



**Before the Appellate Board**  
**National Electric Power Regulatory Authority**  
**(NEPRA)**  
**Islamic Republic of Pakistan**

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No. NEPRA/Appeal/015/2022/893

October 01, 2025

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| 1. Services Cooperative Housing Society (SCHS),<br>Through its Secretary,<br>Shaffat Ali Swati, Office No. 01,<br>First Floor, Feroz Centre, 14-West D-Block,<br>Fazal-e-Haq Road, Blue Area, Islamabad<br>Phone No. 051-111-111-324 | 2. Chief Executive Officer,<br>IESCO Ltd,<br>Head Office, St. No. 40,<br>Sector G-7/4, Islamabad   |
| 3. Faisal Bin Khurshid,<br>Advocate Supreme Court,<br>Office No. 3, First Floor, National Arcade,<br>4-A (NBP), F-8 Markaz, Islamabad<br>Cell No. 0333-5119299   | 4. Sub Divisional Officer,<br>IESCO Ltd,<br>F-11 Sub Division,<br>Plot No. 05, St. No. 50,<br>G-10/3, Islamabad<br>Cell No. 0319-5990127 |
| 5. POI/Electric Inspector,<br>Islamabad Region,<br>XEN Office, Irrigation & Power Department,<br>Rawal Dam Colony, Park Road,<br>Islamabad   |  |

Subject: **Appeal No.015/2022 (Services Cooperative Housing Society (SCHS) vs. IESCO)**  
**Against the Decision Dated 30.11.2021 of the Provincial Office of Inspection to**  
**Government of the Punjab Islamabad Region, Islamabad**

Please find enclosed herewith the decision of the Appellate Board dated 01.10.2025 (04 pages), regarding the subject matter, for information and necessary action, accordingly.

**Encl: As Above**

  
**(Ikram Shakeel)**  
**Deputy Director**  
**Appellate Board**

Forwarded for information please.

1. Director (IT) –for uploading the decision of the Appellate Board on the NEPRA website



# National Electric Power Regulatory Authority

## Before the Appellate Board

In the matter of

### Appeal No.015/POI-2022

Services Cooperative Housing Society (SCHS), through its Secretary,  
Shaffat Ali Swati, Registered Office No. 01, 1<sup>st</sup> Floor, Feroze Centre,  
14-West D-Block, Fazal-e-Haq Road, Blue Area, Islamabad .....Appellant

Versus

Islamabad Electric Supply Company Limited .....Respondent

## APPEAL U/S 38(3) OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997

### For the Appellant:

Mr. Shafiullah Advocate

### For the Respondent:

Mr. Faisal Bin Khurshid Advocate

Mr. Muhammad Bilal

## DECISION

1. Through this decision, the appeal filed by Services Cooperative Housing Society (hereinafter referred to as the "Appellant") against the decision dated 30.11.2021 of the Provincial Office of Inspection, Islamabad Region, Islamabad (hereinafter referred to as the "POI") is being disposed of.
2. Brief facts of the case are that the Appellant is a consumer of Islamabad Electric Supply Company Limited (hereinafter referred to as the "Respondent") having two connections, i.e., industrial connection bearing Ref No. 24-14124-2456800 with a sanctioned load of 05 kW and the applicable tariff category is B-1(b) (the "first connection") and (ii) the domestic connection bearing Ref No.24-14124-2456900 with a sanctioned load of 01 kW having tariff category A-1 (the "second connection"). The Audit department of the Respondent vide below referred audit notes pointed out the wrong application of tariff category and recommended to recover the following detection bills from the Appellant:
  - i. Detection bill of Rs.1,082,436/- for the period from April 2018 to June 2021 against the first connection due to change of tariff, i.e., A-3 instead of B-1(b) vide Audit

*AG*





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Note No.151 dated 30.06.2021.

- ii. Detection bill of Rs.521,560/- for the period from April 2018 to June 2021 against the second connection due to change of tariff, i.e., A-3 instead of B-1(b) vide Audit Note No.144 dated 30.06.2021.
3. Being aggrieved, the Appellant challenged before the POI the bills of Rs.1,135,493/- and Rs.534,854/- charged against the first and second connections, respectively. The complaint of the Appellant was disposed of by POI on 30.11.2021 with the conclusion that the application of the new tariff category, i.e., A-3(a), by the Respondent is in line with the directives of NEPRA, and this forum does not find any reason to intervene in the matter. As per the POI decision, the Appellant may approach NEPRA or the High Court for the implementation of policy matters or pay the bills in six installments along with current bills.
4. Being dissatisfied, the Appellant filed instant appeal before the NEPRA against the afore-referred decision of the POI, which was registered as Appeal No. 015/POI-2022. In its appeal, the Appellant opposed the impugned decision *inter alia*, on the main grounds that the impugned decision is against the facts and law and has been passed hastily; that the POI committed gross negligence while passing the impugned decision; that the Respondent failed to charge the Appellant in the correct tariff category and after lapse of 2-3 years, a detection bill of 1.67 million was debited without serving notice or making him party; that no amount could be recovered based on audit report, reliance in this regard is placed on the various judgments of High Court reported as 2009 YLR 592 and 2008 YLR 308; and that the impugned decision be set aside.
5. Notice dated 28.01.2022 of the appeal was issued to the Respondent for filing reply/para-wise comment, which were filed on 13.01.2023. In the reply, the Respondent rebutted the version of the Appellant and contended that as per the direction of Authority, a new tariff notification for A-3(a) is applicable w.e.f 22.03.2018 and onwards. The Respondent further contended that the audit department vide audit notes dated 03.06.2021 recommended to charge the difference of tariff from April 2018 to June 2021. The Respondent further contended that said business was closed in October 2022; since then, said tube well has been used to supply water to needy persons on a charitable basis. As per the Respondent, the detection bill was charged to the Appellant.
6. Hearing of the appeal was conducted at NEPRA Head Office, Islamabad, on 26.08.2025,

