



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/M&E/LAD-29/629-30

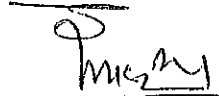
January 13, 2017

Chief Executive Officer
Bahria Town Private Limited (BTPL)
Phase-II, Bahria Town,
Rawalpindi

Subject: **Order of the Authority in the matter of Show Cause Issued to Bahria Town (Pvt.) Limited (BTPL) under Section 29 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 read with Rule 4(7) & (8) of NEPRA (Fines) Rules, 2002**

Please find enclosed herewith the Order of NEPRA dated 13.01.2017 regarding the subject matter for information please.

Encl: As above


13.01.17
(Syed Safeer Hussain)
Registrar

Copy to:

Mr. Muhammad Arif, General Secretary, Bahria Town Residents Welfare Association,
692-A, Road-D, Phase-III, Bahria Town, Islamabad.

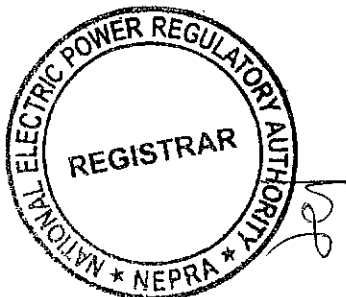


National Electric Power Regulatory Authority

ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE ISSUED TO BAHRIA TOWN PRIVATE LIMITED (BTPL) UNDER SECTION 29 OF THE REGULATION OF GENERATION TRANSMISSION AND DISTRIBUTION OF THE ELECTRIC POWER ACT, 1997 READ WITH RULE 4(7) & (8) OF NEPRA (FINES) RULES, 2002.

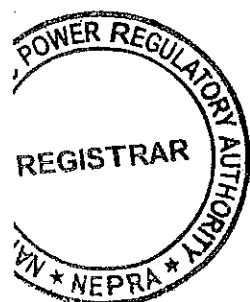
Order

1. This order shall dispose of the Show Cause Notice dated June 01, 2015 issued to Bahria Town Private Limited (BTPL) under section 29 of the Regulation of Generation Transmission And Distribution of the Electric Power Act, 1997 read with Rule 4(7) & (8) of NEPRA (Fines) Rules, 2002.
2. Briefly the facts of the case are that the Authority granted a distribution License No. 20/DL/2010 to Bahria Town Private Limited (hereinafter referred to as "BTPL") to engage in distribution of Electric Power in its service territory as specified in its distribution license.
3. That on December 09, 2013 Mr. Muhammad Arif, General Secretary Bahria Town resident Welfare Association filed a complaint against BTPL to NEPRA wherein it was complained that BTPL is charging a higher tariff to the resident of Bahria Town in violation of determination of consumer-end-tariff Order No. NEPRA/TRF-170/BTPL-2011 dated November 01, 2011 (refer para 9.3(a) of the determination). Hence the same came before us and thorough discussion was held and all the submission and papers were considered minutely examined and after due deliberations we issued the following directions to BTPL vide NEPRA's letter dated March 21, 2014.
 - i. To charge only such tariff as applicable to the consumers of IESCO.
 - ii. Additional charge levied against the consumers on account of tariff adjusted accordingly.BTPL was further directed to submit a compliance report within thirty (30) days.
4. While responding to the NEPRA's letter, BTPL vide letter dated April 17, 2014 agreed to charge the same tariff as applicable to IESCO consumers, however the response was lacking silent with respect to compliance of the directions regarding adjustment of charges already levied against the consumers on account of higher tariff. BTPL was directed vide letter dated June 05, 2014 to proceed in the light of directions conveyed vide letter dated March 21, 2014 and submit report along with documentary evidence/copies of bills regarding adjustment of charges already levied. BTPL vide its letter dated June 24, 2014 submitted that as soon as BTPL's tariff petition may be approved by the Authority and the requisite relief will be provided to BTPL, necessary



adjustment in the consumer bills would be made accordingly. The reply of BTPL was not found satisfactory and it does not have any valid reasoning therefore, it was once again directed to BTPL vide letter dated September 12, 2014 to adhere to Authority's directions and make adjustment of excessively charged tariff and submit report along with documentary evidence. BTPL vide letter dated October 14, 2014 reiterated its earlier stance and stated that it would make necessary adjustment as soon as its tariff petition is approved and requisite relief be provided to BTPL by the Authority.

5. That the Tariff Determination of the Authority falls within the ambit of "Applicable Documents" provided in NEPRA (Fines) Rule, 2002. That the BTPL is a distribution licensee of NEPRA and it is obligated to comply with the provisions of the Applicable Documents but BTPL had failed to comply with the provisions of the Applicable Documents and has not submitted the compliance report of the violations committed by it within the stipulated time. Neither the said provision of law have been complied with nor the directions given by the Authority been implemented. Hence the Authority served an explanation under Rule 4(1) and (2) of NEPRA (Fines) Rules, 2002. Vide Registrar letter No. NEPRA/R/SA(M&E)LAD-29/15864 dated December 01, 2014 to either admit or deny the violations committed by BTPL.
6. The Authority considered the reply of explanation submitted by BTPL vide it's letter No. 786/BTS/NEPRA Complaint dated December 11, 2014. BTPL while responding to the explanation submitted that it had not violated the Authority's instructions referred in letter No. NEPRA/R/TCD-02/10537-39 dated September 12, 2014. BTPL further submitted that:
 - a. Authority's instructions regarding implementation of same tariff as applicable to IESCO consumers by providing the benefit of subsidy were implemented immediately.
 - b. As regard adjustment of the overcharged amount, BTPL explained its difficult financial position and submitted details of loss sustained from Sep to Nov 2013 vide No. 786/BTS/NEPRA Complaint dated June 24 2014. BTPL also stated that necessary adjustments will be made as soon as our tariff which is still with the Authority awaiting approval and relief provided.
7. That in pursuance of Rule 4(5) of NEPRA (Fines) Rules 2002, the Authority decided to afford an opportunity of being heard in person or through an authorized representative to BTPL and a hearing in this regard was held on February 25 , 2015 at NEPRA headquarter Islamabad. Brig (R) Abdul Rauf Raja Deputy Chief Executive BTPL made its appearance before the Authority on February 25 , 2015 on behalf of BTPL in the hearing. He argued that IESCO was receiving subsidy from the GoP, whereas no such subsidy was being paid to BTPL due to which it was sustaining heavy financial loss every month. He further argued that BTPL had complied with the directions of the Authority regarding the application of the same tariff as approved to the IESCO in spite of heavy financial loss. He also stated that as far as the issue of adjustment of excessively charged tariff to the consumers of BTPL during the period November 2013 to March 2014 is concerned, he



