



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/ADG(CAD)/TCD-03/11503-06

April 28, 2020

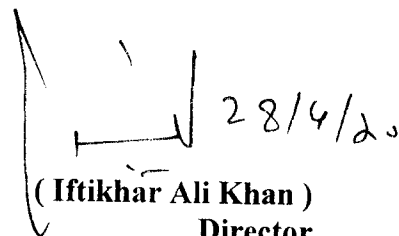
Chief Executive Officer
Gujranwala Electric Power Company Limited (GEPCO)
565/A, Model Town, GT Road,
Gujranwala.

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY WAPDA EMPLOYEES CO-OPERATIVE HOUSING SOCIETY GUJRANWALA (WECHS) UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST GEPCO REGARDING OPERATION AND MAINTENANCE (O&M) AGREEMENT**

Complaint No. GEPCO-23-04-2017

Please find enclosed herewith the Decision of Member (Consumer Affairs) dated April 24, 2020 (06 Pages) regarding the subject matter for necessary action and compliance within thirty (30) days, please.

Encl: As above


(Iftikhar Ali Khan)
Director
Registrar Office

Copy to:

1. C.E/ Customer Services Director,
Gujranwala Electric Power Company (GEPCO),
565/A, Model Town GT Road Gujranwala.
2. Chief Engineer (P&E),
Gujranwala Electric Power Company (GEPCO),
565/A, Model Town GT Road Gujranwala.
3. Secretary WAPDA Employees Co-operative Housing Society (WECHS)
A-1/001, WAPDA Employees Town, Gujranwala.
Tel: 055-4284459-60-91-92.



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

Complaint # GEPKO-23/04/2017

M/s WAPDA Employees Cooperative **Complainant**
Housing Society Gujranwala (WECHS),
A1/001 WAPDA Employees Town,
Gujranwala.
Tel # 055-4284459-60-91-92

Versus

Gujranwala Electric Power Company (GEPKO), **Respondent**
565/A, Model Town GT Road, Gujranwala.

Date of Hearing(s): May 08, 2017
November 27, 2018
January 22, 2020

On behalf of

Complainant:

1)	Mr. Asad Iqbal	(Secretary WECHS)
2)	Mr. Sh. M. Ilyas	(GM WECHS)
3)	Mr. Gohar Riaz	(A.E.E WECHS)
4)	Mian Abdul Qayyum	(Convener Elect. WECHS)

Respondent:

1)	Mr. Arshad Munir	(Chief Engineer P&E)
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Subject: DECISION IN THE MATTER OF COMPLAINT FILED BY WAPDA EMPLOYEES CO-OPERATIVE HOUSING SOCIETY GUJRWALA (WECHS) UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST GEPKO REGARDING OPERATION AND MAINTENANCE (O&M) AGREEMENT

DECISION

This Decision shall dispose of the complaint filed by WAPDA Employees Cooperative Housing Society Gujranwala (hereinafter referred to as the "Complainant" or "WECHS") against Gujranwala Electric Power Company (hereinafter referred to as the "Respondent" or "GEPKO"), under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act").

2. Brief facts of the case are that NEPRA received a complaint from WAPDA Employees Cooperative Housing Society (WECHS) dated March 30, 2017 against GEPCO, wherein the Complainant submitted as under:

- i. WECHS Gujranwala after its registration under Cooperative Societies Act 1925 on February 07, 1988, was engaged in distribution of electricity supply in its own area of jurisdiction after obtaining license from the Irrigation & Power Department - Government of Punjab, in September 1996.
- ii. The WECHS Gujranwala is a bulk supply consumer of GEPCO under tariff C-2 having its own 2 Nos. 11 kV feeders and dedicated distribution system for catering the load demands of residents.
- iii. In order to meet the increasing load demand, WECHS applied for extension in load from 2180 kW to 5000 kW and 2240 kW to 5000 kW against two feeders which had been built by the society at its own cost.
- iv. Accordingly, GEPCO issued Demand Notice amounting to Rs. 79.908 million, wherein, it was mentioned that the extension of load will be incorporated only at the time of full payment of the amount along with issuance of license from NEPRA. According to the schedule of payment, all dues were paid and NEPRA was requested vide letter dated May 19, 2015, for issuance of distribution license, however, NEPRA vide letter dated January 07, 2016, intimated that WECHS does not fulfill the eligibility criteria set out in Regulation 4(3) of NEPRA (Supply of Electric Power) Regulation, 2015, therefore, the application of WECHS is not maintainable and returned in original as disposed off"
- v. It was advised by NEPRA to make an Operation and Maintenance agreement with GEPCO in accordance with the Regulation.
- vi. In compliance to the Ibid Regulations, WECHS made a chain of correspondence with GEPCO for O&M agreement but GEPCO was reluctant in finalizing the same.
- vii. The Complainant prayed that GEPCO be directed to print 5 MW sanctioned load on each of the bill and make an O&M agreement with WECHS as per NEPRA (Supply of Electric Power) Regulations, 2015.

