



Another possible hit on power tariffs awaits govt's nod

Page No.10 Col No.03

ISLAMABAD: With Rs2 per unit increase in electricity rates awaiting notification, the government may have to swallow another bitter pill of passing on Rs180 billion worth of additional burden on consumers of distribution companies (Discos) of ex-Wapda very shortly.

The National Electric Power Regulatory Authority (Nepra) on Friday concluded the public hearing on quarterly adjustments for fiscal year 2017-18 power purchase prices (PPP), hearing requests of six distribution companies.

The joint public hearing of six Discos was presided by Chairman Nepra Tariq Saddozai including members from Punjab and Balochistan, Saif Ullah Chatha and Rahmatulla Baloch respectively.

The prime minister has already given a go ahead for notification of base tariff for Discos for the year 2015-16 that would have an impact of about Rs2 per unit or Rs200bn on existing power rates.

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Post completion of the hearing process, an official explained that the additional impact of the prior year adjustment (PYA) for fiscal year 2017-18 on account of difference in PPP for four quarters was mostly arising out of the increased net hydel profit to the provinces.

He said the total impact of hydel profit for all the four quarters of last fiscal year was estimated to be at about Rs250bn but since Rs70bn had already been made part of the consumer tariff, the net additional impact would be about Rs180bn.

He said that the technical and financial teams of the Nepra would now conclude their working on the basis of public hearings by Friday night. He said it was hoped that the final determination would be issued over the weekend.

The regulator heard individual requests of six distribution companies from Gujranwala, Multan, Peshawar, Hyderabad, Sukkur and Quetta.

Their PYAs for 2015-16 were notified by the federal government on 22 Mar, 2018. The notified determinations provide mechanism for quarterly adjustments on account of PPP.

The tariffs for other four companies-Lahore, Islamabad, Faisalabad and Tribal areas-have already been concluded as part of multi-year tariff.

Nepra has also determined tariff of Gepco, Mepco, Pesco, Hesco, Sepco and Qesco for the fiscal year 2017-18 which was intimated to the federal government for notification. The regulatory body, considering the fact that fiscal year 2017-18 had already lapsed, decided to consider the impact of PYA during the proceedings.

Six Discos have sought PYA against capacity payments, operations and maintenance, use of system charges and transmission and distribution losses other than fuel component. Islamabad Electric Supply Company (Iesco), Lahore Electric Supply Company (Lesco), Faisalabad Electric Supply Company, have already been allowed PYA recently.

On Friday, Nepra also heard PYA requests of eight power distribution companies. The representative of Pesco sought PYA of Rs17.839bn, Mepco Rs23.50 bn, Hesco Rs15.453 bn, Sepco Rs6.158bn, Gepco Rs10.464bn and Qesco Rs9.9bn.

On query of chairman Nepra about adjustment of two quarters in annual tariffs, a senior official clarified that tariff determinations have already been sent to federal government in July 2018 for notification.

A Pesco representative requested Nepra to determine company's PYA separately and delink it from regular tariff so that direct recoveries could be made from consumers saying the petroleum division was already evolving a mechanism for such a dispensation. However, chairman Nepra turned down the request, mentioning that the law did not allow for such determination.

Chairman Nepra was of the view that PYA would be notified in the tariff, adding that if one company was to be allowed this mechanism; such precedent will deteriorate the analogy of uniform tariffs across the country. He further stated that Discos could only charge fuel price adjustment directly from the consumers. He said Nepra was giving PYA adjustment on quarterly basis in accordance with its own guidelines.
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