



National Electric Power Regulatory Authority

ISLAMIC REPUBLIC OF PAKISTAN

NEPRA Head Office

Attaturk Avenue (East) Sector G-5/1, Islamabad.

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**Consumer Affairs
Department**

TCD.05/4407-2024
October 03, 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 M/S PANTHER TYRES LTD THROUGH MR. ZAHID MEHMOOD (ADVOCATE) UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING ISSUANCE OF ADDITIONAL DEMAND NOTICE. LESCO-NHQ-34605-02-24**

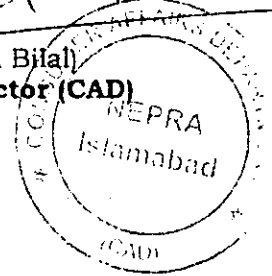
Please find enclosed herewith the decision of NEPRA Complaints Resolution Committee dated October 03, 2024, regarding the subject matter for necessary action and compliance within thirty (30) days, positively.

Encl: As above

Copy: -

1. Chief Engineer/Customer Services Director, LESCO, 22-A, Queen's Road, Lahore.
2. Chief Engineer (P&D), LESCO, 22-A, Queen's Road, Lahore.
3. Project Director (GSC), LESCO, 34-Industrial Area, Gulberg III, Lahore.
4. Rana Rizwan Sibghat Ullah, Manager/Incharge Central Complaint Cell LESCO, (Focal Person, NEPRA) LESCO, 22-A, Queens Road, Lahore.
5. Mr. Zahid Mehmood/Abad Ur Rehman (Advocate), M/s Panther Tyres Ltd., 29.5KM, Lahore-Sheikhupura Road, Lahore. 0321-4830808

(Muhammad Bilal)
Additional Director (CAD)





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

Complaint No. LESCO-NHQ-34605-02-24

M/s Panther Tyres Limited

.....Complainant

Through Mr. Abad-ur-Rehman Advocate
29.5 km Lahore-Shiekhupura Road, Lahore.

Versus

Lahore Electric Supply Company (LESCO)

.....Respondent

22-A, Queens Road, Lahore.

Date of Hearing: February 28, 2024
June 06, 2024

On behalf of:

Complainant: Mr. Abad-ur-Rehman Advocate

Respondents:

- 1) Malik Zaid Qayyum Khokar PD (GSC), LESCO
- 2) Hafiz Muhammad Hussain XEN (T&G), LESCO
- 3) Mr. Shahzad SDO (T&G), LESCO
- 4) Barrister Qasim Duggal
- 5) Mr. Muhammad Azam Malik Advocate

Subject: DECISION IN THE MATTER OF COMPLAINT FILED BY M/S PANTHER TYRES LIMITED THROUGH MR. ABAD UR REHMAN ADVOCATE UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING ISSUANCE OF ADDITIONAL DEMAND NOTICE.

DECISION

This decision shall dispose the complaint filed by M/s Panther Tyres Limited through Mr. Abad-ur-Rehman Advocate (hereinafter referred to as "the Complainant") against Lahore Electric Supply Company (hereinafter referred to as the "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. Brief facts of the case are that the Complainant applied to LESCO for extension of load against an existing industrial connection. In response, LESCO approved the case during year 2021 through a newly proposed independent 132 kV Grid Station for which a demand notice amounting to Rs. 150,309,942/- was issued by LESCO and the same was accordingly paid by the Complainant on December 28, 2021. Later, another demand notice dated December 26, 2023 amounting to Rs. 78,606,430/- was issued to the Complainant on the pretext of balance of payment while the work related to grid station was already executed by LESCO. Upon non-payment of the same, another demand notice was also issued by LESCO during the year 2024 for payment. Being aggrieved with the additional demand notices while premising his case on the accorded approval & financial closure letter issued by LESCO, the Complainant prayed for withdrawal of the same.

3. The subject matter was taken up with LESCO and a hearing was held on February 28, 2024 at NEPRA Head office, Islamabad whereby the matter was discussed in attendance of

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both parties. After detailed deliberations, LESCO was directed to submit its response on queries raised during the hearing including rationale behind the issuance of second demand notice.

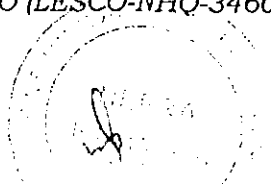
4. In response, LESCO in its written arguments inter alia submitted that:

- (i) The Complainant's cost deposit work was got completed by LESCO through borrowing of some material from MEPCO as the same was not available with LESCO for the energization of project during the prevailing adverse economic situation subject to a compulsory condition as envisaged in the approval that the Complainant will remain liable for payment of difference of expenditure as determined by LESCO at a later stage.
- (ii) The second demand notice was issued to the Complainant due to escalation of material rates following the financial closure and execution of the work related to independent 132 kV grid station and the same is in accordance with the terms & conditions as agreed by the Complainant during the approval of application. As per which only tentative rates of unavailable material were charged to the Complainant in the initial demand notice which later got revised conforming to the applicable material rates after completion of the project and the difference was charged to the Complainant in the form of second demand notice.

