



National Electric Power Regulatory Authority

ISLAMIC REPUBLIC OF PAKISTAN

NEPRA Head Office

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

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**Consumer Affairs
Department**


TCD.06/ *5163* -2024
November 22, 2024

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

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY MR. RAFIQ AHMAD ANJUM, MANAGER (LEGAL & GENERAL AFFAIRS), M/S FAZAL CLOTH MILLS LIMITED THROUGH COUNSEL MR. MUHAMMAD ALI SIDDIQUI ADVOCATE, UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION & DISTRIBUTION OF ELECTRIC POWER ACT, 1997, AGAINST MEPCO, REGARDING EXCESSIVE BILLING (A/C # 33 15711 1346203, 33 15711 1346207, 33 15195 1551801).**
MEPCO-NHQ-36772-04-24

Please find enclosed herewith the decision of NEPRA Complaints Resolution Committee (CRC) dated November 22, 2024, regarding the subject matter for necessary action and compliance within twenty (20) days, positively.

Encl: As above


(Muhammad Abid)
Assistant Director (CAD)

Copy: -

1. C.E/ Customer Services Director,
MEPCO Complex, WAPDA Colony,
Khanewal Road, Multan.
2. Director General (MIRAD),
MEPCO Complex, WAPDA Colony,
Khanewal Road, Multan.
3. Executive Engineer/ XEN (Op.), Shah Rukn-e-Alam Division,
MEPCO, T-Chowk, Behind Masjid Farooq-e-Azam,
Near Pakistan Engineering Council Office, 256,
District Multan.
4. Executive Engineer/ XEN (Op.), Muzaffargarh Division,
MEPCO, 132 KV Grid Station, Zafar Colony, Muzaffargarh.
5. M/s Rafatima Energy Limited, Fazal Garh,
Sanawan, Kot Addu, District Muzaffargarh.
066-2250517-5
6. Mr. Muhammad Ali Siddiqui Advocate,
Zakariya Law Chambers, 2nd Floor, Golden Heights,
Opposite High Court Public Gate, Multan.
0322-6103403
7. Mr. Rafiq Ahmad Anjum, Manager (Legal & General Affairs),
M/s Fazal Cloth Mills Limited, 59/3, Abdali Road, Multan.



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

Complaint No. MEPCO-NHQ-36772-04-24

Mr. Rafiq Ahmed Anjum

.....Complainant

Through Mr. Muhammad Ali Siddiqui Advocate
M/s Fazal Cloth Mills Limited, 59/3
Abdali Road, Multan.

Versus

Multan Electric Power Company (MEPCO)

.....Respondent

MEPCO Complex, WAPDA Colony,
Khanewal Road, Multan.

Date of Hearing: April 26, 2024
July 11, 2024

**On behalf of:
Complainant:**

- 1) Mr. Rafiq Ahmed Anjum
- 2) Mr. Amir Baloch, Commercial Head, Fatima Energy Limited
- 3) Mr. Farhan Amjad, Fatima Energy Limited

Respondent:

- 1) Jam Gul Muhammad CSD, MEPCO
- 2) Mr. Asad Hammad Director (Commercial), MEPCO

Subject: DECISION IN THE MATTER OF COMPLAINT FILED BY MR. RAFIQ AHMED ANJUM, MANAGER (LEGAL & GENERAL AFFAIRS) FAZAL CLOTH MILLS LIMITED THROUGH MR. MUHAMMAD ALI SIDDIQUI ADVOCATE UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST MEPCO REGARDING EXCESSIVE BILLING (A/C # 33 15711 1346203, 33 15711 1346207, 33 15195 1551801).

DECISION

This decision shall dispose of the complaint filed Mr. Rafiq Ahmed Anjum through Mr. Muhammad Ali Siddiqui Advocate (hereinafter referred to as the "Complainant") against Multan Electric Power Company (hereinafter referred to as the "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 the complaint raised the issue of charging of excessive bills in the form of arrears against (3) Nos. of industrial connections pertaining to Fazal Cloth Mills (FCM) during the month of March, 2024. The same was disputed by the Complainant before NEPRA as under:

- (i) FCM being at the receiving end of the industrial connections obtained from MEPCO & also reliant upon Fatima Energy Limited (FEL) as its Bulk Power Consumer (BPC) through a bi-lateral wheeling agreement between FEL and MEPCO whereby FCM is obligated to receive electricity supply through

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wheeling of energy from the MEPCO's distribution/transmission system, generated by FEL.

- (ii) Following the charging of exorbitant arrears during the month of March, 2024 against (3) Nos. of connections of FCM on the pretext of bi-lateral dispute between MEPCO & FEL, the Complainant approached MEPCO for withdrawal of the same, however, the same was regretted by MEPCO. On that instant, the Complainant requested NEPRA to direct MEPCO to correct the disputed bills.

