



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 06/ *5452* -2023
November 27, 2023

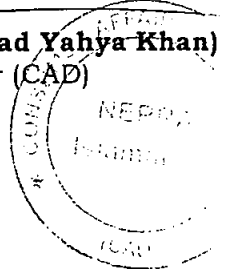
Chief Executive Officer, MEPCO,
MEPCO Complex, WAPDA Colony,
Khanewal Road, Multan.

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY M/S FAZAL MILLS LIMITED THROUGH LEGAL COUNSEL MR. MUHAMMAD ALI SIDDIQUI, ADVOCATE W.R.T WRIT PETITION NO. 11530/2023; ORDER DATED 24-07-2023 PASSED BY THE HONORABLE LAHORE HIGH COURT, MULTAN BENCH, MULTAN (A/C NOS. 33 15195 1551801, 33 15195 1551802, 33 15195 1551803).**
MEPCO-NHQ-27800-08-23

Please find enclosed herewith the decision of NEPRA Consumer Complaints Tribunal dated November 27, 2023, regarding the subject matter for necessary action and compliance.

Encl: As above

Spryany
(Sardar Muhammad Yahya Khan)
Director (CAD)



Copy: -

1. C.E/ Customer Services Director, MEPCO,
MEPCO Complex, WAPDA Colony,
Khanewal Road, Multan.
2. Mr. Rafiq Anjum, Manager (Legal & General Affairs),
M/s Fazal Mills Limited, 59/3 Abdali Road, Multan.
3. Mr. Muammad Ali Siddiqui,
Advocate Supreme Court of Pakistan,
2nd Floor, Golden Heights Plaza,
Opposite Public Gate High Court, Multan.
0322-6103403



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No. MEPCO-NHQ-27800-08-23

Mr. Rafiq Anjum, Manager (Legal & General Affairs),
M/s Fazal Mills Limited, 59/3 Abdali Road, Multan.
Through Mr. Muhammad Ali Siddiqui,
Advocate Supreme Court of Pakistan,
2nd Floor, Golden Heights Plaza,
Opposite Public Gate High Court, Multan.
0322-6103403

..... **Complainant**

VERSUS

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

..... **Responder**

Date of Hearing: September 18, 2023

On behalf of:

Complainant:

1) Mr. Muhammad Ali Siddiqui

Respondent:

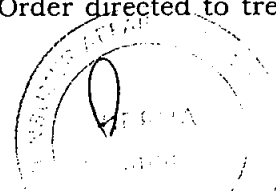
- 1) Mr. Khalid Mehmood, Chief Engineer (P&E), MEPCO
- 2) Mr. Rafique Ahmad, Manager (Legal), MEPCO
- 3) Mr. Muhammad Rehan, Deputy Director (P&E), MEPCO

SUBJECT: DECISION IN THE MATTER OF COMPLAINT FILED BY M/S. FAZAL MILLS LIMITED THROUGH LEGAL COUNSEL MR. MUHAMMAD ALI SIDDIQI, ADVOCATE W.R.T WRIT PETITION NO. 11530/2023; ORDER DATED 24-07-2023 PASSED BY THE HONORABLE LAHORE HIGH COURT, MULTAN BENCH, MULTAN (A/C NOS. 33 15195 1551801, 15195 1551802, 33 15195 1551803).

DECISION

This decision shall dispose of the complaint filed by M/s Fazal Mills Limited, 59/3 Abdali Road, Multan through legal counsel Mr. Muhammad Ali Siddiqui, Advocate Supreme Court of Pakistan, (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 Electricity Act, 1997 (hereinafter referred to as the "NEPRA Act") in pursuance of the Order of the Honorable Lahore High Court, Multan Bench, Multan dated July 24, 2023, in writ petition No. 11530-2023.

