To Registrat

### NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

### **INTERVENTION REQUEST**

### IN BAHRIA TOWN PRIVATE LIMITED'S APPLICATION FOR

### **DISTRIBUTION LICENSE**

Name/Address	Bahria Town Residents Welfare Association ("BTRWA") through its
	Patron-in-Chief Mr. Masood-ur-Rehman resident of House 163, Street
	1, Usman D-Block, Safari Valley, Bahria Town Phase 8.
	Cell No. 0345-5589595 email. Masoodurrehman.d@gmail.com
intervener is likely tobe	Bahria Town Private Limited (" <b>BTPL</b> ") charges its residents and electricity tariff in excess of the approved rates of IESCO and continue to distribute electricity even after it surrendered its distribution license in
determination in the proceeding.	2020. Despite that its prior distribution license only permitted to sel electricity on rates applicable to the residents of IESCO, BTPL ha violated the terms and conditions of its distribution license and
	overcharged its residents without facing any penal action. If BTPL i granted a distribution license again in respect of Bahria Town Islamabac without resolving the issue of illegal tariff being charged by BTPL, the residents of Bahria Town Islamabad will have no recourse available against BTPL and the same will validate the illegal actions of BTPL.
Contention / Groundsof making the formal request	This formal request is being made pursuant to the grounds and detailed reasons provided in our comments attached herewith.
Relief Sought (if any).	It is respectfully requested that the consumer complaints and grievances of the residents of Bahria Town Islamabad are resolved before any determination on BTPL's application for distribution license, including but not limited to, directing BTPL to stop overcharging tariff with immediate effect and reimburse the excess amount charged to its residents.
Brief of evidence (ifany)	Evidence has already been provided to NEPRA on numerous occasions and the same has been appended with BTRWA's consumer complaint to NEPRA and its Writ Petition No. 34/2022. Some documents are attached with this intervention and If required, we will submit more documents as well.
Comments.	As appended herewith.

Date: 4/5 2023

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Accompanied with:

- 1. An affidavit on stamped paper sworn before an authorized officer.
- 2. Intervention Request Fee.

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Forwarded please	o for information
V. DG (Lic.)	2. DG (Admn./HR)
3. DG (M&E)	4. DG (CAD)
5. DG (Trf.)	6. Dir. (Fin.)
7. Dir. (Tech.)	8. Consultant
9. LA	10., '`, Dir. (IT)
For kind information p 1. Chairman 3. M (Lic.) 5. M (Law)	2. M (Toch.) 4. M (Trf. & Fin)

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### E-STAMP

#### 10 : PB-RWP-E8EC0C4D2740D906 14 Type Low Denomination Rs 100/-Amount: Scan for online verification Description APPIDAVE: A Applicant Masood Ur Rehman (37405-9569496-7 Habib Ur Rehaman Laung Self . Caracteria Address District slamabae Issue Date 3-May-2023 2.51:55 PM Stamp 11-1-2-Delisted On/Validity 10-May-2023 Amount in Words : One Hundred Rupees Only For Affidavit Reason : Malik Apf Mumtap | PB-RWP-760 | Jahanda chichi Rawalpindi Vendor Information لوث بيا ترالايكشن كاريغ نغرا سبے سنته تلون ذك نئے ليےقاس استعمال ہے، ان استاب في تصنيق بذرب ويب سنت تليونر اكونا بايان، Type "eStamp <16 digit eStamp Number>" send to 8100

### AFFIDAVIT

I, Masood-ur-Rehman, bearing CNIC No. 37405-9569496-7 and resident of House 163, Street 1, Usman D-Block, Safari Valley, Bahria Town Phase 8, Patron-in-Chief of Bahria Town Residents Welfare Association, do hereby solemnly affirm & declare on oath that that statements made in the Intervention Request are true and correct to the best of my knowledge and belief and nothing material has been concealed in respect thereof.

DEPONENT

Masood-ur-Rehman Patron-in-Chief Bahria Town Residents Welfare Association and a resident of Bahria Town Phase-8

### **VERIFICATION**

It is verified on oath at Islamabad on \_\_\_\_\_ day of May 2023 that the contents of the affidavit are true and correct to the best of my knowledge.

DEPQNENT

Masodd-ur-Rehman Patron-in-Chief Bahria Town Residents Welfare Association and a resident of Bahria Town Phase-8

# GROUNDS FOR INTERVENTION ON BEHALF OF BAHRIA TOWN RESIDENTS WELFARE ASSOCIATION.

### a. <u>Commentary on the Electricity DistributionLicence granted to BTPL by NEPRA on</u> <u>November 24, 2010 and its aftermath.</u>

- 1) BTPL was granted an electricity distribution licence by NEPRA on 24.11.2010 to manage electricity distribution in its projects located in District Rawalpindi and Islamabad capital territory. The BTPL had constructed the electricity network withthe funds contributed by the residents and commercial plot owners. The IESCO filed a Writ Petition in the Islamabad High Court against NEPRA for issuing a licence to BTPL in an area that was already licensed to it, in contravention of NEPRA regulations. This case got the finality when `BTPL surrendered its distribution licence before the High Court on 16 October 2020, whereupon the Court ordered the electric network to be transferred to IESCO. (The letter from NEPRA dated 20, October 2020.)
- 2) In response to the court order, NEPRA revoked BTPL's licence on October, 20, 2020 and instructed BTPL and IESCO to complete the procedure of handing/taking over under NEPRA's supervision. IESCO and BTPL both defied Court's and NEPRA's directives, preventing the system from being transferred and retaining control. NEPRA is completely aware of the causes, so we won't go through them again.
- 3) However, when BTPL was no longer a licence holder, it implemented its own tariff by adding Rs. 4 per unit to the bills of end consumers, effective December 2020 under the self-introduced head of "Tariff Adjustment," despite the fact that it had already been overcharging under the heading "Qtr. Adjustment" by Rs. 1.29 since January/February 2019 when compared to IESCO end consumer rates. This was in breach of NEPRA's determination orders dated 1.11.2011, which outlined the fundamental principles in paragraph 9.2 as follows:-

"In Authority's opinion if the Petitioner was not granted distribution licence then IESCO would have been providing the service to the consumers of Bahria Town and the same tariff as that of IESCO's consumers would have been applicable in the instant case. The Authority feels that it would be against the principle of fairness, equity and justice to charge the differential tariffs within the same municipality limits for the same consumer categories. In view thereof the Authority is fully in agreement with the concerns raised by the intervener that notwithstanding grant of a separate distribution licence to Bahria Town, it would be reasonable and in the 1 5

Determination of the Authority with respect to BTPL No. NEPRA/TRF-170/BTPL 2011 fitness of things that such consumers should also pay the same tariff as is being paid by the consumers of IESCO. Accordingly the Petitioner's request for allowing differential tariff for the consumers of Bahria Town is not accepted."

- 4) Aggrieved by BTPL's actions, the Bahria Town Residents Welfare Association (BTRWA) filed a Complaint No. BTPL-02/02/2021 against BTPL for various violations committed while operating electricity operations since 2011, including the violations of overcharging Rs. 4 per unit effective bill of December, 2020 without the Authority's approval. (Complaint is attached as <u>Annex-E</u>).
- 5) In response to the aforementioned complaint, the NEPRA issued two separate orders, which are detailed below;
  - (i) NEPRA's letter No. NEPRA/DG(CAD)/TCD-12/9718 dated February 24, 2021, to IESCO about the cancellation of BTPL's distribution license on 20, 2020, with the direction to initiate the process of handing over/taking over of electricity network of BTPL and also to enter into an agreement with BTPL in accordance with provisions of NEPRA (Supply of Electric Power Regulations, 2015). The letter also stated that the Authority vide its determination dated December 15, 2020, extended the service territory of IESCO to include the area previously served by BTPL, thereby declaring the residents/occupants of BTPL Rawalpindi/Islamabad as consumers of IESCO. IESCO was also directed vide letter No. NEPRA/DG(Lie)/LDD-02/4845-49 dated January 29, 2021, to complete the process of handing/taking over of electricity network of BTPL immediately and execute an O&M agreement with BTPL and send the same to the Authority for approval within (7) days. In the concluding para, the IESCO was warned that in case of non-compliance, legal proceedings will be initiated against IESCO under the Nepra Act and other enabling rules and regulations. (NEPRA's letter of February 24 2021 addressed to CEO, IESCO is attached as Annex-F).
  - (ii) Similarly, NEPRA's letter No NEPRA/DG (CAD)/TCD-12/9722-24 dated February 24, 2021, addressed to the CEO, BTPL mentioned only the complaint of Rs. 4 overcharging and completely ignored the rest of the grave violations mentioned in the complaint of BTRWA referred above without communicating any reason for this serious lapse. However, in the concluding para, the BTPL was directed to stop raising extra charges to the consumers and refund the excessive amount already charged. BTPL

was also directed to ensure the charging of the same rates as applicable to other consumers of IESCO till taking over the territory by IESCO with further directions to submit a compliance report within (10) days. (NEPRA'sletter dated 24, February 2020 addressed to BTPL is attached as Annex-G).

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- 6. BTRWA in its letter dated March 3, 2021, filed another complaint about the nonimplementation of the NEPRA order of 24.2.2021 by the BTPL and for no action on the remaining issues raised in its petition of January 30 2021 with particular reference to the following matters.
  - a) NEPRA may determine the investment the residents contributed to setting up the grid station and laying the infrastructure as part of development charges. (Refer para7).
  - b) BTRWA reservations regarding the signing of an O&M agreement between BTPL and IESCO and allied matters without the concurrence of the residents. (Refer to para 8, 8.1 to 8.3).
  - c) Forensic Audit for the last five years to determine the overcharged amount and refund to the end consumers. (Para-8.4).
  - d) Contempt proceeding against BTPL and IESCO for not complying with the NEPRA's orders of 24.2.2022.

(BTRWA's letter to NEPRA of March, 3 2021 is attached as Annex-H.)

- 7) As a result of the ongoing follow-up, the NEPRA scheduled a meeting between IESCO and BTPL for 11 a.m. on April 29, 2021, to sign the agreement between the two. BTRWA's representative also attended the meeting via ZOOM and expressed concerns about IESCO and BTPL's delaying tactics regarding the signing of the O&M agreement. They were also concerned that the O&M agreement required the approval of the residents who paid for the installation of the BTPL's electricity network. BTRWA also requested a response to other issues raised in its January 30, 2021 Petition, which was told would be addressed upon signing of the O&M. Later, the Additional Registrar of NEPRA forwarded the meeting minutes to the Chief Executives of IESCO and BTPL on May 6, 2021 for the signing of the agreement stated to have been agreed between the two without sharing the same with BTRWA. We later learned that both IESCO and BTPL had not agreed to sign the O&M agreement. (NEPRA's letter addressed to IESCO and BTPL dated 06, May 2021 is attached as Annex-I.)
- 8) On July 24, 2021, BTRWA sent a reminder to the Chairman NEPRA, that the NEPRA's orders of 24.2.2021 is only about the overcharging of Rs. 4 and has yet to be enforced.

His attention was also drawn to the fact that the NEPRA Consumers Affairs Department had taken no action on other irregularities reported in the BTRWA complaint dated January 30, 2021.(BTRWA'sletter dated July 24, 2021 is attached as Annex-J).

- 9) A letter dated August 25, 2021 was again sent to the Chairman of NEPRA expressing reservations about holding a meeting with the Ministry of Energy, inviting IESCO and BTPL but ignoring the BTRWA as the main stakeholder who has contributed significantly to the establishment of BTPL's electricity network.(BTRWAletter dated August 25, 2021 is attached as Annex-K).
- 10) Finally, on October 4, 2021, a comprehensive letter was addressed to the Chairman of NEPRA stating that despite repeated requests and communications, the end consumers could not be granted any relief regarding the extra charges levied by the BTPL. In paragraph 6 of the aforementioned letter, the authority was invited to consider the role of NEPRA's Consumer Affairs Department in failing to process the BTRWA's complaint by following NEPRA's "Complaint Handling and Dispute Resolution Procedure Rules 2015." Nonetheless, it appears that many of the other infractions listed in paragraph 7 of the aforementioned letter, of which BTPL was guilty and of which BTRWA had called the Authority's attention, were purposefully avoided and not presented to the Authority for a fair ruling.(BTRWAletter dated October 4, 2021 is attached as Annex-L)
- 11) We regret that NEPRA could not exercise the authority vested in it by the relevant rules, leaving consumers at the mercy of BTPL. We don't understand why NEPRA has given BTPL free rein to set its own tariffs and other rules at the expense of end users.

# Comments of the relevant parties on pending Tariff Petition of BTPL that was determined by the Authority on 15.1.2021 when its distribution licence was already cancelled in October, 2020.

### Clause-5. Intervention of BTRWA.

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a. BTRWA, inter alia, submitted that BTPL is obligated to segregate its licensed activity from the main company which is predominantly involved in land development, but the BTPL accounts show the distribution as a project of BTPL and not as an independent entity. In addition it submitted that losses shown by BTPL in the audited accounts for FY 20 17-18 and projected accounts of FY 20 19-20, are due to charging of O&M costs, which includes depreciation on assets, which are actually acquired from the contribution of residents. BTRWA, further submitted that no basis of allocation of management costs and revenues have been provided in the petition. The audited accounts filed with SECP, must show the bifurcation of costs and revenues of different segment of businesses of BTPL should be provided. In addition, it pointed out massive exploitation of consumers by the BTPL through arbitrary application of TOU rates without having TOU meters in place, and a single rate may be determined for all

residential consumers. Intervener further claimed that accounts and projections of BTPL are misleading and the distribution margin claimed is unjustified. The Depreciation/ Return on Asset Base is not admissible as the assets have been funded by the residents. The percentage of losses should be limited to NEPRA determined losses in the past.

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# Clause-15, 20 and 24 showing stance of BTPL, during the hearing as under.

- BTPL categorically submitted that they do not want to continue with the electricity business and want to hand over their distribution system to IESCO.
   BTPL also submitted that since this process of takeover may take couple of months, and during the transition period the Power Purchase Price (PPP) of BTPL to be paid to IESCO, would be higher as compared to cost being recovered from consumers, therefore, BTPL may be allowed some relief till the time the process of transfer of assets is completed.
- 2) Meanwhile, BTPL vide letter dated September 15, 2020 again submitted that it is ready to surrender its Distribution License and hand over to JESCO its entire electrical network i.e. 220/132 KY Grid Stations and Distribution Systems on "as is and where is basis". However, at the same time, BTPL also requested that, being a distribution licensee, it may be granted tariff under Section 31 of the NEPRA Act 1997

# IESCO's observations under clause 26 with reference to the distribution network of BTPL.

- 1) BTPL distribution system suffers from chronic low efficiency and losses, and BTPL has not maintained proper billing system comparable to prudent industry practice. This requires substantial investment and significant time to implement and correct the required work. BTPL has operated this system for 10 years and unlawfully profited from it.
- 2) BTPL at no time was owners of the distribution system, mentioned in the distribution license of BTPL as in fact the distribution system was paid for by the consumers.

