



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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**OFFICE OF THE
REGISTRAR**

No. NEPRA/R/D(CAD)/TCD.03/ 3029-32

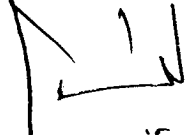
March 05, 2015

Secretary
WAPDA Employees Cooperative Housing Society
A-1/100, WAPDA Employees Town
Gujranwala

Subject: **DECISION IN PURSUANCE TO THE DIRECTIONS OF HONOURABLE
LAHORE HIGH COURT IN WRIT PETITIONS NO. 22622/2013 AND NO
29982/2013 IN THE MATTER OF WAPDA EMPLOYEES COOPERATIVE
HOUSING SOCIETY, GUJRWALA VS GEPCO**
Complaint # GEPCO-26/2012

In pursuance to the orders of the Honorable Lahore High Court dated December 02, 2014 in Writ Petitions No. 22622/2013 and No. 29982/2013, the subject case has been decided by NEPRA. The decision of NEPRA dated March 05, 2015 is enclosed herewith for necessary action and compliance please. Compliance report be submitted within thirty (30) days of receipt this decision.

Encl:/As above


(Mtikhar Ali Khan)
Deputy Registrar

Copy to:

1. Additional Registrar (Judl.)
Lahore High Court, Lahore
2. Rana Sajjad Sarwar
A-1, 483-A, WAPDA Town, Gujranwala
3. Chief Executive Officer,
Gujranwala Electric Power Company Ltd.,
565/A, Model Town, G.T. Road, Gujranwala

[w.r.t. orders dated 02.12.2014 in
WPs No. 22622/2013 and No. 29982/2013]



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No: GEPCO-26-2012

Secretary **Petitioner No.1**
WAPDA Employees
Cooperative Housing Society,
A-1/100, WAPDA Employees Town,
Gujranwala

Rana Sajjad Sarwar **Petitioner No.2**
A-1, 483-A
WAPDA Town, Gujranwala

Versus

Gujranwala Electric Power Company (GEPCO), **Respondent**
565/A, Model Town GT Road
Gujranwala.

Date of Hearings: January 27, 2015
February 19, 2015

Date of Decision: March 05, 2015

On behalf of:

Petitioner No.1 1) Ch. Muhammad Ilyas
2) Mr. Azhar Saeed Butt

Petitioner No.2 1) Rana Sajjad Sarwar

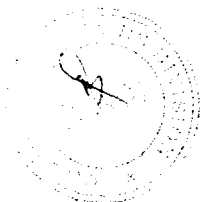
Respondent: 1) Mr. Javed Akhtar, Chief Engineer (Development)
2) Choudhry Manzoor Hussain, Customer Services Director
3) Mr. Muhammad Siddique Malik, Additional DG Legal
4) Choudhry Akbar Ali, Deputy Director (Planning)
5) Mr. Ghulam Mustafa, Additional Deputy Director (Planning)



Subject: DECISION IN PURSUANCE TO THE DIRECTIONS OF THE HONORABLE LAHORE HIGH COURT IN WRIT PETITIONS NO.22622/2013 AND NO.29982/2013 IN THE MATTER OF WAPDA EMPLOYEES COOPERATIVE HOUSING SOCIETY, GUJRANWALA VS GEPCO

