



Registrar

**National Electric Power Regulatory Authority**  
**Islamic Republic of Pakistan**

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No. NEPRA/ADG(CAD)/TCD 02/ 7141-43

May 2, 2018

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

Subject: **ORDER OF THE AUTHORITY REGARDING APPEAL FILED BY IESCO UNDER SECTION 12-A OF THE NEPRA ACT, 1997 AGAINST THE ORDER OF THE MEMBER (CONSUMER AFFAIRS) DATED 6<sup>TH</sup> OCTOBER 2017 IN THE MATTER OF GHARIBWAL CEMENT LIMITED VS IESCO**

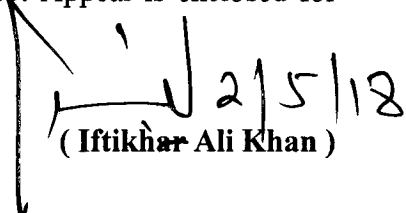
Reference is made to Appeal filed by Islamabad Electric Supply Company Limited (IESCO) against the Order of Member (Consumer Affairs), NEPRA dated 6<sup>th</sup> October 2017 regarding the subject matter.

2. The Decision/Order of the Authority (03 Pages) on the subject Appeal is enclosed for information and necessary action, please.

Encl: As above

Copy to:

- i. C.E./Customer Service Director  
Islamabad Electric Supply Company (IESCO)  
Head Office IESCO, Street No. 40, G-7/4,  
Islamabad.
- ii. Director, Gharibwal Cement Limited,  
Ismailwal, Tehsil ChoaSaidan Shah,  
District Chakwal.

  
( Iftikhar Ali Khan )



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

**Complaint No. IESCO-24-2017**

**Islamabad Electric Supply Company (IESCO)** ..... **Appellant**  
Head Office IESCO, Street No. 40,  
Sector G-7/4, Islamabad.

**Versus**

**Gharibwal Cement Limited** ..... **Complainant**  
Through its Director,  
Ismailwal, Tehsil Choa Saidan Shah,  
District Chakwal.

**Date of Hearing:** 15<sup>th</sup> February 2018

**Authority:**

- |    |                             |                         |
|----|-----------------------------|-------------------------|
| 1) | Mr. Tariq Saddozai          | Chairman                |
| 2) | Mr. Saif Ullah Chattha      | Member (M&E)            |
| 3) | Mr. Himayat Ullah Khan      | Member (Tariff)         |
| 4) | Syed Masood-ul-Hassan Naqvi | Member (CA)/(Licensing) |

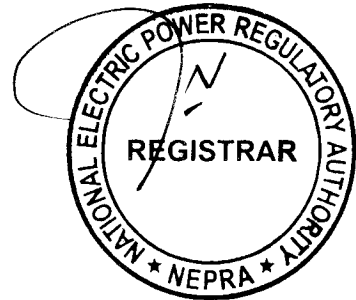
**On behalf of:**

**Appellant:**

- 1) Ms. Aameena Sohail, Legal Counsel
- 2) Mr. Saleem Abdullah, DM
- 3) Mr. Mehmood Ahmed, XEN

**Complainant:**

- 1) Mr. S. Firasat Abbas, GM
- 2) Maj. Haroon, HoD Admin/HR



**Subject:** **ORDER OF THE AUTHORITY REGARDING APPEAL FILED BY IESCO UNDER SECTION 12-A OF THE NEPRA ACT, 1997 AGAINST THE ORDER OF THE MEMBER (CONSUMER AFFAIRS) DATED 6<sup>TH</sup> OCTOBER 2017 IN THE MATTER OF GHARIBWAL CEMENT LIMITED VS IESCO**

**ORDER**

This Order shall dispose of the Appeal filed by Islamabad Electric Supply Company Limited (hereinafter referred to as the "Appellant" or "IESCO") on 5<sup>th</sup> December 2017 against the order of Member (Consumer Affairs) dated 6<sup>th</sup> October 2017 in the matter of complaint of Gharibwal Cement Limited (hereinafter referred to as the "Complainant" or "GCL").