Authority's comments at clause 27, 28 and 29 of its determination orderat Clause-27

1) The Authority understands that consequent upon the cancellation of BTPL License, and per the submissions made by BTPL and IESCO in the honorable Islamabad High Court (TI-IC), the BTPL Network is to be taken over by IESCO. IESCO, however, has shown serious reservations on the distribution network of BTPL by submitting that significant investment is required for up gradation, rehabilitation and renovation of the same. IESCO also claimed that BTPL has enormously profited from operation of the Distribution Business over ten years period without any investment of these profits or investments up-to the required and necessary level to maintain/ upgrade the distribution system and services to keep pace with increasing load demand and cater for the deterioration of the system. JESCO for the purpose has estimated an amount of around Rs.2, 132 million and requested that all profits! Gains made by BTPL to date be returned to IESCO together with compensation for the lost /.

### opportunity.

### At clause 28

1) As mentioned above, the Authority has initiated separate proceedings for the handing over / taking over of the BTPL network, whereby all the points raised by JESCO will be addressed on merit. The Authority further directs BTPL to provide its Audited Financial Statements, audited by Category "A" audit firm as per the State Bank of Pakistan panel of Auditors, since grant of its Distribution License in order to assess the claims of IESCO. The same would be evaluated in the proceedings of handing over and taking over.

#### At clause 29

2) Foregoing in view and the fact that BTPL's distribution license has now been cancelled, the Tariff Petitions filed by BTPL as a Distribution licensee as well as a deemed Supplier, for determination of Distribution and Supply of Power Tariffs for the FY 2018-19 and FY 20 19-20, are no more valid and does not require any further proceedings. (NEPRA determination order is attached at **(Annex-M)** 

### Comments with Reference to BTRWA's Writ Petition No. 34-2022 before the Islamabad High Court

1) After getting no relief from despite making repeated requests to NEPRA through letters and telephonic contacts, BTRWA filed a WP in the IHC on 4.1.2022 to get the NEPRA orders of 24.2.2021 enforced and resolution of the matters it raised to

NEPRA in its complaint of January, 30.1.2021 and March 3, 2021. Following the case hearing on 17.2.2022, the Honorable Court recorded the proceedings and directions in the order sheet as under:-

*"Learned Council for NEPRA submitted that efforts to amicably resolve the matter pertaining to the takeover by IESCO of the electricity distribution system installed by Bahria Town have not borne any fruit as yet.* 

IESCO was to take over Bahria Town's electricity distribution system (which is inefficient and needs to be upgraded), IESCO would expose itself to being penalized by NEPRA. He further submitted that IESCO can upgrade Bahria Town's electricity distribution system with funds provided by Bahria Town or Bahria Town can upgrade the system under IESCO's supervision before IESCO can take it over. He also complained that the Regulator is not taking the matter seriously and the last meeting regarding this matter took place a few months ago.

Mr. Nadir Altaf, learned counsel for the petitioners in writ petition No.34/2022 complained that the petitioners, who are electricity consumers in the housing schemes established by Bahria Town are being charged higher than the tariff notified by NEPRA, and that this fact is in NEPRA's knowledge.

Learned counsel for Bahria Town assured that Bahria Town shall not charge from the consumers a single penny more than the tariff notified by NEPRA. NEPRA shall ensure that tariff in excess of the notified tariff is not charged from the consumers by Bahria Town.

Since efforts made by NEPRA to amicably resolve the dispute between IESCO and Bahria Town regarding the takeover of the electricity distribution system have remained unsuccessful, it may consider using its statutory powers to intervene in the matter and resolve the dispute in a manner that is most favorable to the consumers.

This petition has been pending since several years. The electricity distribution license issued by NEPRA to Bahria Town is no longer valid. The jurisdiction of IESCO to provide electricity distribution facilities in the area for which a license had previously been granted to Bahria Town has been restored. In the event, the dispute is not resolved within one month, the Chairman, NEPRA as well as the Chief Executive Officer of IESCO shall tender an appearance before this Court and explain as to why this matter has not been prioritized".

(Copy of the Court Order sheet dated 17.2.2022 is attached as **Annex-N**).

- 2) With reference to the above hearing of the case, a letter dated February 22, 2022 was sent to the Chairman by the Legal Counsel of BTRWA, highlighting the following points for his information and consideration.
  - a) BTPL blatantly took an inaccurate position that it has not overcharged the residents of Bahria Town thereby nullifying the NEPRA's order of 24.2.2021 to BTPL to stop the reported overcharging and refund the overcharged amount back to the end consumers.

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- b) This statement also contradicted the BTPL letter dated March 3 2021 in which it admitted the overcharging because of the higher purchase rate charged by the IESCO.
- c) The Chairman, NEPRA was requested to kindly prioritize this matter and ensure compliance with the directions of the Honourable Islamabad High Court.

(BTRWA's legal Counsel Letterdated February 22, 2022 is attached as (Annex-O).

- 3) In response to above, Mr. Lashkar Khan, Director of the Consumer Affairs Department, informed vide his letter of March 28, 2022 informed that after the last hearing on 17.2.2022 NEPRA has recently directed IESCO to resolve the issue amicably with BTPL. IESCO has also constituted a committee comprising senior officers for taking over the distribution system of Bahria Town. Director General (Consumer Affairs) NEPRA is also a focal person for coordination between IESCO and Bahria Town.
- 4) On the next hearing held on 28.3.2022, the IESCO Legal Counsel informed that a hearing was conducted by NEPRA on 28. 2.2022. IESCO's informed that a Apprehension pointed out that Registrar NEPRA has not taken any step to get the Authority's order implemented. In response, Mr. Irfan-ul-Haq legal Advisor of NEPRA requested some time for instructions from NEPRA.

(Mr. Lashkar Khan Letter dated March 28, 2022 is attached as Annex-P).

5) Later we got an invitation from the Director General, Head of the Consumer Affairs Division bearing No. TCDC 12/2434 -2022 dated April 22, 2022, giving a reference of complaint No.BTPL-02/02/2021 their /DG(CAD)/TCD-12/9718 dated February 24, 2021, that during the course of hearing of WP- 34/2022 the honorable Court has directed NEPRA to provide an opportunity of hearing to the Petitioner and all concerns and pass an order according to Law. Therefore a hearing is scheduled to be held on April 28, 2022, at 11.00 AM for the purpose.(NEPRAletter TCD-12/2434 dated April 22, 2022 is attached as (Annex-Q).

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6) In response to the above, BTRWA Legal Counsel requested vide his letter of 27.4.2022 requested that as per directions of the Court the matter should be placed before the Authority for hearing and not the Consumer Affairs Department. However, we attended the office of the Director General, Head of the Consumer Affairs Division and pleaded our stance, and also asked for a copy of the order of the Court and our reservations about not processing our complaint by him as per the laid down complaint procedure of NEPRA. DG informed us that the court's directions were verbally conveyed to NEPRA's Legal Counsel and that if we do not agree to have the case heard by him, we should approach the Authority. Therefore, we met with the Chairman and a few members and were told that a date for a direct hearing of the case by the Authority would be communicated soon.(BTRWALegal Counsel April 27, 202**2** is attached as(Annex-R)

and the second second

- 7) Accordingly, a hearing notice with a date of May 24, 2022, was served by the Additional Director of the Registrar's Office vide his letter No. NEPRA /DG (CAD)/TCD-7278-86 dated May 13, 2022, which we attended accordingly. Following the Authority's explanation of the situation, which said that they were making every effort to sign the O&M between BTPL and IESCO but had not yet been successful, we highlighted the following concerns:
- 8) That whether BTPL and IESCO are signing an MOU or not is of no concern to us. The NEPRA order of 24.2.2022 did not include this as a prerequisite for ceasing the unlawful recovery of excess charges and returning the overcharged amount to end customers.
- 9) Why NEPRA Consumer Affairs Department did not process our complaint No. BTPL-02/02/2021 in accordance with the (Complaint Handling and Dispute Resolution Procedure) Rules 2015 and limited its order of 24.2.2021 to only stopping the extra Rs. 4/- charged by the BTPL and ignoring all other irregularities mentioned in the aforementioned complaint. The Authority did not provide a satisfactory response.
- 10) We argued against tying the resolution of the complaint to the signature of an O&M contract between IESCO and BTPL, which both parties have contested due to IESCO's significant financial demands and BTPL's refusal to accept it. Unfortunately, the NEPRA has failed to protect the right of the end consumer and could not exercise its authority

to initiate legal proceedings against both parties under the NEPRA Act and other enabling rules and regulations.

- 11) In addition, we expressed our deep concern that the situation has been purposefully delayed by NEPRA, IESCO, and BTPL to permit BTPL to continue illegally recovering from the end consumers. This situation will continue indefinitely because BTPL has refused to stop and refund the excess charges to end consumers until IESCO revised its billing to BTPL at the same rates as applicable to IESCO from CPPA as of January 2019 and returned the excess amount to BTPL. Please refer to paragraphs 10 and 11 of the letter from BTPL dated March 3, 2020, which was delivered to NEPRA in response to its order dated February 24, 2021.
- 12) Please be informed that NEPRA had already rejected the BTPL's tariff Petition on 15.1.2021 in view and the facts that BTPL's distribution license has now been cancelled, the Tariff Petitions filed by BTPL as a Distribution licensee as well as a deemed Supplier, for determination of Distribution and Supply of Power Tariffs for the FY 2018-19 and FY 2019-20, are no more valid and does not require any further proceedings.
- 13) Following a detailed discussion, the Authority requested that the IESCO take over the electricity network with the offer that the cost demanded by it for the system up gradation would be compensated by increasing its consumer tariff. In response, IESCO's CEO requested that he be given some time to seek approval from his Board.
- 14) The Chairman adjourned the meeting, stating that another meeting will be held after the IESCO responds.
- 15) Because the NEPRA did not issue minutes of the above hearing nor any information about further hearings in the case, we consider the process of hearing the case inconclusive.
- 16) Meanwhile, after a gap of over 8 months the WP-34/2021 was fixed for hearing by IHC on 28.11.2022 in which the representative of NEPRA appeared before the court. His statement as recorded in the Court Order Sheet before the Honorable Justice Miangul Hassan Aurangzeb is reproduced below for convenience.

"Pursuant to the tariff determination dated 1.11.2021 and subsequent orders passed by the National Electric Power Regulatory Authority (N.E.P.R.A)the Bahria Town Resident Association on 301.2021 submitted a complaint to the Regulator N.E.P.R.A complaining to overcharging of tariff by Respondent No. Bahria Town (Bahria Town Private Limited ("B.T.P.L"). A reply to the said complainant was <u>filed by Bahria Town</u> Services on 3.3.2021, which is not a party in the instant petition and to whom no distribution licence has been issued by N.P.R.A at any material stage. Through the said reply, the Bahria Town Services controverted the grounds takin in the Petitioner's complaint. After the said reply was filed N.P.R.A on 24. 2.2021 passed an order directing B.T.P.L to stop raising raising extra charges to the consumers and refund the excess amount already charged. N.E P.R.A caused the petitioner to file the instant writ petition on 4.0.1.2022 praying for the implementation of the said order dated 24.2.2022."

"Mr. Lashkar Khan, Director tendered appearance on behalf of N.E.P.R.A. and submitted that after the issuance of the said order dated 24.02.2021, N.E.P.R.A. has conducted a hearing in which the petitioner as well as the representatives of the B.T.P.L. have been heard on the question of charging extra tariff without a determination by N.E.P.R.A. He further submitted that the hearing has been concluded and an order/determination is expected to be issued by N.E.P.R.A. within one month from today. Let an order/determination be issued and a copy of the same be brought on the record before the next date of hearing. Relist on 16.01.2023". (Annex-S)

17) Recording the above statement by the NEPRA representative before the Court was yet another attempt to obtain more time for delaying the case, ignoring the fact that Mr. Irfan- ul- Haq, NEPRA's legal advisor, requested some time for instructions from NEPRA during the case hearing on March 28, 2022 (eight months ago). Surprisingly, even after eight months, the NEPRA representative was still unable to produce a report and instead requested additional time. The Honorable Judge correctly perceived the delaying tactics and granted only one month to submit a final determination order, which expires on December 28, 2022. (Case was relisted for hearing on 16.1.2023 which date was later on, postponed for hearing on a next date yet to be fixed).

### <u>Comments on the NEPRA's invitation on BTPL'sapplication for grant of a</u> distribution licence.

1) On the other hand, NEPRA, without settlement of the BTRWA's complaint, which is pending adjudication in the IHC, and signing of an O&M agreement between IESCO and BTPL, which it has been pursuing since December, 2020, abruptly made a U-turn by directing BTPL, via its letter NEPRA/DG (M&E)/LAD-29 /16531 dated September 01, 2022, to apply for a distribution (Network Licence) thereof: apply for supply license to sale power in service territory as Electric Power Supplier and subsequently supply tariff thereof. It has further been stated in the said letter that in case of BTPL is not ready to supply the electricity in its area of distribution license, then the host Distribution Licensee i.e. IESCO shall act as "Supplier of lost Resort" (SOLAR) and shall pay Use of System Charges (UoSC) to BTPL as approved by the Authority.

2) Surprisingly, the NEPRA representative did not reveal the aforementioned action to the Honourable judge on the following date of hearing of the case that was held on 18.11.2022. Instead, he made an altogether a different statement before the Court asmentioned in the preceding paragraphs. Legally, his declaration amounted to deception of the court because he recorded a statement that contradicted the facts stated above.

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3) It was further surprising that in pursuance of the Court directions, a public hearing was convened on 25.01.2023 at NEPRA Head Office Islamabad presided by the full strength of the Authority and participated by the representatives of Bahria Town Private Limited (BTPL), Islamabad Electric Supply Company Limited (IESCO) and the Petitioners of subject WPs. The Authority made no mention of its previously indicated offer to BTPL for the granting of a new licence, instead claimed that it is pushing both IESCO and BTPL to sign an O&M agreement, with which both parties are not agreeing due to severe financial ramifications for upgrading BTPL's power networking.

4) It is apparent that NEPRA's position on implementing the IHC and its own instructions of October 2020 of handing over and taking over the BTPL electrical networking to IESCO has changed drastically. In addition, NEPRA has taken no punitive action to enforce its orders of 24.2.2021 to cease overcharging of power and reimburse the already overcharged sum to end users, which they have continued to pay since December 2020.

### <u>Comments on the recent violations committed by BTPL while controlling</u> <u>the supply of electricity and billing to end consumers without a valid</u> <u>licence of NEPRA.</u>

- (1) While there is no outcome from the NEPRA's report, the BTPL flagrantly violated the NEPRA's earlier determination orders of 1.11.2011 BTPL added additional extra charges in the bill for February, 2023 at Rs. 6.06 per unit under the head "Misc. Electricity Charges" and at Rs. 0.35 per unit in BTPL's self-introduced head of "Tariff adjustment" @ Rs. 4 per unit being billed since December 2020.
- (2) BTRWA and many other end users in the area complained about the previous and recently added fees and the Street light, which was against the NEPRA's earlier orders. We appreciate how quickly NEPRA responded to the complaints of different residents to have the extra charges that BTPL added to their electricity bills taken off.
- (3) But this turned out to be disastrous for the residents because BTPL retaliated by adding a large amount to their maintenance services bill under the name "Miscellaneous Electricity Charges/Miscellaneous maintenance charges" and putting a flat rate of Rs. 135 per house on a new charge called "Generator Backup Charges both of which are related to electricity consumption. After adding these two more heads BTPL increased the existing maintenance service bill significantly.

