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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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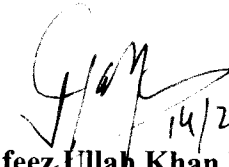
February 14, 2020

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 DR. GHAZALA ISHRAT ON BEHALF OF KARACHI UNIVERSITY EMPLOYEES COOPERATIVE HOUSING SOCIETY (KUECHS) KARACHI UNDER SECTION 39 OF THE REGULATION OF GENERATION TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC LIMITED REGARDING NON PROVISION OF COMPENSATION ON ACCOUNT OF REPLACEMENT OF DISTRIBUTION SYSTEM
COMPLAINT # KE-349/12/2018

Please find enclosed herewith the decision of the Member (Consumer Affairs) dated 12.02.2020 (04 Pages) regarding the subject matter for necessary action and compliance within thirty (30) days, please.

Encl: As above


(Hafeez Ullah Khan)
Deputy Registrar

Copy to:

- 1) Mr. Ayaz Jaffar Ahmed,
Director (Finance & Regulation),
K-Electric Limited, KE House No. 39-B,
Sunset Boulevard Phase-II, Defence Housing Authority,
Karachi
- 2) Dr. Ghazala Ishrat,
Karachi University Employees Cooperative Housing Society
Sector 18-A, Gulzar-e-Hijri, Scheme 33, Karachi.
Cell # 0321-8262065



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

Complaint # KE-349/12/2018

Prof. Dr. Ghazala Ishrat,
Karachi University Employees Cooperative
Housing Society
Sector 18-A, Gulzar-e-Hijri, Scheme 33,
Karachi.

Complainant

Versus

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

Respondent

Date of Hearing: December 19, 2018
November 14, 2019

On behalf of

Complainant: 1) Prof. Dr Ghazala Ishrat
2). Prof. Dr. Mansoor
3) Prof. Dr. Arshad

Respondent: 1) Mr. Arshad Ifthikhar, Director Distribution
2). Mr. Afzal Ahmed, DGM
3) Mr. Irfan Hussain, DGM
4) Mr. Asif Shajar, DGM
5) Mr. Imran Hanif, DM

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY DR. GHAZALA ISHRAT ON BEHALF OF KARACHI UNIVERSITY EMPLOYEES COOPERATIVE HOUSING SOCIETY (KUECHS) KARACHI UNDER SECTION 39 OF THE REGULATION OF GENERATION TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST K-ELECTRIC LIMITED REGARDING NON PROVISION OF COMPENSATION ON ACCOUNT OF REPLACEMENT OF DISTRIBUTION SYSTEM**

DECISION

This Decision shall dispose of the complaint filed by Dr. Ghazala Ishrat on behalf of Karachi University Employees Cooperative Housing Society, Karachi (hereinafter referred to as the "Complainant" of "KUECHS") against K-Electric Limited (hereinafter referred to as the "Respondent" or "KE" or "Society"), under Section 39 of the Regulation of 'Generation,

nd

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 against KE, dated November 12, 2018, wherein the complainant submitted that:

- i. KUECHS entered into a Memorandum of Understanding (MoU) with K-Electric (KE) for an Electricity Energizing Scheme, on December 17, 2017.
- ii. As per the said MoU, K-Electric would install 1 feeder, 13 PMTs of 250 kVA and 4 PMTs of 100 kVA, at the KUECHS premises, against a payment of Rs. 82 Million, payable as per the schedule in the MOU. KUECHS had paid KE Rs. 4 Million in two installments.
- iii. On October 20, 2018 a team of KE's field staff visited the KUECHS premises, without any prior notice and instead of connecting the KUECHS to the new ABC network, the KE team dismantled the old copper conductor and took away the removed/dismantled material. KE team also misbehaved with officials of KUECHS and disconnected the electricity supply of the society for 40 hours which was got restored after tremendous efforts.
- iv. The complainant, further added that the old copper conductor is a property of KUECHS which was purchased at the time of developmental work of the society, from their own financial resources. It was neither notified to KUECHS earlier nor mentioned in the MoU that the society is bound to hand over the old copper conductor to KE. Besides, a huge amount of Rs. 82 Million covers cost of all items being installed, including the wire so KUECHS is the rightful owner of the old copper conductor which weighted about 850Kg and KE had no right to take away the conductor wire as per law. The complainant requested for resolution of the issue.

