

APTMA urges Nepra to fix predictable tariffs

ISLAMABAD: All Pakistan Textile Mills Association (APTMA) has urged National Electric Power Company (Nepra) to fix predictable tariffs for the industry.

Referring to the hearing held on July 23, 2020 regarding quarterly adjustments of Discos on account of variation of Power Purchase (PPP) for the 2nd and 3rd quarter from October 2019 to March 2020 and the Fuel Price Adjustment (FPA) from November 2019 to June 2020; Executive Director, APTMA, Shahid Sattar said that industry requires a predictable and sustained pricing to be able to cost and sell their products accordingly.

“Having an uncertain variable amount charged in later unpredictable periods does not allow for proper cost determination and recovery. This leads to over compensation in the energy component used in cost and is detrimental to competition and highly price sensitive markets,” he added.

APTMA argued that a positive QTA imposition virtually every time leads to the conclusion that the Discos have not been able to market / sell their full quota of electricity. The reasons may be overestimated demand, system constraints or purely revenue based load shedding.

Textile Industry further stated that in any case the repeated QTA's highlight a serious problem in the system which requires resolution rather than increasing tariffs because of under collected capacity charges. “We register industry's protest at the exorbitant inefficient, variable and unpredictable power tariffs exacerbated by QTA & FPA. There is also an urgent requirement to conduct an affordability / competitiveness appraisal of these tariffs and to set tariffs for industry at levels which do not price the domestic industry out of business,” Sattar continued.

APTMA has suggested that the net FPA of Rs 1.16 / kWh up to June 2020 should be passed on in one go in order to avoid over/ under collection by the Discos. “Quarterly adjustments of Rs 162 billion are unjustified and the system requires serious review. Under performance / inefficiencies of the Discos cannot be termed as “prudently” incurred costs,” he added.