

MUSHTAQ GHUMMAN

Power consumers to bear brunt of Rs40-45bn adjustments

ISLAMABAD: The government is all set to pass on financial impact of additional Rs 40-45 billion to consumers of power Distribution Companies (Discos) under the garb of annual adjustments and quarterly adjustments under different heads including Power Purchase Price (PPP) for two quarters of fiscal year 2018-19.

Discos have filed tariff petitions with the National Electric Power Regulatory Authority (Nepra), which is scheduled to hold a public hearing on September 25, 2019. The adjustment will be for the quarters January to March 2019 and April to June 2019.

The impact of the proposed increase in tariff has been calculated at Re 0.40 or Re 0.45 per unit in case it is implemented within one year and Re 0.80 or Re 0.90 per unit if it is recovered in six months.

According to tariff petition, for the quarter January to April 2019, CPPA-G intends to recover Rs 22.163 billion from consumers as Capacity Purchase Price (CPP) of which Rs 1.793 billion is for Iesco, Rs 6.142 billion Lesco, Rs 744 million for Gepco, Rs 1.306 billion Fesco, Rs 3.419 billion Mepco, Rs 2.203 billion Pesco, Rs 377 million Hesco, Rs Qesco Rs 6.563 billion, Sepco Rs 1.007 billion and Tesco Rs 1.391 billion.

The proposed recovery in the name of variable O&M is Rs 123 million, UoSC & MoF Rs 1.681 billion, and impact of T&D losses on monthly Fuel Price Adjustment (FPA) Rs 2.071 billion. With deduction of Rs 5.811 billion as impact of extra and less purchases, the total proposed adjustment for January to April 2019 has been calculated at Rs 20.226 billion.

For the quarter April-June 2019, Discos have sought to recover Rs 11.604 billion from consumers under the head of CPP, Rs 733 million as variable O&M, Rs 1.168 billion as UoSF and MoF and Rs 1,693 billion as impact of T&D losses on monthly FPA. After excluding impact of extra and less purchases of Rs 3.697 billion, the total proposed recovery from consumers has been calculated at Rs 10.036 billion.

The total proposed quarterly adjustments have been calculated at Rs 30.262 billion, of which Rs 1.228 billion is for Iesco, Rs 11.356 billion Lesco, Rs 1.354 billion Gepco, Rs 6.927 billion Fesco, Rs 5.649 billion Mepco, Rs 6.449 billion Pesco, Rs 1.069 billion Hesco, Rs 10.309 billion Qesco, Rs 1.303 billion Sepco and Rs 3.709 billion Tesco.

Three Discos, i.e, Iesco, Lesco and Fesco have also sought annual adjustments of Rs 33.145 billion, of which prior period cost is Rs 31.610 billion and indexation-distribution margin 2019-20 is Rs 1.535 billion. The adjustment is meant to cover fluctuation in dollar-rupee parity. The impact of annual adjustments will be over and above increase under PPP and allied costs.

According to Nepra, CPPA-G has also submitted power purchase price forecast for fixation of power purchase for 2019-20.

In July, 2019 the government also increased power tariff by Rs 1.80 per unit for industrial sector and extended subsidy to domestic consumers who consume up to 700 units per month.