

ECC to approve hike in K-Electric tariff

ISLAMABAD: Amid the persistent power outages faced by the masses in Karachi, the Economic Coordination Committee (ECC), scheduled to meet on Friday, is likely to give approval for notifying an increase in tariff by up to Rs2.89 per unit on account of quarterly adjustments.

Fearing political backlash from the Sindh government, the Power Division has approached the economic decision-making body to seek guidance on what decision should be taken on the increase in power tariff amid load-shedding by K-Electric.

According to a decision taken by the National Electric Power Regulatory Authority (Nepa), the government is to notify K-Electric tariff in line with recommendations of the committee formed by the ECC. The tariff notification will bring K-Electric tariff on a par with other power distribution companies, which will result in an increase of Rs1.09 to Rs2.89 per kilowatt-hour (kWh) for various categories of consumers.

The ECC had considered a summary submitted by the Power Division on March 4, 2020 for quarterly tariff adjustments for K-Electric Limited for the period July 2016 to March 2019 and had formed a committee, headed by the energy minister, for examining the issue and submitting a report with viable recommendations to the ECC for approval.

The committee submitted its recommendations through a summary with the ECC on March 18, 2020. It recommended that the quarterly adjustment to the tune of Rs4.877 per unit - being the differential between the schedule of tariff recommended by Nepa for April to June 2019 and the schedule of tariff earlier recommend by Nepa and reflected in K-Electric's notified tariff - be notified for each category of consumers, to the extent of bringing K-Electric consumers' end-tariff on a par with what was being collected from consumers of ex-Wapda distribution companies.

The committee also recommended that any difference between the two rates be made available by way of subsidy, which would amount to Rs26 billion only. The ECC approved recommendations of the committee in March 2020. Now, the Power Division is seeking ECC's guidance for notifying the increase in K-Electric tariff, especially in the wake of recent energy shortfall faced by the power utility.