11.00





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wherein learned counsels appeared for both the Appellant and the Respondent. Learned counsel for the Appellant submitted that the Appellant cannot be held responsible for payment of any detection bill based on audit recommendation, pursuant to the judgment of the honorable High Courts cited as *2009 YLR 592 and 2008 YLR 308*. Learned counsel for the Appellant further submitted that the Appellant paid bills regularly without any default, and the Respondent did not point out the application of the tariff for a longer period, and lastly, debited the detection bill against both connections based on audit observation. He prayed for setting aside the impugned decision, being devoid of merit. On the contrary, learned counsel for the Respondent defended the charging of the impugned detection bills and argued that the A-3 tariff category is applicable w.e.f April 2018 and onwards, hence the audit has rightly recommended to recover the difference of tariff. He supported the impugned decision and averred that the above bills are justified and payable by the Appellant.

7. Having heard the arguments and the record perused. Following are our observations:

- i. The Audit Party vide Audit Note Nos. 151 and 144 dated 30.06.2021 pointed out the wrong application of the tariff during the period from April 2018 to June 2021 and recommended to charge the following detection bills to the Appellant:
  - Detection bill of Rs.1,082,436/- charged against the first connection due to change of tariff, i.e., A-3 instead of B-1(b) vide Audit Note No.151 dated 30.06.2021.
  - Detection bill of Rs.521,560/- charged against the second connection due to change of tariff, i.e., A-3 instead of B-1(b) vide Audit Note No.144 dated 30.06.2021.
- ii. Accordingly, the Respondent debited the above detection bills to the Appellant. It is observed that the Respondent did not point out change of tariff during the monthly readings of the disputed period, i.e., April 2018 to June 2021, which is the prime responsibility of the meter reader as per Chapter 6 of the CSM-2021. Subsequently, the Respondent charged the above detection bills to the Appellant on account of change of tariff in August 2021, after a lapse of thirty-eight (38) months from the notification dated 22.03.2018 of the NEPRA for the application of the A-3 tariff category.
- iii. In this regard, it is clarified that the above detection bills raised on the basis of Audit observation are not tenable in the eyes of the law. The Audit observation is an internal matter between the DISCO and the Audit Department, and the Consumer cannot be held responsible for the payment of any detection bill based on the Audit Para. The honorable Lahore High Court in its judgment in the "Water and Power Development Authority, etc


11.60







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- v. Umaid Khan” (1988 CLC 501) held that *no amount could be recovered from the consumer on the basis of the audit report as the audit affair is between the WAPDA and its audit department and no audit report could in any manner make consumer liable for any amount and the same could not bring about any agreement between the WAPDA and the consumer making consumer liable on the basis of the so-called audit report.* The courts in similar cases relied on the same principle in cases reported cited as 2014 MLD 1253 and 2008 YLR 308.
- iv. As per Clause 12 of the clarification dated 26.03.2021 rendered in the revised CSM-2021, if due to any reason, the charges, i.e., MDI/Fixed charges, multiplication factor, power factor penalty, tariff category, etc., have been skipped by the DISCO, the difference of these charges can be raised within one year for maximum period of six months, retrospectively. Thus, the recovery of the impugned detection bill for a period of thirty-eight months is contradictory to the above-mentioned clarification of the revised CSM-2021.
- v. In view of the foregoing discussion, we are of the considered view that the detection bills of Rs.1,082,436/- and Rs. 521,560/- charged to the Respondent in August 2021 are unjustified and the same are cancelled.
- vi. It is an admitted fact that the applicable tariff of the Appellant is A-3(a), hence the Appellant may be charge the detection bills against both connections for six months retrospectively before audit observation dated 30.06.2021 as per Clause 12 of the clarification dated 26.03.2021 rendered in the revised CSM-2021 and the bills w.e.f audit observation dated 30.06.2021 and onwards be revised with correct application of tariff category i.e. A-3 as per notification dated 22.03.2018 of NEPRA.
8. The appeal is disposed of in the above terms.

  
Abid Hussain  
Member/Advisor (CAD)

Dated: 01/10-2025

  
Naweed Illahi Sheikh  
Convener/DG (CAD)

  
Muhammad Irfan-ul-Haq  
Member/ALA (Lic.)

