



Registrar

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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/DG(CAD)/TCD-04/ 5229

April 09, 2025

Chief Executive Officer,
Faisalabad Electric Supply Company Limited (FESCO),
Abdullah Pur, Canal Bank Road,
Faisalabad.

Subject: ORDER OF THE AUTHORITY IN THE MATTER OF EXPLANATION ISSUED TO FESCO UNDER RULE 4(1) & (2) OF NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (FINES) RULES 2002 TO BE READ WITH NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (FINE) REGULATIONS, 2021 REGARDING DIRECTIONS ISSUED BY FESCO TO STOP NET METERING CONNECTIONS HAVING LOAD 5KW AND ABOVE

Enclosed please find herewith the Order of the Authority (total 02 Pages) in the subject matter for information and compliance.

Enclosure: As above

Wasim Anwar Bhinder
(Wasim Anwar Bhinder)



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

FESCO-04/04/2024

Date of Hearing: January 22, 2025

Authority:

Mr. Waseem Mukhtar	Chairman
Mr. Rafique Ahmed Shaikh	Member (Technical)
Engr. Maqsood Anwar Khan	Member (Licensing)
Mr. Mathar Niaz Rana (NSC)	Member (Tariff/Finance)
Ms. Amina Ahmed	Member (Law)

**On behalf of
FESCO:**

Engr. Muhammad Amir	Chief Executive Officer
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Subject:

ORDER OF THE AUTHORITY IN THE MATTER OF EXPLANATION ISSUED TO FESCO UNDER RULE 4(1) & (2) OF THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (FINES) RULES 2002 TO BE READ WITH NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (FINE) REGULATIONS, 2021 REGARDING DIRECTIONS ISSUED BY FESCO TO STOP NET METERING CONNECTIONS HAVING LOAD 5KW AND ABOVE.

ORDER

This Order shall dispose of the Explanation issued to Faisalabad Electric Supply Company (FESCO) under Rule 4(1) & (2) of the National Electric Power Regulatory Authority (Fines) Rules 2002 to be read with National Electric Power Regulatory Authority (Fine) Regulations, 2021 on account of directions issued by FESCO to stop net-metering connections having load 5kW and above.

2. Superintending Engineer (FESCO) Sargodha Circle vide Memo No.8182-87 dated April 03, 2024 directed all field formations to process all new net metering connections having load 5kW and above with independent transformers only and to stop processing of net metering applications for those consumers who are connected to common distribution transformers.

3. The unilateral restriction on net-metering connections imposed by FESCO *prima facie* violated the spirit of NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015 (2015 Regulations) and other applicable documents.

4. Therefore, the Authority decided to initiate legal proceedings and accordingly an Explanation was issued to FESCO vide letter dated May 14 2024 under Rule 4(1) & (2) of NEPRA (Fines) Rules 2002 to be read with NEPRA (Fine) Regulations, 2021, to explain its position towards the rationale behind issuance of the said directive and either admit or deny the occurrences of the above-mentioned violation(s).

5. In response to the said Explanation letter, FESCO vide letter dated June 03, 2024 submitted the following for consideration:

- i. FESCO is strictly pursuing NEPRA (Alternative & Renewable Energy) Distribution Generation and Net-Metering Regulation -2015, as well as instructions issued by PPIB in respect of regulation of distributed generation for DISCOs.

PPIB sets following guidelines under Section 3.A.1 (Technical feasibility requirement): "After receiving an application for the interconnection facility:



- a. The capacity/load on the transformer should be within the technical limits.
 - b. Whether the proposed interconnection would require upgrading the capacity of existing distribution network.
 - c. Ensure phase balancing to avoid unbalancing of the load in secondary circuit of distribution line."
- iii. Regarding instructions for upgrading the transformer Section 3.A.7 of AEDB provides that:
- "In case if the load capacity due to already installed DG facilities at any transformer reaches 80%, the DISCO shall not grant approval for any new DG facility at that transformer unless the new DG facility operator agrees and pay for the cost of augmenting the transformer capacity".*
- iv. The instructions of AEDB given under Section 4-C (3) (General) are reproduced here under:
- "In case the installed capacity of the DG facility is higher than the sanctioned load of the consumer, which consequently requires an up-gradation in the infrastructure i.e. service line, meter with CT (if required), transformer upgrading (if required), the consumer will have to upgrade at his/ her/ its own cost."*
- v. Moreover, keeping in view the amendments in Consumer Service Manual (CSM) transformers are proposed only where existing transformers reached 80% of name plate capacity.


6. The response to the explanation submitted by FESCO was found to be un-satisfactory as the same did not provide rationale for imposition of ban on extension of load 5kW and above for all the prospective net-metering consumers connected with common distribution transformers. However, before proceeding further into the matter; the Authority decided to grant an opportunity of hearing to FESCO which was held on January 22, 2025.

7. During the said hearing, the CEO FESCO submitted that FESCO has always complied with the directions of the Authority and assured that FESCO shall abide by all the applicable documents including NEPRA (Alternative & Renewable Energy) Distribution Generation and Net-Metering Regulation, 2015 in true letter and spirit. Moreover, CEO FESCO assured that all the net metering applications will be treated in a non-discriminatory, fair, transparent and just manner who meet the eligibility criteria as laid down by the Authority. In view of the above, CEO FESCO requested the Authority to review and withdraw the subject Explanation. Subsequently, as directed during the above hearing, CEO FESCO has submitted an affidavit/ undertaking dated January 28, 2025 to the effect that FESCO is complying with NEPRA (Alternative & Renewable Energy) Distribution Generation and Net-Metering Regulation, 2015 and AEDB Guidelines on net-metering.

8. The Authority after detailed deliberations has taken a lenient view and has decided to close the matter considering the assurances by the CEO FESCO. Hence, the Authority hereby accepts response of FESCO and concludes that there is no need for further proceedings in relation to the matter at hand with a direction to abide by the applicable law and directions of the Authority in future.

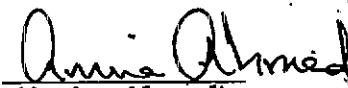


(Rafique Ahmed Shaikh)
Member




(Engr. Maqsood Anwar Khan)
Member

Mathar Niaz Rana (nsc)
Member



(Amina Ahmed)
Member



(Waseem Mukhtar)
Chairman