<p style="text-align: justify;" />ISLAMABAD: The Planning Commission has asked the incoming PML-N government to implement a national plan for removing woes of the power sector including adjusting electricity bills of provinces and defense installation at source. </p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">It has also recommended a new anti-theft law with heavy penalties to fix the problems of the cash-bleeding sector.The Planning & Development Division has developed a detailed way-forward to come out from the lingering acute power outages and will present its recommendations before the upcoming government when it is sworn in in a few days.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The Commission would ask for implementation of a national plan to improve tariff collection with necessary legislation and imposing penalties against violators.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">�We will recommend outsourcing of high loss feeders for tariff collection, introducing pre-paid smart metres, promulgate anti-theft law, adjust electricity bills of provinces/defense installations at source with federal government and assign priority of supplies to Discos with lower load shedding in areas with improved collection and lower losses,� senior official sources confirmed to The News on Sunday.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">A top leader of PML-N, who is going to get an important slot in the incoming cabinet, said his party had devised implementable plan to combat the lingering power crisis and they would tackle this complex issue effectively. �You will see a lot of improvement in this regard,� he said.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">However, the Planning Commission (PC), the official said, would also recommend revision in tariff regime by rationalising domestic sector tariff. It asked the government to increase lifeline slab to 100 Kwh/month/consumer and remove minimum charge of Rs75 per month with a direct subsidy mechanism.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">�The PC also asked the government to increase power tariffs beyond 100 Kwh per month and introduce an industrial tariff category with 50 percent premium for guaranteed uninterrupted supply,� said the official.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">There is also need to devise a mechanism for recovery to deal with the costs incurred outside Nepra domain such as fuel adjustment, interest for late payments and GST.Dwelling upon major issues, the official said that for overall power sector, the average base applicable tariff stood at Rs9/Kwh which is 66 percent below the recovery cost as determined by Nepra. An additional amount of over Rs2 per Kwh is being charged as Fuel Adjustment Surcharge (FAS) which is actually not being recovered.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">�If increased fuel costs are merged into the base tariff, the estimated average Nepra-determined tariff increases to Rs16 per Kwh. Without a matching increase in notified tariffs, the difference between the applicable and cost recovery tariff increases to over 75 percent,� said the official.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">To remove bottlenecks of supply efficiencies, the PC is of the view that Pakistan�s power tariff could not go up perpetually eroding both affordability and competitiveness by industry and businesses.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The power costs increased owing to a gradual shift from hydel to thermal as share of hydel has fallen from 70 percent in the 80s to 30 percent and now the recent shift from natural gas to furnace oil has further deteriorated the situation and put pressure in terms of cost escalation for power generation.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">There is a need to achieve substantial reduction in generation cost by minimising furnace oil-based generation in the short to medium term, moving to hydel and coal for base load power over the

medium to long term, reducing the rapidly increasing cost of furnace oil based generation by converting steam fired plants to coal, ensuring least cost generation mix as part of investment and operational planning for the power sector and implement LNG import project on an urgent basis.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">To enhance generation capacity, the PC recommended implementation on capacity addition envisaged in the draft 10th Five Year Development Framework by generating 11,000 MW by investing $21 billion, of which $8 billion comes from the private sector to generate 5,400 MW electricity.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">In the wake of growing shyness of investors to invest in Pakistan�s power sector owing to variety of reasons including perception problems as well as monster of circular debt, the Planning Commission asked the government to outline a comprehensive plan with source of funding, schedules and enforcement strategies and reflect realistic targets.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The government, according to PC, will have to prioritise its investment required for generation and distribution infrastructure, promote public-private partnership, introduce special purpose vehicles, revitalise privatisation programme and ensure timely commissioning of 7,600 MW which is in process by IPPs by 2017.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">On regulation side, the PC recommended the government to expedite amendment of Nepra Act to empower the regulator to notify all determined tariffs and Nepra�s structure should be changed with induction of professionals as additional members.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Nepra should be activated as a proper regulator along the lines of State Bank of Pakistan so that it can regulate sector governance to control costs, monitor losses and thefts and ensure a competitive market. The regulator should introduce a tariff research cell to evaluate tariff restructuring to minimise subsidies and it should advice the ECC on the sector operational status on monthly basis and future outlook on quarterly basis.

Courtesy: �The News</p>