



**Registrar**

# **National Electric Power Regulatory Authority**

## **Islamic Republic of Pakistan**

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No. NEPRA/DG(CAD)/TCD-04/ **5346**

April 10, 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 SHOW CAUSE NOTICE ISSUED TO FAISALABAD ELECTRIC POWER COMPANY (LIMITED) UNDER REGULATION 4(8) & 4(9) OF THE NEPRA (FINE) REGULATIONS, 2021 FOR CHARGING OF DETECTION BILLS ON ACCOUNT OF SLOWNESS OF ENERGY METERS FOR MORE THAN TWO (2) BILLING CYCLES**

Enclosed please find herewith the Order of the Authority (total 04 Pages) in the subject matter for information.

Enclosure: As above

  
(Wasim Anwar Bhinder)



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

FESCO-26-10-23

**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)
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 SHOW CAUSE NOTICE ISSUED TO FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO) UNDER REGULATION 4 (8) & 4(9) OF THE NEPRA (FINE) REGULATIONS, 2021 FOR CHARGING OF DETECTION BILLS ON ACCOUNT OF SLOWNESS OF ENERGY METERS FOR MORE THAN TWO (2) BILLING CYCLES**

**ORDER**

This Order shall dispose of the proceedings of show cause notice issued to Faisalabad Electric Supply Company (FESCO) under Regulation 4 (8) & 4(9) of the NEPRA (Fine) Regulations, 2021 on account of charging of detection bills for slowness of energy meters for more than two (2) billing cycles in violation of provisions of Consumer Service Manual (CSM).

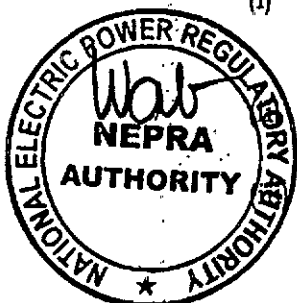
2. In response to the various complaints received regarding detection bills due to slowness/ defectiveness of meters for more than two billing cycles, FESCO was directed vide letter No. TCD. 10/4296-2022 dated August 04, 2022 to furnish division wise list/data of detection bills charged to the consumers on account of slowness of energy meters for more than two (02) billing cycles with effect from January, 2021. The required report was submitted by FESCO vide letter No. 1009/CEX./M(CS)/DMC/NEPRA dated September 16, 2022 whereby it was noted that 511 No. of consumers were charged detection bills on account of slowness in blatant disregard of relevant provisions of Consumer Service Manual (CSM). It was noticed that in some cases detection bills were charged from 04 to 07 months.

3. Accordingly, FESCO was directed vide letter No. NEPRA/DG(CAD)/TCD-04/2094/96 dated February 07, 2023 to proceed as per following:

- (i) Adjust the detection bills issued in lieu of slowness/ defectiveness of energy meters for more than two billing cycles in future billing of the affected consumers.

Initiate proceedings against the delinquent officials as per FESCO's services rules who violated provisions of the CSM.

Comply with the provisions of CSM in letter & spirit.



4. Furthermore, an Explanation was issued to FESCO vide letter No. NEPRA/DG(CAD)/TCD-04/2085 dated February 07, 2023 for violation of Clause 4.3 of CSM. In response, FESCO vide its letter No. 4631/CEX/M(CS)/DMC dated March 10, 2023 submitted its reply against the said Explanation. Following is the summary of the reply to the explanation submitted by FESCO:

- i. Charging of detection bill on account of slowness beyond two billing cycle is not a Policy of FESCO. However in some cases where due to certain reasons slowness / fault could not be traced out, and the loss sustained to company owing to slowness / defective is found from the consumption data through units retrieved from the meter slowness is charged as per actual consumptions.
- ii. Needless to mention that the Electricity Act and NEPRA Act do not fix the period for charging of detection bill. The Electricity Act and NEPRA Act prevail over the CSM.

5. The submissions of FESCO were not acceded to and the response of FESCO was found to be unsatisfactory. Therefore, the same was rejected by the Authority vide order dated August 01, 2023 and a Show Cause Notice was issued to FESCO vide letter No. NEPRA/DG(CAD)/TCD-04/20265 dated August 01, 2023 for charging of detection bills to its consumers on account of slowness of energy meters for more than two (2) billing cycles in violation of relevant provisions of CSM. In response, FESCO vide letter No. 8125/CEX/M(CS)/DMC/ dated October 06, 2023 submitted the following for consideration:

- i. Charging of detection bill on account of slowness beyond two billing cycle is not a policy of FESCO. However, in some cases where due to certain reasons, slowness/fault could not be traced out, and the loss sustained to Company owing to slowness/defective is found from the consumption data through units retrieved from the meter, slowness is charged as per actual consumptions. Needless to mention that the Electricity Act and NEPRA Act do not fix the period of charging of detection bill. The Electricity Act and NEPRA Act prevail over the Consumer Service Manual (CSM).
- ii. Being aggrieved, FESCO filed the Appeal against the rejection Order and the Show Cause Notice, which was heard by the Learned Appellate Tribunal on 07 September 2023. At the hearing on the Appeal, the Learned Appellate Tribunal was appraised about the Licensee's contentions, which included, inter alia, the following:
  - a. There is a substantial overlap and conflict between the instructions contained in the Consumer Service Manual developed by the Authority (particularly Clause 4.3 thereof), and the binding prescriptions of a legislative enactment, the Electricity Act, 1910 (the "Electricity Act"). In case of such conflict and/or overlap, the Consumer Service Manual cannot be construed/interpreted by the Authority as controlling, limiting and/or qualifying the express legislative mandate of and legal rights conferred vide the Electricity Act.
  - b. The relevance, applicability and enforceability of the Consumer Service Manual on the Licensee (specifically Clause 4.3 thereof), in particular case of such overlap and/or conflict, was brought before the Honourable Supreme Court of Pakistan in terms of Civil Petition No. 691 of 2020 (the "Civil Petition").



