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No. NEPRA/SA(M&E)/LAD-03/ 14584

September 12, 2025

Chief Executive Officer,
Gujranwala Electric Power Company Limited (GEPCO),
565/A, Model Town, G.T Road,
Gujranwala

SUBJECT: ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE NOTICE ISSUED TO GUJLANWALA ELECTRIC POWER COMPANY LIMITED (GEPCO) UNDER REGULATION 4(8) & 4(9) OF NEPRA (FINE) REGULATIONS, 2021, FOR CHARGING OF DETECTION BILLS ON ACCOUNT OF SLOWNESS OF ENERGY METERS FOR MORE THAN TWO (2) BILLING CYCLES

Please find enclosed herewith, the Order of the Authority (total 05 pages) in the subject matter for information and compliance.

Enclosure: As above


(Wasim Anwar Bhinder)



National Electric Power Regulatory Authority

ORDER

**IN THE MATTER OF SHOW CAUSE NOTICE ISSUED TO
GUJRANWALA ELECTRIC POWER COMPANY (GEPCO) 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**

1. Pursuant to Section 20 and 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act"), the Authority has granted a Distribution Licence No. DL/04/2023 dated May 09, 2023 and pursuant to Sections 23(E) and 23(F) of the NEPRA Act granted a Supplier Licence No. SOLR/04/2023 dated December 27, 2023 to the Gujranwala Electric Power Company Limited (hereinafter referred to as the "Licensee" or "GEPCO") to engage in the distribution and supply of electric power service respectively to the consumers in its Service Territory, subject to terms and conditions as specified by the Authority in the aforesaid Licences.

Background:

2. In response to the various complaints received regarding detection bills due to slowness/ defectiveness of meters for more than two billing cycles, GEPCO was directed vide letter No. TCD. 10/4295-2022 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 GEPCO vide letter No. 19047 dated September 09, 2022 whereby it was noted that 1298 No. of consumers were charged detection bills on account of slowness in violation of relevant provisions of Consumer Service Manual (CSM).

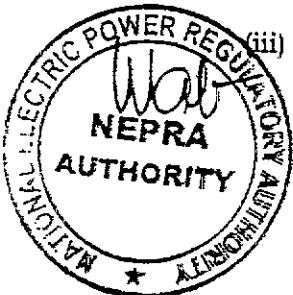
3. According to Clause 4.3.4(e) of CSM:

"If upon checking the metering installation, it is found to be slow/ defective and not recording the actual consumption, the meter shall be changed immediately on cost of DISCO and due slowness shall be charged to the consumer for two previous billing cycles."

4. It was further noted that charging of detection bills on account of slowness in blatant disregard of relevant provisions of CSM has caused serious harm to the reputation of Licensee and unwarranted financial burden on the affected consumers.

5. Accordingly, GEPCO was directed vide letter No. NEPRA/DG(CAD)/TCD-03/2103-04 dated February 07, 2023 to proceed as per following:

- (i) Adjust the detection bills issued on account of slowness/ defectiveness of energy meters for more than two billing cycles in future billing of the affected consumers.
- (ii) Initiate proceedings against the delinquent officials as per GEPCO's services rules who violated provisions of the CSM.
- (iii) Comply with the provisions of CSM in letter & spirit.



Proceeding:

6. Furthermore, the Authority decided to initiate legal proceedings against the Licensee and an Explanation under Regulation 4(1) & (2) of the NEPRA (Fine) Regulations, 2021 was issued to GEPCO vide letter No. NEPRA/DG(CAD)/TCD-03/2092 dated February 07, 2023 for charging of detection bills to consumers on account of slowness of energy meters for more than two (02) billing cycles in violation of Clause 4.3.4(e) of the CSM.

Response of GEPCO:

7. In response to the above directions of NEPRA and subsequent Explanation, GEPCO vide its letter No. 83552/CE-GEPCO/DMCS dated March 22, 2023 & May 25, 2023 submitted its replies. Following is the summary of the replies to the direction of the Authority and explanation, respectively:

- i. GEPCO M&T Directorate has scheduled to check all CT operated meters upto 500 kW connection within 6 months schedule and slowness is determined during their checking.
- ii. After the result of M&T report, Standing Committee analyzes each case in detail and finalizes the period of charging keeping in view the consumption.
- iii. Mostly detection bills have been charged after the satisfaction of consumers and paid by consumers. However, in few cases, consumers have filed petitions in different forums.
- iv. Consumers also applied for review of their detection bills where they are not satisfied. GEPCO has already constituted Review Standing Committees and such cases are being reviewed/withdrawn accordingly. GEPCO has already issued clear direction to field formations for strict compliance of CSM so that justice with customers could be ensured.