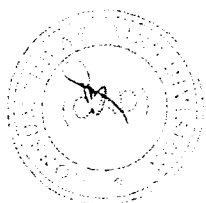
Decision

1. In pursuance to the orders of the Honorable Lahore High Court dated December 02, 2014 in Writ Petitions No. 22622/2013 and No. 29982/2013, this decision shall dispose of the matter of WAPDA Employees Cooperative Housing Society, Gujranwala (hereinafter referred to as the "Petitioner No. 1" or "WECHS" or the "Complainant") under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as " the NEPRA Act, 1997") against Gujranwala Electric Power Company (hereinafter referred to as the "Respondent" or "GEPCO").
2. Brief facts of the case are that WECHS approached NEPRA through its letter dated May 7, 2012 wherein it was stated that WECHS is engaged in resale of power since 1996 after obtaining license from Government of Punjab before establishment of NEPRA. The WECHS applied to GEPCO for extension of load and also an undertaking was submitted for taking-over their metering and billing system by GEPCO. An MOU was also signed between WECHS and GEPCO for depositing the agreed cost and taking-over the metering and billing system. Then, GEPCO directed WECHS to obtain license from NEPRA for resale of power. The Complainant further submitted that GEPCO be advised to take-over their metering and billing system as mentioned in the MOU.
3. The matter was taken up with GEPCO for submission of para-wise comments/report. In response, GEPCO vide letter dated June 07, 2012 reported that WECHS is engaged in sale of power after getting license from Government of Punjab. The supply was given to WECHS through 02 Nos. independent feeders under tariff C-2. During the year 2008, WECHS approached GEPCO for extension of load for both feeders i.e. from 2180 kW to 5000 kW and 2240 kW to 5000 kW under the existing tariff. According to NEPRA Act, 1997 no entity can sell electricity without getting license from NEPRA. In order to solve the problem, it was decided by Board of Directors, GEPCO to recover the cost of 16 kanals and 8 marlas land already proposed for Khiali Bypass Grid Station amounting to Rs.64.5 million instead of getting 32 kanals land, being an established society. The grid sharing cost has been calculated only for extended load i.e. 5.58 MW amounting to Rs.15.408 million but tariff applicable not decided at that time and it was assumed that only load will be extended under the existing tariff. There remains two options to resolve the matter i.e. a) WECHS's load



should be assessed as per WAPDA Policy and consequently WECHS should deposit 50% grid sharing cost as per the assessed load. If the WECHS deposits Rs.103.02 million (Rs. 64.5 million + Rs. 38.52 million), then GEPCO will shift billing to its own system; or b) WECHS obtain license from NEPRA for distribution of electricity and deposit the required cost for extension of load.

4. The report of GEPCO was communicated to the Complainant. In response, the Complainant vide letter dated July 2, 2012 informed that they are ready to deposit Rs.103.02 million. The Complainant requested to advise GEPCO to shift their billing on GEPCO's system.
5. To probe further into the matter, a hearing was held on July 18, 2012 at Consumer Affairs Department, NEPRA, Islamabad which was attended by both the parties. During the hearing, the Complainant reiterated its earlier version and, in addition, stated that they are ready to hand-over their electrification system to GEPCO only for metering and billing purpose but the maintenance of the system will be done by them because GEPCO cannot maintain their system as per their standards and also the accessories used in their system i.e. cables and joints etc. are not available with GEPCO and they have their own trained staff for the purpose. GEPCO representatives submitted that as per the law, WECHS cannot retain the maintenance system with them. They have to handover the system to GEPCO without any condition. GEPCO representatives further submitted that the load of WECHS is required to be reassessed as per the housing societies criteria and then grid sharing cost is required to be recalculated. In addition, the representatives of GEPCO informed that they will take-over the system for which each and every consumer has to deposit security deposit with GEPCO on the prevailing rates and cost of meters as the already installed meters are required to be changed. It was also informed by GEPCO that the MOU has been signed by WECHS however, GEPCO has not signed the same.
6. During the hearing, the parties informed that they will conduct a meeting regarding settlement of the issue amicably and will submit outcome to NEPRA. Accordingly, GEPCO vide letter dated October 04, 2012 submitted that a committee was constituted to examine the matter thoroughly and the committee evaluated all the aspects in the presence of representative of WECHS. The existing progressive loss of WECHS is 8 % whereas the system under tariff C-2 in running position has no loss. Moreover, billing during July 2012 is Rs. 36.6 Million and the same will be Rs. 33.857 Million if billing to all consumers is made



individually after taking-over the system, meaning thereby that GEPCO will sustain a loss of Rs. 2.743 Million per month. The committee also recommended that WECHS should continue the system at their own as in the past and the same has been approved by CEO GEPCO. GEPCO further submitted that WECHS may be asked to get license from NEPRA for purchase and sale of power to its residents. The Complainant vide letter dated October 05, 2012 submitted that GEPCO has not arranged any meeting with them and GEPCO has recently made agreement with some of the Housing Societies i.e. D.C Colony Gujranwala, Canal View Housing Society, Gujranwala and City Housing Society Gujranwala on the same grounds which have been requested by WECHS.

