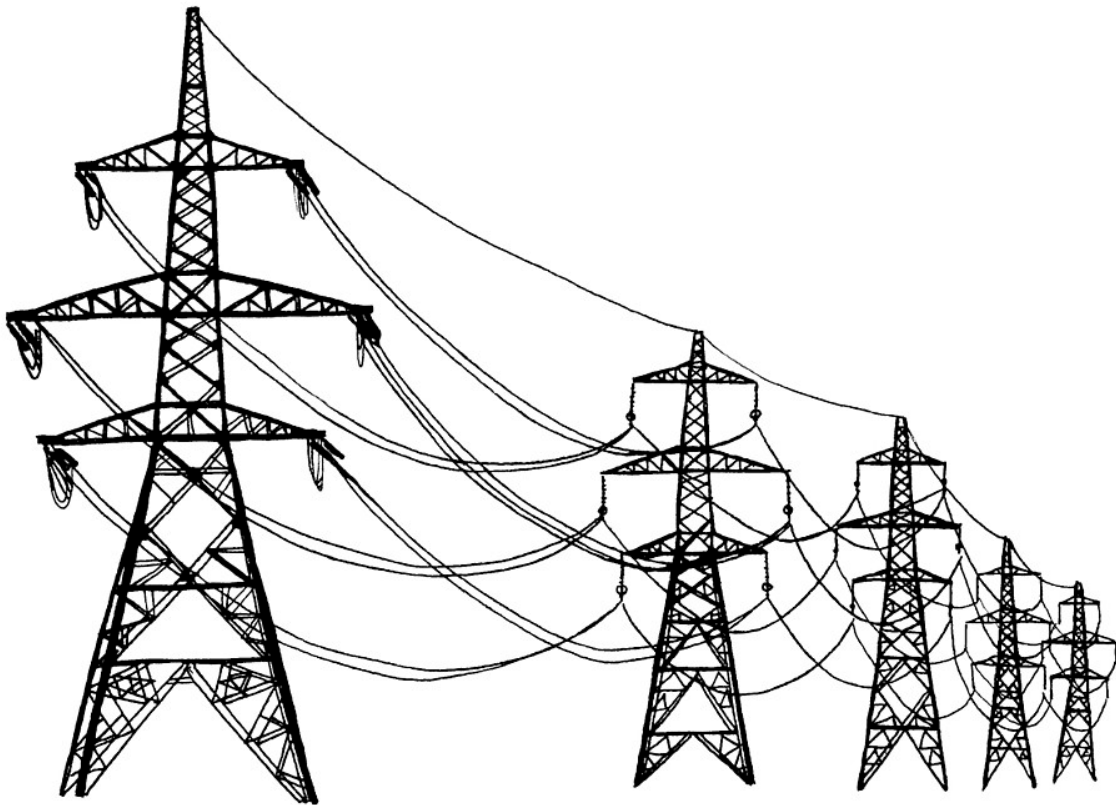


# NEWSCLIPPINGS

*JULY TO DECEMBER 2021*

## ELECTRICITY



## Urban Resource Centre

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### Who controls K-Electric?

KARACHI, a city of around 16 million, is the commercial and industrial hub of Pakistan. It has consistently remained the highest taxpaying city of Pakistan.



Electricity is the lifeline of any modern city. K-Electric has a monopoly over Karachi's electricity generation, transmission and distribution. Considering Karachi's size and commercial importance, it is difficult to overstate the significance of KE to Karachi and Pakistan's economy.

KE is generally viewed as an inefficient electric utility. During the summers especially, when the demand of electricity increases, KE's performance comes under severe criticism — the government promises severe action, courts take notice, but nothing actually changes at KE.

In Pakistan, every other issue becomes a national security concern — excluding some which actually carry national security implications. This list of exclusions, though small, includes KE. Pakistan has not bothered to seriously investigate who has effective control over KE and the legal consequences that flow from loss of control at KE. Irrefutable evidence is available in the public domain to confirm that as early as 2018, the control of KE was lost by the Abraaj Group which, as a consequence, obligated Pakistan to either take over KE or to appoint an administrator — astonishingly Pakistan remained passive.

*The authorities have not bothered to seriously investigate who has effective control over K-Electric.*

KE was privatised in 2005, when KES Power, a company registered in the Cayman Islands, acquired a 66.4 per cent stake in the company. The initial investors in KES Power were Al Jomaih Group of Saudi Arabia and Hassan Associates from Pakistan. Neither possessed notable experience in running electric utilities, let alone a vertically integrated electric utility of KE's size and complexity; hence, this privatisation was doomed from the start.