2. The brief facts of the case are that GCL is an industrial consumer of IESCO under tariff category B-4 having sanctioned load of 11 MW. It applied to IESCO on 28<sup>th</sup> September 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 24<sup>th</sup> October 2012 for the construction of 132 kV transmission line. GCL could not pay the DN due to issues of upgradation of its grid station. Thereon, a revised DN amounting to Rs. 142.03 million was issued by IESCO. The demand notice was enhanced due to change of route and grid station at feeding end. Earlier, GCL was to be fed through 132 kV transmission line from 132 kV Pinanwal grid station having distance of 12 km and now GCL will be fed through 132 kV Dandot grid station having distance of 27 km. The change of route was proposed due to overloading of 132 kV transmission line feeding to 132 kV Pinanwal grid station.

3. 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 30<sup>th</sup> July 2010. GCL was of the view that the 1<sup>st</sup> estimate of capital cost amounting to Rs. 92.56 Million was reasonable, whereas the revised demand notice amounting to Rs. 142.03 Million is on higher side. GCL 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.

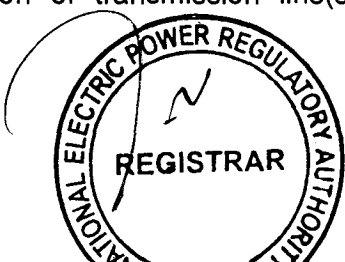
4. Consequently, GCL filed a complaint with NEPRA on 21<sup>st</sup> February 2017 against IESCO. In order to probe further into the matter, a hearing was held on 29<sup>th</sup> March 2017 at NEPRA Head Office, Islamabad wherein both the parties participated and advanced their respective arguments. Finally, the matter was decided by Member (Consumer Affairs) vide decision dated 6<sup>th</sup> October 2017, wherein IESCO was directed as under:

"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".

5. Being aggrieved with the decision, IESCO filed an Appeal on 5<sup>th</sup> December 2017 under Section 12-A of the NEPRA Act, 1997. The Appellant, in its Appeal, raised following arguments:

- a. Construction of transmission lines falls under the license obligations of IESCO which cannot be transferred or handed over to a consumer by virtue of a decision of a single member.
- b. IESCO holds a distribution license which falls under the powers of the full Authority, a function which cannot be delegated to a single member, hence the obligation of IESCO to construct transmission line cannot be handed over without amending the terms and conditions of its license.
- c. The decision of the Single Member is opening a new avenue of consumer owned system in a distribution company service territory, which needs deliberation and review by the full Authority.

6. The Authority admitted the Appeal and hearing in the matter was held on 15<sup>th</sup> February 2018, wherein both the parties (i.e. IESCO and GCL) participated and presented their case. GCL representatives informed the Authority that subsequent to the decision of NEPRA dated 6<sup>th</sup> October 2017 in the instant matter, PEPCO sought comments from DISCOs regarding proposal for construction of transmission line(s). In response, IESCO, SEPCO and HESCO have



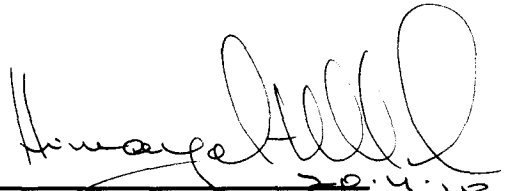
supported the proposal, whereas comments of other DISCOs are awaited. GCL further apprised that they have sufficient capacity for construction of 132 kV transmission line on self-execution basis.

7. As per the policy of PEPCO dated 30<sup>th</sup> July 2010, the Transmission Line feeding 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. Further, as per the said policy, the consumer has option to construct Grid Station at its own but cannot construct Transmission Line, whereas construction of grid station is more complicated/sensitive as compared to construction of transmission line. 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. 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.


8. Further, during the hearing, the Authority enquired from the representatives of IESCO to quote any rule/regulation of NEPRA which bars the Complainant from construction of transmission line, however, no proper response was given to the queries of the Authority.

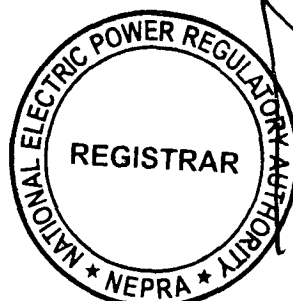
9. For the reasons stated above, this appeal stands dismissed and the order dated 6<sup>th</sup> October 2017 is upheld. Moreover, the transmission line constructed by GCL shall be handed over to IESCO for operation and Maintenance, and the cost so incurred will be borne by GCL.

  
(Syed Masood-ul-Hassan Naqvi)  
Member

  
(Himayat Ullah Khan)  
Member

  
(Saif Ullah Chattha)  
Member 2.3.4.2018

  
(Tariq Saddozai)  
Chairman



2-5-18