2. Brief facts of the case are that NEPRA received the order of the Honorable Lahore High Court, Multan Bench, Multan dated July 24, 2023, in writ petition No. 11530-2023 from the Complainant. The Court vide the said Order directed to treat the petition of

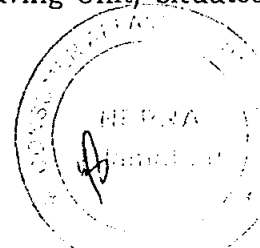


Complainant as representation and decide the grievances after providing the hearing opportunity to all concerned, expeditiously. The Complainant vide the said petition submitted that M/s Fazal Mills Ltd. has obtained electricity connections from the MEPCO under the B3-category and thus, are existing industrial consumers of the MEPCO. The connections bearing Reference No.33 15195 1551801 R, Reference No.33 15195 1551802 R, Reference No.33 15195 1551803 R, and Reference No.33 15195 1551804 R were granted on June 04, 2001, March 26, 2011, November 28, 2011 and March 31, 2014 respectively and all these connections were obtained separately for separate premises/facilities, therefore, the same cannot be counted towards connections existing in one premises.

3. The Complainant added that in the year 2011, an audit para i.e. DP No.221/2011 for the year 2010-2011 titled "undue favor extended to industrial consumer" was generated by the then PEPCO as per which the connections of the Complainant were made under question for being situated within the same premises. The said audit para was duly responded by MEPCO and the same was settled. On October 25, 2022 again an audit para was generated on the same account and a notice dated December 07, 2022 was issued by the MEPCO for consolidation of load. Before the Complainant could reply to the referred notice, their respective industrial connections were disconnected, however upon submission of an undertaking of Rs. 50 Million as a security amount, the said connections were restored. Upon query, it was found that the Power Planning & Monitoring Company (PPMC) vide office order dated December 07, 2022 has also constituted an inquiry committee to probe into the contents of the said audit para. In pursuance to the above-referred inquiry, MEPCO vide letter dated June 13, 2023 submitted its stance; wherein, it has been categorically stated that the industrial connections of the petitioners were sanctioned properly and are not located within the same premises. Being dissatisfied, PPMC again asked the MEPCO to submit a comprehensive plan with respect to the consolidation of all connections of the Complainant. All the four connections were obtained at different times, MEPCO duly visited the sites and if there were any objection with respect to existence of such connections within the same premises, the same should have been pointed out at the time of grant of connections, however, no such objection had ever been raised and the connections were granted in accordance with law. Even otherwise, all the said four connections are obtained for different industrial projects, which are in quite separate boundaries working independently having independent and separate entry/exit gates with allied facilities, therefore, the impugned demand is liable to be set aside being illogical in nature. The Complainant prayed that the impugned demand of consolidation of all industrial connections raised by the MEPCO vide notice dated December 07, 2022 may very kindly be set aside while declaring the same as illegal, unlawful, without any jurisdiction, void ab-initio, in violation of the NEPRA Rules, Regulations and Consumer Service Manual as well as the fundamental rights of the petitioners as protected under the Constitution of Islamic Republic of Pakistan 1973; and consequently, the MEPCO may very kindly be restrained to harass the Complainant on such count and further be restrained to disconnect the electricity supply of the connections, accordingly.

4. The subject matter was taken up with MEPCO and a hearing was held on September 18, 2023 at NEPRA Head Office, Islamabad which was attended by both parties (i.e., MEPCO and the Complainant), wherein the case was discussed in detail. During the hearing, MEPCO officials in their written/verbal arguments submitted as under:

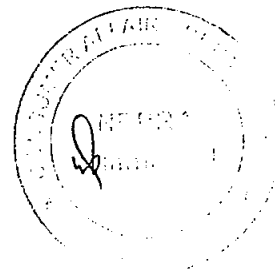
- i. Management of Fazal Cloth Mills Ltd, Unit # 05, situated at Qadir Pur Raan By-Pass Multan adjacent to Fazal Cloth Mills Unit # 3 vide application # 27/MN/B-3/New dated 20.05.10, applied for a new connection under tariff B-3, for 3500-kW load which was approved (currently bearing A/C #33-15195-1551802).
- ii. Connection in the name of Fazal Cloth (Weaving Unit) situated adjacent to Fazal



Cloth Mills Unit # 5 Ltd was applied vide application # 33/MN/B-3/New dated 01.04.11, under tariff B-3, for 3000-kW load which was sanctioned under A/C #33-15195-1551803.

