



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/DG(CAD)/TCD-10/ 14867-83

September 16, 2025

- 1) Chief Executive Officer, Faisalabad Electric Supply Company Ltd. (FESCO), Abdullahpur, Canal Bank Road, Faisalabad
- 2) Chief Executive Officer, Gujranwala Electric Power Company Ltd. (GEPCO), 565/A, Model Town, G.T. Road, Gujranwala.
- 3) Chief Executive Officer, Hyderabad Electric Supply Co. Ltd. (HESCO), WAPDA Offices Complex, Hussainabad, Hyderabad.
- 4) Chief Executive Officer, Islamabad Electric Supply Co. Ltd. (IESCO), Street # 40, Sector G-7/4, Islamabad.
- 5) Chief Executive Officer, Lahore Electric Supply Company Ltd. (LESCO), 22-A, Queens Road, Lahore
- 6) Chief Executive Officer, Multan Electric Power Co. Ltd. (MEPCO), Headquarter, Khanewal Road Multan.
- 7) Chief Executive Officer, Peshawar Electric Supply Company (PESCO), WAPDA House, Shami Road, Sakhi Chashma, Peshawar.
- 8) Chief Executive Officer, Quetta Electric Supply Company Ltd. (QESCO), Zarghoon Road, Quetta.
- 9) Chief Executive Officer, Sukkur Electric Power Company Ltd. (SEPCO), Administration Block, Thermal Power Station, Old Sukkur.
- 10) Chief Executive Officer, Tribal Areas Electric Supply Company Limited (TESCO), Room No. 213, 1st Floor, WAPDA House, Shami Road, Sakhi Chashma, Peshawar.
- 11) Chief Executive Officer, K-Electric Limited (KEL), KE House, Punjab Chowrangi, 39-B, Sunset Boulevard, Phase-II, Defence Housing Authority, Karachi.
- 12) Chief Executive Officer, Hazara Electric Supply Company (HAZECO), 426/A, PMA Link Road, Jinnahabad Abbottabad

Subject: **DECISION IN THE MATTER OF MOTIONS FOR LEAVE FOR REVIEW FILED UNDER REGULATION 3(2) OF THE NEPRA (REVIEW PROCEDURE) REGULATIONS, 2009 AGAINST THE DECISION OF NEPRA DATED DECEMBER 23, 2024 REGARDING APPLICATION OF TARIFF CATEGORY FOR COLD STORAGES**

Please find enclosed herewith Decision of the Authority (total 07 pages) alongwith note of Ms. Amina Ahmed, Member (NEPRA) in the matter of motions for leave for review filed under Regulation 3(2) of the NEPRA (Review Procedure) Regulations, 2009 against the decision of NEPRA dated December 23, 2024 regarding application of tariff category for Cold Storages, for information / necessary action / compliance.

Enclosure: **As above**

(Iftikhar Ali Khan)

Copy to:

- 1) Secretary, Ministry of Energy (Power Division), Islamabad.
- 2) Mr. Muhammad Talib Zaki, Director, M/s Connect Logistics (Private) Limited, Head Office: Plot#138-D, Block-2, P.E.C.H.S. Tariq Road, Karachi. Tel: 021-34551590, 34552287

- 3) Director, M/s Glaciers Private Limited, Head Office: Plot#138-D, Block-2, P.E.C.H.S. Tariq Road, Karachi. Tel: 021-34551590, 34552287
- 4) Mr. Haroon Farooki, CEO, M/s ECKO Warehousing & Logistics, F-359, S.I.T.E., Karachi. Tel: 021-32563062-3-4, 32581131-1831
- 5) Mr. Muhammad Arif, Plot No. 2-A, South Park Avenue, Phase-II, DHA, Karachi. Cell: 03008229570