7. The observations of the Complainant were taken up with GEPCO vide letter dated October 11, 2012. In response, GEPCO vide its letter dated November 08, 2012 reported that the status of WECHS is different from other nominated Housing Societies as WECHS obtained license from Government of Punjab for purchase and sale of electricity, hence the metering, billing and maintenance remained under their control, whereas billing and maintenance of DC Colony Gujranwala and Canal View Housing Society had initially been handed over to GEPCO. Further, BOD of GEPCO in its 70th meeting held on February 14, 2009 accorded approval for relaxation of condition in case of WECHS for transfer of 4 acres land and accorded approval to recover cost of 16 kanal 8 marala land for construction of grid station amounting to Rs. 64.5 Million besides recovering 50% grid sharing cost amounting to Rs. 15.4 Million in 24 installments. Whereas, other housing societies have transferred 32 kanal land free of cost to GEPCO for construction of grid station and handed over all assets to GEPCO however, WECHS has not agreed to transfer the assets to GEPCO.
8. To probe further into the matter, another hearing was held on December 13, 2012 at NEPRA Islamabad which was attended by both the parties i.e. GEPCO and WECHS. The parties advanced arguments on the basis of their earlier versions. Subsequent to the hearing, WECHS vide its letter dated December 24, 2012 approached this office and informed that they applied to GEPCO for extension of load from 5 MW to 10 MW on September 13, 2008 and GEPCO after a lapse 3 years asked WECHS to sign an MOU in accordance with approval of BOD GEPCO. The draft MOU was prepared bilaterally between WECHS and GEPCO wherein maintenance of the system was required to be done by WECHS; the same MOU is with GEPCO for signatures. The Complainant requested that GEPCO be directed to immediately start taking-over meter reading and billing and not to stress WECHS regarding maintenance of the system by GEPCO.

9. Subsequently, two options were given to the parties to arrive at some conclusion vide NEPRA's letter dated January 16, 2013 i.e. WECHS may approach NEPRA for grant of Distribution license or WECHS may handover its distribution system to GEPCO for its maintenance/operation without any condition.
10. In response, GEPCO vide its letter dated February 20, 2013 informed that it has opted for option No. 1 and WECHS may approach NEPRA for grant of distribution license. Whereas, WECHS vide its letter dated March 12, 2013 informed that both options are acceptable to them, however, WECHS will not hand-over maintenance of the system to GEPCO. Accordingly, WECHS was asked vide NEPRA's letter dated March 27, 2013 to come up with a clear stance with respect to any of the following options:
- i) WECHS may approach NEPRA for grant of Distribution license.
 - ii) WECHS may handover its distribution system to GEPCO for its maintenance/operation without any condition.
11. No response was received from WECHS and thereafter, they approached the Honorable Lahore High Court and filed Writ Petition No. 22622/2013. Upon receipt of notice from the Honorable Lahore High Court in subject writ petitions i.e.22622/2013 and 29982/2013, NEPRA submitted para-wise comments on the contents of the petitions before the Honorable Lahore High Court.
12. The Honorable Lahore High Court disposed of both the writ petitions vide its Orders dated December 02, 2014. The operative part of the Orders of the Honorable Lahore High Court dated December 02, 2014, in Writ Petition No. 22622/2013 is reproduced as under:

“This order by NEPRA does not give reasons in support of the determination made by NEPRA. By consent of the parties, the decision dated 27.03.2013 passed by NEPRA is set aside and the issue is remanded to the NEPRA for decision afresh after hearing the parties concerned and by way of a reasoned and speaking order taking care of all facts involved and the law applicable to the matter. The NEPRA shall complete this exercise within a period of two months from the date of receipt of a certified copy of this order.”



13. The Orders of the Honorable Lahore High Court dated December 02, 2014 in Writ Petition No. 29982/2013 are reproduced as under:

“In view of the order passed in W.P No.22622/2013 (connected petition) of even dated this petition is also disposed of with the direction that the NEPRA while determining the matter referred to it in the connected petition shall also hear the petitioners in this petition after taking into consideration the circumstances put forth by them as well and decide the matter afresh within the time frame given in the said order.”

