

Power up by Re0.53 per unit

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ISLAMABAD: Amid the IMF's demand for reforming the power sector and slashing subsidies for the consumers, the federal government on Tuesday notified Re0.53 per unit increase in the power tariff to collect Rs53.52 billion over the next 12 months.

However, the increase, effective from the current month, would not be applicable to the lifeline consumers [consuming less than 300 units a month]. The privatised K-Electric also enjoys this exemption.

However, the increase would be applicable to all other consumers, including commercial and industrial sectors. The Ministry of Energy (Power Division) notified the increase. On September 27, the National Electric Power Regulatory Authority (Nepra) issued its decisions asking the state-run power distribution companies (Discos) to collect Rs53.52 billion from the consumers by increasing tariff by Re0.53/unit for next 12 months.

The regulator had sent its decision to the Power Division asking for its notification to make it applicable.

The Re0.527/unit is the combined increase of two decisions including quarterly adjustments and interim relief to the power distribution companies.

It is worth mentioning that ex-Wapda Discos had sought the power regulator's permission through a petition to recover around Rs93 billion from the power consumers on account of quarterly adjustments, distribution margin indexation, inflation and exchange rate.

Initially, the ex-Wapda Discos sought permission to transfer the burden of Rs63.407 billion to the consumers on account of quarterly adjustments for the fiscal 2018-19 and annual adjustment on prior period cost. However, the Nepra issued two decisions of quarterly/biannual adjustments in the matter of ex-Wapda distribution companies (XWDISCOs) and interim relief.

The first decision pertains to the period from January 1, 2019 to June 30, 2019. The total impact of this increase is Rs33.75 billion that translated into Re0.3324 per unit. Now after the notification, this amount would be recovered from the consumers.

The regulator determined a uniform rate of Re0.3324/kWh for the allowed amount of quarterly adjustment of Rs33.75 billion across each category of consumers of XWDISCOs, to be recovered in 12 months, based on projected sales for the fiscal year 2017/18, after excluding lifeline consumers.

The second was an interim decision Nepra issued allowing the distribution companies a provisional increase of Rs19.7 billion. This provisional increase is on the already notified tariff and would be subject to adjustment as per the final decision of the Authority in this regard.

The impact of this decision translates into Re0.1947 per unit. The ministry also notified it on Tuesday and would be applicable from October 2019.