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Misc. 27/08/2022

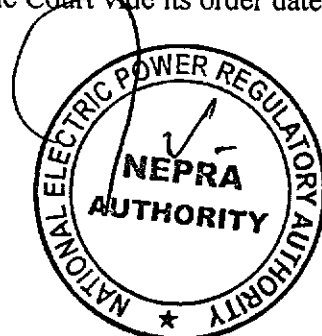
SUBJECT: DECISION IN THE MATTER OF MOTIONS FOR LEAVE FOR REVIEW FILED UNDER REGULATION 3(2) OF THE NEPRA (REVIEW PROCEDURE) REGULATIONS, 2009 AGAINST THE DECISION OF NEPRA DATED DECEMBER 23, 2024 REGARDING APPLICATION OF TARIFF CATEGORY FOR COLD STORAGES

DECISION

1. This decision shall dispose of the motions for leave for review ("MLR") filed under NEPRA (Review Procedure) Regulations, 2009 by various stakeholders against the decision of the Authority dated December 23, 2024 in the matter of application of tariff category for cold storages ("Impugned Decision").

Background:

2. In order to address the inconsistencies in the XW-DISCOs billing practices for cold storage facilities, the Authority vide determination dated June 2, 2022, placed the cold storage facilities under the category of "Commercial Tariff" which was notified by the Federal Government on July 25, 2022.
3. Thereafter, several consumers of cold storages facilities submitted representations/complaints before the Authority raising the observations regarding applicability of commercial tariff on cold storages contending that this change adversely affects their billing and operational costs and requested that industrial tariff be applied to the cold storages.
4. In order to address the grievances of such consumers and ensure a fair examination of their plea, the Authority decided to hold a public hearing. Accordingly, a public hearing was held on June 06, 2023 which was attended by the stakeholders including representatives from the XW-DISCOs and the All-Pakistan Cold Storage Association.
5. Meanwhile, many other industrial consumers challenged the determination of the Authority in the matter of Fuel Price Adjustment along with cold storage decision of June 2, 2022 before the Honorable Lahore High Court, Lahore in WP. No. 50725 of 2022 titled as Muhammad Azhar Siddique Vs. Federation of Pakistan, etc. The Honorable Lahore High Court, vide its Judgement dated February 6, 2023 directed NEPRA "not to unilaterally change the type of tariff from Industrial to Commercial without hearing such consumers."
6. The said Judgement of the Honorable Lahore High Court was challenged by the XW-DISCOs and NEPRA before the honorable Supreme Court of Pakistan through Civil Petitions (CPLAs No. 1676, 1558 and 1232-L of 2023). The honorable Supreme Court vide its order dated October 16, 2023, inter-alia, directed NEPRA as under:



"11. CPLAs No.1676, 1558 and 1232-L of 2023: Learned Mr. Adnan Tariq Advocate High Court has filed CMA No.8311 of 2023 and requested for grant of permission to appear and argue the titled case. Permission is granted. He states that these three CPLAs pertain to cold storages in respect whereof the tariff was changed from industrial to commercial, which was assailed before NEPRA pursuant to the impugned judgment and NEPRA has heard the cases and has reserved its decision, therefore, the remand of the matter to NEPRA should not be disturbed. Learned counsel for the concerned DISCO and NEPRA state that they have no objection provided NEPRA decides the same independently without being influenced by anything observed in the impugned judgment. Accordingly, NEPRA is directed to decide the same in accordance with the law, and without in any manner being influenced by anything stated in the impugned judgment."

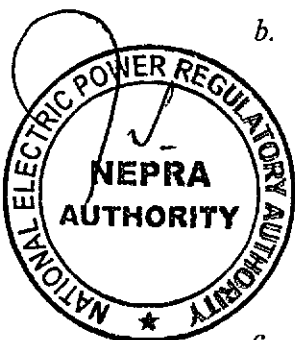
7. The Authority while examining the matter and perusing the record noted that sub-section (iva) of section (2) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act") provides that the Federal Government is mandated to prescribe consumer category by notifying rules under section 46 of the NEPRA Act. In view of the said, the Authority requested Ministry of Energy (Power Division) and Finance Division for provision of comments in the matter. In response, the Finance Division solicited certain information from NEPRA, which was arranged from the XW-DISCOs and provided to the Finance Division. The Finance Division further solicited certain information from Ministry of Energy (Power Division) regarding financial implication on Circular Debt Management Plan (CDMP) of proposed conversion of tariff for cold storages from commercial to industrial category. Subsequently, the comments regarding the applicability of tariff on cold storages were received from Finance Division and Power Division. The Finance Division suggested that NEPRA should ensure that any change in the categorization does not have subsidy implications for the Government of Pakistan. The Power Division submitted that changing of commercial tariff category for cold storages will serve as a precedent for all other commercial offices and establishments enlisted under commercial (A-2) category which may lead to further litigation in future by other consumer categories falling under commercial tariff category. Moreover, if the cold storages are charged industrial tariff instead of commercial tariff, there will be financial implications since change in tariff category will increase the burden on other consumers.

