


## FY 2020-21

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### KE seeks increase in TDS

ISLAMABAD: Karachi Electric (KE) is reportedly seeking about 68 per cent increase in Tariff Differential Subsidy (TDS) to Rs 99.849 billion in Financial Year 2020-21 compared to Rs 59.5 billion earmarked for FY 2019-20, well informed sources told Business Recorder.

Forecast TDS claims are based on estimated units, fuel prices and generation/ power purchase mix, consumer tariff issued by Government of Pakistan in a SRO 575(1)/2019 of May 29, 2019 and certain other assumptions and are subject to variations due to change in these assumptions. TDS include impact of special relief for zero rated (export oriented) industrial consumers.

KE is facing a severe financial crunch due to delay in notification of 11 quarters tariff adjustment, financial impact of which is estimated to be about Rs 28 billion.

The power utility has also requested the federal government to allocate Rs 382 million as federal government's share in agriculture tube-well subsidy for the fiscal year 2020-21.

According to the KE, its opening balance of claims as of June 2016 was about Rs 42 billion of which claims of Rs 39.898 billion are already verified whereas Rs 2.133 billion are still pending.

The claims of Rs 71.438 billion are also verified during FY 17 to FY 2019, of which claims of Rs 37.911 billion are yet to be verified. The releases during this period stood at Rs 42.432 billion whereas pending variation for period up to June 2019 stood at Rs 12.713 billion. The total balance at June 30, 2019 was Rs 121.661 billion.

During FY 2020 TDS claims were at Rs 93.750 billion, of which no amount was released till January 2020. This implies that total claims to be released in FY 2020 will be 215.411 billion.

"KE has urged the government to allocate sufficient funds to clear its outstanding TDS claims and to ensure smooth release of subsidy in future years to avoid accumulation of circular debt,' the sources quoted a top official of KE as saying in his letter to the Finance Secretary.

Power Division, in its summary with respect to tariff adjustment of 11 quarters has informed the ECC that the tariff determined by Nepra at Rs 4.87 per unit is not notified and would result in subsidy claim of around Rs 71 billion up to March 2019 and from the date of notification for next 12 months the additional subsidy of Rs 28 billion. It is the ECC which will take final decision on March 4, 2020.

Meanwhile, National Electric Power Regulatory Authority (Nepra) is also scheduled to hold a public hearing on March 4, 2020 to consider KE's tariff petitions regarding monthly fuel charges of six months - July to December 2019.

KE has also filed requests for quarterly and annual adjustments in tariff on account of variation in Power Purchase Price (PPP) (other than fuel), impact of T&D losses on fuel charges variation, actual write-offs and other tariff components, as per the mechanism provided in the Multi-Year Tariff (MYT) determination. KE has requested an increase in tariff by Rs 1.377 per unit (including the impact of adjustment of losses, O&M indexation and actual write-offs) and Rs 1.444 per unit for July-September 2019.—MUSHTAQ GHUMMAN