

Dated: _____, 2012

MR MAQSOOD AHMED,
DGM (RP&R),
IBC SITE REGION 1

SUCBJECT: _____

Dear Sir,

In response to the subject notice received by us, we wish to state the following:

1) The references used in the letter as being related to chapters 8 and 14 of the CSM and chapter 20 of the Electricity Act appears to promote the viewpoint of KESC in this matter but with certain objective advantages taken by the KESC without taking the true spirit of the laws in question as depicted in the quotes referred to in original form. We shall first refer to the laws and then put our viewpoint based on the laws for your kind perusal.

2) Chapter 8 (point 8. 1)

The NEPRA Law:

*** "A premise is liable to be disconnected:**

If the consumer is a defaulter in making payment of the energy consumption charges bill(s) or

If he is using the electric connection for a purpose other than for which it was sanctioned or

If he has extended his load beyond the sanctioned load even after receipt of a notice in this respect from the DISCO"

3) Chapter 14 (point 14.1)

The NEPRA law:

"A duly authorized employee of the KESCL shall be entitled at all reasonable times and on informing the occupier of his intention(after giving a notice of clear 3 days) to enter the premises to which energy is or has been or is to be supplied by KESCL for the purpose of:

a) examining, inspecting and testing of electric supply lines, meters, maximum demand indicators or other measuring apparatus, electric wires, fittings, works or an apparatus for the supply or use of energy, whether belonging to the KESCL or to the consumer

b) ascertaining the amount of energy supplied or the electrical quantity contained in the supply or the apparatus"

c) removing where a supply of energy is no longer required or where the KESCL is authorized to take away and cut off such supply, any electric supply lines, meters maximum demand indicators or other measuring apparatus, fittings, works or apparatus belonging to the KESCL"

4) **The KESCL version:**

"If a consumer uses electricity for a purpose other than for which it was sanctioned, or has changed the load without authorization, or has no further requirement for the provision of electricity at the sanctioned load, then the licensee may enter the premises after reasonable notice, to examine and inspect any measuring apparatus or supply lines to determine the actual load being consumed against sanctioned load and where necessary remove any measuring apparatus and/or supply of electricity.

5) It is very clear that the quoted version of the KESCL is in need of further discussion when it is being applied in the notice being sent to our member. Although the quoted laws have been clearly mentioned at the beginning but for making matters simpler we present the following:

i) there is no reservation from us in the case with regards to the implications of the consumer being a defaulter or using power other than for what it was originally intended. This means that if the industrial power is being used for commercial use or lighting then it is not right. It is also not right if the power is being used in excess of the power that was originally sanctioned thereby over loading the system and putting it at risk unless he agrees to increase the load and pay for the increase.

ii) right of the power company to inspect and examine and measure the installation and power being supplied after due notice is also not being challenged.

iii) if the consumer has already asked for the closure of its supply the power company has all the right to remove the apparatus or if the case against him has been so settled in court of law it must be implemented as such.

6) The objection resides in the following facts:

i) Clear NEPRA rules in the CSM are stated for the benefit of smooth relations between the consumer and the power company. As such it has taken the side and favour of both in its laws for their individual protection where applicable. Interpretation of the laws must be with the approval of NEPRA if they benefit either side in any particular environment.

ii) The statement from the KESCL gives an impression that KESCL has the right to remove / reduce any sanctioned load at will based on the consumption level and historical pattern of the consumer. This approach does not marry with the mentioned law nor do they appear anywhere in any law being quoted, the details of which we have submitted above.

iii) The end users have paid the security deposit for the load and have legal and official right to use or not to use the power. When the end user does not use any power for any period of time even then the NEPRA rules protect the rights of KESCL by providing a certain amount to KESCL as minimum fixed charges per month even if the unit is closed. This absolves the end user of any revenue losses that the KESCL may face due to the in activity of the said load in that premises as per legal right and ends the discussion.

iv) The issue of the requirement level of the energy is not resting with the KESCL. It is the right of the consumer. That is why there are provisions of reducing the loads and increasing the loads. Is there a law that restricts the usage by the end user based on historical patterns in any CSM based chapters? The end user also pays a 'power factor' penalty in his bills to the power company if his load is less than the optimized supply level of power that KESCL reserves to the client which happens in many companies and generates revenue to

the KESCL. There is not one single law that empowers the KESCL to reduce the power load based on low historical pattern usage of load sanctioned. If there is we shall be pleased to increase our knowledge.

