



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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OFFICE OF THE
REGISTRAR

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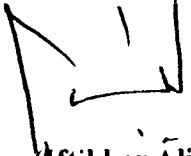
March 13, 2015

Chief Executive Officer
K-Electric Limited
KE House No. 39-B,
Sunset Boulevard, Phase-II, DHA
Karachi

Subject: **DECISION IN THE MATTER OF COMPLIANT FILED BY M/S GULF DYING MILL'S UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC LIMITED REGARDING WITHDRAWAL OF ENHANCED LOAD/ISSUANCE OF DISCONNECTION NOTICE AND DEMAND OF RS. 1,493,208/- ON ACCOUNT OF SDDS**
Complaint # KE-66/2014

Please find enclosed the decision of NEPRA in the subject matter for necessary action and compliance within thirty (30) days of receipt of this decision.

Encl:/As above


13/3/15
(Miftikhar Ali Khan)
Deputy Registrar

Copy to:

Mr. Abdul Latif Mottan,
Director,
Gulf Dying Mill's,
Plot No. A/5/B, SITE, Industrial Area,
Metrovile, SITE, Karachi



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

Complaint No: KE-66/2014

M/s Gulf Dying Mills, **Complainant**
through Mr. Abdul Latif Mottan
Director, Gulf Dying Mills,
Plot No.A/5/B, SITE, Industrial Area,
Metroville, SITE, Karachi.

Versus

K-Electric Limited, **Respondent**
(Formerly Karachi Electric Supply Company, KESC)
KE House No.39-B,
Sunset Boulevard Phase-II,
Defense Housing Authority, Karachi.

Date of Hearing: September 5, 2014

Date of Decision: March 15, 2015

On behalf of:

Complainant: 1) Mr. Abdul Latif Mottan
2) Mr. Abdul Latif Sheikh

Respondent: 1) Mr. Rafique Ahmed Sheikh, GM(Regulations)
2) Mr. Habibullah Alizai, DGM
3) Mr. Salman Khalid, AM

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY M/S GULF DYING MILLS UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC LIMITED REGARDING WITHDRAWAL OF ENHANCED LOAD/ISSUANCE OF DISCONNECTION NOTICE AND DEMAND OF RS.1,493,208/- ON ACCOUNT OF SDDS**



DECISION

This decision shall dispose of the complaint dated January 28, 2014 filed by M/s Gulf Dying Mills through Mr. Abdul Latif Mottan (hereinafter referred to as the "Complainant") under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 against K-Electric Limited (hereinafter referred to as the "Respondent" or "KE").

2. The Complainant in his complaint stated that the load of Gulf Dying Mill's was 400 kW. Director, Gulf Dying Mills submitted application to KE for extension of 200 kW load on June 15, 2012. Thereafter, KE issued a letter to Gulf Dying Mills for use of unauthorized extension of load, which was replied on June 22, 2012. The Complainant added that KE vide letter dated July 06, 2012 informed that the case is in active consideration, however it cannot be implemented due to progress of rehabilitation work. Gulf Dying Mills paid security deposit amounting to Rs.5,78,009/- on October 03, 2013 for 200 kW extension of load. On October 29, 2013, KE issued a balance estimate amounting to Rs.14,93,208/- for payment by January 26, 2014 on account of Sponsored Dedicated Distribution System (SDDS) charges but before depositing security deposit, KE did not inform or intimate about any balance estimate.

3. The matter was taken up with KE for submission of para-wise comments. In response, KE vide letter dated March 5, 2014 reported that the existing load of the Complainant is 400 kW and applied extension is 200 kW. The Complainant was informed that the request of the said extension is in active consideration, however, it could not be implemented as the EHT/11kV distribution system in the area is overloaded. Moreover, the consumer was informed about the documents required along with an undertaking for maintaining a 0.9 power factor and installation of an Automatic Power Factor Improvement Plant (PFIP). The consumer was issued an estimate of Security Deposit (SD) for additional load of 200 kW amounting to Rs.578,008/-, which was deposited by the consumer and the consumer was informed about the scheme completion time i.e. January 02, 2014. KE further reported that after site survey by construction department on October 12, 2013, the specifications of plant required in this particular case were noted and the consumer was repeatedly informed accordingly through KE letters dated November 18, 2013, December 18, 2013, January 6, 2014 and January 15, 2014. As far as the amount of Rs.1,493,208/- is concerned, the consumer was informed through letter dated October 29, 2013 that this amount is being charged for SDDS in accordance with KE policy as the total load of the consumer has exceeded 500 kW. The consumer showed no interest in payment of SDDS charges, installation of PFIP and rather filed a complaint in NEPRA.



4. The report of KE was sent to the Complainant for his information and comments. In response, the Complainant raised his observations over the report of KE and reiterated his earlier version.
5. To probe further into the matter, a hearing was held on September 05, 2014 at Karachi which was attended by both parties. During the hearing, the parties advanced arguments on the basis of their earlier versions. KE representatives informed that in order to provide the requisite extension, system augmentation is required for which SDDS charges have been claimed from the Complainant. The Complainant stated that already a 750 kVA dedicated transformer is installed at their premises and the demand of KE for SDDS charges is unjustified. To arrive at a prudent decision, a site inspection was conducted on November 11, 2014 by NEPRA personnel in presence of both the parties.
6. The case has been examined in detail in light of documents provided by both the parties, arguments advanced during the hearing and applicable law. The following has been observed:
 - i. The Complainant is an industrial consumer of KE with sanctioned load of 400 kW and is being fed from Dedicated Distribution System (DDS). The Complainant applied to KE for extension of 200 kW load on June 15, 2012. Initially, KE informed the Complainant that the required extension cannot be given due to some technical/system constraints. Later upon improvement in the system, KE issued demand notice amounting to Rs.5,78,009/- on September 05, 2013 for security deposit which was paid by the Complainant within due date i.e. on October 03, 2013. KE issued another demand notice amounting to Rs. 14,93,208/- on account of SDDS charges on October 29, 2013 but earlier, no such demand was raised by KE.
 - ii. The Complainant's DDS already exists i.e. 750 kVA transformer with allied material which can easily cater to the load of the Complainant i.e. 600kW. If any upgradation was required in the DDS of the Complainant, the same should have been done at his expense, however, there was no requirement of any such upgradation.
 - iii. Issuance of Demand Notice amounting to Rs. 14,93,208/- on account of SDDS by KE has no justification and is illegal. NEPRA introduced SDDS for prospective consumers where a Common Distribution System (CDS) does not exist and SDDS is required to be developed for the supply of power for sole consumption of specified area or a specified group of consumers. In the instant case, the SDDS has no relevance because CDS and DDS are already available in the area.



- iv. In the instant case, no up-gradation was made in DDS of the Complainant. May be KE has upgraded its own distribution system which is required to be upgraded at KE's cost and not on Complainant's cost. As per provisions of NEPRA Consumer Eligibility Criteria, 2003, extension/reinforcement in Common Distribution System (CDS) is the responsibility of licensee to provide supply to any applicant.
7. Foregoing in view, the demand notice amounting to Rs. 14,93,208/- issued to the Complainant on account of SDDS by KE has no legal justification. Therefore, KE is directed to withdraw the said demand notice and provide extension of load to the Complainant after fulfilling all codal formalities.
8. Compliance report be submitted within thirty (30) days.



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



Islamabad, March 13, 2015