(4) BTRWA and other numerous customers have filed complaints with NEPRA, which has begun the lengthy process of obtaining comments from BTPL and counter-comments from the complainants, despite the fact that it is an open-and-shut case of abuse of the electricity supply by BTPL, which NEPRA could have halted pending hearing and settlement of the complaints for a final determination order to prevent further exploitation of helpless consumers by BTPL. It is highly disappointing that NEPRA has given BTPL free rein to continue exploiting power end users. Instead of taking any punitive action against BTPL, it has started the process of awarding it a new licence, ignoring its own directives and those of IHC, as well as the unfortunate end customers who are suffering as a result of NEPRA's inaction on their complaints and favoring BTPL.

### <u>Comments on the NEPRA advertisement dated 16.4.2023 inviting</u> <u>intervention of the relevant parties for grant of a fresh distribution licence</u> to BTPL

- (1) In complete disregard of the resolution of the pending complaints of BTRWA with NEPRA and court orders, as well as the Writ Petition No. 34-2022 pending adjudication at the Islamabad High Court referred to in the previous paragraph, the NEPRA unexpectedly adopted an entirely different stance, as described in the following lines.
- (2) As per NEPRA's letter no. NEPRA/DG (M&E)/LAD-29/16531 dated September, 01,2022, the Chief Executive of BTPL was informed about the regularization of Distribution/resale of Electric Power in Housing Societies/Colonies, High rising buildings, Plazas, complexes and Industrial estates. Accordingly, he was directed to:-
  - 1) Apply for Distribution (Network) License and subsequently Distribution Tariff thereof:
  - Apply for supply license to supply power in its service territory as Electric Power Supplier and subsequently supply tariff thereof:
  - In case, BTPL is not ready to supply electricity in the areas of its distribution license, then the host Distribution Licensee i.e. IESCO shall act as "Supplier of Last Resort (SOLR) and shall pay Use of System Charges (UOSC) to BTPL as approved by the Authority,
- (3) As against the Direction to the CEO of BTPL, The Executive Director, Bahria Town Services" responded to the above officer of NEPRA vide his letter No. No: 786/BTS/DL-001/NEPRA dated 7 September, 2022 as under:

17,

- 2) BTPL is willing to apply for Supply Licence for sale of Power in its Service Area, after Power acquisition arrangements between BTPL and Generation Company/Companies are finalized.
- At present, since Power acquisition arrangements between BTPL and Generation Companies have not been finalized, NEPRA is therefore, requested to kindly direct IESCO to supply Power to BTPL as Supplier of Last Resort
- (4) Subsequently, on September, 30, 2022 NEPRA sent a letter to CEO of IESCO with the following directions;-

Para-7. The Authority has further decided that IESCO shall act as a supplier of last resort and provide electric power supply to the consumers/service territories of Bahria Town in Rawalpindi and Islamabad on a non-discriminatory basis. IESCO shall be responsible for billing of' the BTPL's consumers every month based on the rates, charges and other terms & conditions as approved by the Authority for other consumers of IESCO.Further, IESCO shall be bound to pay use of system charges to BTPL as per tariff to be determined by the Authority.

Para-8. Therefore, IESCO is hereby directed to comply with the directions of' the Authority, proceed in accordance with NEPRA Act & Regulations as supplier of last resort and submit compliance report within 07 days of the receipt of this letter positively.

### Note: -Response of IESCO to the above said letter is not available.

- (5) On October 6, 2022, the Executive Director, BTPL sent a letter to NEPRA referring BTPL, Board Resolution, of 28 Sep 2022, that he is an authorized person and requested for grant of distribution licence for the following areas of Islamabad and Rawalpindi.
  - a) Bahria Town Rawalpindi/Islamabad Phase I <sup>to</sup> 8.
  - b) Bahria@ Enclave Islamabad.
  - c) Bahria Golf City Murree
- (6) It was further mentioned in the said letter as under:-

a) "Requisite documents in support of the application have been prepared and being submitted herewith in conformity with the NEPRA Licensing Application" and Modification Procedure Regulations. **BTPL hereby undertakes to abide by the terms and provisions of the aforesaid regulations.**"

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### <u>Comments on BTPL's applicationdated March 16, 2023 for grant of a distribution</u> licence.

Page-1. The application has been made on the letterhead pad of Bahria Services without mentioning whether it is a department of Bahria Town (Pvt) Ltd or a separate registered entity authorized and entitled to apply for an electricity distribution licence. This is with reference to the observation of the Honourable Judge IHC as per his order sheet dated 18.11.2022 referred above.

#### Technical Proposal (page 34 to 38)

(1) BTPL after elaborating the details of its electricity infrastructure at page 34 to 38 has mentioned in the concluding paragraph as under:-

"The distribution networks are state of art, most reliable and fully capable to meet all future BTPL requirements".

Note; -The above statement of BTPL is in total defiance of the IESCO's report on tariff Petition decided by NEPRA on 15.1.2021, re-produced hereunder for ready reference.

- 1) "BTPL distribution system suffers from chronic low efficiency and losses, and BTPL has not maintained proper billing system comparable to prudent industry practice. This requires substantial investment and significant time to implement and correct the required work. BTPL has operated this system for 10 years and unlawfully profited from it."
- 2) "BTPL at no time was owners of the distribution system, mentioned in the distribution license of BTPL as in fact the distribution system was paid for by the consumers."

#### Financial Proposal (Page 39).

1) With policy to ensure unprecedented infrastructural system developments, BTPL preferred to lay state of art electrical distribution system on bulk supply arrangements under a distribution licence from NEPRA. As such BTPL RWP, completely fulfilling the eligibility criteria obtained a distribution licence from the regulatory body NEPRA on November 2, 2001. As such BTPL RWP, completely fulfilling the eligibility criteria obtained include from the regulatory body NEPRA on November 2, 2001. As such BTPL RWP, completely fulfilling the eligibility criteria obtained a distribution licence from the regulatory body NEPRA on November 2, 2001. The distribution network during the period from November 2001 to

December 2018 was most satisfactorily maintained, operated with all due extensions/augmentations carried out in accordance with load growths to the satisfaction of BTPL residents.

#### Note; -

1. Regarding the standard of a state-of-the-art electrical distribution system, the IESCO statement expressed in the preceding paragraphs speaks for itself and requires no further explanation.

2. However, **Residents' satisfaction can be judged** by plethora of complaints filed in the past and **the most serious of which occurred a few days ago when BTPL claimed a significant amount in the maintenance service bill in flagrant violation of the NEPRA direction at Para 10 (10.1) at page 16 and 17 of its determination order 1.11. 2011.** 

#### Financial Proposal (Page 41)

(1) As mention by BTPL that IESCO adopted a stubborn attitude not to act in accordance with NEPRA's instructions, but denied all BTPL efforts with one pretext or other defying NEPRA instructions issued from time to time. As already explained BTPL since Jan 2019 is suffering a loss of Rs 7.00 per unit every month on sale of power, out of which Rs 04 per unit is passed on to residents with effect from Dec 2020 to avoid default to IESCO monthly payments, that also results in complaints from BTPL residents.

Note: - We disagree with BTPL's position of incurring a loss of Rs. 7 per unit. Even if a loss occurred, the BTPL was and is not authorized to impose its own tariff in contravention of NEPRA norms and regulations. The inhabitants have nothing to do with the BTPL's profit and loss, but they are supposed to be billed in accordance with NEPRA determination orders. This is a clear admission by BTPL that it has been following its own rules and will continue to do sowhen a new licence is granted to him.

#### Methodology Page-41

(1) BTPL during the sale of plots in their housing projects has a built in component of infrastructural development based upon costs estimations while carrying out the master planning and design of the project schemes. The development funds are available with the management for different infrastructures. Likewise based upon design and estimated costs, of distribution networks including grid stations, entire purchase through approved vendors is carried out in bulk to ensure economy.

Note: -The foregoing declaration validates BTRWA's position that BTPL has built the Network of Electricity infrastructure with the help of residents and plot owners. In the tariff Petition of the BTPL, which was decided on 1.11.2011, the BTRWA produced documentation evidence of

their contribution paid in installments in addition to the payment of Development charges of the project, which was otherwise designated for the development of infrastructure.

- (2) While I reserve the right to submit additional comments, I find it regrettable that NEPRA is considering a company's application for a new licence when it is blatantly involved in violations of NEPRA orders and dictates its own dictatorial terms as if it were a state within a state, while operating the electricity network it built with the contribution of the residents. With deep regret, I feel obligated to express my displeasure because this is the worst type of situation in which a state-owned agency tasked with protecting vulnerable clients turns all of its efforts to promote the cause of a private limited company.
- (3) If the Authority's intention was not to penalize both BTPL and IESCO for their refusal to honour the Court and NEPRA orders, the Authority should have decided on the grant of a distribution licence before passing its orders of 24.2.2021 rather than entering into a long and fruitless process.NEPRA may also acquire a technical report from IESCO experts regarding their claim that they will not take over the BTPL electricity network because it is inefficient and requires billions of rupees as cap-cost to upgrade the BTPL electricity network so that it may meet the current and future load requirement of the BTPL projects. And how suddenly became feasiblein order to meet the required load and other criteria for grant a fresh licence to BTPL?.
- (4) In view of the foregoing, we humbly urge that NEPRA reassess the qualifying conditions of a Company that has been determined to be in violation of NEPRA guidelines and is managing electricity matters at his own discretion. Instead of awarding a licence to such a company, we believe NEPRA should focus on resolving continuing issues with end users to protect them from further exploitation of BTPL, as there is no guarantee that they will not use energy as a tool for illegal gain.
- (5) In addition, BTPL has completed all of its projects and has sold all of the plots to residents and other parties. According to the rules, BTPL must finish all projects within five years of their initiation and provide a completion certificate to the RDA and CDA. Following that, maintenance services may be performed in consultation with residents or a resident's association. BTPL has not presented a completion certificate for any project, including those that were started 20-25 years ago with the sole purpose of exerting illegal control over the area and community living there in order to forcibly sell them maintenance services and electricity supply at its discretionary rates.
- (6) Public buildings, graveyards, parks, roads, and bridges are the property of the CDA and RDA, according to their regulations. To avoid legal complications later on, NEPRA must certify the ownership of the buildings utilized by BTPL for the development of electricity infrastructure before granting an electricity distribution licence.

- (7) NEPRA must also consider the assent of the residents who are the legal stockholders and who have contributed heavily to the establishment of the electricity and other infrastructure of Bahria's Projects. Keeping them out of this process will result in future legal complications.
- (8) Before contemplating the granting of a distribution licence to BTPL, NEPRA should also consider the competitive and transparency requirements as per its eligibility criteria, as well as BTPL's past performance with respect to end-user exploitation, as described in the preceding paragraphs.

Note: - An index containing a list of the appended documents mentioned in the preceding remarks is attached for convenience. If requested by the Authority, we will gladly provide any additional information and documents.



House 910, Street 32, Phase-II-S, Bahria Town, Islamabad

January 30, 2021

The Registrar, National Electric Power Regulatory Authority, Ataturk Avenue (East), G-5/1, NEPRA Building, Islamabad

Sub: Petition on account of gross violations of the relevant provisions of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 by Bahria Town Privet Limited (BTPL), holder of electric distribution to the consumes in Bahria Town Phas-1 to 8.

Dear Sir,

Bahria Town Residents Welfare Association (BTRWA) seeks special attention of the Chairman NEPRA towards the step motherly treatment given to the residents of Bahria Town phases 1-8both by the Bahria Town Pvt Ltd (BTPL) as well as NEPRA officials, ever since distribution license was granted to BTPL. BTRWA has from time to time taken up issues with the Licensee (BTPL) but its request was never heeded to. Detailed background of the issues faced by the residents are outlined in this petition.

#### 2. NEPRA/TRF-170/BTPL-2011/10182-10184 dated November 1, 2011

2.1 In response to the Tariff petition lodged by Bahria Town (Pvt) Ltd (BTPL) in 2011, in which Bahria Town Residents Welfare Association (BTRWA) filed an intervention application, the NEPRA had been pleased to pass a determination order No. NEPRA/TRF-170/BTPL-2011/10182-10184 dated November 1, 2011, which is produced as under:

#### ORDER

- "10.1. Bahria Town (Pvt) Limited, the Petitioner, is allowed to charge such tariff from the consumers in its service territory as is applicable to relevant consumer category of in IESCO including all taxes, levies and surcharges subject to the following conditions:"
  - The Petitioner shall, in no way, charge any additional costs from the consumers for "a) supply of electricity and shall stop collection of service charges, if any, on account of provision of electricity services with immediate effect."
  - "b) The Petitioner shall charge the same connection/reconnection charges as is applicable to the consumers of IESCO."

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GOVERNMENT OF PAKISTAN NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad, Pakistan Email: registrar@neora.org nk

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- "c) All the components of tariff shall be stated explicitly and should be free of misinterpretation."
- "d) Although the risk of default by consumers in the service territory of Bahria Town is minimum and the Petitioner may not require security deposits from the consumers but if it decides to collect the same then the rate of security deposits will be the same as is applicable in IESCO. Bahria Town shall maintain account of each consumer and shall pay return on the security deposit so collected @ KIBOR plus 2% per annum. The payment of return shall be reflected in the consumers' bill by way of adjustment in the bill payable".
- "e) The Petitioner shall ensure uninterrupted electricity supply to its consumers except the load shedding as scheduled by IESCO for Bahria Town."
- "f) The Petitioner shall not use electricity connection as leverage against the consumers of electricity.
- "g) The same terms and conditions as applicable to the consumers of IESCO shall also be applicable to the consumers of Bahria Town."

2.2. The above order was based on the principle set in **Paragraph 9.2** of the abovereferred determination order that if the Petitioner (BTPL) was not granted distribution license then IESCO would have been providing the service to the consumers of Bahria Town and the same tariff as that of IESCO's consumers would have been applicable in the instant case.

2.3. Authority's attention is also drawn to Section 6.1 of the License granted to the Licensee whereby the Licensee is bound to *"charge only such tariff as is approved by the Authority from time to time"*.

3. NEPRA Determination Order dated 21.1.2016

3.1 Subsequently, in response to another tariff petitions filed by BTPL on 30.5.2014 the NEPRA had again maintained in its determination orders dated 21.1.2016 as under:

#### **DECISION**

"15.1 In view of the above discussion at para 8 and onwards and as required NEPRA (Supply of Electric Power) Regulations, 2015, the Authority hereby directs the Petitioner to file a new tariff petition in accordance with the notified regulations. "



"15.2 Furthermore, the Authority maintains its earlier decision & Order vide its determination No. NEPRASTRF-170/BTPL-2011 / 10182-10184 November 1, 2011 and the Authority directs the Petitioner to comply with the same in letter and spirit. The Petitioner is further directed to refund/adjust the amount overcharged from its consumers and submit a report on quarterly basis in this regard. "

3.2. In the above said determination order while discussing the complaints of BTRWA, the NEPRA had also directed as under:

"Whether the overcharged amount from the Consumers of the Petitions was refunded accordingly?"

"13.1 The Petitioner started charging higher tariff in the month of November 2013 against the allowed and applicable tariff of IESCO and violated the Authority's order. The Intervener i.e. Bahria Town Residents Welfare Association (BTRWA) filed a complaint against charging higher tariff than applicable tariff of IESCO which was decided by the Authority with the order of refund of the amount over recovered from the residents of Bahria Town. It was also noted that the impact of negative adjustment on account of fuel price adjustment was also not passed on to the consumers. "

"13.2 Responding to the aforesaid objection with respect to over-recovery, the Petitioner stated that it is charging the same amount as is being charged by IESCO although it is providing uninterrupted supply of power during load shedding hours at its own cost."