8. The Authority vide its Impugned Decision held as under:

"a. The tariff terms and conditions approved by the Authority specify that the commercial tariff applies to commercial offices and establishments, whereas the industrial tariff is intended for entities involved in manufacturing, value addition, or processing of goods. Cold storage facilities, however, typically serve as storage units used by grocery chains, food distributors, restaurants, and other retail businesses, primarily for holding goods such as fruits, vegetables, dairy, and meat products. These goods are stored in their original form without any additional processing, transformation, or enhancement—only to maintain freshness until they are ready for sale.

b. The cold storage facilities essentially function as intermediaries, providing a crucial link between wholesalers & retailers, or between producers & consumers, by preserving perishable items at the required temperature during storage or transit. This enables goods to remain in optimal condition until they reach the final point of sale but does not involve any industrial processes, such as manufacturing, value addition, or product transformation. Given that cold storage facilities engage solely in these commercial activities, with no industrial or value-added processes taking place, they are more appropriately classified under the commercial tariff category rather than industrial tariff.

c. The Authority is of a considered view that cold storage facilities do not fulfil the criteria as laid down in the consumer end tariff determinations for application of industrial supply tariff. In view thereof, all distribution companies, including K-Electric, are directed to consider all cold storages under commercial tariff category as already notified in terms and conditions of tariff dated July 25, 2022."