3. The matter was taken-up with GEPCO, and multiple hearings were conducted to finalize the case. During the hearings, both the parties forwarded their respective arguments. In light of the submitted arguments, the parties were directed to finalize an O&M agreement, in light of NEPRA (Supply of Electric Power) Regulation, 2015. Despite a chain of correspondence between the parties, the O&M agreement could not be finalized. Accordingly, WECHS once again approached NEPRA and informed that the O&M agreement has been finalized from its end and submitted to GEPCO on December 10, 2019 for signatures. WECHS further submitted that a meeting with CEO GEPCO was also held on December 13, 2019; however, no response/action was taken by GEPCO for finalization of the said agreement.

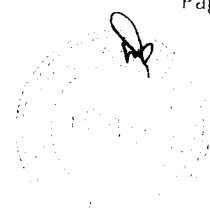
4. In order to resolve the matter, another hearing was held on January 22, 2020, at GEPCO Head Office Gujranwala. The hearing was attended by both the parties wherein the matter was discussed in detail. It was observed that GEPCO is not finalizing the case of O&M agreement with WAPDA Employees Cooperative Housing Society Gujranwala (WECHS) under the provisions of NEPRA (Supply of Electric Power) Regulations, 2015 due to reasons mentioned below:

- i. Approval of layout plan for WECHS
- ii. Ultimate load demand
- iii. Approval of the electrification design
- iv. Requirement of land for construction of grid station.

5. The Complainant vide letter dated March 14, 2020 approached GEPCO, with a copy to NEPRA requesting GEPCO to take-over its Distribution System for all intents and purposes.

6. The case has been analyzed in the light of the written/verbal arguments of the parties; the following has been concluded:

- i. The WECHS Gujranwala is a bulk supply consumer of GEPCO under tariff C-2 having its own 2 Nos. 11 kV feeders and dedicated distribution system for catering the load demands of residents. WECHS Gujranwala after its registration under Cooperative Societies Act 1925 on February 07, 1988, was engaged in distribution of electricity supply in its own area of jurisdiction after obtaining license from the Irrigation & Power Department - Government of Punjab, in September 1996.
- ii. In order to meet the increasing load demand, WECHS had applied for extension in load from 2180 kW to 5000 kW and 2240 kW to 5000 kW against the two feeders which had been built



by the society at its own cost. The WECHS paid the demand notice amounting to Rs. 79.90 million, for the required extension, however, the same has not yet been finalized by GEPCO.

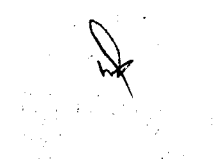
- iii. According to Section 20 of the NEPRA Act, no person shall engage in distribution of electricity without the authorization given by the Authority.
- iv. Earlier, WECHS wanted to handover its distribution system to GEPCO but intended to carryout maintenance of its distribution network at its own which was against the law. therefore, WECHS was directed vide Decision dated March 5, 2015 to apply to NEPRA for grant of distribution License & determination of tariff.
- v. WECHS applied to NEPRA for Distribution License. In the meanwhile, NEPRA introduced NEPRA (Supply of Electric Power) Regulations, 2015, as per which the minimum threshold of 20 MW load was required for obtaining distribution License. Since WECHS did not meet the minimum benchmark of 20 MW load required for obtaining distribution License as laid down in the ibid Regulations, therefore, WECHS was advised by NEPRA to enter into an O&M agreement with GEPCO.
- vi. However, despite passage of a considerable time, an O&M agreement could not be finalized by the parties due to the following reasons:

- a. Approval of layout plan for WECHS

WECHS got the approval from the concerned civic agency i.e. District Council Gujranwala at the time of obtaining connection from GEPCO (the then WAPDA) prior to the establishment of Gujranwala Development Authority (GDA). GEPCO has demanded approval of GDA for processing of O&M agreement. This office is of the view that if there is no violation in the original layout /master plan of the society, then the demand of GEPCO for approval of layout plan from GDA is not valid.