<u>"13.3</u> The Authority noted that the Petitioner could not provide satisfactory response to the aforesaid objections. The Petitioner is obligated to charge only such tariff as has been approved by the Authority in accordance with the provisions of the Act and Rules made thereunder. Charging of any tariff other than the tariff approved by NEPRA is a violation of the relevant licensing terms, NEPRA Act, rules and regulations. In view thereof the Petitioner is directed to refund/adjust the amount overcharged to the consumers of Bahria Town with immediate effect."

#### 4. I LONG OUTSTANDING VIOLATIONS OF BTPL

#### 4.1 BTRWA complaint dated December 9, 2013 (Complaint # BTPL-01/2013).

I. After the determination order of NEPRA dated November 1, 2011, a complaint was lodged by BTRWA on December 9, 2013, that BTPL in violation of NEPRA order has increased the consumer's electricity tariff from November 2013 enclosing therewith the bill of October and November 2013 for comparison purpose as under:-



Usage	Bill October 2013	Bill 2013
Up to 100 units	Rs. 5.79/unit	Rs. 11/unit
100-300	Rs. 8.11/unit	Rs. 15/unit
300-700	Rs. 12.33/unit	Rs. 17/unit
700 and above	Rs. 15.07/unit	As above

- II. The above complaint was forwarded by NEPRA to the BTPL on 19th December 2013 vide letter TCD-02/4252 to submit its reply before 9.1.2014 failing which it will be presumed that it has nothing to defend its action and the matter will be decided ex-parte.
- III. Having no response from NEPRA or BTPL, BTRWA reminded the matter to NEPRA on February 3, 2017.
- IV. On February 26, 2014, NEPRA informed that BTPL has since submitted its reply
   which is being placed before the Authority for seeking further directions and
   the decision in this regard will be communicated to BTRWA.
- V. The complaint was decided vide NEPRA's letter No. of March 11, 2014, followed by another letter bearing No. NEPRA/R/TCD-02/5816-18 dated 5.6.2014 addressed to the Chief Executive, BTPL, with a copy to BTRWA to charge only such tariff as applicable to the consumers of IESCO and to withdraw the additional charges immediately and adjustment be made accordingly. M/s BTPL was also directed in the said letter to submit documentary evidence/copies of the bill within 20 days of the receipt of the letter dated 5.6.2014.
- VI. In response to the above, M/s BTPL informed on 17th April 2014 that pending its tariff petition it will charge its consumers exactly as per IESCO's rates. However, the letter was silent regarding the withdrawal of additional rates from the date it was charged and the adjustment of the excess recovery from the consumers.
- VII. BTRWA again informed the NEPRA on August 30, 2014, of having not received any adjustment of the excess amount recovered by the BTPL on account of self-determination of the consumer tariff, upon which NEPRA again directed the BTPL vide its letter No. NEPRA/R/TCD-02/10537-39 dated 12.9.2014, that BTPL has violated the directions of the Authority dated 21 March 2014 and



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confirm compliance report within 20 days with documentary evidence failing which it will be constrained to initiate proceedings against BTPL under NEPRA (Fines) rules, 2002. It is worth mentioning that M/s BTPL was also informed that in case any revised rates are determined by the NEPRA, against a tariff petition, will be applicable prospectively and not retrospectively.

- VIII. Meanwhile, M/s BTPL filed a tariff petition with NEPRA in August 2014 on which intervention of BTRWA was invited. However, after filing preliminary objections it declined further participation in the case on the assurance of the BTPL that the petition is not intended for an increase in the tariff but for seeking a grant of subsidy from the government in line with IESCO customers. M/s NEPRA was accordingly informed vide letter dated 14 September 2014.
- IX. There was no further communiqué on the subject complaint till a final reply of the NEPRA dated June 23, 2016, informing that BTPL has intimated compliance with the NEPRA's directions and has since reimbursed the overcharged amount to the consumers from billing month June-2015 to December-2015 (As per certificate provided by BTPL). There was also no mention of the impact of negative adjustment on account of fuel price adjustment passed on to the consumers as mentioned at 13.1 of paragraph 3.1 above.
  - X. Strangely, a confirmation was asked from BTRWA within 7 days of the issue of the above letter, which was not possible as BTRWA had no access to the billing record of all the consumers. It is also not understood as to how NEPRA accepted a certificate of BTPL against its repeated directions to provide documentary evidence of reimbursement overcharged amount by way of adjustments in the six months billing from June-2015 to December-2015.
- XI. Would NEPRA may kindly review its conduct and procedure in dealing with the complaint of the consumers? The above is a worst-case example in which NEPRA took more than 2.5 years to decide a complaint by obtaining a certificate from BTPL that it has since reimbursed the excess charged amount to the consumers. Although it was a self-explanatory case of gross violations of the NEPRA rules, based on the documentary evidence provided by the BTRWA, the case remained undecided. Unfortunately, it has created an impression that BTPL is above the law and capable enough to pull the strings of all the Regulators to get the matters decided in its favor.



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XII. BTRWA understands that NEPRA went wrong to accept the certificate of BTPL instead of obtaining the customer wise details of the amount overcharged and reimbursed to them by way of adjustments in the monthly bills from June-2015 to December-2015 together with fuel price adjustment with both negative and positive impacts.

### 5. <u>BTRWA complaint dated July 25, 2017 (Complaint # TCD-06/5674-2017).</u>

- I. The above-mentioned complaint was lodged by the General Secretary, BTRWA which was admitted by the Authority allotting the above reference. This complaint was based on the tariff charged by the BTPL from its consumers, not in line with IESCO rates. One copy of each of the BTPL and IESCO consumer was attached showing an abnormal difference between the two seeking interference of the NEPRA.
- II. The complaint was forwarded by NEPRA to BTPL on August 3, 2017, for necessary comments. In response, BTPL clarified vide its letter of August 21, 2017, that the complaint is based on misinterpretation or misunderstanding of the tariff rates of A-1 and A-1 (TOU). It was clarified that only a few residents have opted to change their tariff to A-1 (TOU) which has been changed after payment of TOU meters cost by them.
- III. It was further clarified in paragraph 2 of the above-said letter of BTPL that for those consumers who do not have a TOU facility their tariff can also be changed after payment of TOU meter cost if they opt so.
- IV. BTRWA responded to the above-said reply of BTPL on 20.9.2017 as unsatisfactory and ambiguous based on the following grounds;
  - i. BTPL is charging more on consummation of 735 and above units by Rs. 2.85 to 3.37 per unit knowingly that majority have over 5 Kw load and average consumption is much higher than 730 units. It was fully aware of the sanctioned load and should have installed TOU meter in the first place wherever relevant at par with IESCO mechanism without asking for additional cost.
  - ii. BTPL has taken the position to have not installed the TOU meters to the consumers falling in the said category which is directly in conflict with the determination order of the Authority.



- iii. At the time of installing meters BTPL did not ask for consumers consent as to which type of meters they would opt to be installed.
- Now asking the consumers for cost of TOU meters for installation in place of Non-TOU meters is unjustified and against all norms of justice and fail play.
- V. NEPRA, was again requested to direct the BTPL to reimburse the extra amount charged by BTPL for not installing of TOU meters and also seek the option of the consumers with sanctioned of 5Kw and above if they are willing to get the TOU meters.
- V. NEPRA again referred the case to BTPL on 24.10.2017 for their comments which were responded to by them on 26.10.2017 with the information that they have a total of 16,059 energy meters out of which 5,007 meters are Non-TOU and 11,052 meters which can be switched to TOU billing.
- VI. It was also informed that instructions have been passed on to the field staff for verification of consumers load after consumers having a load of 5KW and above Will be requested to opt for continuation of their billing on A-1 or change of their tariff from A-1 to A-1 (TOU). Similarly, the option of the new applicant will also be obtained on the same line. There was no mention of the charging of additional costs from replacing the existing meter with a TOU meter.
- VII. .NEPRA passed on the above comments to BTRWA while it was bound to make an informed decision to settle the complaint on merits and as per provisions of NEPRA rules.
- VIII. Accordingly, the above complaint is also pending a final decision of the Authority.
- 6. Complaint filed by Engr. Abdul Qayyum Qureshi a resident of Bahria Phase-8 on April 4, 2019 (Complaint # BTPL-04/02/2019).
  - I. The above-referred complaint is resting with correspondence exchanged between Engr. Abdul Qayyum Qureshi, BTPL and NEPRA. The complaint was based on the fact that BTPL, to fetch an extra amount from the consumers, arbitrarily changed the Tariff A-1-(a) to Tariff A-1-(b) applicable on the installation of a TOU meter, thereby recovering the extra amount



of around Rs. 2,000 on the consumption of units 700 units and above. It was proved beyond any doubt that BTPL without any consent of the consumers and verifying the electric load in the respective premises converted the tariff treating all the meters to be TOU except that of Analog meters which were billed at slab rates. BTPL did this under its interpretation that all digital meters are as good as a TOU meter for reading and recording the consumption of units in Peak and off-peak hours.

- II. By doing so BTPL nullified its earlier stance mentioned in paragraphs 5 above that, it could have taken any such action only after the consumers had opted for it.
- III. The above remained under correspondence with NEPRA from April 2019 with the last reminder to BTPL bearing NEPRA reference no. TCD12/7532-2019 August 20, 2020, to submit its reply without further delay.
- IV. No decision could be conveyed or the complainant called for any personal hearing as a result the BTPL is continuing the recovery of higher Tariff without any determination ofe3rder of the NEPRA in the manner as narrated above.

### 7. Complaint filed by the General Secretary of BTRW on (Complaint # BTPL-04/02/2019).

- i. The above complaint was filed on February 18, 2019, when BTPL unilaterally changed the tariff of all the consumers having a digital meter to recover higher tariff by switching over from Tariff A-1-(a) to Tariff A-1-(b) applicable in case of TOU meter.
- ii. The complaint has also doubted the accuracy of BTPL electricity meters with examples as compared to the meters of IESCO, installation of check meter to determi9ne the accuracy of meters, conversion of a temporary connection into permanent connection and provision of 2nd meter on the same premises, etc.
- iii. It was requested that till the complaint is disposed off the NEPRA may kindly pass an interim order under Section 9 of the NEPRA (Complaint Handling and Dispute Resolution Procedure) Rules 2015 ("Rules"); and grant a stay order against demand/deposit of the electricity bills by the Residents of Phases 1-8



until issuance of Final Order by the Authority according to Section 10 of the Rules and

- iv. Because of the repetitive violation of Authority's Orders by the Licensee, the Authority may kindly appoint a Tribunal under Section 8 of the Rules to undertake a thorough investigation of all the matters relating to the billing, compliance, defective meters, determination of the Load of each House and where the average load is more than 5 KW, replacement of standard meters with TOU meters at BTPL's own cost and appointment of Third Party Meter calibration/certification agency for the correctness of the metering system including the investigation as to whether the Licensee is passing on to the relevant authorities, the different taxes, duties and charges such as GST, Excise Duty, FC Surcharge, PTV Fee, NJ Surcharge, etc.
- 8. Unfortunately, like all other complaints of violations committed by BTPL, the same case too was put in a lengthy and futile correspondence with BTPL as mentioned below:
  - i. NEPRA Letter to BTPL dated March 05, 2019.
  - ii. NEPRA reminder to BTPL dated April 05, 2019.
  - iii. NEPRA Letter to BTRWA dated April 15, 2019, enclosing therewith response of M/s BTPL dated March 25, 2019.
  - iv. Had the reply of BTPL received within a couple of March 25, 2019, there would not need to issue reminders on April 05, and April 15, 2019, as mentioned above.
  - v. BTRWA reply dated April 30, 2019, nullifying the response of BTPL on facts and figures that BTPL has violated the determination orders of NEPRA and has recovered extra amount from its consumers under a false interpretation of the NEPRA rules and IESCO tariff rates.
  - vi. NEPRA letter dated May 30, 2019, to BTPL with a copy to BTRWA to attend the hearing of case fixed on June 27, 2019.
  - vii. NEPRA letter dated June 19, 2019, for postponement of the hearing to July 17, 2019.



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# BAHRIA TOWN RESIDENTS WELFARE ASSOCIATION®

- viii. Upon hearing of notice the NEPRA letter dated July 19, 2019, to BTPL for resolution of all the issues pointed out in the complaints with a compliance report within 20 days of the issue of the said letter.
- ix. NEPRA reminder dated August 20, 2019, for compliance report as mentioned above.

9. It may however be pointed out that BTPL has not complied with the directions of the NEPRA and has not resolved the issues pointed out in the complaints mainly because the NEPRA has not issued strict directions against the violations committed by the BTPL. Instead of taking appropriate action, the NEPRA has just relied upon the statement of BTPL which has denied the issue raised in the complaints referred to as above as "based on some misunderstandings".

10. It may also be informed that BTRWA had raised the issue with the Registrar of NEPRA but the same has been disposed off by the Consumer Affairs Department without submitting the case to the Authority for an informed decision.

#### 11. • MOST RECENT VIOLATIONS OF BTPL

11.1 In the electricity bill for the month of December 2020 BTPL has billed DMC charges @ Rs. 3.70 per unit under the head QTR- Adjustment/DMC charges.

- BTPL has also been recovering Rs. 2.89 Per unit of electricity consumed from August 2019 onward as QTR- Adjustment in the said column as against the IESCO rates of Rs. 1.60 per unit thereby affecting excess recovery @ Rs. 1.29 per unit when compared with IESCO customers, without having any determination order of NEPRA on this account.
- ii. Now totaling both the heads the BTPL has billed QTR- Adjustment/DMC charges @ Rs. 6.59 per unit (2.89+3.70) in the said head. BTPL asserts that NEPRA is not processing its tariff petitions registered by it in the month of February, 2020 for the determination of (a) consumer end tariff and (b) for distribution of electric power. Further, as a result of IHC's directions/decision, it has already surrendered its distribution licensing rights in favor of IESCO which is not taking over the charge of the electricity set-up for one or the other reasons.

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- BTPL also claims that because of no-decision against its tariff petitions it is suffering a huge loss of around Rs. 60-70 million per month, therefore, it has added the amount of DMC charges in the bills of the consumers to overcome such losses. It is however very interesting to note that in the tariff petition filed in January 29, 2020, an amount of Rs. 1.29 per unit was claimed by BTPL for determination of distribution margin of electric power against which BTRWA had submitted its preliminary observations on February 13, 2020. BTRWA also attended the 1<sup>st</sup> hearing of the petitions held on February 19, 2020 after which no further hearing could take place for the reasons best known to the Authority.
- iv. In addition the BTPL has also not been following the IESCO rates in respect of FC-Charges, Excise duty and Fuel adjustment charges by fixing its rates arbitrarily without any determination orders by the NEPRA.
- v. These violations are in continuation of the violations seriously observed by the Authority as per paragraph mentioned under 5 (13.1 to 13.3) above and needs immediate intervention by the NEPRA to stop BTPL in the determination of consumer end tariff at their own discretion in sheer violations of the NEPRA regulations.

10. The above state of affairs clearly transpires that the Consumer Department has acted as a post office between the complainant and the defendant (BTPL). The manner adopted by the Consumer Affairs Department to deal with the complaints couldn't stop the BTPL to violate the license rules, determination orders passed by NEPRA in 2011 and 2016 and other provisions of NEPRA rules. Instead, it has encouraged and facilitated the BTPL to continue the recovery of the consumer end tariff determined/interpreted by itself.