3. The subject matter was taken up with MEPCO and a hearing was held on April 26, 2024 at NEPRA Head Office, Islamabad which was attended by all the parties and the parties agreed to resolve the matter amicably, however, accumulation of delay towards non-resolution of the matter led to another hearing on July 11, 2024 wherein the matter was again discussed in detail in attendance of all the relevant stakeholders.


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:

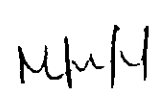
- (i) Fatima Energy Limited (FEL) having generation license bearing No. SGC/96/2013 entered into Energy Wheeling Agreement (EWA) with MEPCO during the year 2014, for supply of power to designated BPCs including the Complainant. The wheeling was initiated during August, 2019. The EWA entails supply of power from FEL to the Complainant through the usage of distribution systems of MEPCO against which the energy wheeling charges, become payable to MEPCO by FEL.
- (ii) The Authority notified NEPRA (Wheeling of Electric Power) Regulations, 2016 and Schedule-III of the said regulations defines the wheeling charges as the charges approved by the Authority in tariff petition of relevant Transmission Licensee/DISCO and notified by the Authority, to be levied by DISCO against the wheelers for No. of wheeled units. It may be noted that the wheeling charges as determined from time to time by the Authority only accounted for losses to the extent of Distribution Margin, and does not account for cost of units lost during the wheeling process.
- (iii) The Authority vide its decision dated January 11, 2021 determined that, *'The Wheeler (Generator) shall ensure to produce extra units by grossing up the demand of BPC to the extent of allowed level of technical losses as determined by the Authority for the relevant DISCO in its tariff determination. The extra units generated would be delivered by the Generator in the network, compensating for the technical loss to the network company. The rationale of which was based on the virtue that the wheeler shall ensure that the allowed level of technical losses are covered in its agreement with the BPC, so that no extra units are drawn by BPC from the DISCOs system.'*
- (iv) It is pertinent to mention here that relevant determination of Authority dated January 11, 2021 was challenged before the Islamabad High Court vide No. 570/2021 by MEPCO which was, later, disposed of vide decision dated March 03, 2023 with direction to NEPRA to decide the determination afresh in accordance with law. However, MEPCO and FEL charged the disputed units to the Complainant on the provisional basis as agreed by MEPCO & FEL and due to pendency of afresh decision by NEPRA on the matter.
- (v) MEPCO issued notice to FEL vide letter dated 03rd August, 2023 to make arrangement for compensation of technical losses in accordance with determination dated 11th January, 2021 issued by NEPRA. FEL agreed with MEPCO notice on provisional basis till the final decision of NEPRA whereby FEL agreed to bear technical losses from August, 2023 onwards as determined by NEPRA vide determination dated 14th July, 2023. FEL further accepted for payment of backlog losses prior to August, 2023 by increasing generation by


three million kWh above the requirement of BPCs per month for deduction of instalments for all calculated units from record of August, 2019 to August, 2023 till completion in accordance with the final decision of NEPRA.

- (vi) The analysis of available record reflects that MEPCO placed the FEL's proposal in 205th BoD meeting dated 26.09.2023 and approval was issued for deduction of 3 million kWh per month from FEL export to MEPCO in regular instalments. However, MEPCO started deduction of units from July, 2023 which was prior to BoD's approval.
- (vii) Without prejudice to the above, it is an established fact that the EWA is bilateral agreement signed & implemented by MEPCO & FEL which is in the field and Complainant is an approved BPC of FEL as per Schedule 2 of the EWA. At the time of signing of EWA, there was no application of any technical losses in UoSC. These were determined by the Authority in Jan 2021 but were impugned in Islamabad High Court (IHC) and further remanded back to NEPRA for evaluation which is pending adjudication. FEL and MEPCO mutually agreed to adjust technical losses on provisional basis till the time final decision is issued by the Authority. Furthermore, both parties mutually agreed to adjust difference in losses in Oct 2023 amicably by billing of Shortfall units to Bulk Power Consumers (BPC) Fazal Cloth Mills Limited (FCML) after adjusting remaining in wheeling against payment of UoSC which was partially done. The units charged to the Complainant are required to be withdrawn ab-initio as the same have been charged in defiance of any logic/precedent and without any representation of the Complainant, thus, lacking legal and moral bearings.

5. Foregoing in view, MEPCO cannot charge technical losses to the Bulk Power Consumer (BPCs) of FEL, therefore, MEPCO is directed to withdraw the disputed units charged against (3) Nos. of industrial connections of Fazal Cloth Mills Limited during the month of March, 2024 on account of technical losses incurred on energy wheeled by FEL to MEPCO for its three (03) industrial consumers and deduct these units from FEL's banked units if available with MEPCO. In case the banked units are not available, FEL to make payment to MEPCO against the above disputed units immediately. A report in this regard be submitted within twenty (20) days, positively.


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


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


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

Islamabad November 22, 2024