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EXTRA ORDINARY, PART-I

National Electric Power Regulatory Authority

NOTIFICATION

Islamabad, the 21st day of November, 2025

2199

S.R.O. **(I)/2025.-** In pursuance of Sub-Section 7 of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), NEPRA hereby notifies the Decision of the Authority dated October 20, 2025 in the matter of Motion for Leave for Review filed by the stakeholders against Decision of the Authority dated 05th June, 2025 regarding Write-Off Claims of K-Electric for **MYT 2017-2023** in Case No. NEPRA/TRF-362/K-Electric-2016.

2. While effecting the Decision, the concerned entities including Central Power Purchasing Agency Guarantee Limited and K-Electric shall keep in view and strictly comply with the orders of the courts notwithstanding this Decision.

Wasim Anwar

(Wasim Anwar Bhinder)
Registrar

DECISION OF THE AUTHORITY IN THE MATTER OF MOTIONS FOR LEAVE FOR REVIEW FILED BY THE STAKEHOLDERS AGAINST DECISION OF THE AUTHORITY DATED 5TH JUNE 2025 REGARDING WRITE-OFF CLAIMS OF K-ELECTRIC LIMITED FOR MYT 2017-2023

1. INTRODUCTION

1.1. Pursuant to the decision of the Authority dated 5th July 2018 regarding MYT tariff determination, K-Electric Limited ("KE") filed write off claims of Rs. 76.033 billion. The decision in the matter was issued on 5th June 2025 wherein the Authority approved write off claims of Rs. 50.013 billion and the rest were disallowed (the "Impugned Decision").

2. FILING OF REVIEW MOTIONS:

2.1. Being aggrieved of the above decision of the Authority, following stakeholders (hereinafter collectively referred to as "Petitioners") filed motions for leave for review against the subject decision:

i. Ministry of Energy (Power Division) ("MOE (PD)")
ii. Central Power Purchasing Agency ("CPPA-G")
iii. Karachi Chamber of Commerce and Industry ("KCCI")
iv. Mr. M. Arif Bilwani
v. Mr. Syed Hafeezuddin, MNA
vi. Mr. Monem Zafar, Ameer Jamaat-e-Islami Karachi

2.2. The Authority admitted all the above motions and decided to hold hearings in the matter.

3. GROUNDS OF MOTION FOR LEAVE FOR REVIEW

3.1. Following common grounds were submitted by MOE (PD) and CPPA-G:

i. Recovery of bills less than Rs. 10 million without legal proceeding.
ii. Write-off of Rs. 34,802 million against currently disconnected consumers
iii. Write-off of Rs. 15,211 million to the metered consumers under the settlement schemes.
iv. Write-off of Rs. 6,619 million of sales tax.
v. Criteria /policy for write-off and recovery plan approval.

3.2. Following common grounds were submitted by Mr. Arif Bilwani, KCCI and Mr. Syed Hafeezuddin:

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i. Contradictory auditor statement.
ii. KE's own admission: write-offs on premises, not consumers.
iii. Selective legal action & non-disclosure of high value defaults.
iv. Unchallenged admissions of illegal reconnections.
v. Failure to Scrutinise KE's Write-Off Policy.
vi. Lack of due diligence in bogus billing cases.
vii. Procedural irregularities & denial of due process.

3.3. Mr. Monem Zafar submitted following grounds in the matter:

i. Overlooking of concrete evidence of fraudulent billing.
ii. Failure to order a third-party independent audit.
iii. Violation of natural justice and regulatory oversight.
iv. Lack of due process and transparency.
v. Conflict with legal precedents and tariff rules.
vi. Legal and justice-based objection: failure to consider stakeholder submissions.

4. HEARINGS

4.1. Hearings in the matter were scheduled on 30th September 2025 and 1st October 2025. Notices of hearings were sent to concerned parties on 22nd September 2025. The hearings were held as per schedule and were participated by the Petitioners, interveners and KE.

5. COMMENTS FROM STAKEHOLDERS

5.1. Post hearing, comments were received from Mr. Rehan Javaid (intervener) which are as under:

- At the outset, I submit that the Ministry and CPPA-G should focus first on their own unresolved structural issues rather than reopening matters already adjudicated by NEPRA after exhaustive scrutiny. The review petitions fail to meet the narrow legal test for review and instead attempt to re-argue issues on merits, effectively converting a review into an appeal.
- KE vs. DISCOs – Discriminatory Treatment of Recovery Losses. K-Electric reported total recovery losses of Rs. 122.8 billion for FY 2017–2023. Out of this, Rs. 76 billion were claimed as write-offs. NEPRA, after independent auditor verification, due procedure, strict verifications and compliance with MYT conditions, allowed Rs. 50 billion (≈40%).

