

### **Electricity, gas tariffs increased**

ISLAMABAD: The Pakistan Tehreek-e-Insaf government has increased the electricity and gas tariffs to generate Rs 190 billion and Rs 112 billion respectively for the financial year 2019-20.

In a press conference, Minister for Power Division Omar Ayub Khan said that the proposed hike in the electricity and gas bills is the result of mismanagement of Pakistan Muslim League-Nawaz government and it was not a pre-condition of the International Monetary Fund (IMF).

He said that Rs 190 billion is capacity charges for power projects installed during the tenure of previous government. "Capacity charges of Rs 190 billion will be charged from power consumers under 15 months long arrangement and they will be discontinued after the period," he added.

He further claimed that the government has allocated a subsidy of Rs 217 billion to safeguard the poor domestic and commercial consumers from the hike in the electricity bills.

Under the Nepra determined tariff, the minister said, there is no increase in power bills up to 95 percent domestic users who are using up to 300 units a month. Similarly, small commercial users will also be exempted from the increase in tariff. The consumers using above 300 units will face an increase of Rs 0.75 per unit. The tube-well users will also be given 54 percent subsidy.

He said that no load shedding is being carried out on eighty percent feeders and work is also underway on the remaining twenty percent. Balochistan is being supplied with additional electricity for additional 3 hours a day. In addition, he said that Rs 17 billion cost of power project at Makran (Balochistan) will also help improve the power supply to the area, while the project will be completed by 2021.

The minister said that the government is taking effective steps to handle the issue of over-billing. Rs 2.3 billion overcharged from gas consumers in winter season will be adjusted in their gas bills, he said.

He said no increase will be made in bills of those consumers who are using minimum gas, adding the government will also start an awareness campaign to stop misuse of gas.

The Ogra determined the total revenue requirements for financial year 2019-20 as Rs 541 billion (which include Rs 54 billion on account prior years' circular debt). Based thereon, the OGRA determined the average cost of supply of indigenous gas as Rs 738 /MMBTU.

The present tariff can generate total revenue of Rs 397 billion during the current fiscal year, resulting in a revenue shortfall of Rs 144 billion. Therefore, a revision in gas sale prices was inevitable and the government allowed additional revenue of Rs 112 billion to be charged from the gas consumers, he added.

The minister said the rest of the amount would be recovered after promulgation of the Gas Infrastructure Development Cess (GIDC) Act pending for approval in the Parliament. He said 95 percent of the domestic gas consumers are being subsidised with an amount of Rs 104 billion. Other 45 percent of the domestic consumers who are currently paying only Rs 121/MMBTU will not face any price increase and their tariff is fixed at only 16 percent of the cost of supply. The objective of the government is to gradually bring the gas tariff closer to the cost of supply for most of the consumers while protecting the low-end consumers. “Both gas companies are buying gas against Rs 738 per mmbtu and providing the consumers at Rs 540 per mmbtu, the tariff determined by OGRA,” he said. According to proposed gas tariff, up to 1hm using 3 million consumers will receive Rs 361 increase in their monthly gas bills. Up to 2hm users (1.7 million) will receive an increase of Rs 1,406 in the bills. As many as 110,817 consumers of up to 3hm will face an increase of Rs 4,406 in the bills; however, the bills of consumers using up to 4hm will have a Rs 865 per month increase. The rates of 6th slab and bulk domestic meters have been kept unchanged as Rs 1,460 and Rs 780 respectively.

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