



Registrar

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.nepa.org.pk, E-mail: registrar@nepa.org.pk

No. NEPRA/ADG(CAD)/TCD-09/13070-73


May 13, 2020

Chief Executive Officer,
K-Electric Limited, KE House No 39-B,
Sunset Boulevard Phase-II,
Defence Housing Authority, Karachi.

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY PAKISTAN WIRE INDUSTRIES (PVT.) LIMITED UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC LIMITED REGARDING EXTENSION OF LOAD**
Complaint No. KE-2225/01/2019

Please find enclosed herewith the Decision of Member (Consumer Affairs) (05 Pages) dated May 6, 2020 regarding the subject matter for necessary action and compliance within thirty (30) days, please.

Encl: As above

 13/5/20
(Iftikhar Ali Khan)

Director
Registrar Office

Copy to:

1. Mr. Ayaz Jaffar Ahmed
Director (Finance and Regulations),
K-Electric Limited, KE House No 39-B,
Sunset Boulevard Phase-II, Defence Housing Authority,
Karachi.
2. Mr. Saud Mahmood,
Director Pakistan Wire Industries Pvt. Ltd,
E-51, Textile Avenue, S.I.T.E,
Karachi
Ph: 32577406, 32576958
3. Mr. Abid Hussain,
Advisor (CAD),
NEPRA Regional Office, 1st Floor, Office No. 101,
Balad Trade Center, Plot No. 15/118, Block No. 3,
Bahar Muslim Housing Society, Karachi.



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

Complaint No. KE-2225/01/2019

Pakistan Wire Industries (Pvt.) Limited
E-51, Textile Avenue, S.I.T.E
Karachi.

.....

Complainant

Versus

K-Electric Limited
KE House No. 39-B, Sunset Boulevard
Phase-II, Defense Housing Authority
Karachi.

.....

Respondent

Dates of Hearing: October 05, 2019
 November 14, 2019

On behalf of:

Complainant: Mr. Nazeer Ahmed, Manager (Pakistan Wires), S.I.T.E

Respondent:

- 1) Mr. Asif Shajar, DGM (Regulations)
- 2) Mr. Imran Hanif, Manager (Regulations)
- 3) Mr. Kashif Ali, Manager (New Connection)

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY PAKISTAN WIRE INDUSTRIES (PVT.) LIMITED UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC LIMITED REGARDING EXTENSION OF LOAD**

DECISION

This Decision shall dispose of the complaint filed by Pakistan Wire Industries (Pvt.) Limited, Karachi (hereinafter referred to as the “Complainant”) against K-Electric Limited (hereinafter referred to as the “Respondent” or “K-Electric”), 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 the Complainant dated January 29, 2019 wherein the Complainant submitted that on November 15, 2018 they approached K-Electric for extension of sanctioned load from 496 kW to 710 kW. In response, K-Electric advised them to submit an undertaking for payment of Feeder Sharing Charges/ Sponsored Dedicated Distribution System (SDDS) charges, otherwise their case will not be processed. Upon which the Complainant assured K-Electric that they will pay any justified and genuinely applicable charges and submitted the undertaking as desired by K-Electric. K-Electric issued demand notice amounting to Rs. 6,18,468/- for Security Deposit and estimate of Rs. 1,364,571/- on account of Sponsored Dedicated Distribution System (SDDS) charges. The Complainant contested both and apprised K-Electric that they had already paid Security Deposit for 621 kW and the Complainant only needed to pay balance of Rs. 2,572,10/- on account of Security Deposit and the extension of load does not fall under SDDS at all. Accordingly, K-Electric revised the Security Deposit charges and the same were paid by the Complainant. The Complainant further deliberated that they are already drawing 710 kW from existing Common Distribution System (CDS) and their case falls under simple regularization of load. The Complainant further contended that it's the 3rd extension in load, at first extension the Complainant provided 500 kVA Transformer along with the allied material and other charges in year 2006. On 2nd extension the Complainant provided 1000 kVA transformer along with other charges. The previously installed material at the expense of the Complainant was also taken by K-Electric during 2nd extension. The Complainant further submitted that they have paid the estimate charges under duress and requested for withdrawal/adjustment of the same in their future electricity bills.

3. The matter was taken up with K-Electric. In response, K-Electric vide letter dated March 21, 2019 reported that the sanctioned load of the Complainant's account has been updated after fulfillment of all codal formalities enshrined in applicable NEPRA Rules & Regulations. The said report was shared with the Complainant for information/comments. In response, the Complainant raised his objections on the report of K-Electric. In order to further deliberate upon the issue, a hearing was held on October 05, 2019 at NEPRA Regional Office, Karachi which was attended by both the parties. During the course of hearing, the Complainant reiterated his earlier version and submitted that the same relief be provided to them as in other similar cases i.e. Gulf Dying Mills, Ellahi Electronics and Jamal Rasheed against K-Electric. On the said, K-Electric officials submitted that the load of the Complainant is above 500kW and it requires an independent feeder. In order to facilitate the Complainant, SDDS charges were demanded from the Complainant, which have been paid accordingly.