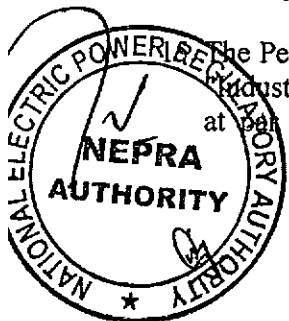


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9. Being aggrieved with the above decision of the Authority, the following stakeholders ("Petitioners") filed MLR before the Authority under NEPRA (Review Procedure) Regulations, 2009, raising the observations regarding applicability of commercial tariff for cold storages:
- M/s. ECKO Warehousing & Logistics
 - M/s. Glaciers (Private) Limited
 - M/s. Connect Logistics
 - Mr. Muhammad Arif Bilwani
10. The Petitioners, inter-alia, submitted that cold storage facilities form an integral component of manufacturing operations by ensuring precise temperature control essential for food processing, pharmaceutical products and other commodities. The Petitioners emphasized that cold storage facilities add value by extending product shelf life, maintaining quality standards, enabling downstream processing, and facilitating integration with global supply chains. It was further highlighted that the sector contributes significantly to economic growth through job creation and infrastructure development.
11. The Petitioners pointed out that, in several other jurisdictions, cold storage facilities are classified under industrial tariffs to strengthen supply chains and economic stability, thereby setting an international precedent for Pakistan. The Petitioners added that modern cold storage facilities, equipped with advanced supply chain solutions, should be distinguished from conventional cold storage for tariff classification purposes. Substantial capital investment has been made in modern warehousing, which, in turn, supports exports, enhances government revenue, and generates employment. Moreover, the cold storage operations involve complex electro-mechanical processes and major investments aimed at preserving the physical, chemical, and nutritional properties of products. The Petitioners further submitted that any increase in operational costs would adversely affect exporters' competitiveness in both domestic and international markets. Furthermore, they underscored the pharmaceutical sector's heavy reliance on controlled cold storage for the manufacturing and preservation of critical drugs.
12. In view of the foregoing, the Petitioners urged NEPRA to recognize modern warehousing as an industrial undertaking and to apply the industrial tariff accordingly.
13. The Authority admitted the review motions and a hearing was held on May 22, 2025 which was attended by the Petitioners including other stakeholders and the representatives of the XW-DISCOs and Ministry of Energy (Power Division). During the hearing, the Petitioners reiterated their earlier stance and it was further apprised that the Prime Minister of Pakistan announced to award "Industry" status to the Warehousing (Cold Rooms, Cold Storages & Temperature Controlled Units) on May 30, 2024. Subsequently, the Economic Coordination Committee (ECC) of the Federal Cabinet also approved "Industrial" status to Modern Warehousing & Logistics in its meeting held on August 15, 2024 followed by ratification by the Federal Cabinet. In pursuance of the decision of the ECC and ratification of Federal Cabinet, the Government of Pakistan through Ministry of Industries & Production (MOIP) vide Notification No. 1(42)/2005-Inv-III dated February 6, 2025 declared the "Warehousing" sector as an "Industry" with immediate effect.
14. The Petitioners apprised that the MOIP on the request of Warehousing & Logistics Association has also clarified vide its letter No. 1(42)/2005-Inv-II dated March 28, 2025 that the definition of "Warehousing" declared as an "Industry" under the MOIP notification includes cold rooms, cold storages and temperature-controlled units highlighting that these components are inherent in warehousing operations and are considered integral to the broader warehousing ecosystem. During the hearing, the Petitioners emphasized that the cold storage facility is not just for storage purposes rather processing and value addition is performed in cold storages.

The Petitioners requested the Authority, to reverse its earlier decision of June 2, 2022 and notify "Industrial Tariff" for Warehousing (Cold Rooms, Cold Storages & Temperature Controlled units) at _____ with other "industrial undertakings", as per law and in accordance with the Federal

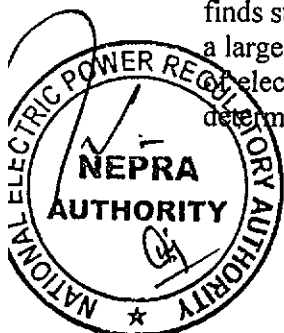


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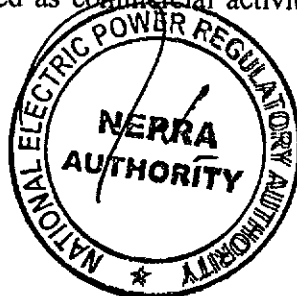
Government/ MOIP's notification and clarification. During the hearing, the representative of the Ministry of Energy (Power Division) submitted that the change in category of cold storages from commercial to industrial may have financial implications. However, no written comments have been received from Ministry of Energy (Power Division).

Findings:

16. The matter has been examined in detail in light of written/verbal arguments of the stakeholders. There is no force in the arguments of the Petitioners that NEPRA should declare the Cold Storage under industrial tariff only on the pretext that the Ministry of Industries & Production has categorized the Cold Storage facilities as "industrial undertaking". The purpose for declaration of Cold Storage as an industry has no link for the purpose of application of electricity tariff.
17. The Authority is of the view that the inclusion of warehousing (Cold Rooms, Cold Storages & Temperature Controlled units) in the definition of "Industrial undertakings" is for the purpose of extending tax and other incentives available for industrial sector. However, it does not outrightly confer on these businesses, right to avail the Industrial Supply Tariff for use of electricity. The Authority is of the considered view that the applicability of specific tariff category depends on the nature of use of electricity by the consumers.
18. The Authority is also mindful that the clause 3.1.1 of the National Electricity Policy 2021 envisages the sustainability of the power sector and ordains all the sector entities to take steps for progressive elimination of circular debt. In the given circumstances, if the cold storage facilities are classified under industrial supply, the financial implication shall either be spread onto other consumer categories or Government of Pakistan (GoP) will have to give subsidy. For this very reason the Ministry of Energy (Power Division) and Finance Division opposed the contentions of the Petitioners.
19. Having said that, in order to address the issue in hand, it is pertinent to analyze the law governing applicable tariff on "commercial" and "industrial" undertakings and the nature of the cold storage business.
20. The Authority under section 7(3)(a) of the NEPRA Act is mandated to determine tariff, rates, charges and other terms and conditions for supply of electric power services by the generation, transmission and distribution companies and recommend to the Federal Government for notification. After the promulgation of Regulation of Generation, Transmission and distribution of Electric Power (Amendments) Act, 2018 (XII of 2018) (the "Amendment Act"), the power to prescribe consumer categories has been specifically vested in the Federal Government by notifying rules, however, no such rules exist as of now and consequently the Authority is carrying on defining the consumer categories and applicable tariff in the terms and conditions of consumer end tariff.
21. It is pertinent to note that the categories of consumers presently being used in the consumer end tariff determinations are mostly the legacy categories used in the erstwhile WAPDA regime, when it used to be a vertically integrated utility. In the terms and conditions of tariff determinations, the 'Industrial Supply' is defined as *"the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry."* Further, the "industry" is defined as *"a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods."* The words "Industrial Supply" means the supply for bona fide industrial purposes in factories, industries involved in some manufacturing or production activities.
22. On plain reading it can be argued that the term 'value addition' used in the definition of "Industry" is in the context of value addition through manufacturing or production process. This interpretation finds strength from the fact that in case a broader meaning of the term 'value addition' is assumed, a large number of commercial activities will fall within the definition of 'industry' for the purpose of electricity tariff which cannot be the intent of the definition given in the consumer end tariff determinations.



23. Notwithstanding above the Authority under section 7(6) of the NEPRA Act is obligated to protect the interests of consumers and companies providing electric power services in accordance with the principles of transparency and impartiality. Therefore, the Authority examined at length the nature of business of cold storage facilities.
24. The Petitioners argued before the Authority that the classification of cold storages as industrial and commercial needs to be based on its purpose, scale, infrastructure and its role within supply chain. Cold storage is often classified as an industrial activity when it serves large-scale operations related to the production, processing, or long-term storage of perishable goods (Food Products, Pharmaceuticals, Chemicals and Biologicals, Flowers and Plants etc.). These industrial cold storage facilities are integral to industries such as agriculture, fisheries, pharmaceuticals, and food processing, where temperature control is essential to preserve the quality and safety of raw materials or semi-processed goods before they reach the final consumer.
25. The Authority noted that Industrial cold storage facilities are typically large and involve sophisticated technology to maintain strict temperature conditions, sometimes across multiple zones (e.g., freezing, refrigeration). They require heavy-duty cooling systems, advanced insulation, and energy-efficient designs to manage vast quantities of goods. These facilities are often closely linked with manufacturing or processing plants. In the food processing industries, raw agricultural products such as fruits, vegetables, or meat are stored in cold storage before they are processed into packaged goods. Similarly, fishery industries use cold storage to preserve freshly caught fish until it can be processed or transported.
26. The Authority further noted that in an industrial setting, cold storage serves as a critical point in the supply chain. It preserves goods at various stages of production—either after harvesting, slaughtering, or catching—and helps in managing inventory before moving the goods to the next phase of processing or export. In this way, cold storage becomes an integral part of broader logistics and manufacturing processes, tying it closely to industrial operations. Since in the context of industry, cold storage facilities support large-scale supply chains, often involving significant logistics and transportation networks. It can be argued that it contributes to value addition by ensuring that goods remain fresh and usable, which is essential for industries reliant on perishable products.
27. The Authority also noted that the cold storages facilities also conduct activities like anti-sprouting treatments for maintaining specific temperature, humidity, light, irradiation control, applications of coatings, etc. for extended shelf life, reduced storage losses, improved quality, enhanced food safety, these activities contribute to the value addition of goods, aligning with industrial characteristics. In business parlance the value addition refers to extra value created over and above the original value of something. Therefore, the Authority finds some merit in the arguments of the Petitioners.
28. Given these attributes, the Authority is of a view that cold storage facilities in industrial settings can be viewed as an extension of manufacturing or processing and are doing value addition, which is why it can be classified under industrial activities. To the contrary cold storage facilities which primarily support retail and distribution functions rather than large-scale production or processing should be classified as commercial activity.
29. Therefore, remaining within the four corners of the definition of industry as specified in supply tariff determination of XW-DISCOs, the cold storage facilities that engage in large-scale operations related to the production, processing, or long-term storage of perishable good should be classified as industrial activity and are subject to applicability of industrial tariff category. On the other hand, cold storage facilities linked to retail or distribution, where the focus is on holding goods before sale to consumers should be classified as commercial activity and be subject to applicability of commercial tariff category.