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- In contrast, DISCOs from FY 2017–2025 accumulated recovery losses exceeding Rs. 1,288 billion and distribution losses of Rs. 1,096 billion, totalling nearly Rs. 2.4 trillion detailed below:

IMPACT OF LOSS INEFFICIENCY

Sum of T&D LOSS (RS. MLN Column Labels

Row Labels	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Grand Total
FESCO	657	1,198	1,055	(1,032)	(1,252)	(1,209)	(836)	(1,543)	4,932	3,100	5,170
GEPCO	585	785	24	(265)	(860)	(1,127)	(1,116)	(1,553)	9,096	5,820	10,755
HESCO	3,069	5,879	6,491	7,670	7,919	8,966	14,000	14,019	23,215	27,500	118,429
IESCO	(256)	(373)	(58)	256	158	28	217	700	5,581	4,400	11,011
LESCO	3,544	3,703	4,648	4,553	8,859	7,695	9,280	23,059	47,571	36,200	148,151
MEPCO	1,731	2,713	3,102	2,174	582	34	(902)	8,952	22,505	14,700	55,391
PESCO	10,769	10,121	19,634	11,994	22,521	22,365	61,839	77,472	96,333	87,100	431,569
QESCO	4,264	4,136	3,923	5,378	10,935	13,471	18,589	22,286	37,136	52,600	172,689
SEPCO	4,950	5,556	5,503	9,851	5,955	9,174	21,370	21,157	28,745	37,500	149,703
Grand Total	29,330	33,217	44,296	39,582	61,993	69,128	124,740	184,134	278,214	267,700	1,096,322

IMPACT OF UNDER RECOVERY

Sum of REC. LOSS (RS. MLN Column Labels

Row Labels	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Grand Total
FESCO	(85)	3,902	3,371	15,146	13,335	(4,733)	1,059	8,125	14,827	(5,900)	52,367
GEPCO	403	1,985	3,344	3,279	9,482	(11,822)	762	466	17,769	(6,700)	18,909
HESCO	13,499	2,262	12,247	15,078	18,541	16,537	21,386	26,480	36,779	39,500	203,290
IESCO	762	(426)	1,165	21,815	16,553	(37,202)	12,690	(24,033)	15,437	(4,900)	4,917
LESCO	894	(5,800)	6,900	7,571	20,332	5,536	17,832	45,153	29,464	(53,000)	125,516
MEPCO	15	5,596	566	422	13,579	(9,823)	984	9,696	19,249	(19,500)	20,374
PESCO	10,425	16,775	11,422	15,415	19,829	(4,456)	18,202	24,563	31,037	29,600	167,116
QESCO	15,696	36,106	2,563	57,767	1,564	61,506	62,091	82,280	104,322	76,400	491,407
SEPCO	16,182	(2,800)	16,600	15,200	26,809	17,700	22,000	25,200	36,196	27,900	191,978
Grand Total	57,703	55,379	58,378	154,696	136,308	53,229	184,896	197,498	317,114	129,600	1,296,049

- These amounts were directly pushed into circular debt without CNIC verification of defaulters, court adjudication, documented recovery efforts, or auditor validation.
- Fiscal & Consumer Burden of DISCO Inefficiencies. The Rs. 1.225 trillion circular debt refinancing is being serviced through the Debt Servicing Surcharge (DSS) of Rs. 3.23/kWh imposed on all non-protected consumers, including KE consumers who have no connection to the inefficiencies of other DISCOs, yet are compelled to pay surcharges funding 100% of those losses.
- Questions MOE (PD) /CPPA-G Must Answer:
  - Has the Ministry ever inquired whether CNIC-based verification was done for the Rs. 1.288 trillion of DISCO recovery losses that entered circular debt?
  - Why should KE be subjected to forensic audit and multi-year hearings while DISCOs are afforded blanket relief without comparable scrutiny?
  - If "industry practice" of write-offs is cited, why is it never applied to DISCOs?
  - Has there been any instance in discos where 60% of the recovery loss has been disallowed?
- Privatization Benefit – What if KE were a DISCO? Had KE not been privatized, its full Rs. 122 billion recovery loss would have been added to circular debt like DISCOs. Instead, only Rs. 50 billion was allowed after strict compliance with NEPRA's MYT framework. This demonstrates that privatization limits fiscal

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exposure and imposes financial discipline, unlike the public-sector DISCO model which perpetuates circular debt.

- Request for Treatment of Write-Offs. This amount must be settled through fiscal space as this is already a determined tariff issue and not through any surcharge on consumers of Karachi. Any further surcharge in Karachi would amount to collective punishment of compliant consumers who already carry the cost of national inefficiencies.
- In fairness and equity, DISCOs should also be held to the same 40% admissibility standard applied to KE, And NEPRA must take steps to make this possible.
- The MOE (PD) should stop diverting attention from the real issue of Rs. 2.4 trillion circular debt and focus on improving their own efficiency and recovery that is being recovered from the Taxpayers and Consumers. Whatever decision NEPRA has taken regarding KE's write-off claims—after already disallowing around Rs. 26 billion—is balanced and reasonable when compared to how DISCOs are passing on their losses indirectly to all consumers and taxpayers in Circular debt without any check and Scrutiny.

5.2. KE vide its letter dated 10th October 2025 filed comments on each review. KE raised the issue of maintainability and submitted that the question of maintainability as agitated during the hearings and preliminarily objected through objection application and requested to be duly considered and speaking order be passed in the matter. In response to the objections/queries raised by the Petitioners, KE mostly referred relevant paragraphs of the Impugned Decision in its defence. On the question of maintainability KE had following observations:

a) The motions for review were admitted without hearing the contesting party/KE
b) The Review Motion filed by MOE (PD) is without mandatory review fee as required under regulation 4A of the NEPRA (Review Procedure) Regulations, 2009.
c) The Petitioner (MOE (PD)) does not fall within the definition of party.
d) The Review Motions does not present any new evidence or error apparent on the face of record and in support relied on 2025 SCMR 60 (Supreme Court), 2025 SCMR 153 (Supreme Court), PLD 2023 SC 825 (Supreme Court), 2024 SCMR 107.