11. In the light above BTRWA request that this petition may be placed before the Authority for the appointment of third party professionals to probe the matter through forensic audit of all the transactions to ascertain the true state of affairs for placement before NEPRA and consumers with specific reference of the below points.



- 11.1. To determine the amount contributed by the consumers for setting up the grid stations and laying of infrastructures at the time payment of developmental charges and subsequently at the time of initiating constructions of the buildings in the head of utility charges which include payment for electricity connections etc. It is because the BTPL has been claiming in its financial statements submitted to the NEPRA to have invested in the electric installations from its own. BTRWA had raised this issue in its intervention application when BTPL applied for Tariff determination in 2011. Based on the documentary evidence produced by BTRWA, the NEPRA had kindly acknowledged this point and rejected the cost of depreciation charges claimed by BTPL in its financial statements, on the assets procured against the contribution of the consumers.
- 11.2 To determine the amount excess recovered by the BTPL from its consumers in violations of the NEPRA orders, Fuel adjustment charges (not explicitly mentioned in the bills), excess recovery for not converting the temporary connection into permanent after the completion of one year.
- 11.3 To determine the amount recovered from the consumers by using of electricity supply as leverage for recovery of the higher amount of monthly maintenance charges in total disregard of the market considerations.
- 11.4 Set a time line and the manner of the reimbursement of the excess amount charged by the BTPL as determined by an independent third party professionals.

#### 12. PRAY

- I. Direction may be issued to BTPL to stop charging of DMC charges introduced by it from December, 2020 and bill all rates strictly equal to IESCO rates as already determined and decided by NEPRA.
- II. An independently Forensic audit may kindly be ordered to establish the total amount over charged by BTPL in various heads of bills by not following the rates of IESCO in violation of the NEPRA determination orders and repeated direction as mentioned in the above said paragraphs. The third party should also workout the overcharged amount applying KIBOR rates formula and suggest its refund mechanism.



- III. The arbitrary allocation of units recorded by non-TOU meters and charging of peak-off peak rates must be stopped by BTPL as no option has been obtained from the consumers as explained in this Petition.
- IV. In recent months, BTPL has defaulted on its payment obligations towards IESCO and in return IESCO has started four hours a day load shedding without any default of the consumers. Besides there are almost zero losses and 100% recovery, directions should be issued to IESCO and BTPL to ensure 24/7 uninterrupted electricity supply as per policy of the government, irrespective of whether BTPL pays to IESCO or otherwise. It is heartening to note that only on 29<sup>th</sup> January 2021, NEPRA has kindly taken cognizance of this issue and directed IESCO to stop load shedding. We hope and pray that IESCO shall follow direction of NEPRA in letter and spirit.
- V. As against the directions of NEPRA, BTPL has been using electricity as a leverage on different accounts including maintenance charges etc. which is against the terms of their license.
- VI. The Authority should take cognizance of the fact that investment in electricity distribution system has been made by the residents and not the BTPL or IESCO. Therefore, an equitable mechanism to compensate the residents' investment may kindly be devised and implemented, while handing over the system to IESCO or the
- VII. To provide any other relief which the Authority consider inevitable to save the consumers from any sort of exploitations and overcharging of tariff by the BTPL, as mentioned in above paragraph.

13. We hope that the Authority shall kindly be able to provide an attention to the matters of grave concerns to the residents.

**Kind Regards** 

Akhilas Masood President, BTRA 0333-5242323

Remon

Masood ur Rehman Secretary Finance 0300-5361239

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

NEPRA Tower, Attalurk Avenue (East), G-5/1, Islamabad Ph: 492-51-9206500, Fax: +92-51-2600026 Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/DG(CAD)/TCD-12 /97/8-20

February 24, 2021

Chief Executive Officer Islamabad Electric Supply Company (IESCO) Street No. 40, G-7/4, Islamabad.

#### MOST IMMEDIATE

#### Subject: - <u>COMPLAINT AGAINST BAHRIA TOWN PRIVATE LIMITED (BTPL)</u> <u>REGARDING CHARGING OF HIGHER TARIFF</u> BTPL-02/02/2021

NEPRA is in receipt of numerous complaints from the residents of Bahria Town Rawalpindi / Islamabad. The complaint has been registered and allotted case No.BTPL-02/02/2021.

2. Please be informed that IESCO was informed about the cancellation of Distribution License of Bahria Town Private Limited (BTPL) vide letter dated October 20, 2020 and was directed to initiate the process of handing / taking over of electrical network of BTPL and also to enter into an O&M agreement with BTPL in accordance with provisions of NEPRA (Supply of Electric Power) Regulations, 2015. The Authority vide its determination dated December 15, 2020 extended the service territory of IESCO to include the area previously served by BTPL thereby declaring the residents / occupants of BTPL Rawalpindi / Islamabad as consumers of IESCO. IESCO was also directed vide NEPRA's letter No. NEPRA/DG(Lic)/LAD-02//4845-49. dated January 29, 2021 to complete the process of handing / taking over of electrical network of BTPL immediately and execute an O&M agreement with BTPL and send the same to the Authority for approval within seven (07) days. However, there was no response from IESCO despite lapse of a considerable time period. Meanwhile, due to delay on part of IESCO, BTPL has started charging extra amount (@ Rs. 400/- per unit, Further, distribution of electricity by BTPL in Bahria Enclave Islamabad in the service territory of IESCO is Illegal.

3. Foregoing in view, CEOJESCO is directed to update on the directions of the Authority with respect to taking over of the Distribution System of BTPL and executing an O&M agreement with BTPL without any further delay. In case of non-receipt of response from IESCO; legal proceedings will be initiated against IESCO under the NEPRA Act and other enabling rules and regulations.

Iftikhar Ali Khan ) Director Registrar Office

Copy: -

- C.E / Customer Services Director Islamabad Electric Supply Company (IESCO) Street No. 40, G-7/4, <u>Islamabad</u>
- Chief Executive Officer Bahria Town Private Limited (BTPL) Corporate Office, Phase-II, Bahria Town, <u>Rawalpindi</u>.



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-S/1, Islamabad Phi +02-51-0206500, Fax: +02-51-2600026 Web. www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/DG(CAD)/TCD-12 9722-24

February 24, 2021

Chief Executive Officer Bahria Town Private Limited (BTPL) Corporate Office, Phase-II, Bahria Town, <u>Rawalpindi.</u>

#### Subject: - COMPLAINT AGAINST BAHRIA TOWN PRIVATE LIMITED (BTPL) REGARDING CHARGING OF HIGHER TARIFF BTPL-02/02/2021

NEPRA is in receipt of numerous complaints from the residents of Bahria Town Rawalpindi / Islamabad. The complaint has been registered and allotted case No.BTPL 02/02/2021.

2. The complainants have informed that BTPL has started charging extra amount @ 4.00/- per unit with effect from December, 2020 without any justification. The complainants requested for redressal of their grievances.

3. The Authority has taken serious notice of the complaints received from consumers regarding exorbitant charging of electricity tariff by BTPL in Bahria Town Rawalpindi and Bahria Enclave Islamabad.

4. In view thereof, BTPL is directed to stop raising extra charges to the consumers with immediate effect and refund the excessive amount already charged. BTPL is further directed to ensure charging of same rates as applicable to other consumers of IESCO till taking over of the territory by IESCO. A report in this regard be submitted within ten (10) days.

Iftikhar Ali Khan ) Director Registrar Office

Copy: -

- Chief Executive Officer Islamabad Electric Supply Company (IESCO) Street No. 40, G-7/4, Islamabad
- Assistant Chief Executive Bahria Town Private Limited (BTPL) Bahria Town Services Corporate-II, Office Extension, Phase-II, Bahria Town, <u>Rawatpindi</u>.



# BAHRIA TOWN RESIDENTS WELFARE ASSOCIATION<sup>®</sup>

March 3, 2021

The Chairman, National Electric Power Regulatory Authority, Ataturk Avenue (East), G-5/1, NEPRA Building, Islamabad

Subject: -Bahria Town Resident Welfare Association (BTRWA) Petition dated January 30, 2021<br/>and Society of Bahria Enclave Residents (SOBER) dated February 16, 2021 on account<br/>of various violations committed by Bahria Town Private Ltd (BTPL).

ar Sir,

While taking serious notice of the above-said complaints the NEPRA has been kind enough to recently issue the following directions.

- 1.1. Authority's letter No. NEPRA/DG (CAD)/TCD-12/9722-24 dated February 24, 2021, directing the Bahria Town (Pvt) Limited (BTPL) to stop unilaterally imposed extra charges to the consumers of Bahria Town Rawalpindi and Bahria Enclave Islamabad with immediate effect and refund the excessive amount already charged. BTPL is further directed to ensure charging of the same rates as applicable to other consumers of IESCO till taking over of the territory by IESCO. A report in this regard is submitted within ten (10) days.
- 1.2. Authority's letter No. NEPRA/DG (CAD)/TCD-12/9718-18 dated February 24, 2021, to the Islamabad Electric Supply Corporation (IESCO), containing directions as mentioned below:-
  - I. Authority vide its determination dated December 15, 2020, has extended the service territory of IESCO to include the area previously served by BTPL thereby declaring the residents/occupants of BTPL of Rawalpindi/Islamabad as consumers of IESCO.
  - ii. IESCO was subsequently also directed on January 29, 2021, to complete the process of handing/taking over of the electricity network of BTPL immediately and execute an O&M agreement with BTPL and send the same to the Authority for approval within seven (7) days.

3. However, IESCO did not implement the Regulator's directions despite the lapse of a considerable period. Meanwhile, due to this delay on the part of IESCO, BTPL continued charging an extra amount to the tune of Rs. 4/- per unit unilaterally determined at its own as Tariff Adjustment while raising the bills

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# BAHRIA TOWN RESIDENTS WELFARE ASSOCIATION<sup>®</sup>

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for December 2020 onward while it was already recovering Rs. 2.89 per unit as QTR Adjustment/DMC since January 2019 as compared to the IESCO rates of Rs. 1.60 Per unit.

4. Accordingly, vide Authority letter of February 24, 2021, the CEO of IESCO was again directed to update on the directions of the Authority concerning taking over of the distribution system of BTPL and for executing an O&M agreement with BTPL without any further delay. It was also mentioned that In case of no response legal proceedings will be initiated against IESCO under the NEPRA Act and other enabling rules and regulations.

Bahria Town residents are highly obliged to the Authority for upholding the dictates of justice. But it was shocking to note that both IESCO and BTPL are defying the directions of the Authority as is evident from the following facts/events;-

- i. BTPL even after the receipt of NEPRA has again blatantly raised the electricity bills for February 2021 at the rates determined at its own accord giving no heed to the Authority above mentioned explicit orders. It has come to our knowledge that BTPL intends to file another application with NEPRA showing their inability to implement the decision of the NEPRA apparently with the plea that IESCO is charging its bill to BTPL under tariff C-Single point supply while NEPRA has determined the sale of electricity for the domestic and commercial consumers under A-1 and A-2 General Supply Tariff. As per their contention, the tariff under Single point supply is higher than the sale rates of A-1 and A-2 General Supply Tariff.
- ii. The consumers don't agree with the above-said argument of the BTPL with the plea that they are liable to pay only such tariff as determined by the Authority from time to time equal to the rates of IESCO consumers. Therefore, any amount charged to us more than the IESCO rates are illegal and refundable to the consumers as ordered by the Authority.
- iii. As is evident from above both IESCO and BTPL are intentionally disputing the taking/handing over of the electricity network. It has been learned that IESCO is demanding considerable funds ranging between Rs. 5 to 6 billion for the up-gradation of existing networking, inspite of the fact that the electricity network in Bahria is underground and of a quality much higher than IESCO's distribution system even in Islamabad and satisfactory operating for the last 15 years or so.
- iv. IESCO and BTPL are in no hurry to implement the directions of the Regulator. There is no sign of the O&M agreement being negotiated by the two entities inspite of a quite pressing schedule given by the Authority. All such delays are causing loss to the consumers who are the most efficient paymaster of the electricity bills. Also, there has been no single case reported on account of theft or pilferage of electricity by any consumer of Bahria town service territory.

6. We understand that the signing of the O&M agreement is an auxiliary document that requires due deliberations. The IESCO is intentionally avoiding taking over the control of the distribution system as such

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to enable BTPL to continue raising bills to the consumers at its inflated tariff already declared illegal by the Authority.

7. It may be recalled that BTRWA in its petition of January 30, 2021, has prayed at Para 12 (vi) for determination of the amount contributed by the consumers for setting up the grid station and laying of infrastructure as part of developmental charges. This fact has been admitted and placed on record by NEPRA while passing a determination order on November 11, 2011, on the Petition of BTPL it had lodged for the increase in the consumer tariff.

8. Given the above, Authority is humbly requested that O&M which is subject to the approval of thority, should interalia include the following conditions:

8.1 Instead of entering into an O&M with BTPL, IESCO may kindly consider taking over the system and operating itself. This will stop further exploitation of the consumers in the hands of BTPL who is bound to defy directions of the Authority as is evidenced in its past practice and explicitly mentioned in the BTRWA petition dated January 30, 2021.

8.2 An appropriate mechanism may kindly be included in the O&M Agreement or directions to IESCO to compensate the consumers who have contributed the capital cost of the electricity infrastructure in Bahria Town.

8.3 There are continuing complaints from the residents about the fast speed of the meters. To satisfy the consumers the New Operator of the system may be directed to replace all the electricity meters installed in Bahria Town within 45 days of taking over the system at no additional cost to the consumers.

8.4 In addition to an immediate refund of overcharged tariffs since December 2020, a forensic Audit may kindly be ordered for the last five years, and (new) Operators should be made obligated to refund all the overcharged tariffs to the consumers in an appropriate manner.

8.5 BTRWA's petition dated January 30. 2021 (copy attached) may kindly be considered as an integral part of this petition and all other issues raised therein may kindly be considered and necessary orders passed for correction/compensation of all irregularities committed by BTPL.

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# BAHRIA TOWN RESIDENTS WELFARE ASSOCIATION<sup>®</sup>

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8.6 Contempt proceedings may also be initiated against BTPL and IESCO for not complying with the orders of the Authority and for continuing the recovery of the tariff declared illegal by the Authority.

**Kind Regards** 

Akhlas Masood

President 03335242323

Home No. 910 St. 32 Plage 25.

C C to:-

1. Vice-Chairman, NEPRA.

2. Member, Consumer Affairs NEPRA.

3. Member, Monitoring and Enforcements Affairs NEPRA.

4. Member, Tariff Affairs NEPRA.

Masood-ur-Rehman Secretary (Finance)

03005361239



# National Electric Lower Regulatory Authorits-

NEPRA Tower Attaturk Avenue (E231), G-5/1 islamabad Ph: +92-51-9205500, Fax: +92-51-2600025 Web: www.nepra.org.pk, E-mail: segialrar@nepra.org.pk

May 6, 2021

No NERPA DGILIC/LAD-02/24/76-97

Chief Executive Officer Islamabad Electric Supply Company Limited Street No.40, Sector G-7/4, Islamabad

Malik Riaz Hussain Chief Executive Bahria Town Private Limited Phase-II, Bahria Town Rawalpindi

## Subject: MINUTES OF MEETING REGARDING HANDING/TAKING OVER OF DISTRIBUTION SYSTEM OF BAHRIA TOWN (PRIVATE) LIMITED (BTPL) BY ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED (IESCO)

This is with reference to a meeting of IESCO & BTPL field on April 29, 2021 at 11,00 AM at NEPRA headquarter with the Authority.

