



National Electric Power Regulatory Authority

ISLAMIC REPUBLIC OF PAKISTAN

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

Ph: 051-2013200 Fax: 051-2600021

**Consumer Affairs
Department**

TCD.05/ 719-2025
February 19, 2025

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

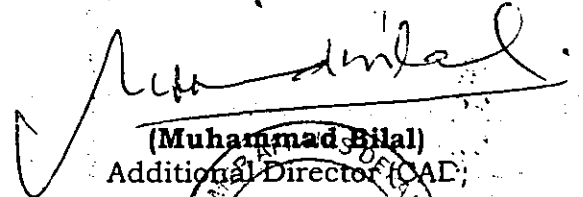
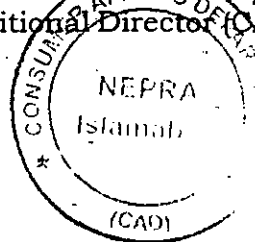
SUBJECT: DECISION IN THE MATTER OF COMPLAINT FILED BY M/S EDEN DEVELOPERS UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING REQUIREMENT OF BANK GURANTEE FOR MAINTENANCE OF DISTRIBUTION SYSTEM.
Complaint No. LESCO-NHQ-26161-07-23

Please find enclosed herewith the decision of the NEPRA Complaints Resolution Committee (CRC), dated February 19, 2025 regarding the subject matter for necessary action and compliance within thirty (30) days.

Encl: As above

Copy to:

1. Chief Engineer/Customer Services Director,
LESCO, 22-A, Queen's Road, Lahore.
2. Chief Engineer (Planning),
LESCO, 22-A, Queen's Road, Lahore.
3. Manager (Commercial),
LESCO, 22-A, Queen's Road, Lahore.
4. Rana Rizwan Sibghatullah,
Incharge Complaint Cell, (Focal Person for NEPRA)
LESCO, 22a-A, Queens Road, Lahore.
5. M/s Eden Developers,
C/o Mr. Muhammad Saqlain Arshad (Advocate),
65/3, FCC, Gulberg-IV, Lahore.
0321-4402262


(Muhammad Bilal)
Additional Director (CAD)




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

Complaint No. LESCO-NHQ-26161-07-23

M/s Eden Developers
65/3, FCC, Gulberg-IV, Lahore.
0321-4402262.

..... **Complainant**

VERSUS

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

..... **Respondent**

Date of Hearing: November 14, 2024
October 02, 2024
May 16, 2024
March 12, 2024
January 18, 2024
October 24, 2023
September 13, 2023

On behalf of Complainant: Mr. Muhammad Saqlain Arshad Advocate Supreme Court

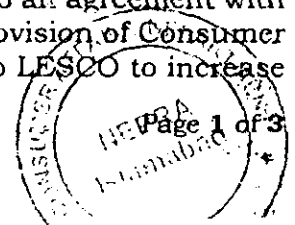
Respondent: — Mr. Rana Abid, Addl. Director (Planning), LESCO
Mr. Naeem Qasim Addl. Manager, LESCO

SUBJECT: DECISION IN THE MATTER OF COMPLAINT FILED BY M/S EDEN DEVELOPERS UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING REQUIREMENT OF BANK GURANTEE FOR MAINTENANCE OF DISTRIBUTION SYSTEM.

DECISION

This decision shall dispose of the complaint filed by M/s Eden Developers (hereinafter referred to as the "sponsor" or "the Complainant") 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").

2. Brief facts of the case are that the Complainant in his complaint agitated the issue that the sponsor applied to LESCO for external electrification of the housing society i.e. M/s Eden City Housing Scheme against which a demand notice along with bank guarantee was issued. The demand notice was subsequently paid by the Complainant within due time period as allowed by LESCO. The Complainant further submitted that electrification of said housing society was completed and a letter was also written to LESCO for handing/taking over of the distribution system however, LESCO did not return the bank guarantee provided to it and LESCO has also demanded bank guarantee from the sponsor for carrying out the maintenance in the society. The Complainant filed the instant complaint with NEPRA and requested to direct LESCO to release the bank guarantee submitted by M/s Eden Developers, declare the demand of bank guarantee raised by LESCO for maintenance of distribution network as illegal because the sponsor is ready to enter into an agreement with LESCO for maintenance of distribution network in accordance with provision of Consumer Service Manual (CSM). The Complainant also requested for direction to LESCO to increase



