

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**

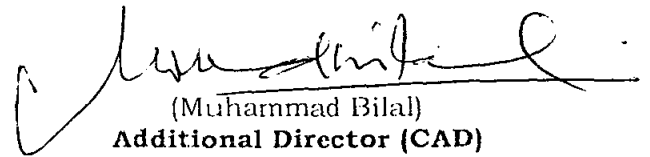
TCD.05/ ⁴²⁸³ -2022
September 7, 2022

Chief Executive Officer
Multan Electric Power Company (MEPCO)
MEPCO Complex, WAPDA Colony,
Khanewal Road, Multan.

Subject: - **DECISION IN THE MATTER OF COMPLAINT FILED BY SARDAR OBAID WALI, SPONSOR AL-AMAN GARDEN (HOUSING SCHEME), UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST MEPCO REGARDING DELAY IN ELECTRIFICATION.**
MEPCO-NHQ-11954-04-22

Please find enclosed herewith the decision of the Complaints Tribunal dated September 7, 2022 regarding the subject matter for necessary action and compliance within twenty (20) days, positively.

Encl: As above


(Muhammad Bilal)
Additional Director (CAD)

Copy: -

1. C.E/ Customer Services Director, MEPCO,
MEPCO Complex, WAPDA Colony, Khanewal Road, Multan.
2. Chief Engineer (Planning), MEPCO,
MEPCO Complex, WAPDA Colony, Khanewal Road, Multan.
3. Executive Engineer/ XEN (Op.), 2nd Division Sahiwal,
MEPCO, 132 kVA Grid Station, Near Arifwala Bridge, Sahiwal.
4. Sardar Obaid Wali, Sponsor,
Al Aman Garden (Housing Scheme),
Main Lahore Road, Sahiwal.
Email: obaid_wali@hotmail.com
0300-8423865



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No. MEPCO-NHQ-11954-04-22

Sardar Obaid Wali, Sponsor,
Al-Aman Garden (Housing Scheme),
Main Lahore Road, Sahiwal.
Email: obaid_wali@hotmail.com
0300-8423865

..... Complainant

VERSUS

Multan Electric Power Company (MEPCO)
MEPCO Complex, WAPDA Colony,
Khanewal Road, Multan.

..... Respondent

Date of Hearing: May 19, 2022 &
August 10, 2022

On behalf of
Complainant:

- 1) Sardar Obaid Wali
- 2) Mr. Muhammad Arshad Ali, (Council of Complainant)

Respondent:

Mr. Muhammad Asghar Khan Chief Engineer (Planning),
MEPCO

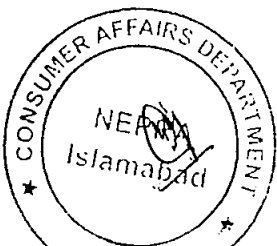
Subject: - DECISION IN THE MATTER OF COMPLAINT FILED BY SARDAR OBAID WALL, SPONSOR AL-AMAN GARDEN (HOUSING SCHEME), UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST MEPCO REGARDING DELAY IN ELECTRIFICATION.

DECISION

This decision shall dispose of the complaint filed by Sardar Obaid Wali, Sponsor Al-Aman Garden (Housing Scheme), Main Lahore Road, Sahiwal (hereinafter referred to as the "Complainant") against Multan Electric Power Company (hereinafter referred to as the "Respondent" or "MEPCO"), 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 in his complaint submitted as follows:

- i. They applied to MEPCO for electrification of the Al-Aman Garden housing scheme along with the necessary NOCs, electrification design/layout as per requirements of MEPCO. In response, MEPCO issued a demand notice on July 10, 2019 for capital cost and design vetting charges. Accordingly design vetting charges amounting to Rs. 235,311/- were paid whereas the cost of the remaining material could not be deposited in time due to the Covid-19 pandemic.