In the meeting, the issue of handing taking over of entire electric power distribution network of BTPL by IESCO was deliberated at length. IESCO and BTPL agreed on an interim arrangement agreement for supply of electric power to the residents/consumers of Bahria Town till the completion of handing taking over of emire distribution network of BTPL by IESCO.

Based on the agreement between the parties during the meeting, the minutes of meeting are being forwarded for your initials signatures. You are directed to sign (each page of the document) and return the same to the Authority within ten (10) days without any failure. Please note that this scheme of arrangement is applicable with immediate effect.

Eacl As above

( Shakil Ahmed ) Additional Director Registrar Office



# BAHRIA TOWN RESIDENTS WELFARE ASSOCIATION®

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July 24, 2021

Major General (r) Javed Iqbal Chief Executive Bahria Town, Rawalpindi/Islamabad.

Dear Sir

Mr. Akhlas Masood, President BTRWA has directed me to inform you that at on few occasions in the recent past the end consumers of Bahria Town Phase 1 to 8 and Bahria Enclave Islamabad have had to suffer painful load shedding at the end of the scorching heat enforced by IESCO for late or short payment of electricity bill by BTPL. This is part of the long and unfruitful discussions between IESCO and Bahria about handing over of the electricity system in Bahria to IESCO as per NEPRA's orders of 24.02.2021.

Bahria residents and other end users of electricity in Bahria are already paying excess charges to Bahria and still have to suffer load shedding when lower paying residents in other areas do not have to suffer such load shedding. This naturally creates intense anger among Bahria residents which has led to street protests by them outside Bahria offices on several occasions. As the end of this month approaches, we would like to urge you to pay the dues on time so that there is no load shedding in the hottest month of July, failing which BTRWA reserves the right to call for peaceful protests by residents and other end users of electricity in Bahria again.

Thank you \_\_\_\_\_\_ 2a/7 Sikandar Shah Executive Committee Member.

Copy:

- i) Chairman NEPRA
- ii) Chief IESCO
- iii) Engineer Saleem , head of Bhira electricity
- iv) Head of services of South and North Bahria



## **BAHRIA TOWN RESIDENTS WELFARE ASSOCIATION**

#### Street No 4 Executive Lodge, near Tonga chock, Bahria Town Islamabad.

August 25, 2021

Chairman,	
NEPRA	
Islamabad.	
Subject: -	Overcharging of electricity bills from end consumers by Bahria Town Private Limited (BTPL).
Reference: -	Complaint No. BTPL-02/02/2021

Dear Sir,

Kindly refer to the correspondence resting with our above-referred registered complaint and regretfully informed that neither BTPL nor IESCO has implemented the directions of the NEPRA passed on 24.2.2021 under one or the other pretext. The NEPRA has unfortunately failed to initiate the legal proceedings against IESCO for violations of its orders. While action on the remaining points mentioned in the BTRWA complaint dated January 30 and March 3, 2021 has still not been processed for unknown reasons. As a result, the end consumers are forced to pay around Rs. 5.29 per unit higher as compared to IESCO consumers of no fault on their part. The overcharged amount has accumulated, to many millions by this date.

4. Both BTPL and IESCO have disputed the standard of electric network resulting into refusal by the IESCO to sign an OM agreement to taking over the same from BTPL without receiving a hefty amount of over Rs. billions or so. As a result, the end consumers are forced to pay around Rs. 5.29 per unit higher as compared to IESCO consumers, which has accumulated, to many millions by this date. The residents are running from pillar to post by making desperate calls on BTRWA and some lodging complaints on PM portal for relief, which is sadly not forthcoming.

5. Of late we have learned that the Ministry of Energy (Power Division) held the hearing of the case on August 12, and August 24, 2021 respectively. It is unfortunate that hearing of the complaint without participating its originators is incomprehensible. BTRWA has also raised its reservations on signing of O&M between BTPL and IESCO without its consent as main stakeholder who contributed heavy cost for setting up the electricity network by BTPL.

6. We hope that NEPRA will ensure to also invite Mr. Masood ur Rehman, Patron in Chief of BTRWA duly nominated by BTRWA for participation in any such hearing/meetings including signing of the O&M agreement to enable the Ministry and the Authority to arrive at an informed, judicious decision to providing relief to a large number of end consumers residing or making business in Bahria Town areas.

Thank you,

Yours Sincerely,

52-

Sikandar Shah Executive BTRWA Cell No. 0333-5160982 On behalf of President BTRWA



BAHRIA TOWN RESIDENTS WELFARE ASSOCIATION (BTRWA) Street No 4 Executive Lodge, near Tonga chock, Bahria Town Islamabad

BTRWA-October 04, 2021

Registrar, NEPRA NEPRA Tower, Ataturk Avenue (East), G-5/1 Islamabad.

## SUBJECT: - OVERCHARGING OF ELECTRICITY BILLS FROM END CONSUMERS BY BAHRIA TOWN PRIVATE LIMITED (BTPL).

Reference: - Complaint Registration No. BTPL-02/02/2021.

Dear Sir,

Kindly refer to the communications exchanged with NEPRA on the subject matter, which is lingering since December 2021. The issue of overcharging of higher tariffs from end consumers was cropped up because of the surrendering of the Electricity Distribution license by the BTPL before the Islamabad High Court, which was subsequently canceled by NEPRA, effective October 16, 2020, in pursuance of the Islamabad High Court directions. It is pertinent to mention that upon cancellation, the service area of IESCO was extended to include the area previously served by the BTPL, thereby declaring the residents/occupants of BTPL Rawalpindi/Islamabad as consumers of IESCO. In the process, the Authority directed both IESCO and BTPL, to enter into an O&M agreement, according to NEPRA (Supply of Electric Power) Regulations, 2015 for a smooth transition of distribution services from BTPL to IESCO, and to avoid any inconvenience to residents of BTPL until IESCO takes over the entire electrical distribution system network of BTPL.

2. However, the IESCO raised serious observations that NEPRA has violated the directions of the honorable Islamabad High Court to consider the application of IESCO dated 8.9.2020 for passing detailed orders providing for the manners and the terms and conditions on which IESCO shall take over the electric power distribution system and services from BTPL. Thus requiring BTPL to continue its obligations until the takeover was consummated in accordance with the manners, terms, and conditions to be laid down by the Authority in its detailed order. The IESCO, for not taking over the area of BTPL and its Electricity network, showed the following serious reservations on the distribution network of BTPL by submitting that significant investment ( as learned it was around 6-7 billion rupees or more) is required for upgrading, rehabilitation, and renovation of the same as highlighted hereunder;-

i. The BTPL distribution system suffers from chronic low efficiency and losses.

- ii. The BTPL has not maintained a proper billing system comparable to prudent industry practice.
- iii. BTPL at no time mentioned was the owner of the distribution system as in fact the distribution system was paid for by the consumers.
- iv. BTPL has enormously profited from the operation of the distribution business over 10 years without any investment of these profits or investment up to the required and necessary level to upgrade/maintain the distribution system and services to keep pace with increasing load demand and cater for deterioration of the system.
- v. The Authority should institute an express and clear schedule for taking over, specifying milestones and the time to achieve the same. Until the takeover is completed, the Authority must require and bind BTPL to continue to be responsible for all aspects of the distribution system and services and make full and timely payments to IESCO for all electricity supplied and billed following the existing arrangements.
- vi. The Authority knowingly and deliberately freed BTPL of all legal obligations thereby unlawfully financially benefitting it at the expense of consumers and IESCO including the obligations to serve its consumers under the distribution license and the applicable law.

3. in the light of above said reservations the smooth transition of distribution services from BTPL to IESCO could not be materialized. Instead, taking undue advantage of this haphazard situation, the BTPL abruptly enhanced the end consumer tariff by Rs. 4.00 a unit in the name of "tariff adjustment" effective December 1, 2020.

4. Observing these illegal charges billed to the consumers by BTPL the BTRWA lodged the aforecited complaint with NEPRA on 30 January 2021, sidetracking many other violations committed by BTPL while operating its Distribution license. The latter validated it, in conformity with the relevant rules, and so registered it under its communication No. BTPL-02/02/2021. Among many violations, listed in our above-said complaint, NEPRA passed an interim order only on stoppage of the unauthorized tariff of Rs. 4.00 a unit that BTPL unilaterally, and unlawfully fixed, ordering its refund to end consumers vide the Authority's letter of 24 February 2021.

5. The aforementioned directions of NEPRA were responded to by BTPL in its letter of March 3, 2021, stating that NEPRA has fixed its purchase price from IESCO effective January 2019, which was higher than its sale price for consumers, therefore, it will continue to charge the higher tariff determined by itself to offset its losses. However, BTPL committed that it will stop overcharging the end consumers, refund the overcharged amount as soon as IESCO stops overcharging it, and revise its bills since January 2019 at the same rates as applicable to IESCO from Central Power Purchase Agency (CPPA).

6. AS per NEPRA's "Complaint Handling and Dispute Resolution Procedure Rules 2015", the Authority was empowered to process the BTRWA's complaint by following the prescribed rules. However, the fact is that NEPRA did not examine and process a host of other violations of which BTPL had been guilty, and to which the Authority's attention had been drawn by BTRWA in the first place. In particular, we noted that NEPRA hasn't exercised its authority vested in it under the relevant rules in consideration of the following aspects of the case;-

7. We regretfully observed the basic requirement for processing the complaint was not fulfilled by NEPRA. As a result, it failed:

- i. To serve a notice to BTPL with a time limit to submit its reply to indicate admission, denial, or explanation of the facts stated in the complaint or any additional relevant facts or grounds along with copies of the relevant record;
- ii. To depute an officer to check the record of BTPL, and to verify allegations of the complainants regarding abuse of the license in various manners, and forms, as enumerated in the BTRWA's compliant;
- iii. To undertake a physical inspection of the site to arrive at a fair and just decision.
- iv. To consider the request of the complainant for a forensic audit by third-party experts to determine the financial impact, suffered by residents because of a string of violations, committed by BTPL. The experts should also be tasked to ascertain the details of in and out of the funds contributed by the residents for setting up the electric system in the beginning and then on regular basis in the name of utility connection charges before the start of construction of a building to confirm that the funds meant for the development of the Bahria Town Phases including payments the electricity network has not been diverted to other works or taken away as a profit of the company.
- v. To conduct a special audit to determine the capacity to handle the required load. Because of insufficient capacity, the residents have already experienced a breakdown about three months back to suffer in the scorching heat besides damaging their costly electrical appliances.
- vi. To appoint a Tribunal Tasked to determine the magnitude of mismanaged and consequent compensation to be paid to end consumers.
- vii. To invite BTRWA to participate in all relevant meetings except for only one, rare occasion, when BTRWA was invited at the eleventh hour on 28 April 2021, to attend a hearing of the case over Zoom about overcharging of Rs 4 per unit by BTPL, and signing of the proposed O&M agreement between BTPL and IESCO, the NEPRA has never invited the complainant to any of the case-related meetings, called subsequently by NEPRA;

8. It may be pointed out that In the hearing dated 28th April 2021 in which BTPL did not agree to accept a precondition of payment of over Rs. six billion to IESCO for upgrading the existing electricity network of BTPL before taking over, we raised the issue of settlement of the remaining points mentioned in our petition of 30 January 2020. At the same time, we also expressed our reservation on the signing of the O&M agreement between BTPL and IESCO without the concurrence of BTRWA. Our Association is the main stakeholder, and a major contributor to the setting up of the entire electric infrastructure, and network of Bahria Town. This position, supported by documentary evidence, was earlier accepted by NEPRA, while determining the tariff petition of NEPRA on November 1, 2011;

9. May we also inform that we have been regularly requesting through letters, personal meetings, and over the telephone calls, time and again, for rationalization of our bills in line with IESCO rates and processing the remaining segments of our complaint but to no avail to date?

10. In a recent meeting with the Director-General, Consumer Affairs Department, NEPRA, we were surprised to note that he was not properly briefed about other violations with particular reference to overcharging of Rs. 1.29 per unit by BTPL since January 2019 under the head "Qtr. Adjustment". He was provided with a copy of each of a bill of IESCO and BTPL, in evidence, for comparison. He took serious notice of it by taking a screenshot of both the bills and assured us that he will stop overcharging this amount immediately. Later we emailed a copy of our complaint dated January 30, 2021, along with additional points mentioned in our letter of March 30, 2021, to the honorable Member of the (Consumers Affairs Division) with the request to advise the official concerned to re-read the complaints and for taking action as per prescribed rules of NEPRA.

11. It may kindly be noted that the residents have neither asked for surrendering of the license by BTPL nor are concerned about the signing of the O&M agreement or settlement of financial claims and counterclaims between IESCO and BTPL and the contention of the BTPL that NEPRA has wrongly fixed its purchase price from IESCO effective January 2019, which was higher than its sale price for consumers.

12. We the end consumers have already suffered huge losses by paying the excess levy charged by BTPL, which on an accumulated basis, now runs in billions of rupees. The residents just want a smooth and efficient supply of electricity at rates at par with consumers of IESCO service territory. Nevertheless, if at all the signing of an O&M Agreement between BTPL, and IESCO is a legal requirement, we shall welcome it. However, we will not concur with any Agreement if it is found detrimental to the interests of the end consumers;

13. It is interesting to mention that IESCO has been contesting a case in the Islamabad High Court since 2010 against NEPRA for the reversal of its service area illegally granted to BTPL to serve under a separate electricity distribution license. Astonishingly, the IESCO refused to take it over back when the BTPI surrendered it before the Court/NEPRA ignoring the fact that had no license been granted to BTPL, IESCO would have set up its own electric distribution system in the area and charged the customers at the IESCO rates fixed for other areas under its jurisdiction. It would have conveniently recovered the capital cost it incurred in the monthly bills, in the same manner, it is recovering from the end consumers of its service area by raising the bills to the end consumer duly built in the tariff allowed to it by the NEPRA including the cost of distribution and line losses, etc.

14. From the proceedings narrated in the aforesaid paras, it appears that BTPL and IESCO remain defiant of law, making it a daunting task for NEPRA even to get its interim orders implemented challenged by IESCO on technical grounds mentioned above, while action on the remaining parts of the complaint purely related to BTPL is yet to be initiated by the Consumer's Affairs Division.

15. In the light of the above, the residents are of the considered opinion that BTPL, IESCO, and NEPRA are not serious in resolving this case. They seem to be more interested in keeping it on the conveyor belt, not resolving it. On the other hand, BTPL being no more a licensee is continuously

charging the excess amount from luckless residents of no fault on their part while the NEPRA has failed to get even its interim order implemented despite a lapse of around one year. Like other DISCOS, there are complaints of the residents that BTPL too has also rigged the current monthly bills by charging for over 30 days of meter reading.

16. Sadly, they are confused about where to file their complaints. Although as per the NEPRA orders; the Bahria Town consumers are now the consumers of IESCO effective 15 December 2020 but that orders have been fully defeated by IESCO with the objection that NEPRA could not devise the manner, terms, and conditions and other preliminaries before passing orders of handing over/taken over of the electricity network. As a result, IESCO refused to take it over without receiving a significant amount for its rehabilitations while the BTPL is demanding that it should be taken over by IESCO on an "As is and where is basis."