6. ANALYSIS, FINDINGS AND DECISION ON GROUNDS OF REVIEWS

6.1. The submissions of the Petitioners and reply of KE on each ground have been examined.

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a) At the outset it may be noted that the instant Review Motions have been filed by the Petitioners under regulation 3(2) of the NEPRA (Review Procedure) Regulations, 2009 which is reproduced as under:

> "(2) Any party aggrieved from any order of the Authority and who, from the discovery of new and important matter of evidence or on account of some mistake or error apparent on the face of record or from any other sufficient reasons, may file a motion seeking review of such order" (Emphasis Added)

b) The afore stated provision provides that only a "aggrieved party" can file a motion for leave for review. The term party has been defined in regulation 2 (1) (d) as under:

> "party" means a party to any order decision of NEPRA or a person who participated in the proceedings for tariff determinations as "intervener" and it includes a party to the power purchase contract approved by NEPRA. (Emphasis Added)

c) It is clear from this definition that party competent to file a review motion can only be a party in relation to which the Authority has passed an order (in most of the cases the concerned licensee), or any intervener in a tariff determination (as defined in the NEPRA Tariff Rules 1999), or a party to a power purchase contract approved by NEPRA.

d) Further, a party can file a motion seeking review if it is aggrieved from any order of the Authority on three grounds i.e. discovery of new and important matter of evidence, on account of mistake or error apparent on the face of record or from any sufficient reason.

e) It is settled jurisprudence that the scope of review is limited. The scope is restricted to correcting a clear error apparent on the face of the record or to correct an observation or finding in an order in light of discovery new or important matter of evidence or from any sufficient cause.

f) The jurisdictional contours governing the scope of a review petition are well-settled and have been constantly delineated by the Superior Courts. In the case of Mehmood Hussain Lark and others v. Muslim Commercial Bank Limited and others reported as 2010 SCMR 1036, it was observed as under:

> "We are of the view that before an error can be a ground of review, it is necessary, that it must be one which is apparent

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> on the face of the record and that it must be so manifest, so clear, that no Court could permit such an error to remain on record. Incorrectness of a conclusion arrived at after a conscious perusal of record and in-depth examination of evidence cannot be made a ground for review because to permit a review on the ground of incorrectness would amount to granting the Court jurisdiction of re-hearing appeals against its own judgment."

g) In the celebrated case, Justice Qazi Faez Isa and others v. President of Pakistan and others reported as PLD 2022 SC 119 it was held that under Order XLVII of the Code of Civil Procedure, 1908 three grounds for review are provided: (1) discovery of new and important matter or evidence which, after the exercise of due diligence, was not within knowledge of, or could not be produced by, the party seeking review at the time when the decree was passed or order made; (2) some mistake or error apparent on the face of the record; (3) or any other sufficient reason. The third ground has been interpreted by the courts to be read ejusdem generis in the context of two preceding grounds. Reference may also be made to the case of neighboring jurisdiction reported as State of West Bengal and others v. Kamal Sengupta and another wherein it was held that;

> "The term 'mistake or error apparent' by its very connotation signifies an error which is evident per se from the record of the case and does not require detailed examination, scrutiny and elucidation either of the facts or the legal position. If an error is not self-evident and detection thereof requires long debate and process of reasoning, it cannot be treated as an error apparent on the face of the record for the purpose of Order XLVII, Rule 1, C.P.C."

h) Perusal of the afore-cited cases indicates that an error on the face of record must be such an error which must strike one on mere looking at the record and would not require any in-depth process of reasoning on the points where there may conceivably be two opinions. Thus, an error which is required to be detected by a process of reasoning can hardly be said to be an error on the face of the record. The fundamental condition for entertaining review motion is the demonstration of an error apparent on the face of record, the correction of which is imperative to

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prevent a miscarriage of justice. The scope of review is confined to correcting manifest errors and does not extend to reconsideration of already adjudicated issues.

i) Similarly, A review is not an appeal in disguise, nor does it afford a party a second opportunity to reargue a matter already adjudicated on merits. The Supreme Court in the case of "Sajid Mehmood versus Muhammad Shafi" (2008 SCMR 554) held that: -

> "The exercise of review jurisdiction does not mean a rehearing of the matter and, a decision, even though it is erroneous per se, would not be a ground to justify its review."

j) The review jurisdiction, as encapsulated u/s 114 read with order XLVII Rule 1 of Civil Procedure Code, 1908, (which is similar to the provisions provided in the Act, rules & regulations) is exercisable only upon the discovery of a new and important matter or evidence which, despite the exercise of due diligence, was not within the knowledge of or could not be produced by applicant at the time the decree or order was passed, or upon demonstration of a manifest error apparent on the face of record. It does not extend to re-appreciation of facts or reconsidered of legal grounds already examined. The Courts have repeatedly emphasized that even an erroneous decision, if rendered after due adjudication, does not *ipso facto* furnish a ground for review unless it leads to a miscarriage of justice that is manifest and self-evident from the record itself. Thus, the power of review is to be invoked with judicial circumspection and strict adherence to the settled legal parameters, lest it undermine the finality and sanctity of judicial pronouncement.

k) The perusal of the instant Review Motions and the submissions put forth by the parties makes it abundantly clear that the Petitioners have not highlighted any clear error apparent on the face of the record or have not produced any new or important evidence or matter that could not have been brought on record earlier with due diligence, nor have they established any other sufficient cause to justify the filing of the review motions. An examination of grounds raised Petitioners confirms that they do not satisfy the legal standards required for maintainability of review.

l) Further the said issues raised by the Petitioner have already been comprehensively addressed in paragraph No. 6-19 of the Impugned Decision. Also, KE has raised pertinent issues regarding maintainability which also have merit.