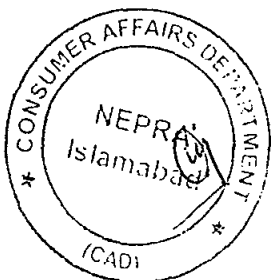


B

- ii. They again approached MEPCO and requested for issuance of estimate. Accordingly, MEPCO issued demand notice for electrification on August 12, 2021 for 11 kV independent feeder cost, design vetting charges, grid sharing charges etc. totaling Rs. 47,005,962/-. The said amount was paid within prescribed time period.
- iii. After payment of demand notice; MEPCO issued Administrative approval/technical sanction for external electrification of "Al-Aman Garden" (Housing Scheme) on September 30, 2021. Despite the deposit of the cost of the demand notice, the material have not been provided, in this regard MEPCO was approached numerous times however all such requests went unheard. The administration of Al-Aman Garden (Housing Scheme) is not at fault in any manner as it fulfilled its liabilities by depositing the full amount of the demand notice but despite this, MEPCO has not executed the work of electrification. The management is not responsible for payment of escalation cost as per provision of Consumer Service Manual (CSM). Delay in electrification is causing a bad name to their scheme which has resulted in a financial loss in millions of Rupees. The Complainant requested NEPRA to intervene and direct MEPCO to carry out electrification of Al-Aman Garden (Housing Scheme) on top priority basis.

3. The complaint of Al-Aman Garden (Housing Scheme) was forwarded to MEPCO for parawise comments vide letter dated April 13, 2022. In response, MEPCO submitted a detailed report dated May 17, 2022 as under:-

- i. The sponsor of "Al-Aman Garden" (Housing Scheme) Sahiwal applied for external electrification of the scheme in the year 2019 with the request for execution privately through MEPCO/ WAPDA approved contractor. Accordingly, MEPCO approved the estimate administratively & technically and allowed to execute the work through WAPDA/MEPCO approved contractor privately. In this regard, demand notice for cost of 11kV independent feeder, grid sharing charges and design vetting charges amounting to Rs. 11,820,670/- ,Rs. 4,269,856/- and 235,311/- respectively were issued on July 10, 2019. The sponsor only paid design vetting charges on July 30, 2019 and did not pay the remaining amount.
- ii. Later, the sponsor requested MEPCO for execution of work by MEPCO. Accordingly, the case was approved and revised demand notice amounting to Rs. 47,005,962/- was issued on August 12, 2021 for electrification cost, 11kV independent feeder, design vetting charges and grid sharing charges and the sponsor paid the same on September 13, 2021. MEPCO issued administrative approval, technical sanction on September 30, 2021 and forwarded the same to the Project Director (Construction) for execution.
- iii. Subsequently, Project Director vide letter dated 13.05.2022 informed that material could not be drawn for the electrification work of the said housing scheme / due to non-availability of material.
- iv. As per the availability of material, a revised estimate amounting to Rs 38,048,036/- was worked out for Rs. 37,485,749/- (difference of cost of material) and Rs. 562,287/- (as difference of design vetting charges). The revised demand notice was issued on May 13, 2022 as of rates applicable on April 29, 2022. According to MEPCO as per terms and conditions of approval of the electrification case, the Sponsor is responsible to pay extra amount, if any due to revision of estimate, change of estimate, audit observations, increase in cost of material etc. MEPCO added that after payment of revised estimate, the case will be sanctioned and electrification work will be executed.