4. In order to resolve the issue, another hearing was held on November 14, 2019 at NEPRA Regional Office, Karachi wherein the Complainant and K-Electric representatives participated and both the parties advanced their arguments based upon their previous versions. On a query regarding the



provision of undertaking; the Complainant informed that they had no other option but to provide undertaking to the satisfaction of K-Electric, because their application for extension of load was not being entertained. The Complainant further informed that they had already paid SDDS charges for their previous load. The Complainant was advised to submit documentary evidence in this regard, however, no such evidence was provided by the Complainant.

5. The case has been analyzed in the light of verbal/written arguments of both the parties, documents made available on record and the applicable law. Following has been concluded:

- i. The Complainant is an industrial consumer of K-Electric. On November 15, 2018 the Complainant applied to K-Electric for extension of load from 496 kW to 710 kW (i.e. 214 kW net extension). The Complainant is being fed from its own Dedicated Distribution System (DDS). K-Electric asked the Complainant to pay feeder sharing charges/SDDS charges. The Complainant paid the said charges i.e. Rs. 1,364,571/- along with security deposit amounting to Rs. Rs. 6,18,468/-. The Complainant is of the view that the SDDS charges were paid under duress.
- ii. As per provisions of NEPRA Consumer Eligibility Criteria, 2003, extension/reinforcement in Common Distribution System (CDS) is the responsibility of licensee. If K-Electric has reinforced its CDS; the Complainant is not required to pay for the same.
- iii. K-Electric's Common Distribution System and the Complainant's Dedicated Distribution System already exist i.e. 1000 kVA transformer with allied material at the Complainant's premises which can easily cater to the required total load of the Complainant i.e.710 kW. Further, the consumer is only responsible for payment of DDS charges. Therefore issuance of Demand Notice on account of SDDS is void and illegal and the same is in violation of Consumer Eligibility Criteria, 2003. If any up-gradation was required in the DDS of the Complainant, the same should have been done at his expense, however, there was no requirement of any such up-gradation.
- iv. NEPRA introduced SDDS for prospective consumers where a Common Distribution System (CDS) does not exist and SDDS is required to be developed for the supply of power for sole consumption of specified area or a specified group of consumers. In the instant case, the SDDS has no relevance because CDS and DDS are already available in the area. Whereas in contradiction to

above, K-Electric has demanded SDDS charges from the Complainant on account of extension of load.

- v. Earlier on the issue of charging SDDS charges to the consumers, NEPRA vide letter dated April 05, 2016 directed K-Electric that SDDS charges will not be collected for extension/reinforcement/strengthening of Common Distribution System of K-Electric except in the following conditions:
- (a) Un-electrified areas where there is no Sponsor and the electrification is required to be carried out by K-Electric on behalf of sponsor.
 - (b) Abandoned schemes where sponsor has failed to provide electrification infrastructure and the electrification is to be done by K-Electric on behalf of sponsor.
 - (c) Consumers who qualify for independent feeder /PMT and wish to share the cost of the feeder/PMT with other consumers.
- vi. According to Multi Year Tariff (MYT) Determination 2016 for K-Electric, the Authority directed that K-Electric shall ensure that other connection charges pertaining to new connections to the prospective consumers are comparable with the XWDISCOs, preferably LESCO. Therefore, K-Electric is required to charge the same connection charges as being charged by LESCO. It is also worth mentioning that in case of XWDISCOs including LESCO, industrial consumers having sanctioned load of less than 1000kW are allowed to get connection from existing mixed load feeders. XWDISCOs/LESCO charge Rehabilitation Charges to such consumers as under:

Load	Rate (per kW)
15 kW to 40 kW	250
41 kW to 100 kW	400
101 kW to 500 kW	1000
501 kW to 1000 kW	3000

Accordingly, the rehabilitation charges for the instant case will be as per the following:

- Existing Load: 496 kW
- Extension Applied for: 214 kW
- Final Load: 710 kW

Calculation:

- 496 to 500 kW = 4 kW @ Rs. 1000/kW	=	Rs. 4000/-
- 501 kW to 710 kW = 210 kW @ Rs. 3000/kW	=	Rs. 6,30,000/-
- Total for 710 kW =	=	Rs. 6,34,000/-

5. In view of foregoing, the SDDS charges of Rs. Rs.13,64,571/- recovered from the Complainant by K-Electric are required to be withdrawn and the Complainant be charged an amount of Rs. 6,34,000/- as rehabilitation charges. K-Electric is hereby directed to reimburse/adjust the excessively charged amount and submit compliance report within thirty (30) days.


(Rehmatullah Baloch)
Member (Consumer Affairs)

Islamabad, May 06, 2020