- iii. The management applied for extension of load for already existing industrial connection in the name of Fazal Cloth Mills Unit# 3, vide application # 535/MN/B-3/Ext dated 04.01.16, under tariff B-3, for 4000-kW load which was approved by Competent Authority (currently bearing NC #33-15195-1551801).
 - iv. The consumer applied for new industrial connections which was situated adjacent to each other accompanied by already existing industrial connections in the name of Fazal Cloth Mills Unit # 3.A Draft Para # 936/2019-20 was framed regarding non-adherence to the NEPRA instructions resulting in non-recovery of the cost of independent grid station amounting to Rs. 202.55 Million due to non-consolidation of load up to the financial year 2018-19. On the directions issued by DAC during a meeting dated November 15, 2022, PPMC constituted an inquiry committee to probe into the contents of Audit Para No. 13.5.5 regarding non-recovery of cost of independent grid station due to the non-consolidation of load by MEPCO amounting to Rs. 202.55 Million.
 - v. In response, the DP No. 221/2012 based on IR Para No. 03, Manager (Internal Audit) MEPCO vide letter # 77507-11 dated December 01, 2011, had only submitted the reply of Audit Para on the basis of the site situation that existed at that time and is still outstanding. Draft Para # 936/2019-20 was framed regarding non-adherence to the NEPRA instructions resulted in non-recovery of the cost of independent grid station amounting to Rs. 202.55 Million due to non-consolidation of load up to the financial year 2018-19. Accordingly, notices were served to the consumers of all above mentioned industrial connections. However, on the provision of an undertaking along with a post-dated Cheque No. 66428924 (National Bank of Pakistan Gallah Mandi Branch Multan) amounting to Rs. 50 million as a security amount, the said industrial connections were restored.
 - vi. It was intimated against Audit Para No. 13.5.5 that the aforementioned industrial connections were sanctioned on the basis that initially at the time of approval there were separate boundary walls, and separate entry gates with direct access for each industry and physically existed adjacent to each other at the site instead of the same premises. Later on, it was observed that the separating walls have been removed, roads have been found constructed by the management and at present all the connections exist in the same premises. There are no other alternatives under consideration with MEPCO except consolidation of the load of all connections.
 - vii. The requirement of consolidation of load for the said industrial connections is genuine as ownership/management of all the connection is same. According to the Memorandum and Article of Association provided by the management of M/s Fazal Cloth Mills, shareholders of all existing industrial connections are common. CSM-2021, clause 2.6 provides that :-

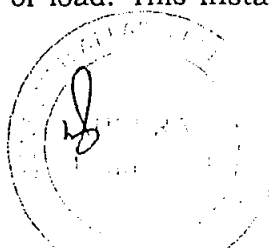
"In case where transmission network/grid system of DISCO requires up-gradation /extension for provision of supply to a specific applicant/consumer, the same shall be carried out by DISCO on cost deposit basis/cost-sharing basis".
 - v. The Audit Para was initiated prior to the implementation of CSM-2021, according to NEPRA's previous instruction for tariff determinations, B-4, tariff applicable for consumers having load more than 5000kW.
5. 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. The following has been observed:



- i. The 04-No. industrial connections were processed and approved under tariff B-3 in different times and the load was also extended from time to time as tabulated below:

