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Price of petrol raised by Rs2.61 per litre, kerosene by Rs3.10

ISLAMABAD: The government on Tuesday increased fuel prices for January, raising the petrol price to Rs116.60 per litre with the increase of

Rs2.61, while app-roving the recommendations made by the Oil and Gas Regulatory Authority (Ogra).

A notification issued by the finance ministry says that the new rate for the most widely used fuel consumed in large vehicle engines and generators — High Speed Diesel (HSD) — has been raised by Rs2.25 to Rs127.26 per litre.

An official of the state-owned oil company PSO said that January was not the month of heavy consumption of diesel and petrol in the country as there was limited activity in the farm sector while the movement of trucks too was restricted in the wake of occasional fog at highways.

Similarly, the price of Light Diesel Oil (LDO) consumed in certain engines used by tube-wells and mills in rural areas has been raised by Rs2.08 to Rs84.51 per litre.

While kerosene price has jumped to Rs99.45 per litre with the increase of Rs3.10, its demand increases several times during winter due to shortage of natural gas and the increase in the price of liquefied petroleum gas (LPG).

KE tariff raised, but hike to be absorbed by govt subsidies

At the same time, the government has increased LPG prices as the Oil and Gas Regulatory Authority (Ogra) issued a notice on Tuesday showing an increase of 23.54 per kg and raising the LPG rate to Rs151.82 per kg.

The Ogra notification states that the LPG producer rate with the combination of 40 per cent propane and 60pc butane is Rs90,092.65 per tonne, compared with Rs69,971.31 per tonne in December 2019.

The other components of LPG prices are marketing/distribution margin – Rs35,000 per tonne – and petroleum levy Rs4,669 per tone - and the consumer price results at Rs129,761.65 per tonne, as 17 percent GST is charged at consumer price. So the final LPG rate for January is Rs151,821.13 per tonne or Rs1,791.48 for each cylinder of 11.8 kg.

Apart from the consumer fuels, the prices of aircraft fuels too have been raised, which will have cost impact of civil aviation as well as the aircrafts of armed forces including helicopters.

KElectric

Meanwhile, the power rate for K-electric has been jacked up by Rs17.69 per unit from the existing average sale rate of Rs.12.81/kWh, however the "consumers will not pay the new charges", the company says.

The decision to increase the power rate has been worked out in terms of fuel adjustment charges for 11 quarters or 33 months by the National Electric Power Regulatory Authority (Nepra), as the matter was pending due to a court case.

The decision finally reveals that the revised tariff works out as Rs17.69/kWh and the total impact amounts to around Rs106 billion.

Talking to Dawn, a senior Nepra official said that the complete impact of Rs106bn would not be borne by the K-electric consumers, however around Rs15 –Rs20 billion will be passed on to the consumers, mainly through cross subsidy.

"It is incorrect that KE consumer will pay additional Rs4.87 per unit, because there is a uniform tariff policy applicable in whole of Pakistan including for KE consumers," the official said.

The tariff differential will be paid by the federal government as subsidies, which is already available to different categories of domestic, commercial, industrial and agricultural consumers, all over the country.

The determination was delayed because K-Electric challenged the Nepra decisions made in July 2018 for the period from financial year 2016-17 to FY 2022-23 where the average sale rate of Rs12.81/kWh was approved.

The Sindh High Court (SHC) granted a stay order regarding the Nepra notification of the determined tariff. Later after reaching an out-of-court settlement, K-Electric withdrew its petition from the SHC and it was decided that Nepra had to review and revise the approved tariff on monthly, quarterly and annual basis in accordance with the prescribed adjustments mechanism.

As a uniform tariff has been implemented across the country, most of the increase would be settled at the government level.

With reference to the recent quarterly tariff adjustment announced by Nepra for K-Electric; the power utility refuted the claim that this increase would be borne by consumers. It clarified that the government maintained a uniform tariff across the entire country and thus the increase to the consumers, if any, would be to the extent of maintaining uniformity across the country and would be notified by the Ministry of Energy.

A spokesperson for K-Electric said that the tariff adjustments were mainly on account of increased furnace oil price, gas prices and swapping of local gas with RLNG by the SSGC and were in line with the approved tariff adjustment process.