5. The Complainant vide rejoinder dated Nil received in this office on May 17, 2024 inter alia disputed the rationale behind the issuance of revised demand notice entailing exorbitant & revised cost of LESCO's own material i.e. 132 kV Circuit Breaker etc. In order to further analyze the matter, another hearing was held on June 06, 2024 at NEPRA Head Office, Islamabad in attendance of both the parties enabling to render an informed decision.

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

- (i) The Complainant approached LESCO for extension of load against an existing industrial connection from 4850 kW to 11500 kW under B-IV tariff category in the name of M/s Panther Tyres Limited located at 29.5 KM, Lahore-Shiekhupura Road, Lahore. In response, LESCO approved the said request of the Complainant for extension of load on December 24, 2021 and allocated the additional/extended load from independent 132 kV Grid Station. Accordingly, the demand notice amounting to Rs. 150,309,942/- was issued by LESCO and the same was paid in full by the Complainant on December 28, 2021. Later, another demand notice amounting to Rs. 78,606,430/- dated December 26, 2023 was issued, however, the same was not paid by the Complainant while the work for construction & energization of 132 kV grid station was already completed by LESCO prior to the issuance of second demand notice.
- (ii) Perusal of the documentary evidence submitted by LESCO reveals that the substantial work related towards the energization of independent 132 kV grid station was completed by LESCO predominantly through the material already available with LESCO material stores. The remaining work was later performed by LESCO during the year 2022 after borrowing of some material i.e. 132 Line CTs/PTs etc. from MEPCO and Circuit Breakers from GSO Department, LESCO on the pretext of its non-availability with LESCO material stores against which tentative rates were charged to the Complainant in the form of first demand notice. Following the financial closure dated August 18, 2022, the Complainant was charged difference of capital cost of all the borrowed material in the form of revised demand notice. It is pertinent to mention here that the 132 kV Circuit Breakers were obtained by the GSC Department from the GSO Department of LESCO which inherently disputes coinage of term i.e. borrowing of material as claimed by LESCO. Furthermore, the same reflects the fact that the Breakers were already purchased and thus,



only transferred to another Department i.e. GSO, within LESCO which does not constitute the designation of disputed material as the loaned and were installed at the Complainant's premises as per actual rates declared in the approval accorded by LESCO.

- (iii) According to time frame for new connection given in NEPRA Performance Standards (Distribution) Rules, 2005 read with the Consumer Service Manual (CSM), DISCOs are required to provide electricity connection within time period of (451) days from the date of payment of demand notice in case of any connection getting electricity supply on 132 kV voltage level. In the instant matter, the demand notice was paid by the Complainant in full on December 28, 2021 and the connection getting supply from 132 kV grid station should have been energized by March 24, 2023, however, the same was energized on June 17, 2022 by LESCO well before the cutoff date.
- (iv) Furthermore, Clause 2.4.6 of Consumer Service Manual (CSM) stipulates that if escalation in cost of material takes place within the time period required for installation of connection, then in such a case the additional cost due to escalation, shall be paid by the applicant. Since, CSM and Performance Standards (Distribution) Rules, 2005 also provide certain time period for installation of connection, hence, any financial revision on account of the cost escalation materializing upto March 24, 2023 (the time frame required for the installation of connection after payment of demand notice) can be considered justified. However, according to same clause, no escalation charges shall be applicable if enhancement in rates of material takes place after the lapse of time period given for installation of connection. Thus, penalizing the Complainant through revised demand notice dated December 26, 2023 apparently based on escalated material cost in effect after lapse of (451) days since payment of first demand notice during December, 2021 is unjustified.
- (v) The record reflects that the connection was energized by LESCO on June 17, 2022 ahead of the cutoff date for installation of connection i.e. March 24, 2023 which, thus, provides logical reasoning and rationale for not including any cost escalation of material allocated by LESCO through its own material stores or obtained from its GSO Department after the financial closure i.e. August 18, 2022. However, the revision of rates for the material borrowed from MEPCO can be considered valid and should be charged from the Complainant according to the applicable rates as on March 24, 2023 or the actual date of return of material to MEPCO whichever is earlier.

7. Foregoing in view, LESCO is directed to revise the second demand notice No. 4787-92 dated December 26, 2023 by charging difference of cost of the borrowed material only as per the rates applicable as on March 24, 2023 (i.e. the date till when LESCO was obligated to install the connection) or the actual date of return of material to MEPCO whichever is earlier; while the revision of cost of its own material including Circuit Breakers be made in accordance with the rates applicable on financial closure date i.e. August 18, 2022. Compliance report be submitted within (30) days.

Note: This decision is applicable only for the instant case and shall not be considered as precedent for other similar cases. Complaints in such like cases, if received in future shall be decided accordingly.

(Lashkar Khan Qambrani)

Member, Complaints Resolution Committee/
Director (CAD)

(Moqees-ul-Hassan)

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

(Naweed Mahi Shaikh)

Convener, Complaints Resolution Committee/
Director General (CAD)

Islamabad October 03, 2024