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m) In a recent case titled as Ahmad Sikander v. Commissioner Inland Revenue, AEOI Zone, Lahore reported as 2025 SCMR 140, the apex Court has observed as under:

> "11. Nowadays, it has become almost a fashion and/or custom to file review applications fleetingly and unthinkingly in routine on the basis of certificates issued by the advocates with a plain replica of the grounds urged in the main petition or appeal without any accurate allusion to any error in the judgment or order which warrants or merits reversal. We, in all fairness, denounce this fashion or practice which wastes the precious time of the Court with the exception in the clearest form, that while adverting to a provision or construction of any law and/or Constitution, some errors are apparent on the face of the record which caused substantial injury which requires some remedial measures to advance the cause of justice for which not only the specific ground(s) should be mentioned in the certificate of the advocate, but it should be pinpointed also in the review petition rather than mentioning sweeping and stereotypical grounds having no significance or nexus with the case."

6.2. The petitioners were heard at substantial length but they have not been able to bring their case within the contours of review jurisdiction. In the absence of such discovery or cause and where all legal and factual issues have been adjudicated upon, there is no reason to revisit or substitute the conclusions recorded in the order under review and the review motions are liable to be dismissed on this score alone. Having said that, and without prejudice, the Authority in the interest of justice considered all the submissions of the Petitioners and analysis and decision on each ground of review listed above is provided in the succeeding paragraphs in order of sequence.

REVIEWS FILED BY MOE (PD) /CPPA-G

No Legal Proceedings for Recovery of Bills Less than 10 million

6.3. The Petitioners referred to Para 10.3 of the Impugned Decision and submitted that the Authority has erroneously allowed write-off of debts even though KE specifically conceded that it did not initiate legal proceedings for recovery of such dues. This is in conflict with the explicit requirements laid down in the write-off criteria, NE Plan, the CSM as well as the MYT tariff determination, the MYT MLR determination and the final MYT determination. According to the Petitioners, the basic premise of the write-off criteria is that KE has to undertake all possible efforts for recovery of the dues. The Petitioners further submitted that SD 31 of the NE Plan also requires recovery initiatives

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as prerequisite for bringing write-off claim and admittedly, KE failed to exhaust measures prior to bringing the write-off claim for amounts below Rs. 10 million. The Petitioners also submitted that the CSM imposes binding duty on all distribution licensees to actively pursue recovery of outstanding dues without discrimination based on the size of the debt or arrears. Clause 8.9 of the CSM titled "Recovery of Dues" provides:

> *"In case consumers fail to pay the arrears amount, all legal measures/actions shall be initiated against such consumers for recovery of outstanding dues. DISCOs may announce packages/schemes from time to time for recovery of dues from the defaulters, subject to approval of BOD"*

6.4. From the reading of the above clause, the Petitioners drew conclusion that the CSM does not delimit any specific amount against which the litigation proceedings for realization of pending arrears should be initiated. There is no provision in the applicable regulatory framework that permits a self-imposed financial threshold below which recovery efforts may be selectively abandoned.

6.5. According to the Petitioners, KE submitted that over 95% of write-off cases involve amounts below Rs. 2.5 million, where legal proceedings for recovery were deemed to be ineffective and unnecessary. KE admitted that lodging FIRs in such large volumes was deemed impractical. As a result, KE adopted a policy of not pursuing legal proceedings for claims below Rs. 10 million. This practice has been allowed in the Impugned Decision, which is in contrast with the approach with XWDISCOs, which are required to submit detailed recovery plans that clearly highlight problem areas and propose actionable measures. The Petitioners further submitted that the Impugned Decision has allowed write-off of amounts even though KE admittedly failed to make efforts to ensure recovery of amounts below Rs. 10 million or initiate appropriate proceedings for recovery. According to the Petitioners, the decision suffers from glaring errors floating on the surface of the record and is liable to be reviewed and set-aside.

6.6. The submissions of the Petitioners and reply of KE have been examined. This issue has been conclusively and at length decided by the Authority in the Impugned Decision in para 10. The contention of the Petitioners is essentially a plea for re-hearing of the matter, which falls outside the jurisdictional scope of review as envisaged under the Act and the rules and regulations made thereunder. The Authority cannot permit a review motion to serve a surrogate for appeal or re-litigation of adjudicated issues. Further, the petitioners have not produced any new or important evidence or matter that could not have been brought on record earlier with due diligence, nor have they established any other sufficient cause to justify the filing of the review motions. In the absence of such discovery or cause and where all legal and factual issues have been adjudicated upon there is no

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reason to revisit or substitute the conclusions recorded in the Determination under review. Furthermore, in the Impugned Decision, the Authority decided to allow the write-off with the direction that in the interests of the consumers, KE should continue to actively pursue the recovery of the maximum possible amount. Further these observations were already considered by the Authority and were addressed by it in the Impugned Decision. Therefore, and in light of the observations stated in para 6.1 and 6.2, the Authority finds no reason to modify or alter the Impugned Decision and maintains its earlier decision in the matter.

Write-off of Rs. 34,802 million against Disconnected Consumers

6.7. The Petitioner referred Para 10.11 of the decision and submitted the Authority has decided to allow K-Electric write-off of Rs. 34,802 million pertaining to the billing of metered consumers (currently disconnected) for MYT 201 7-2023.

