

National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/ADG(CAD)/TCD 02/18589-91

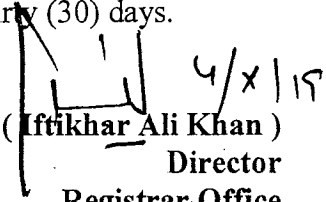
October 4, 2018

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

Subject: **ORDER OF NEPRA IN THE MATTER OF COMPLAINT FILED BY M/S. GHARIBWAL CEMENT LTD. UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST IESCO REGARDING REFUND OF SECURITY DEPOSIT (AC # 27 14552 0116300)**
IESCO-84/05/2019

Please find enclosed herewith the Order of NEPRA (03 Pages) dated 30.09.2019 regarding the subject matter for necessary action and compliance within thirty (30) days.

Encl: As above


(Iftikhar Ali Khan)
Director
Registrar Office

Copy to:

- i. C.E./Customer Service Director
Islamabad Electric Supply Company (IESCO)
Head Office IESCO, Street No. 40, G-7/4, Islamabad.
- ii. Manager (Finance)
Gharibwal Cement Ltd.
Pace Tower, 1st Floor, 27-H,
College Road, Gulberg-II, Lahore



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

Complaint No. IESCO-84/05/2019

M/s Gharibwal Cement Limited
Through its Manger Finance
Pace Tower 1st Floor, 27-H,
College Road, Gulberg II
Lahore.

..... **Complainant**

Versus

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

..... **Respondent**

Dates of Hearing: August 22, 2019

On behalf of:

- Complainant:** 1) Mr. Muhammad Tahir (Manager Finance)
2) Mr. Qaseem Siddiqui (Executive Director)
- Respondent:** 1) Mr. Firasat Abbass, GM (P & E)
2) Mr. Sajid Hassan Ansari, DM (CS)

Subject: **ORDER OF NEPRA IN THE MATTER OF COMPLAINT FILED BY M/S GHARIBWAL CEMENT UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST IESCO REGARDING REFUND OF SECURITY DEPOSIT (AC # 27 14552 0116300)**

ORDER

This Order shall dispose of the complaint filed by M/s Gharibwal Cement Limited Chakwal (hereinafter referred to as the "Complainant" or "GCL") against Islamabad Electric Supply Company (hereinafter referred to as the "Respondent" or "IESCO"), 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 M/s Gharibwal Cement Limited on 7th May 2019 wherein the Complainant submitted that they had deposited an amount of Rs. 40.13 million with IESCO as security deposit against their B4 category connection bearing reference number

27145520116300. Subsequently, in pursuance to the Clause 5.2 (e) of Consumer Service Manual (CSM) GCL applied IESCO for refund of security deposit and submitted a bank guarantee amounting to Rs. 92.56 million in the year 2015 but IESCO has held their security deposit. The Complainant requested that IESCO be directed to refund their security deposit amounting to RS. 40.13 million.

3. The matter was taken up IESCO on May 09, 2019 for submission of report. IESCO did not submit the report in the matter even after issuance of reminders dated May 31, 2019 and June 12, 2019. Therefore, a hearing was scheduled for August 01, 2019, which was re-scheduled on request of IESCO for August 22, 2019. The hearing was attended by both the parties. The Complainant re-iterated its earlier version. IESCO representatives submitted their written/verbal arguments which is summarized as under:

M/s Gharibwal Cement Limited applied for an extension of load from 11MW to 37MW on September 28, 2012, which was allowed by IESCO and a demand notice amounting to Rs. 93.504 million for Capital Cost and Rs. 92.56 million for Security Deposit was issued. The consumer made a request for the installment of both the demand notices which was allowed on December 03, 2012. The consumer did not pay the installments of the Capital Cost and paid four installments of the Security Deposit upto Rs. 40.13 million. Subsequently, the consumer stopped paying the installments and submitted a Bank Guarantee worth Rs. 92.56 million dated January 28, 2015 with an expiry date of January 27, 2016. And thereafter renewed the bank guarantee up to January 27, 2021. On submission of the Bank Guarantee the consumer requested for the refund of the already paid Security Deposit of Rs. 40.13 million. IESCO further submitted that it has already approached NEPRA for withdrawal of provision of Bank Guarantee in lieu of Cash Security Deposit allowed in the Consumer Service Manual (CSM).

4. The case has been examined in detail in light of the written/verbal arguments of the parties. Following has been concluded:

- i. M/s Gharibwal Cement Limited had a load of 11MW and applied for an extension of load from 11MW to 37MW on September 28, 2012, which was allowed by IESCO and a demand notice amounting to Rs. 93.504 million for Capital Cost and Rs. 92.56 million for Security Deposit was issued. The consumer made a request for the installment of both the demand notices which was allowed on December 03, 2012. The consumer did not pay the installments of the Capital Cost and paid four installments of the Security Deposit, amounting to Rs. 40.13 million upto February 22, 2013.

- ii. The Authority vide its determination dated October 22, 2010 on security deposit rate of all DISCOs provided the option of Bank Guarantee to the industrial consumers of B-3 and B-4 category in lieu of Cash Security Deposit. Furthermore, the determination was later incorporated as Clause 5.2 (e) into the Consumer Service Manual, which is an applicable document. The relevant clause of the CSM is reproduced as under:

“The option of bank guarantee in lieu of security deposit shall be available to industrial consumers under B-3 and B-4 categories only. The existing B-3 and B-4 category consumers can also avail the option of Bank Guarantee by withdrawing their previous security deposits from DISCO and submit a bank guarantee to the satisfaction of the DISCO on new security rates for a validity period of three years.”

- iii. In line with the above Clause of the CSM, M/s GCL submitted a Bank Guarantee amounting to Rs. 92.56 million to IESCO on January 28, 2015 and requested IESCO to refund the already paid security deposit amount worth Rs. 40.13 million. In response IESCO did not entertain the request of the Complainant and informed him that IESCO has approached NEPRA for removal of the said Clause and making necessary amendments in the CSM. There is no force in arguments of IESCO as no amendment with respect to removal of the above Clause has yet been made in the CSM.

5. Forgoing in view; IESCO is directed to accept the Bank Guarantee submitted by M/s Gharibwal Cement Limited in lieu of the cash security deposit and refund the already paid security deposit amounting to Rs. 40.13 million after completion of all codal formalities.

6. Compliance report be submitted within thirty (30) days.


(Rehmatullah Baloch)
Member (Consumer Affairs)

Islamabad, September 30, 2019