

**KCCI demands of Nepra to end KE 'monopoly'**

KARACHI: The Karachi Chamber of Commerce and Industry has demanded of NEPRA to end "the monopoly of K-Electric in power generation, distribution and sale of electricity" to consumers in Karachi, who have been suffering at the hands of the KE for over 17 years, and the city's trade and industry has badly suffered as well.

In response to a notice published in the press by NEPRA inviting comments from the stakeholders over the Authority Proposed Modification (APM) in the existing distribution license of the K-Electric Limited, the KCCI has urged NEPRA to withdraw the exclusive rights of power generation, sale and distribution granted to the K-Electric 17 years ago under License No.09/DL/2003 dated July 21, 2003, and allow more companies to conduct the business of distribution and sale of electric power to the consumers in Karachi comprising industries, commercial establishments, shopping malls and households.

A notification was published in the newspapers by NEPRA on September 5 in compliance with the order by the Supreme Court of Pakistan which has taken suo moto notice of the suffering of the people, the industry and the trade in Karachi at the hands of the K-Electric.

Being the representative body of trade and industry based in Karachi, the KCCI is a major stakeholder in matters relating to generation, distribution, supply and pricing of electricity. The chamber has, therefore, expressed the intention to become a party to the proceedings in the suo moto case at the Supreme Court of Pakistan.

In his official comments given in response to the notification of NEPRA, KCCI President Agha Shahab Ahmed Khan has said that the exclusivity granted to a single company (the KEL) to undertake sale and distribution of electric power is tantamount to creating a monopoly over a vital source of energy.

The exclusivity granted under License No.09/DL/2003 dated July 21, 2003, has put the people of Karachi and its trade and industry at the mercy of the KEL. Since then the cost of electricity for industrial, commercial and residential consumers has sharply increased, and the cost of production for industries has gone extremely high. Increased cost of electricity has also added to the chronic problem of circular debt.

Agha Shahab said, "K-Electric has used various unfair means and tactics to make windfall profits by arbitrary increases in tariff rates, change of electric meters, replacement of copper cables with aluminium cables and lack of investment in infrastructure which was obligatory under the terms of license granted to the company."

Consequences of KE's monopoly on generation, sale and distribution of electricity have been disastrous in the last 17 years. A captive consumer market which includes industries, commercial establishments and households has been forced to purchase electricity from the KE at arbitrary rates, and suffered from over-billing due to faulty infrastructure and electric meters which can be manipulated, said the president of the KCCI.

It is clear from the notification published by NEPRA and its dragging of its feet in taking any decisive action against K-Electric for the last many years that NEPRA has a soft corner for the KE, and it has reluctantly taken the action under the orders of the Supreme Court, said Agha Shahab.

He added that NEPRA, while taking action under Section 21 and Section 23E of the NEPRA Act 1997, should also invoke Section 3 (Sub.Sec.2 & 3) and Section 4 (sub-sec. 1, 2 and 3) of the Competition Act 2010.

Section 4 of the Act stipulates: "No undertaking or association of undertakings shall enter into an agreement, or in case of an association of undertakings shall make a decision in respect of the production, supply, distribution, acquisition or control of goods or the provision of services which have the object or effect of preventing, restricting or reducing competition within the relevant market".

Industrial, commercial and residential consumers are at the mercy of the KEL and have no other option but to purchase electricity from the KEL. In many other countries, several companies are allowed to produce, distribute and sell electricity to the consumers, which leads to a healthy competition and availability of a vital industrial input and essential utility at very competitive rates.