v) The argument is loss making for the KESCL as well. If there is a client who is a massive user of power but is undergoing some issue due to which there is a lowering of the power usage by him, then KESCL will like to permanently sever its revenue source based on historical pattern rather than ground difficulties or interaction with the client?

vi) KESCL is a service provider and is not authorized by NEPRA to disconnect any power load except in the three conditions mentioned above in point 8-1. The end users do not qualify under either of them, they are neither defaulter, nor have they increased their loads or do they indulge in any illegal abstraction of power. There is no provision in NEPRA rules to give cover to KESCL to sever power in a fourth case. This route comes under the CSM law and both the end user and the KESCL are ordered to abide by that.

vii) From the patterns of notices received it is being perceived that the end users who are on alternate power based on gas are being targeted. NEPRA does not restrict them from accessing cheaper power from their own investments and they also pay extra charges as taxes on their generation the government and KESCL is aware of this fact. Should we assume that the previous objection made regarding restricting gas supply to captive power plants is the main thrust of this notice? If this is the case it is very regrettable.

viii) The laws seem to have been mixed up and written so as to give the impression that just because there is no perceived historical energy requirement from the client by the KESCL, it can send their people and they can remove the apparatus and sever energy supply. It is not so. There are several laws being involved in all this all bearing slightly different implications and if they are mentioned separately as I have mentioned it is not what the KESCL version says. Yes the KESCL if authorized can sever lines and remove apparatus but not based on the low load usage but the laws just authorize it to do so as a general rule under the certain conditions that arise in general where access and all such issues must be given to KESCL to carry out their legal work. It is not certainly applicable as sent to us.

At the end we request the KESCL that the law must be implemented in its true sense and spirit. We are clear and confident in our version and interpretation of the relevant CSM laws regarding this issue. **We are in total disagreement with regards to the KESCL's authority to sever power based on the low power usage versus the sanctioned load as per CSM provisions.**

With best regards,

For M/s.

THE KARACHI ELECTRIC SUPPLY COMPANY LTD

Office of the Director General, Government of Sindh, Hyderabad, Sindh
Karachi, Sindh, Pakistan

Notice to Consumers under Section 20 of the Electricity Act, 1910 read together with Chapters 8 and 14 of the Consumer Service Manual ("CSM") issued by NEPRA - Irregular Load Consumption and Under Utilization of Sanctioned Load

For the benefit of all its consumers, KESC is introducing system improvements across the board to remove inequalities in load distribution and ensure operational efficiencies through upgrading and optimizing the electricity distribution system for all consumers so as to provide uninterrupted power supply and higher quality of services to all concerned.

In accordance with Section 20 of the Electricity Act, 1910 read together with Chapters 8 and 14 of the CSM, if a consumer uses electricity for a purpose other than for which it was sanctioned, or if the consumer has changed the load without authorization, or has no further requirement for the provision of electricity at the sanctioned load, then the licensee may on reasonable notice enter the premises of the consumer to examine and inspect any measuring apparatus or supply lines etc. to determine the actual load being consumed against sanctioned load and where necessary, remove any measuring apparatus and/or supply of electricity.

Through this 3 day notice, KESC hereby calls upon you to allow the KESC inspection team access to your metering equipment and premises so as to determine the actual load being consumed by you against sanctioned load. It is also relevant to point out that from an examination of your billing record for the past 12 months, it appears that you no longer require the sanctioned load which was previously allocated to you by KESC and your actual load consumption for a prolonged period has been materially below the sanctioned load.

Based on the foregoing, we have duly authorized our inspectors/technicians to visit your premises in the forthcoming days to double check your metering connections and consumption/load requirements against sanctioned limits in your presence to determine the facts on the ground. Please note that any failure by you to abide by the terms of this notice has serious consequences under the relevant provisions quoted above and KESC may if it deems fit disconnect power supply to you in the event of non-compliance hereof without further reference to you at your sole risk as to cost and consequences.

Once the KESC representative has conducted a site inspection and determined the current position of your power consumption/load needs, please note that KESC may where the sanctioned load is no longer required, disconnect power supply whether in whole or in part without further reference to you. Any security deposit where applicable lying to your account with KESC may in the event of such disconnection be refunded or adjusted against any dues owed by you to KESC as appropriate.

It may kindly be appreciated that any surplus sanctioned load which is cancelled as a result of the above procedure will become available for allocation by KESC to other consumers in its network so as to match sanctioned load with demand and ensure a level playing field for all consumers without any discrimination. We therefore thank you in advance for your cooperation in this matter.

Thanking You.

Yours sincerely,
For The Karachi Electric Supply Company Ltd.