6.8. According to the Petitioner, the decision is inconsistent with the mandate of the NEPRA Act, NE Policy, NE Plan and the relevant provisions of CSM. Section 31(3) of the NEPRA Act, Rule 17 of the Tariff Rules and Clause 5.3.2 of the NE Policy mandatorily require the Authority to determine prudency of the cost before allowing the same for recovery in the tariff. The Petitioner submitted that the Authority erroneously failed to take any action to ascertain the prudency of KE's claims, rather it accepted the figures presented by KE as it is and that the subject decision has a significant impact on the consumer end tariff. According to the Petitioner, the decision fails to meet the basic standards set out for a tariff determination and the same is liable to be set aside.

6.9. According to the Petitioner, the decision is also inconsistent with SD 31(b) of the NE Plan, which require that non-recovered bad debt must be older than three (3) years in order to be eligible to claim write-off and the Authority has erroneously allowed write-off of claim for a period as short as six (6) months. The Petitioner also referred Clauses 8.2.4 and 8.2.5 of the CSM which requires disconnection of supply in case of non-payment for two months and the removal of metering installation in case of non-payment for third consecutive month. In case a DISCO does not remove the equipment for its own ease, the consumers shall not be held responsible for theft of electricity or material, if any.

6.10. According to the Petitioner, it is evident that KE is required to disconnect if a consumer defaults in paying electricity dues for two (2) months and KE bears responsibility for bad debts arising from consumers where outstanding bills exceed the period of two (2) months. The Petitioner also referred Clause 8.2.8 of the CSM which states that in case of more than one connection, the DISCO may transfer the outstanding dues of the defaulting connection to the other running connection(s) of the same owner for recovery purposes.

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6.11. According to the Petitioner, the decision has erroneously failed to bifurcate the write-off claims pertaining to outstanding amounts for a period of two months and those exceeding two months and to determine the prudency of KE's claim keeping in view the provisions of the CSM. Furthermore, no information has been provided to establish whether the defaulters hold any other active connections in their name, or whether any amount has been transferred to such other connections in accordance with Clause 8.2.8 of the CSM. The Petitioner submitted that serious allegations of significant irregularities committed by KE were raised during the hearing, which include, inter alia, issuance of fake / bogus bills to consumers, which were subsequently declared as unrecoverable bad debts and claimed as write-offs.

6.12. The submissions of the Petitioners and reply of KE have been examined. The write-off was approved strictly in accordance with the criteria approved by the Authority in the determination dated 07.07.2018. It may be noted that the said determination rendered by the Authority on the reconsideration request filed by the MOE (PD) (one of the Petitioner). The said determination was not challenged by the Petitioner and has attained finality.

6.13. Under the approved criteria, KE's Auditors were required to verify that the amount is non-recoverable notwithstanding the efforts of the company. The requested write-off were 100% verified by the Auditors who also recognized in their Audit Report that the write-off amount was non-recoverable notwithstanding the efforts of the company. It is also pertinent to mention that the write off was approved by the Board of KE. In para 16.5 of the Impugned Decision, the Authority observed that Federal Government through MOE (PD) has representation on the Board of KE, which is a listed company.

6.14. It is also pertinent to mention that the write off criteria was decided years before the formation of NE Policy, therefore, the same cannot be applied retrospectively. Similarly the NE Plan which was issued post MYT period in September 2023 can also not be applied to the period starting 1st July 2017 and ending 30th June 2023. Therefore, the Authority has decided to maintain its earlier decision in the matter.

Write-off of Rs. 15,211 million to the metered consumers under the settlement schemes

6.15. The Petitioners referred Para 18.6 of the decision and submitted the Authority has decided to allow a write-off of Rs. 15,211 million to the metered consumers under the settlement schemes. According to the Petitioners, this is a clear contradiction to the write-off criteria, wherein the Authority explicitly stipulated that a pre-condition for any write-off is the disconnection of the defaulter's connection and approval of this write-off violates the established criteria and undermines the integrity of the regulatory framework. The Petitioners further submitted that this decision also violates SD 31(a) of the NE Plan, which stipulates that write-off claims shall only apply to default amounts

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pertaining to permanently disconnected consumers, and only where recovery has not been possible despite all reasonable efforts. According to the Petitioners, the write-off claims allowed by the Authority erroneously also include default amounts of those consumers whose connections were initially disconnected but later reconnected under settlement schemes or upon consumers' agreement to convert to metered connections. According to the Petitioners, such an arrangement is neither allowed in the write-off criteria contained in the final tariff determination nor in the NE Plan and requested that the decision be reviewed and set-aside.

6.16. The submissions of the Petitioner and reply of KE have been examined. No contradiction exists in the decision of the Authority and write-off criteria regarding disconnection of the defaulters. The Petitioners admitted in their submissions reproduced above that these write-offs pertain to those defaulted connections who were initially disconnected but later reconnected under settlement schemes. Had it not been the case and no settlement schemes were offered the uncollected amount would have been doubled. Out of the total outstanding dues of Rs. 30.5 billion against this category of bad debts, Rs. 15.2 billion were claimed as write-off and rest was settled through various settlement schemes out of which Rs. 8.3 billion have already been recovered and the remaining amount is under recovery process. If the consumers will be kept disconnected even after the opting of settlement schemes, then the entire object of the settlement scheme will be defeated. It is logical to recover some of the bad debts instead of losing all. Therefore, the Authority has decided to maintain its earlier decision in the matter.

