

**Competitive electricity buyer model proposed**

KARACHI: Ismail Suttar, President Employers' Federation (EFP), has expressed great concern on the recent hike in electricity unit by Rs1.9 per unit with special emphasis on when the MoUs of the Government with 19 Independent Power Producers (IPPs) will finally materialize as the escalated circular debt is now wearing away precious Rs1.5 billion of opportunity, per day.

In a statement, EFP president hoped that the steady withdrawal of gas supply to industrial units amid an ongoing 6 months' grace period of energy subsidies announced by the Prime Minister in November are of the same plan as resuscitation of industries is contingent on these crucial steps.

"The Economic Council of EFP has since last year, been constantly advocating for forensic auditing of IPPs with whom governments of the past had signed expensive power purchase agreements that had resulted in costly repayments of capacity charges in dollar terms", he added. Instead of a single-buyer model, the Council suggested a competitive power purchasing electricity market should be developed to create an alternate source of funds for revamping the distribution structure that does not allow the full transmission of the 18,500 MW required by the country.

In such a market, large quantities of energy are sold to DISCOs at independent system units established in each province. The DISCOs act as 'retailers' for buyers. All power Generating Companies (GENCOs) place a bid on the quantity they want to supply and as the competition builds up, the price of procurement will fall leading to lowering of cost for end-users - the households and the industry alike.

Ismail Suttar lauded the historic move of the Government in shutting down inefficient power plants but stressed that the mission to settle the case with IPPs must reach its logical conclusion.—PR