3. In order to proceed further into the matter, a hearing was held on December 19, 2018 at Karachi, wherein both parties submitted their arguments in favor of their stance. KE officials informed that almost 500Kg of conductor was dismantled. KE was directed to submit a detailed report/ comments in the matter. In response, KE submitted a detailed report/comments vide dated March 07, 2019 whereby KE informed that:

- i. KUECHS comprises of 501 plots (367 residential, 132 commercial, 05 amenities). In the year 1982-83, a partial system was provided under which a PMT of 250 kVA capacity was installed as a temporary solution.
- ii. However, the complete infrastructure required to cater the entire load requirement of the society was never installed by the sponsors. With the rapid development of the society the load requirements increased enormously and the electricity infrastructure required to meet the increased demand was not developed accordingly by the society. This resulted in use of electricity by the residents through hook connections which not only caused significant revenue loss to KE and damaged existing system but also posed serious safety hazards to the residents of the society.
- iii. Thereafter, KE in collaboration with KUECHS conceived a self-finance basis scheme based on entire assessed load requirement of the society i.e. 4036 kW, costing Rs. 105.12 Million comprising of thirteen 250 kVA PMTs, four 100 kVA PMTs, three

substations and two 11 kV feeders. However, the society association expressed their inability to pay complete scheme cost and requested for exclusion of cost of second feeder for the time being along with payment of revised estimate in installments. In order to facilitate the association of the society the request was approved by KE. Accordingly, a revised estimate of Rs. 82 Million was issued in December 2017. Upon receipt of partial payment of estimate, KE carried out extensive electricity infrastructure development work in the society including laying of one feeder, four 250 kVA PMTs and LT ABC Network of entire society.

- iv. As per the MOU signed on December 17, 2017, the society association was required to pay third and fourth installment of Rs. 20 Million each approximately by September-2018 and March 2019 respectively. However, only Rs. 40 Million was paid in two installments and the remaining amount of Rs. 42 Million was not paid by the association as per the agreed payment terms of MOU.
- v. KE further elaborated that their teams proceeded to install LT infrastructure with Aerial Bundled Cable but replacement of existing LT Network was resisted by the residents. However, after stringent efforts of KE, the residents eventually cooperated and the existing LT infrastructure was dismantled and duly replaced with ABC.
- vi. In light of the above, KE has requested NEPRA to advise complainant to immediately pay the remaining amount i.e. Rs. 42 Million of the scheme, as per the agreed payment terms of the MOU signed on December 17, 2017, so that complete execution of scheme could be materialized.

4. There was dispute between the parties on quantity of copper conductor dismantled by KE. During the hearing, the parties were advised to submit documentary evidence in support of their version. Subsequently, the Complainant again approached this office on September 12, 2019 and provided receipts of copper conductor weighing 2941 Kg. In order to resolve the issue another hearing was scheduled for October 04, 2019 at NEPRA Regional Office, Karachi however, the same was postponed on request of the Complainant and was therefore held on November 14, 2019 at the same venue. The hearing was attended by both the parties who reiterated their earlier version. KE was directed during the hearing and later vide letter dated November 21, 2019 to confirm within ten (10) days the quantity of copper conductor dismantled from site as the complainant has claimed for removal of 2941 Kg conductor which has not been adjusted by KE in the estimate issued to the society for electrification. In this regard, reminders were issued to K-Electric on November 21, 2019, December 13, 2019, and January 14, 2020, however, KE could not submit any response in this regard.

5. The case has been analyzed in detail in light of the documents made so available by the parties, arguments advanced in the hearings and applicable law. According to Part III Rule (7) of NEPRA Consumer Eligibility Criteria 2003 (CEC 2003) upon removal or replacement of a dedicated distribution system or any part thereof on account of permanent disconnection, modification or enhancement of load, the DISCO shall retain the dedicated distribution system or any part thereof as the case may be, upon payment of the monetary value of material to be determined on the present book value. The payment shall be made in lump sum within two months of the date of removal/replacement of the dedicated system or through adjustment in cost demanded for new/ additional equipment. Moreover, as per Part III, Rule (7)(3) of CEC 2003, in case the dedicated system falls under unusable item/equipment, the compensation upon removal of such equipment shall be made at its prevalent scrap value. In the instant case, a dedicated system was previously available whereby the same is being upgraded by KE on cost deposit basis. However, KE has not provided any adjustment to the KUECHS for the removed material as envisaged in CEC 2003

provided any adjustment to the KUECHS for the removed material as envisaged in CEC 2003 in the estimate.

6. In view of the foregoing, KE is hereby directed to assess the value of the copper conductor taken from the KUECHS premises and provide compensation to the Complainant under the provisions of Consumer Eligibility Criteria 2003 (Part III, Rule (7)). The adjustments may be made in the estimate of the society. The quantity of the removed Copper conductor be reconciled with the Complainant, keeping in view the record/invoices/store register etc.

7. Compliance report to be submitted within thirty (30) days.



(Rehmatullah Baloch)

Member (Consumer Affairs)



Islamabad, February 12, 2020