17. In the circumstances explained above, we reiterate for appropriate action by the Authority to resolve our grievances, listed in the two complaints, referred to above, as per relevant provision of law within 15 days of issue of this letter failing which we will seek justice from the Superior Courts by instituting a legal case against NEPRA and others, who have failed to protect the fundamental rights of the consumers.

With best regards,

Masood-ur-Rehman Patron in Chief BTRWA 0300-5361239 WhatsApp 0345-5589595

Copy to;-

- 1. The Chairman, NEPRA. NEPRA Tower, Ataturk Avenue (East), G-5/1 Islamabad.
- 2. Chief Executive, BTPL, Corporate Office, Bahria Town, Phase-1, Rawalpindi-Islamabad.
- 3. The Managing Director,

Islamabad Electric Supply Company IESCO Head Office St, 40 Sector G-7/4 Islamabad.



# National Electric Power Regulatory Authoritý

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad Ph: +92-51-9206500, Fax: +92-51-2600026 Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/R/ADG(Trf)/TRF-505/BTPL-2019/2491-2493

January 15, 2021

#### Subject: Decision of the Authority in the matter of Petitions filed by Bahria Town (Pvt.) Ltd. for Determination of its Distribution and Consumer-end-Tariff for the FY 2018-19 and FY 2019-20 (Case No. NEPRA/TRF-505/BTPL-2019)

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority (07 Pages) in the matter of Petitions filed by Bahria Town (Pvt.) Ltd. for Determination of its Distribution and Consumerend-Tariff for the FY 2018-19 and FY 2019-20) for information, in Case No. NEPRA/TRF-505/BTPL-2019.

Enclosure: As above

1501 21

(Syed Safeer Hussain)

Secretary Ministry of Energy (Power Division) 'A' Block, Pak Secretariat Islamabad

CC: 1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'A' Block, Pak Secretariat, Islamabad



50

## DECISION OF THE AUTHORITY IN THE MATTER OF PETITIONS FILED BY BAHRIA TOWN PRIVATE LIMITED FOR DETERMINATION OF ITS DISTRIBUTION AND CONSUMER END TARIFF FOR THE FY 2018-19 AND FY 2019-20

#### CASE NO. NEPRA/TRF-505/BTPL-2019

#### PETTTIONER

Bahria Town Pvt. Limited (BTPL), Safari Valley Office, Phase-VIII, Bahria Town Rawalpindi.

#### INTERVENER

Bahria Town Residents Welfare Associations, Bahria Town

#### COMMENTATOR

NIL

#### REPRESENTATION

- i. Deputy Chief Executive
- ii. General Manager Electrical Development
- iii. General Manager Grid Stations
- iv. Financial Consultant
- v. Legal Advisor / Consultant



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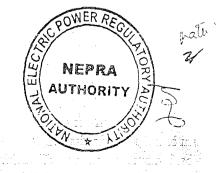


#### Background

- 1. The amendments in the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was passed by the National Assembly on 15<sup>th</sup> March, 2018, which was published in the official Gazette on 30<sup>th</sup> April 2018 (the "Amendment Act"), resulting in restructuring of the energy sector.
- 2. As per the amended Act, function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a), whereby 'sale' of electric power has been removed from the scope of 'Distribution Licensee' and transferred to 'Supply Licensee'.
- 3. Section 23E of the Act, provides NEPRA with the powers to grant Electric Power Supply License for the supply of electric power. Section 23E(1), however, provides that the holder of a distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power under this section for a period of five years from such date. Thus, all existing Distribution Licensees have been deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, can continue to do so. Section 23E, further states that the eligibility criteria for grant of license to supply electric power to be prescribed by the Federal Government, and shall include, provision with respect to a supplier of the last resort, as the case may be.
- 4. In view thereof, Bahria Town (Pvt.) Limited (BTPL), hereinafter called "the Petitioner" being a Distribution as well as deemed Supplier filed separate tariff petitions for the determination of its Distribution and Consumer end tariff for the FY 2018-19 and FY 2019-20, in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").

#### Comments of Intervenor

Bahria Town Residents Welfare Association, inter alia, submitted that BTPL is obligated to 5. segregate its licensed activity from the main company which is predominantly involved in land development, but the BTPL accounts show the distribution as a project of BTPL and not as an independent entity. In addition it submitted that losses shown by BTPL in the audited accounts for FY 2017-18 and projected accounts of FY 2019-20, are due to charging of O&M costs, which includes depreciation on assets, which are actually acquired from the contribution of residents. The Intervener further submitted that no basis of allocation of management costs and revenues have been provided in the petition. The audited accounts filed with SECP, clearly showing bifurcation of costs and revenues of different segment of businesses of BTPL should be provided. In addition, the intervenor submitted that there is massive exploitation of consumers by the BTPL through arbitrary application of TOU rates without having TOU meters in place, and a single rate may be determined for all residential consumers. Intervenor further claimed that accounts and projections of BTPL are misleading and the distribution margin claimed is unjustified. The Depreciation/ Return on Asset Base is not admissible as the assets have been funded by the residents. The percentage of losses should be limited to NEPRA determined losses in the past.



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#### <u>Proceedings</u>

- 6. In terms of rule 4 of the Tariff standard and Procedure Rules, 1998 (hereinafter referred to as "Rules"), the petition was admitted by the Authority. Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.
- 7. Hearing in the matter was held on February 19, 2020, for which notice of admission / hearing along-with the title and brief description of the petition was published in newspapers on and also uploaded on NEPRA website; Individual notices were also issued to stakeholders/ interested parties.
- 8. During the hearing, the Petitioner was represented by its Deputy Chief Executive along-with Legal, Technical and Financial team.
- 9. The Authority during the hearing, also discussed the status of Writ Petition No.2860/2012, filed by Islamabad Electric Supply Company (IESCO) in the Honorable Islamabad High Court (IHC), against the Distribution license issued to BTPL, wherein the Honorable Court vide decision dated February 04, 2016 had decided that NEPRA shall not pass an order or take any action, which may prejudice the final outcome of the instant petition. In view thereof the hearing was adjourned.
- 10. Afterwards, the Honorable IHC in its decision dated June 25, 2020 in the matter of WP No.2860/2012, on the submissions of BTPL that they have no objection if the instant Petition is allowed, decided that let IESCO and BTPL submit their proposals in this regard prior to the next date of hearing.
- 11. Subsequently, the IHC passed the following order dated July 01, 2020;

"Given the statement made by learned counsel for M/s BTPL on the previous date of hearing, it is imperative that the takeover of the distribution system in the area for which the distribution license had been granted to M/s BTPL, should be smooth so that the interests of the consumers are adequately protected. For this purpose, modalities have to be worked out for the takeover of the distribution system by IESOCO.

I am of the view that the takeover of the distribution system by IESCO have to take place under the aegis of the Regulator (NEPRA). For the takeover to be affected, the distribution license granted to IESCO will have to be amended once again so that IESCO's distribution license is restored to the one prevailing before the amendment of its license made through the order impugned in this petition.

Before the matter is referred to NEPRA, this court deems it appropriate to provide an opportunity to the contesting parties (i.e. IESCO and BTPL) to confer in order to agree on joint terms of reference for NEPRA. For this purpose, this matter is being adjourned for three weeks."

12. Afterwards, the honorable IHC in order dated July 29, 2020 decided that;



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"Taking into consideration the stance of learned counsel for IESCO as well as BTFL as recorded

in the orders dated 25.06.2020 and 01.07.2020, I am of the view that the takeover of the electricity distribution system for which distribution license was granted to BTPL is to be taken over by IESCO under the aegis of NEPRA. For this purpose, an application ought to be filed by IESCO before NEPRA at the earliest. Let this application be filed and the same be brought on the record on the next date of hearing."

13. Subsequently, the Honorable Court in its order dated August 13, 2020 decided that;

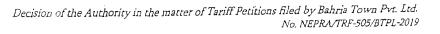
"Learned council for IESCO submits that the application, pursuant to the order dated 29.07.2020, shall be filed before NEPRA at the earliest but not more than two weeks. Let the said application be filed and the outcome of the said proceedings be intimated to the court on the next date of hearing.

Mr. Irfan-ul-Haq, Legal Advisor tendered appearance on behalf of NEPRA and drew the attention of the Court to the order dated 04.02.2016 passed in captioned writ petition, and submits that due to the said injunctive order passed by this Court, the petitioner's application for the determination of tariff could not be decided. Let the petitioner's application for tariff determination be decided strictly in accordance with the applicable law, and the said order dated 04.02.2016 shall not pose as an obstacle in the proceedings before NEPRA."

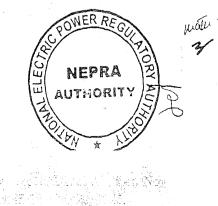
- 14. In view of the above decision of the IHC dated August 13, 2020, the Authority decided to conduct rehearing in the matter of Tariff Petitions filed by BTPL. The hearing was held on August 25, 2020, which was attended by Deputy CEO BTPL along-with his team and CFO, IESCO along-with his team.
- 15. BTPL, during the hearing, categorically submitted that they do not want to continue with the electricity business and want to hand over their distribution system to IESCO. BTPL also submitted that since this process of takeover may take couple of months, and during the transition period the Power Purchase Price (PPP) of BTPL to be paid to IESCO, would be higher as compared to cost being recovered from consumers, therefore, BTPL may be allowed some relief till the time the process of transfer of assets is completed.
- 16. IESCO, during the hearing, submitted that they will file a formal application before the Authority in this regard, however, certain reservations were shown by IESCO regarding high level of losses and condition of the distribution network of BTPL.
- 17. Subsequently, BPTL vide letter dated September 01, 2020, inter alia, submitted that until handing and taking over of the Electric Network is completed, BTPL being a Distribution Licensee is entitled to get tariff from NEPRA under section 31 of the NEPRA Act, 1997. Therefore, the Authority may determine its Tariff with immediate application of the proposed tariff. BTPL also requested for all the incentives available to other Distribution Companies and adjustment / refund of the amount received by IESCO beyond the applicable tariff since January 2009, as C-3 is not applicable to BTPL.



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- 18. IESCO in the meantime vide letter dated September 08, 2020 filed application before the Authority, pursuant to the order of the Honorable IHC, to consider & pass detailed orders providing for the manner and terms & condition on which IESCO shall take over the electric power distribution system & services in the localities mentioned in the distribution license issued to BTPL & restoring/reinstating IESCO's distribution license to the terms & conditions existing prior to the amendments made pursuant to the Authority proposed modification dated 29.10.2010.
- 19. The Honorable IHC in its order dated September 09, 2020 decided that pursuant to the application filed by IESCO, the application be decided within a period of three months and decided to relist the case thereafter.
- 20. Meanwhile, BTPL vide letter dated September 15, 2020 again submitted that it is ready to surrender its Distribution License and hand over to IESCO its entire electrical network i.e. 220/132 KV Grid Stations and Distribution Systems on "as is and where is basis". However, at the same time, BTPL also requested that, being a distribution licensee, it may be granted tariff under Section 31 of the NEPRA Act 1997.
- 21. The Authority, in view of the above submissions of BTPL, whereby on one hand BTPL is willing to surrender its Distribution License, however, at the same time requesting for grant of tariff, decided to provide an opportunity of hearing to BTPL, to have a clear view point from BTPL in the matter.
- 22. The hearing was accordingly scheduled on October 15, 2020, wherein BTPL was represented by its Deputy CEO along-with its technical team. BTPL during the hearing reiterated its earlier stance that they are not willing to continue with the electricity business and want to surrender the Distribution license.
- 23. BTPL also subsequently, vide letter dated October 16, 2020 made its written submissions in this regard, wherein, *inter alia*, it submitted that it is ready to surrender its Distribution License and hand over to IESCO its entire electrical network i.e. 220/132 KV Grid Stations and Distribution System on "as is and where is basis" with immediate effect. BTPL also submitted that it will carry out the Operations & Maintenance of electrical system till handing over/ taking over or any further arrangement as advised by the Authority.
- 24. In view of the aforementioned submissions made by BTPL during hearings & in writing and the orders of honorable IHC dated June 25, July 01, July 29 and August 13, 2020, the Authority has cancelled the Distribution License No.20/DL/2010 dated November 24, 2010 of BTPL w.e.f. October 16, 2020 vide its orders dated October 20, 2020.
- 25. The Authority also directed both IESCO and BTPL, to enter into an O&M agreement in terms of NEPRA (Supply of Electric Power) Regulations, for smooth transition of distribution services from BTPL to IESCO and to avoid any inconvenience to the residents of BTPL, till the time IESCO takes over the entire electrical distribution system/ network of BTPL.



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- 26. Subsequently, IESCO vide letter dated October 22, 2020, inter alia, submitted the following;
  - ✓ The orders of the Authority dated October 16, 2020, are in contravention of the orders of the honorable Islamabad High Court, potentially amounting to contempt of court and are mala fide/ unlawful, designed to financially and otherwise benefit BTPL at the expense of and against the interest of IESCO.
  - ✓ The Authority was directed by the honorable IHC to consider IESCO's application dated 08.09.2020 and pass detailed orders providing for the manner of and terms & conditions on which IESCO shall take over the electric power distribution system and services in localities mentioned in BTPL's distribution license, thus requiring BTPL to continue its obligations until the takeover was consummated in accordance with the manner and terms & conditions to be laid down by the Authority in its detailed order.
  - ✓ IESCO application dated 08.09.2020 is still pending before the Authority and no proceedings have taken place at all. The Authority has for reasons unexplained, accelerated the BTPL request dated 16.10.2020, which was a full week after submission by IESCO dated 08.09.2020 and the honorable IHC order dated 09.09.2020.
  - ✓ The Authority knowingly and deliberately freed BTPL of all legal obligations thereby unlawfully financially benefitting BTPL at the expense of consumers and IESCO, including the obligation to serve its consumers under the distribution license and the applicable law, thereby created a legal vacuum where now there is no distribution license covering the service territory previously included in the BTPL distribution license and the consumers' interest stand completely defeated.
  - BTPL distribution system suffers from chronic low efficiency and losses, and BTPL has not maintained proper billing system comparable to prudent industry practice. This requires substantial investment and significant time to implement and correct the required work. BTPL has operated this system for 10 years and unlawfully profited from it.
  - ✓ BTPL at no time was owners of the distribution system, mentioned in the distribution license of BTPL as in fact the distribution system was paid for by the consumers.
  - ✓ The Authority should institute an express and clear schedule for takeover, specifying milestones and the time to achieve the same. Until the takeover is completed, the Authority must require and bind BTPL to continue to be responsible for all aspects of the distribution system and services and make full & timely payment to IESCO of all electricity supplied and billed in accordance with the existing arrangements.
- 27. The Authority understands that consequent upon the cancellation of BTPL License, and per the submissions made by BTPL and IESCO in the honorable Islamabad High Court (IHC), the BTPL Network is to be taken over by IESCO. IESCO, however, has shown serious reservations on the distribution network of BTPL by submitting that significant investment is required for upgradation, rehabilitation and renovation of the same. IESCO also claimed that BTPL has enormously profited from operation of the Distribution Business over ten years period without any investment of these profits or investments up-to the required and necessary level to maintain/ upgrade the distribution system and services to keep pace with increasing load/



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- demand and cater for the deterioration of the system. IESCO for the purpose has estimated an amount of around Rs.2,132 million and requested that all profits/ gains made by BTPL to date be returned to IESCO together with compensation for the lost opportunity.
- 28. As mentioned above, the Authority has initiated separate proceedings for the handing over / taking over of the BTPL network, whereby all the points raised by IESCO will be addressed on merit. The Authority further directs BTPL to provide its Audited Financial Statements, audited by Category "A" audit firm as per the State Bank of Pakistan panel of Auditors, since grant of its Distribution License in order to assess the claims of IESCO. The same would be evaluated in the proceedings of handing over and taking over.
- 29. Foregoing in view and the fact that BTPL's distribution license has now been cancelled, the Tariff Petitions filed by BTPL as a Distribution licensee as well as a deemed Supplier, for determination of Distribution and Supply of Power Tariffs for the FY 2018-19 and FY 2019-20, are no more valid and does not require any further proceedings.