8. The response/submissions of the Licensee were analyzed, whereby the Authority observed that the response submitted by the Licensee against Explanation and directive is unsatisfactory. Therefore, the same was rejected by the Authority vide order dated August 01, 2023.

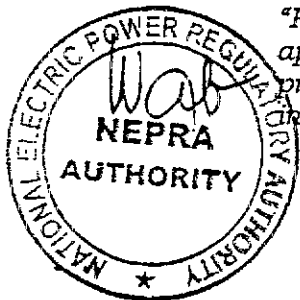
9. Accordingly, a Show Cause Notice (SCN) under Regulation 4(8) & (9) of the NEPRA (Fine) Regulations, 2021 was issued to GEPCO vide letter No. NEPRA/DG(CAD)/TCD-03/20269 dated August 01, 2023.

10. GEPCO, being aggrieved with the Show Cause, filed an Appeal No. 108/NT/2023 against the Rejection Order and the Show Cause Notice before the Appellate Tribunal (NEPRA). The Appellate Tribunal (NEPRA) disposed of the matter on September 18, 2023. The operational part of the judgment is reproduced below:

".....This office has apprised that identical Appeals No.105/NT/2023 and No.106/NT/2023 have been disposed of by this Tribunal vide order dated 7th September, 2023. In view of aforementioned submissions, no objection of respondent and judgment in identical appeals, this appeal is accordingly disposed of.

11. The judgment passed by the Appellate Tribunal (NEPRA) in one of the identical cases on September 07, 2023 in the Appeal No.106/NT/2023 is as follows:

"Preliminary arguments heard. Learned counsel for appellant after arguing the appeal at considerable length, on reconsideration and instructions, has not pressed this appeal in order to take and press the grounds taken in this appeal, in reply of Show Cause Notice provided, the authority may kindly be directed to



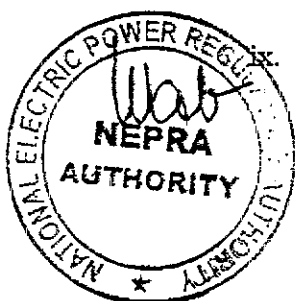
consider the same in the light of the Judgment Passed by Apex Supreme Court of Pakistan in Civil Petition No. 691 of 2020 titled GEPCO vs Ch. Muhammad Yousaf and others decided on dated 17th May, 2023. The request has not been opposed from respondent side."

12. In order to proceed further, an opportunity of hearing was provided to GEPCO on December 21, 2023 wherein the matter was discussed in detail and the representatives of GEPCO submitted their verbal arguments. During the hearing, The CEO of GEPCO stated that the company has consistently complied with the Authority's directions and is committed to adhering to all provisions of the Consumer Service Manual (CSM) in true letter and spirit. However, GEPCO was unable to provide a satisfactory explanation regarding its non-compliance with the Authority's instructions related to the issuance of detection bills for energy meters found to be slow for more than two billing cycles.

13. Further, GEPCO through its Counsel submitted its reply dated December 21, 2023 to the above Show Cause Notice. Following are the major points submitted by GEPCO in its reply:

- i. Bare reading of said order of Honourable Supreme Court, It is abundantly clear that the NEPRA Authority after hearing the DISCOs shall re-visit the Consumer Service Manual for more than 2 months billing cycle with the consensus of all the DISCOs so that the matter can be resolved internally between NEPRA and all the DISCOs. The hearing has been given to all the DISCOs in compliance to the above said order but the order is still awaited.
- ii. Irrespective of the qualification and level of meter reading personnel, identifying slowness of electronic meters by visual means is not practically possible, as the meter reading staff does not carry meter checking equipment. The visual observation can help in detecting apparent theft of electricity or defectiveness of the meter.
- iii. Even in case of fastness/slowness is observed, the same can only be established through detailed technology based inspection on site and testing bench.
- iv. The 3 to 6 billing cycle readings charged to consumers are not arbitrary rather those are based on technologically supported inspections checking. Also that the test reports are duly signed by the relevant consumers.
- v. Except for few cases, majority of consumers have already paid the bills issued on account of slowness with their satisfaction.
- vi. Recorded/metered volumetric consumptions is the only source of revenue of DISCOs. Non-recovery of the established unrecorded (due to meter slowness) consumption shall tantamount to discrimination with other equally placed regulated consumers.
- vii. Initiating action against employee for taking a good faith action of billing the consumption which has been established and confirmed, shall not only be unjustified but shall also not be sustainable in a court of law.
- viii. Any monetary penalty is also not desirable as it may further increase the circular debt.

