Sapphire Finishing Mills Limited (SFML-3).
- iii. Perusal of the documents reflects that SFL-9 is not associated with SFL-5 in terms of similar nature of business. Taking cognizant of fact that both the SFL-5 & SFL-9 have been established by the Complainant in a broader term of dyeing process, however, a detrimental difference can be ascertained in the overall process and functioning of both the units. The same pattern can also be observed in overall operations of SFML-1 & SFML-3 which are largely involved in finishing of textile goods, however, different in raw material, processing and end product etc.
- iv. Moreover, it is an established fact that LESCO has already issued separate demand notices for SFL-9 & SFML-3 which provides a clear demonstration that both the processes i.e. dyeing and finishing are essentially considered separate by LESCO which further negates the claim of LESCO pertaining to common/shared premises of all the units. In addition, the demand notices were issued to newly established units i.e. SFL-9 & SFML-3 instead of already established units which provides the logical reasoning of the same being conceptualized as new connections by LESCO instead of an extension of load.
- v. In furtherance to the established facts above, perusal of the documents reveals that all (4) Nos. of units are separate entities in terms of nature of business. Further analysis of documentary evidence notes that all the units are also separate corporate entities having separate physical demarcation, separate entities registration land documents, separate factory registrations with Directorate of Labour Welfare, Local Govt. of Punjab and Employees Old Age Benefits Institution (EOBI) & Punjab Employees Social Security Institution (PESSI) accounts.
- vi. Clause 2.8.1(a) of Consumer Service Manual (CSM) provides that multiple connections can be allowed in the same premises subject to having different nature of industries. Moreover, even considering the contention of LESCO regarding the same premises, common directorship etc., new connections can be provided to SFL-9 and SFML-3 being distinct from each other, SFL-5 & SFML-1 in terms of different nature of industry. In the instant case; all the four premises are different from each other having different "Aks Shajra" issued by Tehsil Office. All the four premises are physically and legally separate. Moreover; the existing 132kV grid station is a sponsored dedicated grid station of Sapphire Group. Moreover; the grid station has been upgraded by LESCO on cost deposit basis. Therefore, the

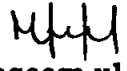



Complainant is entitled for separate connections. According to National Electric Power Regulatory Authority Consumer Eligibility Criteria (Distribution Licensees) Regulations (2022), distribution companies shall ensure that all applicants and consumers are treated in non-discriminatory, fair, transparent and just manner.

6. As explained above, all units are separate entities, having different nature of business, separate registration, physical bifurcation, to be fed through sponsored dedicated grid station which has already been up-graded by LESCO on cost deposit basis. Foregoing in view, LESCO is directed to provide the desired connections to the Complainant after completion of all the codal formalities. Compliance report be submitted in (30) days.

6- مندرجہ بالا حقائق کے پیش نظر، لیسکو کو ہدایت کی جاتی ہے کہ وہ تمام قواعد و ضوابط کی تکمیل کے بعد شکایت کنندہ کو مطلوبہ کنکشن فراہم کرے۔ اور تعمیل کی رپورٹ (30) دنوں میں پیش کی جائے۔


(Lashkar Khan Qambrani)
Member, Complaints Resolution Committee/
Director (CAD)


(Moqem ul Hassan)
Member, Complaints Resolution Committee/
Assistant Legal Advisor (CAD)


(Naweed Illahi Shaikh)
Convener, Complaints Resolution Committee/
Director General (CAD)

Islamabad, April 30, 2024

