



**National Electric Power Regulatory Authority**  
Islamic Republic of Pakistan

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**OFFICE OF THE  
REGISTRAR**

No. NEPRA/R/CAD/TCD/13801-04


September 16, 2015

Chief Executive Officer  
Lahore Electric Supply Company (LESCO)  
22-A, Queens Road, Lahore

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY MR. AKHTAR ALI CHAUDHRY, EXECUTIVE DIRECTOR, M/S SIARA TEXTILE MILLS (PVT) LIMITED UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING EXTENSION OF LOAD AND DEDICATED FEEDER (AC # 27-11613-2604200R)**  
Complaint # LESCO-103/2014

Please find enclosed herewith the decision of NEPRA dated September 15, 2015 regarding the subject matter for necessary action and compliance within thirty (30) days of receipt of this decision.

**Encl:/As above**

  
16/9/15  
(Iftikhar Ali Khan)  
Deputy Registrar

Copy to:

C.E./Customer Service Director  
Lahore Electric Supply Company (LESCO)  
22-A, Queens Road, Lahore

Manager (Commercial)  
Lahore Electric Supply Company (LESCO)  
22-A, Queens Road, Lahore

Mr. Akhtar Ali Chaudry  
Executive Director,  
M/s Siara Textile Mills (Pvt) Limited  
605-C, Faisal Town, Lahore



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

**Complaint No. LESCO-103/2014**

Mr. Akhtar Ali Chaudry, ..... **Complainant**  
Executive Director,  
M/s Siara Textile Mills (Pvt.) Limited,  
605-C, Faisal Town, Lahore.

**Versus**

Lahore Electric Supply Company (LESCO), ..... **Respondent**  
22-A, Queen's Road, Lahore.

**Date of Hearings:** 22<sup>nd</sup> October 2014  
12<sup>th</sup> January 2015  
23<sup>rd</sup> February 2015  
19<sup>th</sup> June 2015

**Date of Decision:** September 15, 2015

**On behalf of:**

**Complainant:** 1) Mr. Akhtar Ali Chaudry, Executive Director  
2) Mr. Zulfqar Ali, Admin Manager  
3) Mr. Imran Akhtar, Director

**Sapphire Textile Mills:** Mr. Jahangir Baloch, Manager Administration

**Respondent:** 1) Rao Zamir-ud-Din, Chief Engineer  
2) Mr. Bashir Ahmed, Additional Manager

**Subject:** **DECISION IN THE MATTER OF COMPLAINT FILED BY MR. AKHTAR ALI CHAUDHRY, EXECUTIVE DIRECTOR, M/S SIARA TEXTILE MILLS (PVT) LIMITED UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST LESCO REGARDING EXTENSION OF LOAD AND DEDICATED FEEDER ( AC # 27-11613-2604200R )**

**Decision**

1. This decision shall dispose of the complaint dated 27<sup>th</sup> August 2014 filed by Mr. Akhtar Ali Chaudhry, Executive Director, M/s Siara Textile Mills (Pvt) Limited, (hereinafter referred to as "the Complainant") under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 against LESCO (hereinafter referred to as "the Respondent" or "LESCO").

2. The Complainant in his complaint stated that he is a consumer of LESCO under tariff B-3. In the year 2013, they applied to LESCO for extension of load from 2700 kW to 3500 kW which was granted on 9<sup>th</sup> January 2014. Consequent to the extension of load, there were three options, i.e. either to upgrade their existing 11 kV independent feeder or to construct a new feeder altogether or to utilize some spared feeder in the area, if available. The Complainant further stated that another industry named M/s Blessed Textile Mills (M/s Sapphire Textile Mills) was converted to B-4 tariff, therefore, they obtained full rights of their 11 kV spared feeder but LESCO did not accept their request and issued demand notice amounting to Rs. 4.8 Million which is the current cost of erecting the 11 kV feeder of same specifications. The estimate not only contains cost of material but also store charges (12%) and installation charges (8%), whereas, neither any storage nor installation is involved. The Complainant further added that they approached LESCO for withdrawal of demand notice but LESCO is reluctant to accept their point of view. The Complainant requested NEPRA to issue clarification regarding utilization of existing independent feeder of M/s Blessed Textile Mills and their existing 11 kV Siara Feeder may be converted into Common Distribution Feeder by LESCO, if they need the same subject to provision of compensation to them on present book value.