In view of above legal as well as technical submissions, it is prayed that the subject Show Cause Notice may not be adjudicate at this stage till the decision by NEPRA on the remand order which is still pending before the NEPRA authorities.



14. 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 undertaken and a hearing of the stakeholders was conducted at NEPRA.

15. Accordingly, the determination / decision of the Authority dated June 13, 2024 regarding revisiting Clause 4.3 of the Consumer Service Manual (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.

16. Subsequently, GEPCO vide letter No. 75616 dated March 20, 2025 submitted that to enhance transparency and accuracy in electricity metering, GEPCO has initiated a transition from conventional three-phase meters to Advanced Metering Infrastructure (AMI). A dedicated Special Monitoring Cell has been established to oversee and ensure the integrity of this process. At this stage, GEPCO has successfully replaced all High Tension (HT) and Low Tension (LT) CT-operated meters, as well as those installed for tube wells, with AMI-based meters.

17. GEPCO further added that field formations have been strictly instructed to maintain close monitoring of energy consumption data through AMI infrastructure and no detection bill shall be levied on account of meter slowness for a period exceeding two billing cycles. GEPCO requested the Authority for closure of proceedings in the matter.

Findings/Analysis:

18. The Authority has considered the submissions of the Licensee and observes that in light of direction of the Authority issued vide letter dated February 07, 2023, GEPCO was required to adjust the supplementary bills issued due to slowness of energy meters for more than two billing cycles in future billing of the affected consumers i.e. 1298 No. of consumers, as was noted/ reported in GEPCO's report dated September 09, 2022. However, GEPCO's report/ submission is silent in this regard.

19. Charging of supplementary bills on account of slowness for more than two billing cycles is blatant disregard of relevant provisions of CSM and has also caused serious harm to the reputation of Licensee and unwarranted financial burden on the affected consumers.

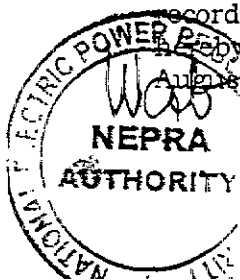
Conclusion:

20. In pursuance of Section 21(2)(d) of the Act read with Rule 9(9) of the NEPRA Licensing (Distribution) Rules, 1999; the instructions are laid down in the Consumer Service Manual to be administered by a distribution licensee to ensure safe, effective and reliable supply of electric power to consumers and any violation thereof attracts the appropriate proceedings against the Licensee including, but not limited to, the imposition of fine.

21. It is quite evident from the aforementioned provisions of applicable documents that it is obligatory for GEPCO being a distribution utility to comply with the instructions laid down in the CSM and other applicable documents. The Licensee has failed to comply with directions of the Authority w.r.t. revision of supplementary bills charged on account of slowness of metering equipment in violation of provisions of CSM.

DECISION:

22. Keeping in view the submissions of the Licensee, the evidence available on record, provisions of relevant NEPRA laws and applicable documents, the Authority hereby rejects the response of the Licensee against the served Show Cause Notice dated August 01, 2023, and imposed a fine of **Rs. 200 Million (Two hundred million)** on the

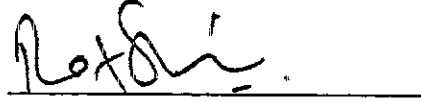


Licensee under NEPRA Act, and NEPRA (Fine) Regulations, 2021 for violation of provisions of Consumer Service Manual read with NEPRA Act, Rules, Regulations and other applicable documents.

23. The Licensee is also directed to immediately refund/adjust all the bills charged to the affected 1298 consumers over and above two billing cycles on account of slowness of energy meters, as was noted/reported in GEPCO's report dated September 09, 2022 within thirty (30) days of receipt of this order, failing which additional fine of Rs. 100,000/- per day shall be imposed for continued violation.

AUTHORITY

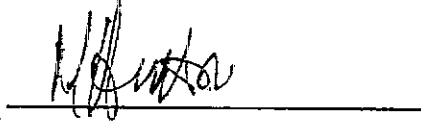
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Member (Development)



Waseem Mukhtar
Chairman

