


Pact with IPPs a good step, but forensic audit must to save industry: FPCCI

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RECORDER REPORT

LAHORE: The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) has termed the government's agreement with the Independent Power Producers (IPPs) a step in the right direction to lower the cost of electricity generation but also called for a forensic audit of the IPPs to save the dying local industry.

"The FPCCI demands a forensic audit of IPPs matter, besides impeachment of those who are responsible without any discrimination in the larger national interest and for the sake of the country," said FPCCI President Mian Anjum Nisar in a statement on Thursday.

He also called for making power and gas tariffs for domestic as well as for the export sectors compatible to tariffs being applied in regional and neighbouring countries. Low energy tariff is the only way of ensuring more investment in the country.

The FPCCI president proposed that the next target should be reforms in Discos to further reduce cost of production, which was very high owing to the ever-increasing power and gas tariffs, expensive fuel and continued weakening of the rupee along with rising import duties on industrial raw material.

He said that the government would have to make significant reduction in taxes to help revive the businesses in the post-corona economic strategy.

He said that the overall line losses of distribution companies (Discos) in the public sector remained unchanged at 18.3 percent for the last several years (10-35 percent) while the current Unaccounted For Gas (UFG) losses of gas companies were causing a loss of more than Rs50 billion to the end consumers, burdening the industry with billions of rupees of cost additionally.

According to reports, the cabinet had approved making the findings of the PM enquiry committee report public, forensic audit of the IPPs and establishment of a commission to probe the matter.

However, nothing has materialized in this regard so far as a powerful lobby in the power sector is creating hurdles in the way of an independent commission to probe the matter of additional profitability by the IPPs.

Mian Anjum Nisar said that the huge rise in energy tariffs is due to excessive capacity payment to the IPPs in dollars, leading to further addition to the public debt of the government, which ultimately passed on to the end consumers through NEPRA in the form of hike in fuel surcharges.