

SENATE OF PAKISTAN



(REPORT NO. 01 of 2022)

REPORT OF THE SENATE STANDING COMMITTEE ON POWER

ON

**THE POINT OF PUBLIC IMPORTANCE REGARDING “INCREASE IN
FUEL PRICE ADJUSTMENT ON ELECTRICITY BILLS”, RAISED BY
SENATOR FIDA MUHAMMAD IN THE SENATE SITTING HELD ON
27TH DECEMBER, 2021.**

PRESENTED BY

SENATOR SAIFULLAH ABRO

**CHAIRMAN
Standing Committee on Power**

SENATE SECRETARIAT

Report of the Senate Standing Committee on Power on the Point of Public Importance regarding "Increase in Fuel Price Adjustment on Electricity Bills", raised by Senator Fida Muhammad in the Senate sitting held on 27th December, 2021.

I, Senator Saifullah Abro, Chairman of the Senate Standing Committee on Power, have the honour to present report, on behalf of the Committee, on Point of Public Importance regarding "Increase in Fuel Price Adjustment on Electricity Bills", raised by Senator Fida Muhammad in the Senate sitting held on 27th December, 2021, and referred to the Standing Committee for consideration and report.

2. The composition of the Committee is as under: -

i.	Senator Saifullah Abro	Chairman
ii.	Senator Fida Muhammad	Member
iii.	Senator Syed Shibli Faraz	Member
iv.	Senator Saifullah Sarwar Khan Nyazee	Member
v.	Senator Zeeshan Khanzada	Member
vi.	Senator Prince Ahmed Umer Ahmedzai	Member
vii.	Senator Sana Jamali	Member
viii.	Senator Haji Hidayatullah Khan	Member
ix.	Senator Bahramand Khan Tangi	Member
x.	Senator Syed Muhammad Ali Shah Jamot	Member
xi.	Senator Muhammad Talha Mahmood	Member
xii.	Senator Hafiz Abdul Karim	Member
xiii.	Senator Muhammad Asad Ali Khan Junejo	Member
xiv.	Senator Ahmed Khan	Member
xv.	Minister for Energy (Power Division)	Ex-Officio Member

3. The Committee considered and discussed the Point of Public Importance in its meeting held on 14th February, 2022. The following members of the Committee and Mover attended the meeting: -

i.	Senator Saifullah Abro	Chairman
ii.	Senator Fida Muhammad	Member / Mover
iii.	Senator Syed Shibli Faraz	Member
iv.	Senator Saifullah Sarwar Khan Nyazee	Member
v.	Senator Zeeshan Khanzada	Member
vi.	Senator Bahramand Khan Tangi	Member
vii.	Senator Hafiz Abdul Karim	Member

4. Senator Fida Muhammad briefed the Committee that marble industries are closed for the last two months in Khyber Pakhtunkhwa due to high rate of fuel price adjustment (FPA)

in electricity bills. The bill generation from marble industries was of Rs. 7 billion per month. Around 124000 labours are also unemployed. The surcharge & sales tax was also applied in their bills. He further stated that area of ex-FATA / PATA which was exempted till June, 2023 was also included in it. The representative of CPPA-G briefed the Committee about the mechanism of FPA and electricity Bill in detail. He informed that NEPRA determine and notify the FPA rates. The FPA was applicable for one month only. In current month bill, FPA of previous month bill was charged with 2 months lag. In bill of December, 2021, the FPA of October, 2021 was being charged. It was observed that at start of winter season current month electricity bill of domestic Non-Tou consumers reduced significantly due to low consumption. The FPA of October, 2021, consumption which was comparatively high result in high FPA as compared to current month bill.

5. He further briefed that actual fuel component for October, 2021 was Rs. 9.9179/ kWh. The corresponding reference fuel charge was Rs. 5.1733/ kWh. The increase in fuel price adjustment for the month of October, 2021 was Rs. 4.7446 kWh. He further told the Committee that increasing trend in Fuel Price Adjustments was on account of escalation in fuel prices in the international market. The RFO was Rs. 54,484/ M.Ton and Coal (HSR) & Coal (PQ) was Rs 12,084 / Ton.

6. Senator Fida Muhammad further stated that extra charges / taxes are also included in the Bill. The representative of CPPA-G informed that it was the retrospective effect taken by the FBR. The Member further stated that according to the 25th Amendment of the Constitution of Pakistan, 1973, ex-FATA / PATA area was exempted from taxes till 30th June, 2023. The Secretary, Power Division informed the Committee that only domestic tax was free in tribal areas including ex-FATA / PATA. Mr. Basharat Ali, CFO, PPMC also informed the Committee that electricity rates are notified tariff in which subsidy was allowed in domestic tax from GoP and GST was exempted from 2018 till 2023. Senator Fida Muhammad asked again whether it was written in the notification that it was domestic or commercial tax. The CFO, PPMC informed that it was not written in the notification.

7. The representative from small industries also briefed that the implementation of FPA was retrospective and law does not allow it. If the new tariff was applied then NEPRA need to suspend the previous tariff. The recovery in retrospective was totally illegal.

8. The Chairman Committee stated that that Act was passed in 2018 then why ex- FATA / PATA industries are complaining now as they have also paid the Bills earlier. It was informed that earlier the FPA rates were bearable now they are very high to be paid by the owners of small industries. The half Marble industries are in ex-FATA / PATA area and half are in settled area. The tax concessions were given to ex-FATA and PATA. It must be checked as per rules and policy of federal government in this case.

9. Mr. Tauseef Farooqi, Chairman, NEPRA also briefed the Committee that these small industries have paid FPA since 2018 but due to increase in international prices they are complaining about it. They went to the Court and Court did not give them stay Order. The

Chairman, NEPRA then asked them to come to NEPRA and then Authority of the NEPRA will decide on it accordingly. The Secretary, Power Division also informed the Committee that Prime Minister of Pakistan was also on board on this issue and Power division has already asked NEPRA to average out the previous year projected figures of FPA and new figures will be finalized with NEPRA for commercial businesses. Senator Zeeshan Khanzada asked about the solution to this issue. The Secretary, Power Division informed that a request must be made from these owners and it will be discussed with the Secretary, M/o Industries & Production and Cabinet as well.

10. The Chairman Committee stated that electricity Bill of Rs. 7 billion must be paid by these small industries and late payment surcharge will be paid later as these industries must start their work. Senator Fida Muhammad suggested of taking payment in three instalments. . In this regard, the Committee made the following recommendations:

- i. The Committee unanimously decided and directed Chairman, NEPRA to amicably resolve the issue with the owners of small industries and submit a report in this regard.
- ii. The Committee unanimously decided and directed the Secretary, Power Division to submit the report regarding the finalization of projected figures of FPA with NEPRA.
- iii. The Committee unanimously decided with the consent of CEO, PESCO and Secretary, Power Division and directed the CEO, PESCO that three installments plan will be paid by owners of small industries and decision regarding surcharge will be taken by PESCO on a later date.

11. After thorough discussion on the Point of Public Importance raised by Senator Fida Muhammad, the Committee disposed-of the matter.



(BUSHRA RAFIQUE)
Deputy Director / Secretary Committee



(SENATOR SAIFULLAH ABRO)
Chairman, Standing Committee on Power

Islamabad
The 14th February, 2022