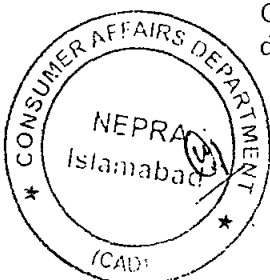
↓

4. In order to proceed further, a hearing was held on May 19, 2022 at NEPRA Head Office, Islamabad. The hearing was attended by both the parties (i.e. MEPCO & the Complainant). MEPCO was directed vide letter dated May 26, 2022 to provide some additional information with respect to BoQ of material, rates of material, stock balance etc. However, MEPCO failed to submit the requisite information even after issuance of reminders on July 06, 2022 and July 18, 2022. In view of the said, another hearing was held on August 10, 2022. The hearing was attended by both the parties (i.e. MEPCO & the Complainant). MEPCO officials provided the requisite data during the hearing. The representative of MEPCO submitted that due to non-availability of material, the work was not executed in time. After procurement of material, the rates were enhanced therefore, additional demand notice amounting to Rs. 38,048,036/- was issued to the sponsor however, the same has not yet been paid. Once the demand notice is paid by the sponsor, the electrification work will be executed accordingly. The representative of the Housing society was of the view that as per clause 2.4.6 of Consumer Service Manual, once demand notice has been issued by MEPCO and is paid in full, no further charges/demand notice can be raised against the applicant on account of escalation of cost of material, therefore they are not liable to pay additional demand notice.

5. MEPCO, vide its letter No. 6881-84 dated August 16, 2022, submitted that stock balance of MEPCO store was not sufficient for the allocation of material against the said housing scheme at that time as the existing store balance was too inadequate for already approved deposit works and all kind of MEPCO works prior to the said housing scheme. During 2021-22 numerous tenders were issued but scraped due to non-participation and escalation in raw material rates. Resultantly, material was not timely get procured by MEPCO. Moreover, as per PPRA rules and MEPCO procurement procedure sufficient time is required for procurement of material. Therefore, the Sponsor is required to pay cost of material at new rates.

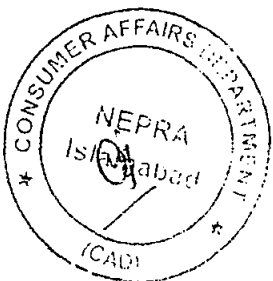
6. The case has been examined in detail in light of the record made so available by the parties, arguments advanced during the hearing and applicable law. Following has been observed:

- i. The sponsor of "Al-Aman Garden" (Housing Scheme) Sahiwal applied for external electrification of the scheme in the year 2019 with the request for execution privately through MEPCO/ WAPDA approved contractor. Accordingly, MEPCO approved the case and allowed to execute the work through WAPDA/MEPCO approved contractor privately. In this regard, demand notice for cost of 11kV independent feeder (source feed line), grid sharing charges and design vetting charges amounting to Rs. 11,820,670/-, Rs. 4,269,856/- and 235,311/- respectively were issued on July 10, 2019. The sponsor only paid design vetting charges on July 30, 2019 and did not pay the remaining amount.
- ii. Subsequently, the sponsor requested MEPCO for execution of work by MEPCO. Accordingly, the case was approved and a changed demand notice amounting to Rs. 47,005,962/- was issued on August 12, 2021 for electrification cost, 11kV independent feeder, design vetting charges and grid sharing charges to be done by MEPCO. The demand notices were paid by the sponsor on September 13, 2021. MEPCO issued administrative approval/technical sanction on September 30, 2021 and forwarded the same to the Project Director (Construction) for execution. According to MEPCO, the estimate was issued on the basis of price bulletin applicable w.e.f March-2021.
- iii. MEPCO did not commence execution work on the plea that material was not available in its store. The Complainant paid the complete demand notice on September 13, 2021. MEPCO should have arranged material however, the same was not done. In the meanwhile, material rates were revised w.e.f October 01, 2021 and subsequently on May 01, 2022. MEPCO issued revised demand notice to the Complainant as per the rates applicable vide price