Write-off of Rs. 6,619 million of Sale tax

6.17. The Petitioners referred Para 11.3 of the decision and submitted the Authority has decided to allow a write-off of Rs. 6,619 million to KE against sales tax. According to the Petitioners, KE's obligation to collect and deposit sales tax from consumers of electricity arises under a special fiscal statute and regime - the Sales Tax Act, 1990 ("ST Act") and the rules framed thereunder from time to time. This statutory obligation exists independently of KE's rights and obligations under the Act, and for that matter, does not relate to change on account of electric power. According to the Petitioners, the regulatory framework established by the Act does not envisage, nor does it empower, the Authority to assume any role under or in respect of any obligation arising out of the ST Act, which can only be dealt with under the said special dispensation. The Petitioner further submitted that the relevant determinations by the Authority, have permitted write-offs only in respect of amounts linked directly to the supply of electricity. None of these determinations permit or contemplate a write-off of purported tax liabilities arising under another statute, i.e. the ST Act. According to the Petitioners, allowing KE to pass on such sales tax liability to consumers without adopting or fulfilling the requirement under tax dispensation, would be tantamount to a conflation of two distinct legal

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regimes: that of the Act and the ST Act. According to the Petitioners, such treatment exceeds the Authority's jurisdiction under the NEPRA framework. The Petitioners requested that the Authority review the decision and reject the write-off on account of sales tax of Rs. 6,619 million.

6.18. The submissions of the Petitioner and reply of KE have been examined. The matter was also discussed in detail in the hearing. The Petitioners referred the determination of the Authority dated18th September 2017 wherein LESCO requested to allow write-off of approximately Rs. 5.2 billion including taxes. The Authority provisionally allowed approximately Rs. 2.8 billion which were subject to actualization on the basis of actual write-offs as per approved criteria. The approved provisional amount was net of taxes. Later LESCO failed to submit any actual write-off and the amount provisionally allowed was reversed. No deliberation at all was done whether the taxes were to be allowed or not as no actual write-offs were claimed. It was highlighted during the hearing that the referred case is completely misplaced and has no analogy at all in the instant case of KE. It was also highlighted during the hearing that the actual uncollected amount on account of sales tax in case of government owned DISCOs became part of circular debt and was either met through fiscal space or passed on to the consumers as PHL surcharge. The decision of the Authority is based on the applicable law which required that the sales tax should be paid on billed basis instead of collection basis. No sales tax was allowed post March 2023 when the law was amended and the billing basis was replaced with collection basis. It also needs to be noted that out of the approved write-off amount of Rs. 50.01 billion, Rs. 6.6 billion were paid actually paid to the GOP through FBR. The net impact is Rs. 43.4 billion instead of Rs. 50.01 billion. Further, the Authority was mindful of this issue and discussed the matter in para 11 of the Impugned Decision. Therefore, the Authority has decided to maintain its earlier decision in the matter.

Criteria / Policy for Write-off and Recovery Plan Approval

6.19. According to the Petitioners, through the decision, the Authority appears to have overlooked its regulatory mandate in favour of KE's Board of Directors. The Petitioner further submitted that rather than establishing a clear, independent criterion for write-offs in accordance with the requirements of Clause 5.3.2 of the NE Policy, the Authority has effectively delegated this critical function to a private entity. By referring paragraph 16.5 and 16.6 of the decision, the Petitioners submitted that the Authority has erroneously held that the write-off mechanism approved by the Board of Directors of KE need not to be approved by the Authority. According to the Petitioners, by doing so, the decision has effectively endorsed a framework whereby the Board of a private utility determines tariff-affecting matters.

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6.20. The Petitioners also referred Para 13.4 of the Impugned Decision and submitted that the Authority has allowed write-off of bad debts without requiring KE to submit CNIC numbers of the defaulting consumers which is in violation of Clause 2.3.4 of the CSM, which explicitly mandates the provision of CNIC for obtaining a connection.

6.21. The Petitioners requested the Authority to set aside the determination and direct K-Electric to submit a comprehensive recovery plan for the Authority's review and approval. The Petitioners further submitted that the Authority should establish clear and binding criteria/policy for the write-off of bad debts in accordance with the CSM, NE Plan, NEPRA Act and applicable regulations. According to the Petitioners, K-Electric must be bound to implement the approved recovery plan to prevent the unjust transfer of under-recovered amounts onto consumers and to ensure regulatory accountability.

6.22. The submissions of the Petitioners and reply of KE have been examined. The write-off were approved strictly in accordance with the criteria approved by the Authority in the determination dated 05.07.2018 on the reconsideration request filed by the MOE (PD) (one of the Petitioners). The requirement of CNIC was omitted from the write-off criteria on the request of the Federal Government under the afore-stated reconsideration request. As stated in preceding paragraphs of this decision, the write-off criteria was decided years before the formation of NE Policy, therefore, the same cannot be applied retrospectively. Similarly the NE Plan which was issued post MYT period in September 2023 can also not be applied to the period starting 1st July 2017 and ending 30th June 2023. Therefore, the Authority finds no reason to modify and alter its decision.

REVIEWS FILED BY KCCI & Others

Contradictory Auditor Statement

6.23. According to the Petitioners, the Independent Auditor confirmed that all consumers (active/inactive) included in the write-off were disconnected based on KE's records and a physical survey. However, on Page 22 (Para 4.10, Point 3), the same Auditor acknowledged that "Active customers" had multiple disconnections, implying that power supply was reinstated, contradicting the earlier assertion. This contradiction creates ambiguity about the disconnection status and calls into question the legitimacy of these write-offs.

