



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/R/TCD.09(CAD)/15023-24
November 21, 2016

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

Subject: **ORDER IN THE MATTER OF COMPLAINT FILED BY ELAHI ELECTRONICS THROUGH DANISH ELAHI, CHIEF OPERATING OFFICER UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC LIMITED REGARDING CHARGING OF SPONSERED DEDICATED DISTRIBUTION SYSTEM (SDDS) CHARGES**
Complaint # KE-320/2015

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

Encl: As above


(Iftikhar Ali Khan)
Director
Registrar Office

CC:
Elahi Electronics
Through Mr. Danish Elahi
Chief Operating Officer, Elahi Electronics
Office # 28, 1st Floor, Mall Plaza
Mall Road, Rawalpindi.



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No: KE-320/2015

Elahi Electronics, **Complainant**
through Mr. Danish Elahi
Chief Operating Officer, Elahi Electronics,
Office #28, 1st Floor, Mall Plaza,
Mall Road, Rawalpindi.

Versus

K-Electric Limited, **Respondent**
KE House No.39-B,
Sunset Boulevard Phase-II,
Defense Housing Authority, Karachi.

Date of Hearing: May 26, 2016

On behalf of:

Complainant:

- 1) Mr. Hussain (Manager Elahi Group of Companies)
- 2) Mr. Ilyas (Manager Admin. Elahi Group of Companies)

Respondents:

- 1) Mr. Asif Shajar, DGM (Regulations)
- 2) Mr. Sunil Kumar, (Manager Korangi Industrial Area)

Date of Order: November 18, 2016

Subject: ORDER IN THE MATTER OF COMPLAINT FILED BY ELAHI ELECTRONICS THROUGH DANISH ELAHI, CHIEF OPERATING OFFICER UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC LIMITED REGARDING CHARGING OF SPONSERED DEDICATED DISTRIBUTION SYSTEM (SDDS) CHARGES

ORDER

This Order shall dispose of the complaint filed by Elahi Electronics through Mr. Danish Elahi, Chief Executive (hereinafter referred to as the "Complainant") of 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. Submission of the Complainant are that he has been paying electricity bills in timely manner and despite of the fact that there are no outstanding dues against him. KE issued him a notice for excessive usages of load against the sanctioned load of premises i.e. 47 kW. Accordingly, he approached KE for extension of load from 47 kW to 127 kW on July 04, 2014 and subsequently paid the charges amounting to Rs.1,679,000/- issued by KE on account of following:

i) Supervision Charges	Rs. 219,000/-
ii) Security Charges	Rs. 160,000/-
iii) Contractor Charges	Rs. 700,000/-
iv) PMT/equipment Charges	Rs. 600,000/-
Total	Rs.1,679,000/-

Further, the Complainant added that even after completing all the formalities and payment of the above amount, additional amount of Rs. 607,000/- was charged by KE on account of Sponsored Dedicated Distribution Charges (SDDS) which were paid under protest. The Complainant prayed for intervention of the Authority and resolving his issue.

3. The matter was taken up with KE for submission of para-wise comments. In response, KE vide letter dated July 03, 2015 reported that the existing system in place cannot cater to requirements of the Complainant's extended load therefore, his case was clubbed with nine (09) other cases of Load Regularization/ Load Extension having a cumulative load of 2.48 MW. Subsequently an estimate of Rs. 597,280/- (Rs.7466 * 80 kW) on account of SDDS charges was worked out and served upon the Complainant.
4. The said report of KE was found unsatisfactory and in contradictory to the provisions of NEPRA Consumer Eligibility Criteria, 2003. Accordingly, KE was once again directed vide this office letter dated July 15, 2015 to review the case and resubmit report. In response, KE vide letter dated August 05, 2015 reiterated its earlier version dated July 03, 2015 and submitted that the Complainant was involved in illegal extension of load as the MDI in May, 2014 was reported to be 127 kW against the sanctioned load of 47 kW, therefore, the Complainant was informed through a notice to either remove the illegally extended load or apply for load regularization within one month. In pursuance to the said notice, the Complainant applied for load regularization on July 04, 2014. Subsequently KE informed that in order to accommodate the unauthorized extension of load in existing system, a new 11 kV feeder was proposed to be laid / energized to bring down the loading of serving network within permissible limits. KE further added that if the Complainant reverts to its previous connected load i.e. 47 kW, then KE shall return him charges raised on account of Security Deposit and SDDS.
5. The matter was again taken up with KE vide this office letter dated September 11, 2015, wherein it was emphasized that as per Consumer Eligibility Criteria, 2003, extension/reinforcement in Common Distribution System (CDS) is responsibility of KE. Accordingly, KE was again directed to review the case and resubmit report. In response, KE vide letter dated September 28, 2015 again submitted unsatisfactory response. In furtherance, KE vide its letter dated October 23, 2015 requested for an opportunity of meeting. The said request was acceded to and meetings were held on January 13, 2016 & February 26, 2016 at NEPRA Head Office, Islamabad wherein the policy of KE w.r.t SDDS charges was discussed at length and KE agreed to revise its policy w.r.t SDDS charges. Thereupon, it was also clarified vide letter dated April 05, 2016 that KE cannot collect SDDS charges for extension/reinforcement/strengthening of CDS, except in the following scenarios:

