

SENATE OF PAKISTAN



REPORT OF THE SENATE STANDING COMMITTEE ON POWER

ON

POINT OF PUBLIC IMPORTANCE REGARDING THE INCLUSION OF
IPPs FEE IN THE ELECTRICITY BILLS BY PESCO IN KHYBER
PAKHTUNKHWA WHEREAS NOT A SINGLE UNIT OF ELECTRICITY
IS BEING PRODUCED BY IPPs IN THE PROVINCE OF KHYBER
PAKHTUNKHWA.
MATTER RAISED BY SENATOR AIMAL WALI KHAN IN THE HOUSE
ON 9TH SEPTEMBER, 2024

PRESENTED BY

SENATOR MOHSIN AZIZ
CHAIRMAN SSC ON POWER

SENATE SECRETARIAT

I, Senator Mohsin Aziz, Chairman Senate Standing Committee on Power, have the honor to present report of the Committee on a point of public importance raised by Senator Aimal Wali Khan in the House on 9th September, 2024 regarding the inclusion of IPPs fee in the electricity bills by PESCO in Khyber Pakhtunkhwa whereas not a single unit of electricity is being produced by IPPs in the province of Khyber Pakhtunkhwa. The matter was referred to the Senate Standing Committee on Power for consideration and report.

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

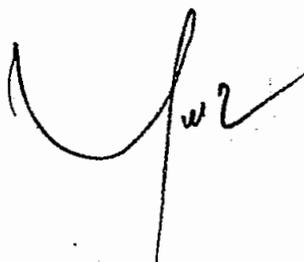
1. Senator Mohsin Aziz	Chairman
2. Senator Syed Shibli Faraz	Member
3. Senator Syed Kazim Ali Shah	Member
4. Senator Taj Haider	Member
5. Senator Mir Dostain Khan Domki	Member
6. Senator Rahat Jamali	Member
7. Senator Manzoor Ahmed	Member
8. Senator Haji Hidayatullah Khan	Member
9. Senator Muhammad Qasim	Member
10. Senator Muhammad Aslam Abro	Member

3. The Committee considered the matter in its meeting held on 5th November, 2024.

The meeting was attended by the following:

1. Senator Mohsin Aziz	Chairman
2. Senator Taj Haider	Member
3. Senator Haji Hidayatullah Khan	Member
4. Senator Rahat Jamali	Member
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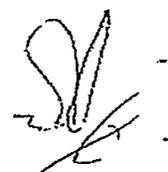
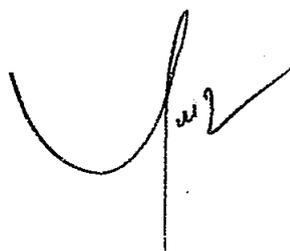
4. The Mover was not present but Senator Haji Hidayatullah Khan stated that he will represent the Mover as he has the instructions from him.



5. The Committee discussed the matter of Point of Public Importance regarding the inclusion of IPPs fee in the electricity bills by PESCO in Khyber Pakhtunkhwa, whereas, not a single unit of electricity was produced by IPPs in the province of Khyber Pakhtunkhwa. The Committee was told that the cost of electricity produced by Khyber Pakhtunkhwa is approximately less than Rs. 4 per unit, whereas, the per unit cost of electricity received in return from WAPDA becomes Rs. 60.

6. The Committee questioned why Khyber Pakhtunkhwa (KPK) should bear the capacity payments for Independent Power Producers (IPPs), given there are no IPPs in the Province? The representative of the Ministry of Power responded that the Federal Government is obligated to treat all citizens fairly and implement a uniform tariff across Pakistan. NEPRA being the independent regulator, determines this tariff by averaging the costs from all energy sources, creating a "basket price" that applies to all regions. Additionally, during low hydrology periods e.g. winter, KPK relies on power generated in other parts of the country to maintain a stable supply, facilitated by the National Power Control Centre (NPCC).

7. The Committee observed that Khyber Pakhtunkhwa produces 6000 MW, exceeding its own requirements, and as per Article 158 of the Constitution, the Province should be benefitted as the producer of this resource. In reply, the Ministry responded that IPP locations do not receive special benefits and that a uniform tariff is applied nationwide to avoid regional disparities in electricity and gas prices. The Committee was of the view that Provinces producing natural resources should receive corresponding benefits. The Committee observed that when LNG was introduced, it was supplied to



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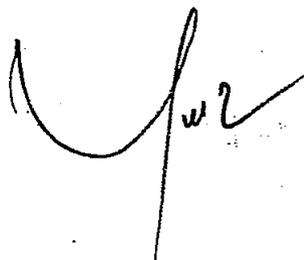
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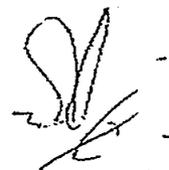
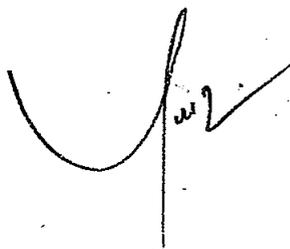
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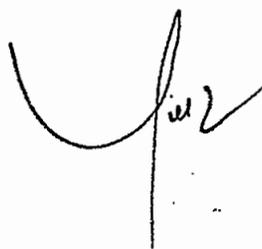
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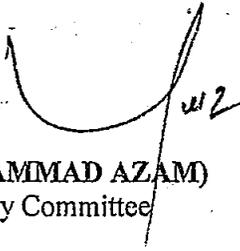
high-demand provinces, like Punjab, despite it being a non-producer so a similar policy should apply to natural gas, giving priority to producer Provinces. The Committee Chairman highlighted that electricity from Thar, Sindh costs only Rs. 4.50 per unit, and transitioning to coal gasification could further reduce costs, making fertilizer production cheaper. The committee urged a policy revision to ensure equitable resource benefits for producer provinces.

8. The Committee also highlighted the need to address pricing issues for gas and water, noting that the Constitution allows the Government to regulate these prices, which include a basic cost and additional government charges. Khyber Pakhtunkhwa receives payments under a "net profit" model, but discrepancies in tariffs particularly for water is a concern. Disputes over rates sometimes lead to non-payment, disrupting the system. To address this, the Committee recommended revisiting the payment structures to ensure transparency, considering a uniform tariff system to standardize payments, and clearing Khyber Pakhtunkhwa's outstanding balance after careful calculation. The committee also urged a policy revision to ensure equitable resource benefits for producer provinces.

9. The Committee disposed of the matter referred to it with the recommendation to revisit the payment structures to ensure transparency, considering a uniform tariff system to standardize payments, and clearing Khyber Pakhtunkhwa's outstanding balance after careful calculation. The committee also urged a policy revision to ensure equitable



resource benefits for producer provinces. The Committee also gave approval for presentation of report to the House.



(MUHAMMAD AZAM)
Secretary Committee



(SENATOR MOHSIN AZIZ)
Chairman Committee