KE's Own Admission: Write-offs on premises, Not consumers

6.24. According to the Petitioners, KE stated under Para 13.2 of the decision that write-offs are tied to "defaulting premises" and not necessarily the consumer. It claims new occupants inherit arrears from previous defaulters—even if the building has been reconstructed. If supply had been genuinely disconnected, KE would be in a position to demand clearance of dues before issuing a new connection, raising serious questions about compliance with its own disconnection policy and due diligence.

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Selective Legal Action & Non-Disclosure of High Value Defaults

6.25. According to the Petitioners, KE claimed in response under Issue 10 that legal action is not initiated for write-offs below Rs. 10 million due to cost ineffectiveness. Yet, KE had 110 defaulters with arrears above Rs. 5 million, and 36 cases over Rs. 10 million, but no details of litigation or recovery efforts were disclosed, nor sought by the Authority. Following questions remain unanswered:

- How many recovery suits have been filed over the past 7 years?
- What were the outcomes and legal expenses involved?
- Could economies of scale not reduce litigation costs in such repetitive cases?

Unchallenged Admissions of Illegal Reconnections

6.26. According to the Petitioners, KE admitted under Issue 14 that disconnections had occurred and reconnections had not been made. This implies illegal reconnections by consumers. If KE abandoned enforcement or failed to prevent illegal reconnections, is it legally or regulatory acceptable? The Authority failed to inquire or challenge these admissions.

Failure to Scrutinize KE's Write-Off Policy

6.27. According to the Petitioners, Regarding Issue 16, KE claimed that its write-off policy was approved by its Board of Directors and that NEPRA never require prior approval. Why did the Authority not demand to review this critical policy document to determine whether it meets regulatory expectations under Clause 34(V)(iv)?

Lack of Due Diligence in Bogus Billing Cases

6.28. According to the Petitioners, KE under Issue 19 dismissed concerns about fake/bogus billing raised by the Interveners and the undersigned, claiming all such cases were linked to illegal hydrants. These were merely test cases to urge a thorough forensic review of similar large-value write-offs. Instead of ordering an investigation, the Authority chose to defer the matter through "separate proceedings" while allowing the disputed write-offs-this is procedurally and morally untenable.

Procedural Irregularities & Denial of Due Process

6.29. The decision being issued and uploaded just before major holiday, without proper disclosure or opportunity for review, has materially prejudiced the rights of stakeholders. It reflects a lack of transparency, has undermined public confidence and gives rise to justifiable suspicions of regulatory negligence or collusion.

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6.30. The submissions of the Petitioners and reply of KE on each ground have been examined. The writes-off were approved strictly in accordance with the criteria approved by the Authority in the final MYT tariff determination dated 05.07.2018. Under the approved criteria, KE's Auditors were required to verify that the amount is non-recoverable notwithstanding the efforts of the company. The requested writes-off were 100% verified by the KE Auditors who also verified in their Audit Report that the write-off amount was non-recoverable notwithstanding the efforts of the company. As per the approved criteria, KE Board approved the write -off amount and certify that KE has made all best possible efforts to recover the amount being written off. Petitioners did not highlight any error on the face of record and no new evidence was provided. On the issue of bogus/fake bills, the Authority has already examined the matter in detail and decided that the concerns of the stakeholder shall be addressed through separate proceedings. If it is established as a result of such proceedings that any bill(s)/connection(s) are bogus/fake, or KE has materially misrepresented in the instant write-off claim, the amount allowed as write-off, if any, on such bill(s)/connection(s) shall subsequently be recovered back from KE and appropriate adjustment shall be made in the tariff along with appropriate action against KE on account of misrepresentation. Further these observations were already considered by the Authority and were addressed by it in the Impugned Decision. Therefore, and in light of the observations stated in para 6.1 and 6.2, the Authority finds no reason to modify or alter the Impugned Decision and maintains its earlier decision in the matter.

REVIEW FILED BY JI

Overlooking of concrete evidence of fraudulent billing

6.31. According to the Petitioner, the Authority failed to give due weight to material evidence submitted by Jamaat-e-Islami, which included 19 fake and bogus bills issued by KE's IBC Nazimabad, amounting to PKR 716 million. Their inclusion in the write-off claims severely undermines the process's credibility and raises red flags over systemic abuse.

Failure to Order a Third-Party Independent Audit

6.32. According to the Petitioner, despite evidence of billing fraud, the Authority did not commission an independent forensic audit of Electric's claims. The approval of PKR 76 billion in write-offs without external validation contradicts established principles of transparency and prudent regulation.

Violation of Natural Justice and Regulatory Oversight

6.33. According to the Petitioner, NEPRA failed to examine whether KE:

- Exercised adequate recovery mechanisms,
- Avoided overbilling, misuse, or illegal connections,
- Followed the Consumer Service Manual.

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6.34. This reflects a lack of due diligence and application of mind on NEPRA's part.

Lack of Due Process and Transparency

6.35. According to the Petitioner, critical submissions—especially those proving irregular billing, reconnected defaulting consumers, and inflated claims—were ignored or dismissed without reasoned response, violating principles of procedural fairness and transparency.