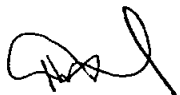
Sr#	Name of Industry / Connection	Application No. & Date	Load Applied (kW)	Approval Date	Load Extension (kW)
1.	Fazal Cloth Mill Unit # 5	27/MN/B-3/New20.05.10	3500	10.08.10	3500 to 4900 09.10.2012
2.	Fazal Cloth(Weaving Unit)	33/MN/B-3/New01.04.11	3000	16.11.12	3000 to 4750 06.06.2013
3.	Fazal Weaving Mill	52/MN/B-3/New13.11.12	4700	07.03.13	-
4.	Fazal Cloth Mill Unit # 3 (Extension of Load)	535/MN/B-3/Ext•04.01.16	4000	04.01.16	4000 to 4550 24.07.2018

- ii. MEPCO has issued notice(s) to the Complainant for consolidation of load. The instance of MEPCO is baseless and has no justification. In past MEPCO itself approved the connections. These connections were installed in different times. MEPCO allowed extension of load from time to time. These connections are installed at different plots having different registries.
- iii. MEPCO is of the view that notices have been issued in light of audit para which was initiated prior to CSM-2021 and in accordance with tariff terms and conditions. There is no force in this argument of MEPCO because tariff terms and conditions approved by the Authority envisaged provision of dedicated grid station above 5MW. If the load of the connection(s) was above 5MW, MEPCO should have raised the demand of dedicated grid station at that time, however the same was not done because the connections were installed at different premises. Audit paras are internal matters of MEPCO and the same cannot be made basis for charging to the consumers.
- iv. MEPCO is of the view that the ownership of the connections is same, therefore, all the connections be amalgamated and as such construction of grid station is required for which an amount of Rs. 202.55 Million is required to be paid by the complainant. This demand of MEPCO is not in accordance with CSM. Different connections can be installed in the name of same owner.
- v. MEPCO has quoted clause 2.6 of CSM-2021 that in case where transmission network/grid system of DISCO requires up-gradation /extension for provision of supply to a specific applicant/consumer, the same shall be carried out by DISCO on cost deposit basis/cost-sharing basis. This clause of CSM is not applicable in this case.
- vi. Clause 2.6(6) of Consumer Service Manual (CSM) provides that the Industrial consumers may be allowed extension of load beyond 5MW from DISCO's owned grid station subject to the availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such case, the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. Since each connection's load is below the limit of 5MW having an independent feeder, therefore consolidation of the load is not justified.
- vii. According to MEPCO previously all the premises were separate physically with separate boundary walls therefore the connections were approved. Now, the complainant has removed the physical segregation/boundary walls, therefore, MEPCO has issued notices for consolidation of load. This instance of MEPCO is



genuine. The Complainant is required to physically separate all the plots in all respects i.e. provision of full scale boundary wall, separate gates.

Foregoing in view, all these connections were sanctioned by MEPCO from time to time and these connections are situated at different plots. Legally, MEPCO cannot disconnect these connections without any solid justifications. MEPCO is therefore directed to withdraw the notice issued for consolidation of load. The Complainant is directed to ensure physical segregation of all the four plots in all respects i.e. erection of full scale boundary walls, separate gates/entries, demolishing of road network, separate circuitry etc. within one month. MEPCO may also approach the concerned Revenue Department for verification of plot Nos./ registries.



(Lashkar Khan Qambrani)

Member (Consumer Complaints Tribunal)/
Director (CAD)



(Muhammad Irfan-ul-Haq)

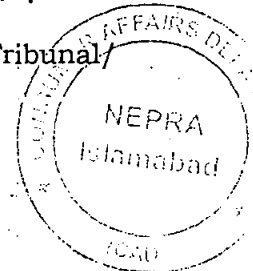
Member Consumer Complaints Tribunal
Assistant Legal Advisor



(Naweed Illahi Shaikh)

Convener Consumer Complaints Tribunal/
Director General (CAD)

27/11/23



Islamabad, November, 27 2023