the load demand of 2800 kW and energize the grid station and LESCO may also be directed to energize the independent 11 kV feeder from Ghazi Grid Station. The subject matter was taken up with LESCO whereby LESCO inter alia submitted that the Complainant applied for external electrification of M/s Eden City for an ultimate load of 19.6 MW with underground electrification. The Complainant was required to provide 32 kanal land for grid station which was to be constructed on sharing basis, however, possession of 17 kanal and 3 Marla land has been given to LESCO. Initially 800 kW load as stop gap arrangement was approved in February, 2013. At present, 2400 kW load is running through a mix 11 kV feeder. Further 2800 kW; load has been approved through an independent feeder. LESCO further submitted that submission of bank guarantee is mandatory, moreover in order to ensure maintenance of internal network of the society for seven years after taking over the distribution network by LESCO. LESCO added that the electrification work has partially been completed by the sponsor, therefore, LESCO has retained the bank guarantees. LESCO has assured for energization of 2800 kW load subject to submission of new bank guarantee and provision of completion report.

3. In order to analyze the matter, multiple hearings were held at NEPRA Head Office, Islamabad wherein both the parties participated and advanced their respective arguments. The Complainant submitted that the external electrification work has been completed whereas LESCO submitted that the work has not fully been completed. LESCO was directed to carry out site inspection and submit updates about completion of the electrification network and transfer of 32 kanal land to LESCO. In response, LESCO inter alia submitted that material installed at site is less than the material approved by LESCO, less No. of transformer have been installed and 2 % mobile transformers have not been arranged as per the standard practice. LESCO further submitted that the sponsor has transferred 32 kanal land to LESCO however, physical possession of only 16 kanal and 3 Marla has been given to LESCO.


4. 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 sponsor applied to LESCO for external electrification of M/s Eden City Housing Society for ultimate load of 19.6 MW which was approved in August, 2010. According to the said approval; the sponsor was required to pay grid sharing charges and other charges i.e. design vetting charges, supervision charges for carrying out the electrification work by the sponsor at his own. The sponsor was required to provide bank guarantee equal to 25% of the estimated cost of electrification amounting to Rs. 95,457,622/- to LESCO. The sponsor was also required to maintain the network inside the society for the period of seven years after completion of the electrification work/taking over of the distribution network by LESCO and 32 kanal land for construction of grid station. It was submitted that the external electrification work has been completed where LESCO submitted that the work has not fully been completed.
- (ii) According to LESCO, the sponsor submitted 25% of electrification cost as bank guarantee as per the SOP's amounting to Rs. 95,457,622/- to ensure execution of distribution network however, the bank guarantee expired in September, 2011 which were renewed and finally the bank guarantee expired on February 06, 2015. Despite repeated instruction the sponsor did not submit renewed bank guarantee. On the contrary, the Complainant is of the view that electrification work has been completed therefore, LESCO is required to release the bank guarantee, whereas LESCO has submitted that the Complainant has partially completed the electrification work.
- (iii) The Complainant has transferred 32 kanal land to LESCO and out of the 32 kanal 17 kanal and 3 Marla possession has been given to LESCO. The remaining land is under litigation and dispute. The record reveals that LESCO has filed case against the encroaches in the court of law for vacation of the land.


- (iv) The Complainant has raised the issue of demand of LESCO for provision of bank guarantee by the sponsor for maintenance of distribution network. The record reveals that the Complainant paid the relevant demand notices and other charges meaning thereby that the sponsor agreed for maintenance of the distribution network however; CSM is silent on the provision of a bank guarantee in lieu of maintenance of distribution network.

5. Foregoing in view, LESCO is directed to proceed as under:

- i. To conduct a mutual/joint site inspection/survey by a committee of at least two (02) relevant officers in consultation with the sponsor, to check the completion of the distribution network and assess the percentage of incomplete work. For example, in case, if 20% work is pending, LESCO is required to raise a new bank guarantee of 25% of the electrification cost of the pending 20% work, as per Clause 2.7.2 (i) of Consumer Service Manual (CSM). Upon release of the earlier bank guarantee to the sponsor by LESCO, the renewed bank guarantee shall be submitted by the Sponsor, in the value as aforesaid.
 - ii. In case of submission of Bank Guarantee for maintenance work, it is clarified that LESCO cannot claim bank guarantee for maintenance of distribution network, however, if agreement has been executed between LESCO and the sponsor; then the parties may proceed to appropriate forum for amicable resolution of the issue.
 - iii. Both parties are directed to proceed for legal course of action against the litigations in the relevant courts related to vacation of remaining land i.e. 14 Kanals and 16 Marla for construction of grid station.
 - iv. LESCO is also directed to meet the load demand of Sponsor after completion of the requirements of law and CSM for effective provision of Electricity to the residents of the housing scheme.
6. Compliance report be submitted within thirty (30) days.


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


(Muhammad Irfan ul Haq)
Member Complaints Resolution Committee/
Assistant Legal Advisor


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

Islamabad, February 19, 2025