↓

- iv. Clause 2.7.1 of Consumer Service Manual (CSM) provides that in case where work is required to be carried out by DISCO and there is shortage of material or the material is not available due to any reason; DISCO may ask the sponsor/applicant to procure required material as per the specifications of DISCO at its own from the approved vendors of DISCO. In such case, material procured by the applicant shall be inspected/approved and installed by DISCO and the applicant will be charged 2.5% of the total cost of material as inspection fee and 8% of the material cost as installation charges.
- v. MEPCO is of the view that stock balance of MEPCO store was not sufficient for the allocation of material against the said housing scheme at that time as the existing store balance was too inadequate for already approved deposit works and all kind of MEPCO works prior to the said housing scheme. During 2021-22 numerous tenders were issued but scraped due to non-participation and escalation in raw material rates. Resultantly, material was not timely get procured by MEPCO. As per PPRA rules and MEPCO procurement procedure sufficient time is required for procurement of material". This point of view of MEPCO is baseless. MEPCO should have asked the sponsor to procure material as per the specifications of MEPCO, as provided in CSM, however, the same was not done by MEPCO.
- vi. The ultimate load of the society was assessed as 2750 kW. According to time frame for new connections given in NEPRA Performance Standards (Distribution) Rules-2005 read with Consumer Service Manual (CSM) DISCOs are required to provide electricity supply for load above 500 kW but not exceeding 5000 kW at 11 kV within seventy six (76) days after payment of demand notice. According to the provision of law; the electrification work should have been completed by November 28, 2021. However, in the instant case, even after lapse of more than eleven (11) months after payment of demand notice, MEPCO has not yet started electrification work.
- vii. The Consumer is of the view that according to the clause 2.4.6 of Consumer Service Manual (CSM), once demand notice is issued by DISCO i.e. MEPCO and paid by the applicant in full, no further charges/demand notice can be raised against the applicant on account of escalation of rates of material. There is no force in this argument of the Complainant because the other provisions of Consumer Service Manual (CSM) are also required to be considered. As stated above, the DISCO is required to provide connection/execute electrification work within time frame prescribed in NEPRA Performance Standards (Distribution) Rules-2005 read with Consumer Service Manual (CSM).
- viii. The sponsor is liable to pay the cost of escalation of material if occurred during seventy six (76) days of payment of 1st demand notice and not liable for escalation cost if occurred after the prescribed time frame. In this case, the demand notices were paid on September 13, 2021 therefore, the sponsor is liable for payment on account of escalation of material by November 28, 2021. In view of the said, penalizing the Complainant through additional/revised demand notice on account of mismanagement on part of MEPCO officials is unwarranted and illegal.

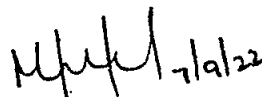


7. Foregoing in view, it is clear that MEPCO is failed to provide clarification within stipulated time period i.e. seventy six (76) days after payment of demand notice. MEPCO should have asked sponsor to purchase material at its own due to non-availability however, the same was not done by MEPCO. Foregoing in view, MEPCO can only charge escalation charges occurred within seventy six (76) days of payment of demand notice. In view of the said, MEPCO is directed to withdraw the revised/second demand notice amounting to Rs. 38,048,036/- standing in violation of the relevant provisions of Consumer Service Manual (CSM) & Performance Standards (Distribution) Rules, 2005. The Complainant is only liable to pay the difference of capital cost if enhancement in material cost occurred upto November 28, 2021. Upon payment of difference of cost (if any) MEPCO shall commence the electrification work without further delay after completion of all the codal formalities. Compliance report be submitted within twenty (20) days.



(Lashkar Khan Qambrani)

Member, Consumer Complaints Tribunal/
Director

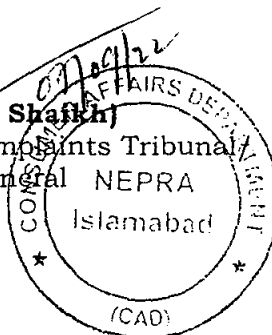


(Moqem-ul-Hassan)

Member, Consumer Complaints Tribunal/
Assistant Legal Advisor


(Naweed Illahi Shafiq)

Convener, Consumer Complaints Tribunal/
Director General



Islamabad, September 07, 2022