



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/CAD/TCD 02 /16693-95

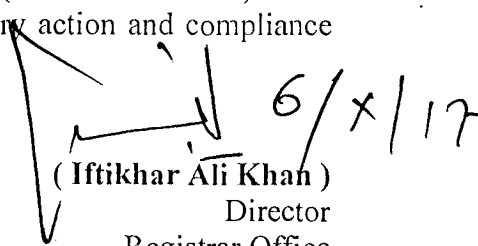
October 6, 2017

Chief Executive Officer
Islamabad Electric Supply Company (IESCO)
Street No 40, G-7/4,
Islamabad.

Subject: **Order in the matter of Complaint filed by Gharibwal Cement Limited under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 against IESCO regarding Construction of 132 kV Transmission Line Complaint # IESCO-24/2007**

Please find enclosed herewith the Order of the Member (Consumer Affairs) dated 06.10.2017 (04 Pages) regarding the subject matter for necessary action and compliance within thirty (30) days of receipt of this Order.

Encl: As above


(Iftikhar Ali Khan)
Director
Registrar Office

Copy to:

1. Chief Engineer / Customer Services Director
Islamabad Electric Supply Company Ltd. (IESCO)
Street No. 40, Sector G-7/4, Islamabad
2. Director
Gharibwal Cement Ltd.
Ismailwal, Tehsil Choa Saidan Shah,
District Chakwal



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No. IESCO-24/2017

Gharibwal Cement Limited

Through Director Gharibwal Cement Ltd.
Ismailwal, Tehsil Choa Saidan Shah
Dist: Chakwal.

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Complainant

Versus

Islamabad Electric Supply Company (IESCO)

Head Office IESCO, Street No. 40, G-7/4
Islamabad.

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Respondent

Date of Hearing:

March 29, 2017

Date of Order:

October 06, 2017

On behalf of

Complainant:

- i. Syed Firasat Abbas, GM (GCL)
- ii. Mr. Haroon Rashid, Sr. Manager (Hr/Adm)
- iii. Mr. Mudassir Farooq, Sr. Manager

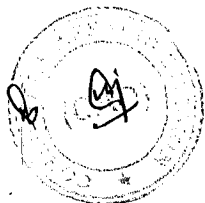
Respondent:

- i. Mr. Waheed Akram, Manager (CS)
- ii. Raja Nasir, Manager (PMU)
- iii. Mr. Saleem Abdullah, Deputy Manager

Subject: ORDER IN THE MATTER OF COMPLAINT FILED BY GHARIBWAL CEMENT LIMITED UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST IESCO REGARDING CONSTRUCTION OF 132 kV TRANSMISSION LINE

ORDER

This Order shall dispose of the complaint dated February 21, 2017 filed by Gharibwal Cement Limited, Chakwal (hereinafter referred to as the "Complainant" or "GCL") under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power



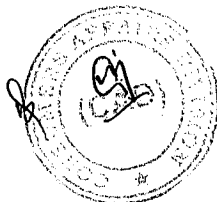
Act, 1997 (hereinafter referred to as the "NEPRA Act") against Islamabad Electric Supply Company Limited (hereinafter referred to as the "Respondent" or "IESCO").

2. The Complainant in its complaint submitted that GCL is engaged in production and sales of cement and is being fed through a 66 kV transmission line. GCL applied to IESCO for extension of load/up-gradation of its existing supply line from 66 kV to 132 kV. IESCO issued Demand Notice (DN) amounting to Rs. 93.504 million and Rs. 92.56 million as security amount and capital cost respectively for up-gradation of line/ extension of load. GCL further submitted that it was unable to pay the DN because of up-gradation of its grid station and issues of right of way, etc. for the planned 132 kV transmission line. Thereon, a revised DN amounting to Rs. 142.03 million was issued by IESCO for cost of the 132 kV transmission line. The Complainant added that B-4 Tariff category consumers are allowed to construct grid station at their own, likewise it approached IESCO for approval to GCL for construction of 132 kV transmission line at its own as per the WAPDA/NTDC/DISCO's design, standards and specification. IESCO rejected their request on the basis of a circular of PEPCO dated July 30, 2010. GCL added that it possess technical expertise for construction of transmission line and permission to GCL for construction of transmission line on self-execution basis will set a ground precedent for the power sector bringing in efficiency and consumer participation.