- c. In its order passed pursuant to hearing dated May 17, 2023 the Honourable Supreme Court noted that the issue in dispute concerned those instructions of Consumer Service Manual, which were alleged to be "...in violation of Section 26(6) of the Electricity Act, 1910, in as much as, no period for the detection bill is provided in the said provision and therefore, the Manual through Clause 4.4(e) could not limit the period of the detection bill...". To redress this alleged conflict between the Consumer Service Manual (particularly Clause 4.3) and the Electricity Act, the Honourable Supreme Court decided to "...place the matter before NEPRA in order to re-examine and revisit Clause 4.4 ibid (now version 4.3) after hearing all the DISCOs.
- d. Consequently, the learned Appellate Tribunal was pleased to dispose the Appeal vide the Appellate Order on terms that the Licensee may agitate its contentions against the rejection Order and the Show Cause Notice before the Authority.

- iii. In light of the above (and particularly the terms upon which the Appeal was disposed of with the Authority's consent), the Authority is required to consider the preliminary reply in light of the matters remanded back to the Authority in terms of the Remand Instruction issued by the Honourable Supreme Court of Pakistan.
- iv. However, till such time that the Authority conducts the CSM Hearing as per the Remand Instruction and, after hearing all the DISCOs 're-examines' and 'revisits' Clause 4.3 of the Consumer Service Manual and reconciles its conflict with the Electricity Act as acknowledged by the Honourable Supreme Court of Pakistan, no breach of Clause 4.3 can be made out against the Licensee under law.
- v. In this context, the Licensee submits that any and all qualifications introduced by the Authority vide the Consumer Service Manual on the legislative mandate, instructions and rights enshrined in the Electricity Act, are void ab-initio and wholly illegal.
- vi. The Consumer Service Manual has been developed at the regulatory level as an administrative manual/guide and cannot legally prevail over statutory legal instruments like the Electricity Act. No purported limits regarding the duration of detection bills, as prescribed in the Consumer Service Manual (CSM), and particularly in Clause 4.3 thereof, can override the mandate of the Electricity Act.
- vii. The Authority's interpretation of Clause 4.3, and particularly Clause 4.3.4(e) as mandatorily obligating the Licensee to raise detection bills for no more than two (02) billing cycles, is therefore wholly inconsistent with and qualifies, limits and controls the mechanism prescribed in the Electricity Act. Being an administrative manual that has developed through a consultative process under the NEPRA Act, and conveying mere guidance and administrative instructions, does not have the force of law and cannot control, govern, limit and/or qualify the superior mandate of an Act.


7. Meanwhile, pursuant to the Order of the Honorable Supreme Court of Pakistan dated 17.05.2023 in Civil Petition No. 691 of 2020, proceedings for the re-determination of the period of charging on account of slowness of the metering installation were underway and a hearing of the stakeholders was held at NEPRA on July 13, 2023. Accordingly, the determination / decision of the Authority dated June 13, 2024 regarding revisiting Clause 4.3 of the CSM-2021 (previously Clause 4.4(e) of CSM-2010) was conveyed to all the Distribution Companies (DISCOs) for information and compliance, wherein no change was made and the period of charging of supplementary bills in case of meter slowness was restricted to two billing cycles.

8. In order to proceed further, an opportunity of online hearing was provided to FESCO on January 22, 2025. During the 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 provisions of Consumer Service Manual (CSM) in true letter and spirit. Moreover, all cases where the consumers have been charged detection bills on account of slowness of energy meters for more than two billing cycles in violation of CSM shall be revised and relief shall be provided to the affected consumers by next billing cycle. During the hearing, CEO FESCO was directed to submit an affidavit to the effect that adjustments against all such cases will be made within one billing cycle and to comply with the relevant provisions of CSM in future regarding charging of bills on account of slowness of energy meters.


9. Subsequently, CEO FESCO vide letter No. 2582/CEX./M(CS)/DMC/ dated January 31, 2025 has informed that the due credit / relief has been provided to the 515 numbers of affected consumers amounting to Rs. 10.76 million. Moreover, FESCO has submitted an undertaking acknowledging its obligation to adhere to NEPRA's standards. It also reaffirms its commitment to take all necessary steps to regulate its business in full compliance with NEPRA's regulatory requirements.

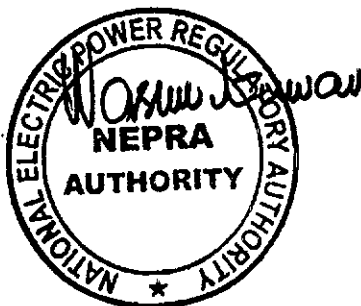
10. The Authority has duly reviewed / considered the submissions put forth & assurances by the CEO FESCO to comply with the relevant provisions of CSM in future and determined them to be satisfactory. Hence, the Authority hereby accepts response of FESCO and concludes that there is no need for further proceedings in relation to the matter at hand.


  
(Rafique Ahmed Shaikh)  
Member

  
(Engr. Maqsood Anwar Khan)  
Member

  
Mathar Niaz Rana (nsc)  
Member

  
(Amina Ahmed)  
Member



  
(Waseem Mukhtar)  
Chairman