3. The case was taken up with LESCO vide NEPRA's letter dated 29<sup>th</sup> August 2014 for submission of parawise comments. Upon non receipt of parawise comments from LESCO, subsequent reminders were issued. Since LESCO did not submit parawise comments within stipulated time period therefore, LESCO was directed to appear for hearing on 22<sup>nd</sup> October 2014 at NEPRA Head Office Islamabad. The Complainant was also invited to attend the hearing. Accordingly, representatives of both the parties attended the hearing. LESCO representative(s) submitted the required report during the hearing and stated that M/s Siara Textile Mills (Pvt) Ltd having sanctioned load of 2700 kW was being fed through 11 kV independent feeder with Dog conductor. In May 2014, they applied for extension of load from 2700 kW to 3500 kW. During processing of the case, it was observed that in order to accommodate the applied load, reconductoring of 11 kV feeder from Dog to Osprey is mandatory to bring the parameters within specific limit. In the meantime, M/s Siara Textile Mills (Pvt) Ltd. submitted No Objection Certificate (NOC) from M/s Sapphire Textile Mills regarding utilizing their spared 11 kV independent feeder. Accordingly, on request of M/s Siara Textile Mills, the case for extension of load was processed through spared 11 kV independent feeder and approval along with demand notice of capital cost including cost of 11 kV feeder at fresh rates as per prevailing policy in LESCO was issued on 9<sup>th</sup> January 2014. LESCO representative(s) further added that the demand notice of capital cost has correctly been issued by providing them already constructed 11 kV dedicated feeder with Osprey conductor on cost deposit basis. After payment of demand notices by the Complainant amounting to Rs. 47,77,950/- for capital cost and Rs. 23,84,000/- for security deposit, order for implementation of required extension of load from 2700 kW to 3500 kW was issued on 14<sup>th</sup> October 2014.

4. To proceed further into the matter, the case was taken up with LESCO for submission of the following:

- i. Breakup of demand notice amounting to Rs. 47,77,950/-
- ii. Breakup of security deposit amounting to Rs. 23,84,000/-
- iii. Law/rule under which LESCO has established its ownership on 11 kV Blessed feeder
- iv. Compensation to M/s Sapphire Textile Mills for utilizing their spared feeder etc.

5. In response, LESCO vide its letter dated 6<sup>th</sup> November 2014 submitted the required information. As per version of LESCO, after switching over of M/s Sapphire Textile Mills from 11 kV to 132 kV grid station, their 11 kV feeder was spared which became the property of LESCO automatically as per agreement executed between M/s Sapphire Textile Mills and WAPDA/LESCO at the time of granting new connection. LESCO further added that no compensation has been given to the owner of 11 kV Blessed Feeder.

6. To investigate the matter, another hearing was held on 12<sup>th</sup> January 2015 at NEPRA Head Office, Islamabad which was only attended by the Complainant whereas LESCO representative(s) failed to appear in the hearing. During the hearing, the Complainant reiterated his early version as submitted in his complaint and subsequent correspondence. The Complainant further stated that in a similar case of M/s Adil Textile Mills, Sheikhpura, LESCO has not charged cost of feeder. To proceed further into the matter, another hearing was fixed for 27<sup>th</sup> January 2015, however, LESCO requested for re-scheduling of the hearing, therefore, the hearing was re-scheduled for 23<sup>rd</sup> February 2015 which was attended by both the parties. The parties advanced arguments on the basis of their earlier versions. In addition, LESCO representative(s) informed that the allegation of the Complainant that M/s Adil Textile Mills was not issued any demand notice upon providing NOC for utilization of some other independent feeder, is not correct. In this regard, a demand notice amounting to Rs. 32,30,233/- was issued to M/s Adil Textile Mills which was also paid by them.