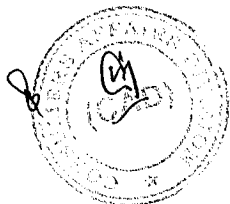
3. In order to probe further into the matter, a hearing was held on March 29, 2017 at NEPRA Head Office. The hearing was attended by representatives of IESCO & the Complainant, wherein both the parties advanced their respective arguments. IESCO representatives stated that as per the policy dated July 30, 2010 in vogue; construction of Transmission Line to feed the Consumer Grid Station shall always be responsibility of NTDC or DISCO on cost deposit basis. During the hearing, IESCO was asked regarding revised estimate. It was explained that earlier tentative estimate amounting to Rs. 92.085 million was issued for construction of 132 kV transmission line from 132 kV Pinanwal to Ghraibwal cement factory having distance of 12 KM. The complainant did not pay the demand notice therefore, the estimate was revised to Rs. 142.63 million and now the complainant will be fed through 132 kV transmission line from Dandot grid station to Gharibwal cement factory grid station having distance of 27 KM. It was further explained by IESCO official that the change of route has been made due to overloading of 132 kV transmission line feeding to 132 kV Pinanawal grid station

4. The case has been analyzed in detail in light of documents made so available by the parties, arguments advanced during the hearing and applicable law. Following has been concluded:





- i. The Complainant is an industrial consumer of IESCO under tariff category B-4 having sanctioned load of 11 MW. It applied to IESCO on September 28, 2012 for extension of load upto 37 MW i.e. net 26 MW extension. Upon which IESCO issued Demand Notice (DN) amounting to Rs. 93.504 million and Rs. 92.56 million as security deposit and capital cost respectively on October 24, 2012 for construction of 132 kV transmission line.
- ii. GCL could not pay the DN due to issues of upgradation of its grid station. Thereon, a revised DN amounting to Rs. 142.63 million was issued by IESCO due to change of route and grid station at feeding end. Earlier the consumer was to be fed through 132 kV transmission line from 132 kV Pinanwal grid station having distance of 12 KM and now the consumer will be fed through 132 kV Dandot grid station having distance of 27 KM. The change of route has been proposed due to overloading of 132 kV transmission line feeding to 132 kV Pinanwal grid station. However, GCL requested IESCO to accord approval to GCL for construction of 132 kV transmission line at its own; in line with the WAPDA/NTDC/DISCO's design, however, the same was not considered by IESCO. The refusal of IESCO is based on a policy i.e. "Policy For Connecting Consumers Grid Station to the NTDC/DISCO Network and its Operations & Maintenance" (the "Policy") issued by PEPCO vide letter dated July 30, 2010.
- iii. The Complainant is of the view that the 1st estimate of capital cost amounting to Rs. 92.56 Million was reasonable, whereas the revised demand notice amounting to 142.63 million is on higher side. The Complainant is of the view that they can construct the transmission line in about 50% of the estimate demanded by IESCO without compromising on the quality and standards.
- iv. As per the said policy the construction of Transmission Line to feed the Consumer Grid Station shall be constructed by NTDC or DISCO on cost deposit basis. Moreover, the O&M of feeding/interconnecting line will invariably be done by NTDC/DISCO concerned at the expense of consumer.
- v. As per the said policy, the consumer has option to construct Grid Station at its own but cannot construct Transmission Line; which is quite



strange. Consumer is of the view that they can construct the Transmission Line at 50% of the cost of the estimate issued by IESCO.

- vi. It is a matter of fact that mostly such transmission line projects are not being completed by NTDC/DISCOs in time due to various technical/administrative issues.
 - vii. It is worth mentioning that NTDC/DISCOs do not construct transmission lines on their own. The transmission lines are constructed through their approved contractors and the role of NTDC/DISCOs is of supervisory nature. If any party intends to construct transmission line at its own, then there should be no bar upon it for construction of the same subject to NTDC/DISCOs prescribed standards and quality. The NTDC/DISCOs may vet/approve the design of transmission line, inspect the material and completely supervise the execution of work at all stages. In such a case NTDC/DISCOs may receive/charge design vetting fee/ material inspection fee and supervision charges as per prudent utility practices.
5. In view of facts stated above, IESCO is directed to allow the Gharibwal Cement Limited to construct 132 kV Transmission Line after completion of all codal formalities through IESCO's approved contractors as per the design, standards and specification of IESCO. IESCO must ensure execution of the work as per its design, standards and specifications.
6. A report in this regard be submitted within thirty (30) days.

Islamabad, October 06 , 2017

Member (Consumer Affairs)

