

No more hike in power tariff 'soon', says minister

ISLAMABAD: Power Minister Omar Ayub Khan on Tuesday said the government would not further increase electricity tariffs "soon" on the demand of the International Monetary Fund (IMF).

Talking to the media after a consultative session on the proposed renewable energy (RE) policy, he said the government had only recently increased electricity rates by Rs1.27 per unit, instead of Rs3.28 per unit determined by the National Electric Power Regulatory Authority (Neptra), and there was no more room for increasing burden on the consumers.

He said even in the recent tariff increase, the government had protected the poor and the lower middle class and added burden on to those who could afford. "We have not increased tariff for small commercial consumers and have given relief to the industrial sector. We have also reduced tariff for agriculture tubewells," he added.

Replying to a question about K-Electric, the power minister said the privatised utility should increase investment in its system upgrade, recalling that Neptra had also penalised K-Electric for not giving desired results.

Earlier speaking at the workshop, Mr Ayub said Pakistan could not compete in the international market due to its high cost of energy from imported fossil fuels as the world had moved to alternative sources of renewable energy whose costs were continuously falling.

He said there were a lot of technical hurdles in the National Transmission and Dispatch Company and that the government would have to work on grid value of alternative energy. "The government is increasing dependence on the domestic resources to reduce electricity basket's price," he said, adding that an energy policy framework was being reviewed on the basis of fresh analysis of energy demand and supply situation for long-term policies and predictability.

The participants in the workshop asked the government to extend the existing Renewable Energy Policy-2006 until the new policy was developed or amendments were introduced to it, as this policy had been successful in attracting investment in renewable energy sector.

The session concluded that the policy framework should be announced for long-term without any cut-off dates and interim sudden policy changes should be avoided because that sent negative signals to the investors. There should be continuity of policies supported by an integrated energy plan for 20 to 25 years which should be updated regularly.

It observed that renewable energy tariffs were reducing and already low tariffs had been achieved in Pakistan.

Inducting more RE power will impact the economic situation in a positive way by reducing the petroleum bill that reached \$12.9 billion last year and is expected to increase this year and years ahead due to increase in global oil prices.

The participants were of the opinion that a detailed realistic demand analysis should be carried out keeping in view growth rate and accordingly renewable energy targets needed to be set out in energy mix of the country. Grid constraints need to be addressed on priority basis to enable smooth injection of renewable power.

The Newspaper's Staff Reporter