

KCCI demands power distribution licences for private sector

KARACHI: Karachi Chamber of Commerce and Industry (KCCI) on Tuesday demanded the government to let the private sector foray into distribution of electricity to overcome the energy crisis.

KCCI urged the regulator to withdraw the exclusive rights of power generation, sales and distribution granted to K-Electric in July 2003.

Private sector should be allowed to conduct business of distribution and sale of electric power to consumers in Karachi.

"Exclusivity granted to a single company to undertake sale and distribution of electric power is tantamount to creation of monopoly on a vital source of energy," Agha Shahab, president of KCCI said in a statement. "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."

The National Electric Power Regulatory Authority has recently sought comments from all the stakeholders on the authority's proposed modification in the existing distribution licence of K-Electric.

KCCI also expressed the intention to become a party to the proceedings of suo moto case in the Supreme Court on load shedding and electrocution in the city.

The Supreme Court last week took notice of load shedding and electrocution in Karachi. The court ordered the government to ensure one-window operation to solve KE's issues and ensure uninterrupted power supply.

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 licence granted to the company.

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

KCCI president said the power utility is a strategic industry which has profound economic as well as security implications. It should not be left to the vested interest of a monopoly which only seeks to maximize profits rather than serve the economic interests of Pakistan.

"Therefore at least 3 to 4 companies should be issued licenses for distribution and sale of electric power instead of just one, in order to ensure a competitive pricing, quality of service and maintenance of infrastructure."