AUTHORITY Engr. Bahadur Shah Rehmaturlah Baloch Member Member Rafique Ahmed Shaikh . Saif Ullah Chattha Member Vice Chairman 4.1.2021 Tauseef H. Farø Chairman 5 On non-Jefermination distribution licensee in-1 I have serious reservations of tariff for the first d Ex- Wapta DISCO, system. ER REG NEPRA Page 7 of 7 AUTHORITY 50121

#### ORDER SHEET IN THE ISLAMABAD HIGH COURT, ISLAMABAD JUDICIAL DEPARTMENT

#### W.P.No.2860 of 2012 IESCO Versus NEPRA and others

S. No. of order		Order with signature of Judge and that of parties or counsel
/ proceedings	Proceedings	where necessary.
	17.02.2022	Barrister Khalig uz Zaman Khan for IESCO in writ
		petitions No.2860/2012 and 2921/2016,
		Mr. M. Khalid Zaman, Advocate for IESCO in writ
		petitions No.2921/2016 and 1484/2020,
		M/s Nadir Altaf and Omair Saleem Malik,
		Advocates for the petitioners in writ petition
		No.34/2022,
		Mr. Arshid Mehmood Kiani, learned Deputy
		Attorney-General,
		Mr. Qaiser Imam Ch, Advocate along with Mr.
		Irfan ul Haq, Legal Adviser for NEPRA,
		Barrister Gohar Ali Khan for Bahria Town
		(Pvt.) Ltd.
		Mr. M. Nisar Khattak, Advocate for respondent
		No.4 / DHA in writ petition No.2912/2016.
		Learned counsel for NEPRA submitted that
		offerts to amigably receive the matter partaining to

efforts to amicably resolve the matter pertaining to the takeover by IESCO of electricity distribution system installed by Bahria Town have not borne any fruit as yet.

Learned counsel for IESCO submitted that if IESCO was to takeover Bahria Town's electricity distribution system (which is inefficient and needs to be upgraded), IESCO would expose itself to being penalized by NEPRA. He further submitted that IESCO can upgrade Bahria Town's electricity distribution system with funds provided by Bahria Town or Bahria Town can upgrade the system under IESCO's supervision before IESCO can take it over. He also complained that the Regulator is not taking the matter seriously and the last meeting regarding this matter took place few months ago.

Mr. Nadir Altaf, learned counsel for the petitioners in writ petition No.34/2022 complained

that the petitioners, who are electricity consumers in the housing schemes established by Bahria Town are being charged higher than the tariff notified by NEPRA, and that this fact is in NEPRA's knowledge. 58

Learned counsel for Bahria Town assured that Bahria Town shall not charge from the consumers a single penny more than the tariff notified by NEPRA. NEPRA shall ensure that tariff in excess of the notified tariff is not charged from the consumers by Bahria Town.

Since efforts made by NEPRA to amicably resolve the dispute between IESCO and Bahira Town regarding the takeover of the electricity distribution system have remained unsuccessful, it may consider using its statutory powers to intervene in the matter and resolve the dispute in a manner which is most favourable to the consumers.

This petition has been pending since several years. The electricity distribution license issued by NEPRA to Bahria Town is no longer valid. The jurisdiction of IESCO to provide electricity distribution facilities in the area for which a license had previously been granted to Bahria Town has been restored. In the event, the dispute is not resolved within one month, the Chairman, NEPRA as well as the Chief Executive Officer of IESCO shall tender appearance before this Court and explain as to why this matter has not been prioritized.

Relist after one month.

(MIANGUL HASSAN AURANGZEB) JUDGE

Sultan\*

a A

RIAA Barker Gilletto

RJAA Barker Gillette Chambers 3rd Floor, 65-W, Executive Heights Block-H, Fazal-e-Haq Road, Blue Area, Islamabad, Pakistan

T +92 51 111 LAWYER

www.riaabarkergillette.com

Morning Shift Date:

11.54F

22 February 2022

Chairman National Electric Power Regulatory Authority (NEPRA) NEPRA Tower, Ataturk Avenue (East)

#### Honourable Islamabad High Court's Order in W.P.No. 2850/2012 and W.P.No. 34/2022

Dear Sir,

G-5/1, Islamabad

We act as the legal counsel of the Bahria Town Residents Welfare Association ("BTRWA") in the Writ Petition No. 34 of 2022 pending before the Honourable Islamabad High Court.

By way of background, the aforesaid proceedings have been initiated by BTRWA challenging the illegal and excessive electricity tariff charged by Bahira Town (Private) Limited ("BTPL") to the residents of Bahria Town, Islamabad ("Bahria Town"). Both NEPRA and Islamabad Electric Supply Company ("IESCO") are parties to the proceedings and the same will be heard alongside the Writ Petition No. 2860 of 2012 which, *inter alia*, relates to taking over of Bahria Town's distribution network by IESCO.

In the last hearing conducted on 17.02.2022 in the matter, BTPL maintained that it has not overcharged the residents of Bahria Town which, as you are aware, is a blatantly inaccurate position taken by BTPL. NEPRA, itself, in its letter addressed to BTPL dated 24.02.2021, took notice of the excess tariff being charged by BTPL and directed it to "stop raising extra charges to the consumers with immediate effect and refund the excessive amount already charged".

NEPRA has consistently failed to ensure compliance of its directions which was also highlighted before the Honourable Islamabad High Court. Accordingly, the Honourable Court in its order dated 17.02.2022 observed and directed the following:

"Mr. Nadir Altaf, learned counsel for the petitioners in writ petition No.34/2022 complained that the petitioners, who are electricity consumers in the housing schemes established by Bahria Town are being charged higher than the tariff notified by NEPRA, and that this fact is in NEPRA's knowledge.

Learned counsel for Bahria Town assured that Bahria Town shall not charge from the consumers a single penny more than the tariff notified by NEPRA. <u>NEPRA shall ensure</u> that tariff in excess of the notified tariff is not charged from the consumers by Bahria <u>Town</u>".

[Emphasis Added]

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In light thereof, it is humbly brought to your attention that the Honourable Court has directed NEPRA to ensure that the residents of Bahria Town are not overcharged for provision of electricity. In the interest of justice and as the sector regulator, NEPRA is kindly requested to please prioritize this matter and ensure compliance with the directions of the Honourable Islamabad High Court.

Your usual facilitative approach will be appreciated in this regard.

Thank you and kind regards,

lotter

RIAA Barker Gillette



Heatric Hor Contentiony Authority ISLAMIC REPUBLIC OF PAKISTAN NEPŘA LIVATR CLIDER Avenue (Fastrich Trickely I, Islamabad, Ph.054-2013200, Factor 1:2500021

Consumer Affairs Department

1GD-12/ March 28, 2022

Mr. Nadir Altaf (Counsel) RIAA Barker Gillette RIAA Barker Gillette Chamber 3<sup>rd</sup> Floor, 65W. Executive Heights, Block H, Fazal-e-Hag Road, Brue Area, Islamabad

#### Subject - HONORABLE ISLAMABAD HIGH COURT'S ORDER IN W.P NO. 2860/2012 AND W.P. NO. 34/2022 BTPL-02/02/2021

Reference is made to your letter dated February 22, 2022 regarding the subject matter

2 Please be informed that NEPRA has recently directed IESCO to resolve the issue amicably with Bahria Town Private Limited (BTPL) IESCO has also constituted a committee comprising of senior officers for taking over the Distribution System of Bahria Town. Director General (Consumer Affairs), NEPRA is also focal person for coordination between IESCO and Bahria Town

3

This is for your information please.

(Lashkar Khan Qambrani) Director

Copy to:

 Chief Executive Officer Islamabad Electric Supply Company (IESCO) Street No. 40. G-7/4. Islamabad

 Chief Executive Officer Bahria Town Private Limited (BTPL) Corporate Office, Phase-II, Bahria Town, <u>Rawatpindi</u>.

 Mr. Iffikhar Hussain Kazmi Office No. 205, 2<sup>rd</sup> Floor, Asian Arcade, Bahria Encloave, Islamabad 0336-7334215, 0300-9892826



## NEPRA TOWER Attaturk Avenue (East) Sector G-5/1, Islamabad Ph 051-2013200, Fax: 051-2600021

Peraturent

April 22, 2022

62

Concorate Office, Phase-II, Bahria Town, Rawalpindi

#### HEARING NOTICE

Subject: - COMPLAINT AGAINST BAHRIA TOWN PRIVATE LIMITED (BTPL) REGARDING CHARGING OF HIGHER TARIFF BTPL-02/02/2021

Reference is made to the subject complaint, and NEPRA's letter No NEPRA/DG(CAD)/TCD-12/9722-24 dated February 24, 2021 regarding the subject matter.

The residents of Bahria Town Private Limited (BTPL) have approached the Honorable nabad High vide writ petition 34 of 2022. During the proceedings, the Honorable court has directed NuPRA to provide an opportunity of hearing to the petitioner and all the concern and pass a decision in accordance with law. In order to proceed further into the matter, a hearing has been scheduled for April 28, 2022 at 11:00 a.m. at Consumer Affairs Department, NEPRA Tower. Attaturk Avenue, Sector G-5/1 (EAST), Islamabad.

3...

Please depute the concerned to attend the hearing along with all the relevant record

(Naweed Illan Shaikn) Director General ead of Consumer Affairs Deptt

Copy to:

- Assistant Chief Executive Bahria Town Private Limited (BTPL) Bahria Town Services Corporate-II, Office Extension, Phase-II, Bahria Town, <u>Rawalpindi.</u>
- RIAA Barker Gillette
   RIAA Barker Gillette Chamber
   3<sup>rd</sup> Floor, 65 W, Executive Heights,
   Block-H, Fazal-e-Haq Road, Blue Area, Islamabad
- Mr. Iftikhar Hussain Kazmi Office No. 205, 2<sup>nd</sup> Floor, Asian Arcade, Bahria Enclave, <u>Islamabad</u>. 0336-7334216, 0300-9892826
- Mr. Masood-ur-Rehman Bahria Town Residents Walfer Association (BTRWA) Street No. 4, Exectuve Lodge, Near Tonga Chock Bahra Town, Islamabad. 0300-5361239, 0345-5589595
- 5 Akhlas Masood
   Bahria Town Residents Walfer Association (BTRWA)
   Street No. 4, Exectuve Lodge, Near Tonga Chock
   Bahra Town, Islamabad
   0333-5242323

Please allend the hearing

27 April 2022

**Consumer Affairs Department** National Electric Power Regulatory Authority (NEPRA) NEPRA Tower, Ataturk Avenue (East) G-5/1, Islamabad

Subject: <u>COMPLAINT AGAINST BAHRIA TOWN PRIVATE LIMITED (BTPL) REGARDING</u> <u>CHARGING OF HIGHER TARIFF</u> BTPL - 02/02/2021

Re: Your Letter No. TCD.12/2434-2022 dated 22 April 2022

Dear Sir,

We refer to your letter referenced hereinabove wherein you have stated that the Honourable Islamabad High Court has directed NEPRA to provide an opportunity of hearing to the aggrieved residents of Bahira Town. You further provide that in compliance with the directions of the Honourable Islamabad High Court, a hearing in the aforesaid matter has been scheduled before the Consumers Affairs Department ("Department").

While we appreciate the Department's effort to resolve the issue of excess tariff being charged to the residents of Bahira Town, it is our understanding that directions of the Honourable Islamabad High Court require that the Authority should adjudicate this matter instead of the Department. As you would appreciate, under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, the Authority comprises of its members and the Chairman.

In light thereof, it is humbly requested that this matter be placed before the Authority and the hearing scheduled for the 28<sup>th</sup> of April 2022 is convened by the Authority in full compliance with the directions of the Honourable Islamabad High Court.

Your usual facilitative approach will be appreciated in this regard.

Thank you and kind regards,

RIAA Barker Gillette

## ORDER SHEET. ISLAMABAD HIGH COURT, ISLAMABAD. JUDICIAL DEPARTMENT. W.P.No.34/2022 Bahria Town Residents Welfare Association

Vs.

N.E.P.R.A. and others

S. No. of	Date of	Order with signature of Judge and that of parties
order/	order/	or counsel where necessary.
proceedings	Proceedings	
	28.11.2022.	M/s Nadir Altaf and Omair Saleem Malik, Advocates for
		the petitioner.
		Syed Ahsan Raza Kazmi, learned Dy. A-G.
		M/s Shuja Ullah Gondal, Advocate along with Lashkar
		Khan, Dir, Mogeen ul Hassan, Adviser, Irfan ul Hag,
		Legal Adviser for NEPRA.
		Mr. S. M. Jawad, Advocate/proxy counsel for
		respondent No.3
		Barrister Gohar Ali Khan advocate for respondent
		No.2/B.T.P.L.

Pursuant to the tariff determination dated 01.11.2011 and subsequent orders passed by National Electric Power Regulatory Authority ("N.E.P.R.A."), the Bahria Town Residents Welfare Association/petitioner on 30.01.2021 submitted a complaint to the Regulator / N.E.P.R.A. complaining as to the overcharging of tariff by respondent No.2 (Bahria Town Private Limited) ("B.T.P.L."). A reply to the said complaint was filed by Bahria Town Services on 03.03.2021, which is not a party in the instant petition and to whom no distribution license had been issued by N.E.P.R.A. at any material stage. Through the said reply, the Bahria Town Services controverted the grounds taken in the petitioner's complaint. After the said reply was

filed, N.E.P.R.A. on 24.02.2021 passed an order directing B.T.P.L. to stop raising extra charges to the consumers and refund the excess amount already charged. N.E.P.R.A. did nothing to enforce the said order. This inaction on the part of N.E.P.R.A. caused the petitioner to file the instant writ petition on 04.01.2022 praying for the implementation of the said order dated 24.02.2021.

Mr. Lashkar Khan, Director has tendered appearance on behalf of N.E.P.R.A. and submitted that after the issuance of the said 24.02.2021, N.E.P.R.A. order dated has conducted hearing in which the petitioner as well as the representatives of the B.T.P.L. have been heard on the question of charging extra tariff without determination by N.E.P.R.A. He further submitted that the hearing has been concluded and an order / determination is expected to be issued by N.E.P.R.A. within a period of one month from today.

Let an order / determination be issued and a copy of the same be brought on the record before the next date of hearing.

Relist on 16.01.2023.

## (MIANGUL HASSAN AURANGZEB) JUDGE

\*Sanaullah\*