- b. Ultimate Load Demand

The ultimate load of the WECHS was assessed as 15.62MW by GEPCO. At present WECHS is drawing about 10 MW load from GEPCO through two independent 11 kV feeders. GEPCO is asking for fresh assessment of the load. This office is of the view that GEPCO may proceed as per the earlier load approval of the WECHS and if in future, the load increases, GEPCO may proceed for extension of load as per its



procedure. Any payment on account of earlier assessed load i.e. 15.62 MW be recovered from WECHS.

c. Approval of Electrification Design

GEPCO has also demanded approval of the electrification design of the WECHS. The Complainant informed that the electrification design of the society was already approved by GEPCO at the time of execution of electrification work of the society. This office is of the view that if there is no change in the original/master plan then there is no requirement of approval of the design again.

d. Requirement of Land for Construction of Grid Station

GEPCO has informed that the BOD GEPCO in its 70th meeting held on 14-02-2009 accorded approval to relax the condition for transfer of 4-Acre land and to recover full cost of 16-Kanal, 8-Marla land already paid by GEPCO for 132-kV Khiali by-pass Grid Station besides recovering 50% grid sharing cost amounting to Rs. 15.4 Million in 24 monthly instalments from WECHS Gujranwala. WECHS paid the cost of land Rs. 64.5 Million and grid sharing cost of Rs. 15.4 Million, total amounting to Rs. 79.908 Million in 24 instalments from 25-04-2012 to 23-02-2016. The BOD GEPCO in the meeting held on February 16, 2015 re-visited the decision taken earlier in its 70th meeting held on 14-02-2009 and decided to withdraw the said relaxation i.e. recovery of cost of 16-Kanal, 08-Marla land already paid by GEPCO for 132 kV Khiali Grid Station from the Society. Now, GEPCO is demanding 4-Acre land free of cost for construction of grid station. The Complainant has informed that the demand of GEPCO cannot be fulfilled due to non-availability of the land. The society has already paid GEPCO an amount of Rs. 64.5 Million for land for grid station for 16 Kanal & 8 Marla therefore; demand of GEPCO for 32 Kanal land is unjustified at this belated stage. There are two options, i.e. 1) GEPCO may return the earlier land of 16-kanal and 8-marla to WECHS and obtain 32-Kanal of land OR 2) GEPCO may obtain the remaining land i.e. 15-kanal 12-marla from the WECHS.

vii. It is pertinent to mention here that Part II, Clause 4 (6) of the NEPRA (Supply of Electric Power) Regulations, 2015 provides as under:

"Any housing colony, housing society, an industrial estate or a complex engaged in procuring electricity from the Host Distribution Company at a duly approved Rate

and supplying the same to the residents/consumers prior to the commencement of the Act, may have the options either to:

- a. Surrender their distribution network to the concerned Distribution Company; or
- b. Obtain a distribution license from the Authority; or
- c. Enter into an O&M Agreement with the concerned Distribution Company as per regulation 5 and submit the same for approval of the Authority; or
- d. Any other arrangement as approved by the Authority.

7. WECHS intended to enter into O&M Agreement with GEPCO, however, keeping in view the difficulties especially tariff charged to the residents of the society as compared to the other consumers of GEPCO; WECHS has recently approached GEPCO vide letter dated March 19, 2020, for surrendering its distribution network and a copy of the said letter has been endorsed to NEPRA.

8. Foregoing in view, GEPCO is directed to take over the Distribution System of WECHS in accordance with the provisions of NEPRA (Supply of Electric Power) Regulations, 2015, after completion of all codal formalities, without any further delay.

9. A compliance report in the matter be submitted within thirty (30) days.


Rehmatullah Baloch
Member (Consumer Affairs)

Islamabad, April 24 , 2020