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ECC defers planned power tariff hike



ISLAMABAD: The Economic Coordination Committee (ECC) of the federal cabinet yesterday deferred a decision to increase the nationwide electricity tariff until its next meeting, with Finance Minister Asad Umar instructing the Power Division and National Electric Power Regulatory Authority (NEPRA) to first work out how poorer consumers would be protected.

The ECC meeting, chaired by Asad, decided in principle not to pass on the burden of the almost Rs1.2 trillion circular debt to end-users, a participating senior official told The News.

Despite earmarking Rs149 billion for power subsidies in the ongoing fiscal year, the government is considering to hike the power tariff by some Rs 3.40 per unit, on the basis of NEPRA recommendations.

Consumers currently help to finance the burgeoning circular debt by paying three surcharges, averaging Rs2.35 per unit, imposed on electricity bills in 2014. They include surcharges for tariff rationalisation and financing costs, as well as a 10-paisa surcharge

for the Neelum-Jhelum hydro-power project which would be dropped upon its completion.

Collectively, they generate Rs100 billion a year to service power sector loans and subsidies for the poor, so as to ensure a uniform tariff across the country and investment for expansion of the power sector.

The senior official told The News that Asad Umar wanted the Power Division and NEPRA authorities to focus on maintaining the targeted subsidy to protect underprivileged consumers from the forthcoming tariff hike.

The finance minister also told the participants of the ECC that export-oriented industries would be exempted from any surge in power tariff, as was done when increasing the gas tariff recently. The textiles, carpet, surgical, leather and sporting goods industries stand to benefit from a 25 percent reduction in their power tariff, tantamount to Rs3 per unit.

The ECC meeting participants were briefed on various scenarios for the proposed electricity tariff increase for various consumer categories, amounting to subsidies ranging between Rs114-266 billion.

Approving a proposal by the Ministry of Energy for tariff rationalisation, the ECC directed the NEPRA and Power Division to prepare a comprehensive plan for improved service delivery, including the reduction of transmission and distribution losses and the maximum possible recovery of billions of rupees in arrears owed by consumers.