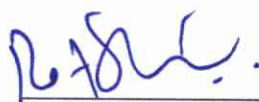
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Decision:

30. In view of above findings, the Impugned Decision stands modified and accordingly all the XW-DISCOs including K-Electric Limited (KEL) are directed to proceed as follows:

- i. Cold Storages, which are involved in processing, value addition & long term preservation of goods especially in sectors including but not limited to the agriculture, food processing, pharmaceuticals, etc. shall be placed under the "Industrial Tariff".
- ii. Cold Storages, which handle short-term storage for retail and distribution without significant value addition, shall be placed under "Commercial Tariff".



(Rafique Ahmed Shaikh)
Member



(Engr. Maqsood Anwar Khan)
Member

*My ~~Dissent~~ Note is attached

(Amina Ahmed)
Member



(Waseem Mukhtar)
Chairman



16/9/25

Note of Member (Law)

Whilst I do not necessarily disagree with the concept of some kind of intelligent bifurcation / differentiation of the tariff applicable to cold storage facilities (i.e. the application of the industrial tariff on certain cold storage facilities and the application of the commercial tariff on other cold storage facilities), the instant decision suffers from fundamental lack of clarity, lacks adequate effort and relies almost entirely on restating the definition of the industrial tariff.

The decision of the Authority is premised on a differentiation that cold storage facilities involved in “processing, value addition & long-term preservation of goods” especially in sectors including but not limited to agriculture, food processing, pharmaceuticals, etc. should be placed under the industrial tariff and cold storages facilities which handle short-term storage for retail and distribution without significant value addition, should be placed under the commercial tariff.

The instant decision merely and entirely replicates the very definition of the activities expressly defined as qualifying for the industrial tariff (the NEPRA approved terms and conditions attached to the consumer end tariff determinations state that an industry is a bona fide undertaking or establishment “*engaged in manufacturing, value addition and/or processing of goods*”) with the addition of “long term preservation”. Another change is that the word 'or' given in the aforementioned terms and conditions has been omitted, meaning thereby that cold storage facilities now have to meet all three conditions - processing, value addition, and long-term preservation of goods, to qualify for the industrial tariff.

Instead of the Authority deciding on whether cold storage facilities meet the qualifying criteria for the industrial tariff, the instant decision by simply regurgitating the criteria leaves it to the distribution companies/suppliers of last resort to interpret and decide. Further, no guidance has been provided on the meaning of “long term preservation” and what duration of storage constitutes long-term preservation. Similarly, no clarity has been offered on what “without significant value addition” means and how this will be assessed to classify cold storage facilities under the commercial tariff. This is not only ambiguous but is also completely subjective.

The instant decision can lead to different distribution companies/suppliers of last resort charging similar cold storage facilities, different tariffs or even the same distribution company/supplier of last resort charging similar cold storage facilities, different tariffs – these facilities will be entirely at the mercy of the distribution companies/suppliers of last resort who will no doubt be prone to self-serving interpretation often on a case to case basis. Without clear and objective distinction, there is ample room for ambiguity and inconsistent interpretation, which may result in arbitrary application across different cases, which to my mind is not only undesirable and counterproductive but is also a recipe for precipitating future conflicts/disputes.



Amina Ahmed
(Amina Ahmed)

16/9/25