

**Govt looking for ways to avoid power tariff hike**

ISLAMABAD: The government is working on a plan for charging electricity to consumers at annualised average rates for a period of about 18 months with the consent of stakeholders including the International Monetary Fund (IMF).

Speaking at a meeting of the Senate Standing Committee on Power, Secretary Power Irfan Ali said the government was still working on the plan that would be presented to the Economic Coordination Committee of the Cabinet for formal approval with prior clearance of the prime minister.

He said the IMF mission that visited Pakistan recently did not reject the proposed plan when shared and was ready to discuss it further and its details could not be disclosed at this stage. The meeting was presided over by Senator Fida Muhammad.

A senior official close to Ali told Dawn that the prime minister was given a presentation as to how and to what extent tariff increase could be avoided through efficiency gains.

It was also emphasised by the secretary that increase in electricity costs was not a solution as it negatively affected the economic growth and resultantly the utility's consumption.

It was therefore proposed that a reduced average of non-peak hour power tariff be provided to entire industry. The non-peak hour tariff, that is applicable for 20 hours a day, therefore would come down by about Rs1.68 per unit on average for all industries.

Also, the industry would be offered a further incentive of a lower rate of about Rs12 or so on incremental consumption based on previous year's average consumption. This would be a slight change from an existing arrangement under which users are offered a fixed tariff of Rs11.97 per unit on additional units consumed in a month when compared to the same month of previous year. The scheme introduced ahead of recent winter is reported to have resulted in higher capacity utilisation of about 1,200-1,400MW.

In addition, it was proposed that the tariff adjustment for one quarter should be applicable after dispensation of the adjustment of the previous quarter so that there was no add-on effect. The officials said the prime minister appreciated the proposals but wanted engagement of all stakeholders before finalisation of a plan for implementation.

The committee was informed that the Power Division, like all the consumers, was also fed up with a total of 17 tariff adjustments a year in the shape of monthly fuel cost fluctuation, quarterly reviews and annual changes to tariff.

An annualised average tariff would compensate the losses to power companies in one month with savings in another but effectively there would be no increase in tariff for 18 months.

Responding to questions from senators as to why fuel cost adjustments continued to be recovered from consumers across the country while they were not passed on to K-Electric subscribers, the power secretary said non-adjustment of fuel cost to consumer tariff of KE for 11 quarters had resulted in a Rs80bn backlog.

Ali agreed that recovery of such a huge amount in one go was impossible and would have to be staggered. The senators criticised the Power Division for holding back a notification on tariff adjustment for Karachiites determined by the regulator months ago.

Senator Nauman Wazir of PTI also proposed that Rs2.88 per unit quarterly adjustment in average tariff should also be recovered from consumers of KE like rest of the country.

The committee was also informed that amendments to National Electric and Power Regulatory Authority laws were also in process so that its determinations could also be challenged by the government before tribunals proposed under the draft law.

Meanwhile, Senator Shibli Faraz disagreed with the proposal saying the tariff determined by the regulator should be final as previous governments had also frozen electricity prices instead of implementing Nepra decisions, resulting in huge backlog and losses to power companies and sudden burden to consumers. He said the government should avoid those follies and take decisions in the national interest without caring for political costs.