pleaded that the Authority may take up the matter with GoP for payment of subsidy to BTPL as is being paid to IESCO or directly to its consumers. It was also requested by BTPL that the tariff petition of BTPL was pending with NEPRA for approval, which may be decided at the earliest. The explanation provided by BTPL in this regard, had no relevance with the issue, since the adjustment in the consumers bills has nothing to do with the tariff petition and adjustments pertain to the period which is not subject of instant petition. In view thereof, the Authority found the reply of BTPL, unsatisfactory.

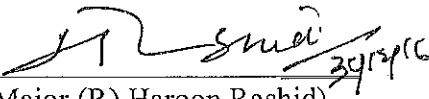
8. The Authority after hearing BTPL was of the view that BTPL has complied with its direction and charged same tariff as that of IESCO, but as far as the compliance of the adjustment of charges already recovered from the consumers on account of higher tariff during the period w.e.f. November 2013 to March 2014 is concerned, BTPL has failed to implement the directions / decision of the Authority and also BTPL did not give any satisfactory reply or show any inclination for adjustment of excessively charged amount to the consumers, and hence has failed to comply with the directions referred in para 2(ii) above. It was revealed that BTPL has violated the directions/ instructions of the Authority and therefore a show cause notice was issued to Chief Executive Officer of BTPL on June 01, 2015 to explain as to why a penalty up to the maximum Rs.100,000,000/- (Rupees One Hundred Million) in addition to further penalty up to Rs. 500,000/- (Rupees Five Hundred Thousand) for each day of default may not be imposed upon BTPL under NEPRA (Fines) Rules, 2002 for the above stated contravention & violation.
9. It is pertinent to mention that while responding to the show cause notice, BTPL submitted its reply vide its letter dated June 10, 2015, in which BTPL reiterated its earlier stance that BTPL has not violated Authority's directions and committed to reimburse the over charged amount as soon as tariff petition of May 30, 2014 is approved. BTPL further stated in the reply that:
 - They shall start adjustment of the over charged amount in the consumer bills from the next billing month i.e. June 2015 and onward in spite of suffering continuous loss.
 - They request to the Authority to kindly withdraw the show cause notice and communicate the decision of tariff petition to save BTPL from huge recurring loss.
10. It is also worth mentioning here that, BTPL vide its letter dated July 03, 2015 submitted the copy of the bill wherein subsidy amount is reimbursed. The Authority considered the reply of BTPL and decided not to withdraw the show cause notice till the time, BTPL has completely reimbursed the consumers amount due to be paid and furnishes a certificate clearly expressing the total reimbursement in this respect. The direction of the Authority was conveyed to BTPL vide letter dated January 10, 2015, while responding to the Authority's letter, BTPL vide letter dated January 15, 2015 provided the certificate clearly indicating the reimbursement of overcharged amount (i.e. Rs. 27,727,631/- incurred during the period of November 2013 to March 2014 due to the application of higher tariff other than the tariff approved by the Authority for IESCO) during the period of June 2015 to December 2015. In order to further ensure compliance of direction of the

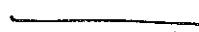


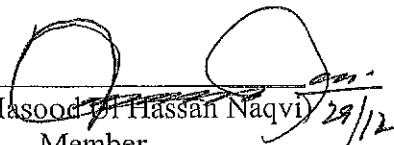
Authority, letter was written to the complainant to confirm the reimbursement of higher tariff charged by BTPL.

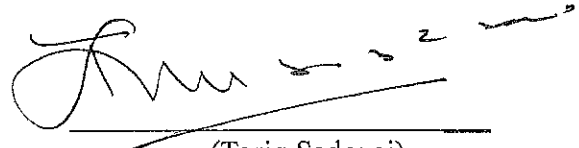
11. Hence a letter was issued to the Complainant on June 23 , 2016 to confirm the reimbursement, but the complainant did not submit its reply . Therefore, a reminder was also issued on August 12 ,2016 wherein, the complainant was once again directed to submit confirmation within seven days of receipt of the letter , failing to which it shall be presumed that the overcharged amount have been reimbursed to the consumers of BTPL. The complainant did not submit the reply . The case regarding the non-submission of confirmation letter by the Complainant within the specified time period was considered by us and after taking into account all the aforementioned circumstances, we concluded that overcharged amount have been reimbursed to the consumers of BTPL. In our opinion BTPL has complied with the directions of the Authority, therefore, the present show cause notice proceedings are disposed of.

AUTHORITY

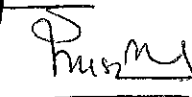

(Major (R) Haroon Rashid)
Member


(Himayat Ullah Khan)
Member /Vice Chairman


(Syed Masood ul Hassan Naqvi)
Member


(Tariq Sadozai)
Chairman




13.01.17

Announced on 13-1-17 at Islamabad