14. Certified copies of the orders of the Honorable Lahore High Court dated December 2, 2014 have not yet been received in this office, however, copies of the orders were provided to this office by the Petitioner No.2. Accordingly, action was initiated on the copy of the orders provided by the Petitioner No.2 and parties were called for hearing at NEPRA Head Office, Islamabad on January 27, 2015 which was attended by representatives of all concerned parties i.e. Petitioner No.1, Petitioner No.2 and Respondent. The parties argued over the case on the basis of their written submissions/petitions. Another hearing in the matter was also held at NEPRA, Islamabad on February 19, 2015 which was attended by Petitioner No.1 and Petitioner No.2 only. WECHS reiterated its earlier version and was of the view that they are ready to handover the distribution system to GEPCO for operation except maintenance. Whereas, GEPCO was of the view that WECHS has to handover their distribution system without any condition or WECHS may obtain distribution license from NEPRA. Petitioner No.2 was of the view that his issue with respect to higher rates of electricity being charged by WECHS as compared to the rates of GEPCO be resolved.

15. The case has been examined in detail in light of available record, arguments advanced during the hearings, relevant documentary evidence and applicable law. Following has been observed:

- i) WECHS is engaged in resale of power within its area i.e. Sponsored Dedicated Distribution System (SDDS) since the year 1996 after obtaining license from Irrigation and Power Department, Government of Punjab before establishment of NEPRA. The supply was given to WECHS by GEPCO (WAPDA) through 2 Nos.

independent feeders under tariff C-2 with sanctioned load of 2180 kW and 2240 kW.

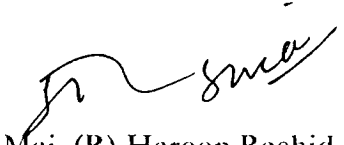
- ii) As per Section 20 of NEPRA Act 1997, no person shall, except under the authority of license issued by the Authority (NEPRA) under the NEPRA Act 1997, engage in the distribution of electric power. Distribution License from NEPRA is required for distribution of electric power. The distribution/resale of electric power by WECHS is in violation of Section 20 of the NEPRA Act 1997.
- iii) The Petitioner No.1 is of the view that they are ready to hand-over their electrification system to GEPCO only for metering and billing purpose but the maintenance of the system will be done by them. This demand of WECHS is in violation of NEPRA Consumer Eligibility Criteria, 2003, as per which the SDDS other than service wire and meter may be converted into Common Distribution System on the request of the Sponsor. In such case, the distribution company shall take-over the system for its operation and maintenance purpose and thereby the augmentation and extension shall be carried out by the distribution company without any charges from the Sponsor.
- iv) According to the Petitioner No.1, GEPCO has made agreements with some housing societies wherein maintenance of the distribution system of the housing societies would be carried out by the housing societies themselves however, in case of WECHS, GEPCO is reluctant to allow maintenance of the system by WECHS. Whereas, GEPCO has denied the same and confirmed in writing that it has made no such agreement with any housing society. It is further clarified that if GEPCO has allowed any society to carry out maintenance of the distribution system, then the same is not covered under the law and is illegal and is required to be stopped forthwith.
- v) The issue of Petitioner No 2 is that Petitioner No.1 is selling electricity to them without any license/authority and on higher rates as compared to the rates charged by GEPCO. Here, it is pertinent to mention that as per the Articles of Distribution License granted to GEPCO by NEPRA, the service territory shall not include the areas in the use of housing colonies, plazas/complexes and other bulk power purchases which were already operating their own distribution systems within the said areas on the date of issue of license. WECHS is involved in resale/distribution

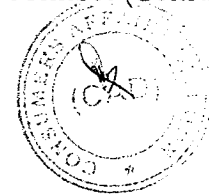


of electric power prior to grant of distribution license to GEPCO therefore, WECHS is not part of service territory of GEPCO, as such issue of the Petitioner No. 2 will only be resolved upon grant of distribution license to WECHS & determination of tariff by NEPRA. Upon grant of distribution license and determination of tariff of the WECHS by NEPRA, the issue of the Petitioner No. 2 will be addressed automatically.

vi) Further, the Authority in similar cases i.e. IZMIR Housing Society, Lahore and DHA Lahore-EMIE Sector Multan Road Lahore etc. has directed these societies to approach NEPRA for grant of distribution license and tariff.

16. Foregoing in view, WAPDA Employees Cooperative Housing Society, Gujranwala (WECHS) is directed to apply to NEPRA for grant of distribution license & determination of tariff within 30 days of receipt of this decision.


Maj. (R) Haroon Rashid
Member (Consumer Affairs)



Islamabad, March 05, 2015