Conflict with Legal Precedents and Tariff Rules

6.36. According to the Petitioner, the blanket approval of claims violates Rule 23 of NEPRA (Tariff Standards and Procedure) Rules, 1998, contradicts NEPRA's own past practice of requiring bona fide recovery evidence and enables double benefit through clawbacks and write-offs. Regulation 23 of NEPRA Tariff Rules explicitly requires that all tariff petitions and associated claims be based on authentic, auditable, and verifiable data. NEPRA's approval of unaudited and disputed write-off entries—especially in the absence of third-party validation—constitutes a clear breach of this provision and undermines the integrity of the tariff determination process.

Legal and Justice-Based Objection: Failure to Consider Stakeholder Submissions

6.37. According to the Petitioner, NEPRA conducted public hearings and received objections from numerous stakeholders, industry associations, trade bodies, and elected representatives. Despite that, the final decision failed to engage with or respond to most objections, ignored evidence of double-counting, illegal billing, non-recovery and approved claims without reflecting upon the opposition raised in due process. This constitutes;

- Violation of Natural Justice i.e. ignoring stakeholders input breaches *audi alteram partem*-the right to be heard.
- Procedural Impropriety i.e. regulatory decisions must demonstrate application of mind to all received evidence. NEPRA's silence on these matters reflects arbitrariness. The decision was issued just before a major holiday, without proper disclosure or an opportunity for review, thereby materially prejudicing the rights of stakeholders. It reflects a lack of transparency, undermines public confidence, and gives rise to justifiable suspicions of regulatory negligence or collusion.
- Breach of Statutory Duties i.e. under Section 7(2)(c) of the Act, the Authority is mandated to specify and enforce performance standards for licensees, including their recovery practices and billing integrity. Under Section 31(4) of the Act,

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NEPRA must ensure tariff determinations are made "in the interest of consumers", based on verifiable, bona fide claims. The impugned decision fails to meet both obligations.

- Absence of Reasoned Order i.e. a valid quasi-judicial decision must respond to key arguments raised. No justification was provided for rejecting stakeholders' objections, making the order non-speaking and unjust.

6.38. The Petitioner requested to recall or review the impugned decision, order a third party independent forensic audit of the submitted claims across all IBCs- especially in light of 19 bogus bills submitted by KE's Nazimabad IBC. Suspend the financial burden on consumers until a transparent re-evaluation of all claims is completed and non-compliant entries are removed. Initiate a regulatory inquiry into KE's billing practices, including recovery efforts, internal controls and potential regulatory violations.

6.39. The submissions of the Petitioner and reply of KE on each ground have been examined. The write-off was approved strictly in accordance with the criteria approved by the Authority in the final MYT tariff determination dated 05.07.2018. Under the approved criteria, KE's Auditors were required to verify that the amount is non-recoverable notwithstanding the efforts of the company. The requested write-offs were 100% verified by the KE Auditors who also verified in their Audit Report that the write-off amount was non-recoverable notwithstanding the efforts of the company. As per the approved criteria, KE Board approved the write-off amount and certify that KE has made all best possible efforts to recover the amount being written off. On the issue of bogus/fake bills, the Authority has already decided to examine the matter in detail and through separate proceedings addressing the concerns of the stakeholders. If it is established as a result of such proceedings that any bill(s)/connection(s) are bogus/fake, or KE has materially misrepresented in the instant write-off claim, the amount allowed as write-off, if any, on such bill(s)/connection(s) shall subsequently be recovered back from KE and appropriate adjustment shall be made in the tariff along with appropriate action against KE on account of misrepresentation. Further these observations were already considered by the Authority and were addressed by it in the Impugned Decision. Therefore, and in light of the observations stated in para 6.1 and 6.2, the Authority finds no reason to modify or alter the Impugned Decision.

7. ORDER

7.1. In view of the afore-stated, the Petitioners have failed to convince the Authority to bring desired alteration or review, thus, the review motions are accordingly dismissed.

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8. NOTIFICATION

The above Order of the Authority shall be notified in the official Gazette in terms of Section 31(7) of the Regulations of Generation, Transmission and Distribution of Electric Power Act, 1997.

AUTHORITY

Waseem Mukhtar	Engr. Rafique Ahmed Shaikh	Amina Ahmed	Engr. Maqsood Anwar Khan
Chairman	Member	Member	Member

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National Electric Power Regulatory Authority
Islamic Republic of Pakistan

REGISTRAR

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No. NEPRA/TRF-100/Notifications/ 20253-55 November 21, 2025

The Manager
Printing Corporation of Pakistan Press (PCPP)
Khayaban-e-Suharwardi,
Islamabad

Subject: **NOTIFICATION REGARDING DECISION OF THE AUTHORITY**

In pursuance of Sub-Section 7 of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997); enclosed please find herewith a notification in respect of the following Decision of the Authority for immediate publication in the official Gazette of Pakistan:

S. No.	Decision	Issuance No. and Date
1.	Decision of the Authority in the matter of Motion for Leave for Review filed by the stakeholders against Decision of the Authority dated 05th June, 2025 regarding Write-Off Claims of K-Electric for **MYT 2017-2023**	16739-16747 20-10-2025

2. Please also furnish thirty five (35) copies of the Notifications to this Office after its publication.

Encl: 01 Notification

Wasim Anwar

(Wasim Anwar Bhinder)

CC:

1. Chief Executive Officer, Central Power Purchasing Agency (Guarantee) Limited, 73 East, AK Fazl-e-Haq Road, Block H, G-7/2, Blue Area, Islamabad
2. **Syed Mateen Ahmed,** Deputy Secretary (T&S), Ministry of Energy – Power Division, 'A' Block, Pak Secretariat, Islamabad