- i) Un-electrified areas where there is no sponsor and the electrification is required to be carried out by KE on behalf of sponsor.
- ii) Abandoned schemes where sponsor has failed to provide electrification infrastructure and the electrification is to be done by KE on behalf of sponsor.
- iii) Consumers who qualify for independent feeder / PMT and wish to share the cost of the feeder/ PMT with other consumers.

6. In view of the said discussions, KE was also directed to proceed the instant case in light of above directions accordingly. However, KE vide its letter dated April 19, 2016 submitted an unsatisfactory response again. In order to examine the case further, another hearing was held on May 26, 2016 at NEPRA Head Office which was attended by both the parties. During the hearing, the parties advanced arguments on the basis of their earlier versions.

7. The case has been examined in light of documents made so available 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 under B2 tariff category. KE issued a notice to the Complainant on May 20, 2014, for extension of load to 127 kW against his sanctioned load of 47 kW. Accordingly, the Complainant applied KE for 80 kW net extension on July 04, 2014. Thereon, KE charged Security Deposit amounting to Rs.160,000/- for extension of load and other allied charges amounting to Rs.1,501,900. Subsequently KE charged SDDS charges amounting to Rs.5,97,280/- at the rate of Rs.7,466/- per kW for the extended load of 80 kW. The said charges raised by KE were paid by the Complainant under protest.
- ii. KE is of the view that since its existing system in place was unable to cater to the extended load of the Complainant, therefore, in order to accommodate the extended load, a new 11 kV feeder was laid/energized by clubbing 09 nine other cases of Load Regularization/ Load Extension having a cumulative load requirement of 2.48 MW and proportionate feeder sharing cost was recovered from the Consumer(s).
- iii. As per NEPRA Consumer Eligibility Criteria, 2003 extension/reinforcement in CDS is the responsibility of the licensee. The consumers are only responsible for up-gradation of their DDS upto inter-connecting point. Further, in case the applicant offers to deposit the cost, to be incurred on the required extension/ reinforcement of the common distribution system, the licensee shall provide the required extension/reinforcement services upon deposit of costs by the applicant subject to an agreement of reimbursement of costs incurred by the applicant.
- iv. The SDDS regime was introduced for prospective consumers where a CDS does not exist and SDDS is required to be developed for the supply of power for sole consumption of a specified area or a specified group of consumers. KE has wrongly interpreted the concept of SDDS. In the instant case, the SDDS has no relevance because extension/reinforcement of CDS is the responsibility of the Licensee and there was no alteration required in the DDS.
- v. As per the Tariff Terms & Conditions determined by NEPRA and notified in the official Gazette, the consumers under B-2 category having load capacity



from 5 kW upto 500 kW are to be supplied electricity at 400 V (LT Supply), whereas the consumers under B-3 category having load capacity from 500 kW upto 5000 kW are to be supplied electricity at 11/33 kV (HT-Supply) as such the Complainant having total load of 127 kW did not qualify for an independent feeder, therefore imposition of SDDS charges is not justified.

8. In view of foregoing, the SDDS charges amounting to Rs. 5,97,280/- charged against the Complainant have no justification and are contrary to the applicable Rules and Regulations. Therefore, KE is hereby directed to reimburse/adjust the aforesaid charges in the future bills of the Complainant.
9. Compliance report in this regard must reach this office within thirty (30) days.


Member (Consumer Affairs)
18/11/16

Islamabad, November 18, 2016