7. In order to take M/s Sapphire Textile Mills i.e the owner of 11 kV Blessed feeder on board, a final hearing in the matter was held on 19<sup>th</sup> June 2015 at NEPRA Regional Office, Lahore. The hearing was attended by representative(s) of all three parties i.e LESCO, the Complainant and M/s Sapphire Textile Mills. The representative of M/s Sapphire Textile Mills informed that they gave a letter to M/s Siara Textile Mills Limited in good faith and this should not be considered as NOC by any means. They have surrendered 11 kV Blessed feeder to LESCO and now this is between Siara Textile Mills and LESCO to decide the issue. Later, the Manager Administration, M/s Sapphire Textile Mills Limited vide his letter dated 22<sup>nd</sup> July 2015 stated that they did not opt for any compensation of their 11 kV feeder from LESCO and instead ceded their rights to M/s Siara Textile Mills.

8. The case has been examined in detail in light of written/verbal arguments of the parties, documentary evidences and applicable law. The following has been observed:

- i. The Complainant is an industrial consumer of LESCO under B-3 tariff category and had a sanctioned load of 2700 kW which was fed through an independent 11 kV feeder. The Complainant applied to LESCO in the year 2013 for extension of load from 2700 kW to 3500 kW which was sanctioned by LESCO on January 09, 2014. Upon extension of load, the existing feeder of the Complainant required re-conductoring to bring the parameters as per specification but due to right of way problem, the same could not be up-graded.
- ii. Another 11 kV feeder was spared by M/s Sapphire Textile Mills due to obtaining supply at 132 kV upon extension of load. The Complainant obtained NOC from the owner of said 11 kV feeder for its utilization and requested LESCO for provision of supply from M/s Sapphire Textile Mills spared feeder.
- iii. LESCO did not consider the request of the Complainant and issued a demand notice amounting to Rs. 47,77,950/- to the Complainant on fresh rates for capital cost for providing supply from 11 kV Blessed feeder and an amount of Rs. 23,84,000/- as security deposit. The demand notice for capital cost amounting to Rs. 47,77,950/- consists of following components:
  - a) Rs. 43,59,006/- for existing/ already installed material which includes Rs. 5,69,232/- as store/installation charges.
  - b) Rs. 4,18,944/- for new material, metering equipment, grid end material and other allied charges
- iv. The Complainant paid the demand notices and got connected his supply from 11 kV Blessed feeder and then approached LESCO for withdrawal of the demand notice paid on account of capital cost. Upon no response from LESCO, the Complainant filed a complaint before

NEPRA. The Complainant is of the view that LESCO has illegally charged them cost of an already constructed feeder on fresh rates despite the fact that rights for use of the feeder have been given to them by the owner of the feeder. The Complainant has further informed that LESCO has illegally charged store charges and installation charges where neither any storage was involved nor any thing was installed.

- v. If the Complainant had any observation over the cost of the feeder he should not have paid the demand notice(s) and should have approached some appropriate forum, whereas in the instant case, the Complainant paid the charges demanded by LESCO and after energization of his feeder, he filed complaint which has no legal justification.
  - vi. As per law, owner of the Dedicated Distribution System (DDS)/feeder cannot issue NOC to any other consumer for its usage. The DISCO has right under Consumer Eligibility Criteria 2003 to retain a system upon extension/ reduction of load, removal of connection, permanent disconnection etc, but in such a case, the DISCO has to provide compensation to the owner of the dedicated distribution system. Since the spared feeder became property of LESCO therefore, LESCO can sell rights of its feeder to any of its consumer and cost of such feeder can be charged on mutually agreed rates. However, store charges and installation charges on a used feeder have no justification and are illegal.
  - vii. LESCO charged cost of the feeder which was agreed and paid by the Complainant without any hesitation, as it was in the interest of the Complainant.
9. Foregoing in view, LESCO is hereby directed:
- i) To withdraw store charges and installation charges amounting to Rs. 5,69,232/- charged to the Complainant against the already installed/used feeder.
  - ii) To provide compensation to M/s Siara Textile Mills and M/s Sapphire Textile Mills for their spared feeders as per the provisions of Consumer Eligibility Criteria, 2003.
  - iii) To submit compliance report within 30 days.

Islamabad, September 15, 2015

  
Maj (R) Haroon Rashid 15/9/15  
Member (Consumer Affairs)