In 2009, certain private equity funds belonging to the Abraaj Group acquired control of KES Power. Although, KE is a listed Pakistani company, and listing signifies full disclosure, to date, no information on the actual ownership structure of KES Power is available in the public domain. All we know is that various funds from the Abraaj Group have a majority stake in KES Power — we do not know the names of those funds and whether or not there are any other investors in KES Power.

The name Abraaj Group was informally used for certain private equity funds and other companies set up by Mr Arif Naqvi, who is of Pakistani origin. Abraaj Holdings, registered in the Cayman Islands in 2002, was the top-level holding company of the Abraaj Group, and Mr Naqvi was its biggest shareholder and CEO. Abraaj Holdings solely owned Abraaj Investment Management, which was also registered in the Cayman Islands. Abraaj Group organised various private equity funds to which Abraaj Investment Management and Mr. Naqvi provided investment advice.

Abraaj Group attracted large investments for its private equity funds from several high-profile entities including the Bill and Melinda Gates Foundation, the US government's Overseas Private Investment Corporation and the World Bank Group. To outsiders Abraaj Group was a resounding success — in 2018, it was managing funds in excess of \$13 billion.

The reality was, however, quite different. According to the US Securities and Exchange Commission (SEC), by 2015, and continuing thereafter, Abraaj Holdings and Abraaj Investment Management, "were insolvent, lacking the legitimate income to cover basic business expenses such as employee salaries and other operating costs".

According to the SEC, during this period, these entities "used hundreds of millions of dollars of investor money" to avert defaults. SEC claims that despite its precarious financial condition, in 2015, the Abraaj Group paid to Mr Naqvi \$53.75 million and in 2016, \$19.5m as salary and bonus!

In early 2018, the Abraaj Group finally defaulted on its loans, which compelled two of its creditors to force its court-supervised restructuring. In June 2018, Abraaj Holdings and Abraaj Investment Management voluntarily declared bankruptcy and entered liquidation proceedings in the Grand Court of the Cayman Islands. PriceWaterhouseCoopers (PWC) were appointed the joint provisional liquidators of Abraaj Holdings, and Deloitte were appointed Abraaj Investment Management's joint provisional liquidator by the Grand Court of the Cayman Islands. New managers have taken control of some of Abraaj Group's funds. PWC and Deloitte were appointed to evaluate bids received for other Abraaj Group's funds.

Mr Naqvi is currently under house arrest in London pending his extradition to the US. In 2019, the Dubai Financial Services Authority fined two of the Abraaj Group's companies \$315m, and a UAE court in absentia sentenced Mr Naqvi to three years in prison.

These developments had serious legal consequences for KE. In 2009, Pakistan transferred the control of KE specifically to the Abraaj Group, which was lost in 2018, when Abraaj Group lost its control over KES Power. Now, KES Power is presumably controlled by provisional liquidators or new managers of Abraaj Group's funds. Since KES Power appoints the majority of KE's directors, a change of control of KE had clearly occurred way back in June 2018, which Pakistan unwisely ignored. Since 2018, KE is a rudderless ship, which explains its incredibly poor performance.

All governments jealously guard the ownership and control of companies involved in sensitive businesses. America has banned several Chinese communication companies citing national security concerns. In 2006, DP World, owned by the Dubai government, relinquished control over five US port terminal facilities when Americans opposed it on national security grounds. The question is why Pakistan allowed the control of KE to slip to liquidators? Nepra has the legal authority to suspend or revoke the licence of a licensee or to appoint an administrator if the licensee loses or relinquishes control — why was this power not exercised?

To prevent unauthorised change of control, there is always a clause in a contract which designates the bankruptcy, restructuring or change of control of the investor an event of default which allows the government to immediately take-over the company, appoint an administrator or to terminate the main acquisition agreement. This has remained a standard stipulation in other Pakistani privatisations and there is no reason why this clause would not be present in KE's privatisation agreements. The burden is on the state to explain why it allowed KE to play havoc with Karachi although it had the power to prevent it?

(By Mansoor Hassan Khan Dawn, 06, 16/07/2021)

### Non-filers to pay 7.5pc tax on power bills above Rs25,000

In line with the announcement of the federal budget for financial year 2021-22, residential consumers who are non-tax filers and have electricity bills of over Rs25,000 will be subject to a withholding tax of 7.5 per cent.

A spokesperson for K-Electric said that the tax was effective from July 1 and is applicable across Pakistan including KE's serviced territory.

He said that the withholding tax was only applicable on individuals showing as non-filers on the taxpayers' list maintained by the Federal Board of Revenue (FBR).

"Residential consumers will be subject to a 7.5pc withholding tax if their electricity bill is Rs25,000 or more for any month in the fiscal year," he added.

He said that industrial and commercial consumers with a monthly bill between Rs500 and Rs20,000 would be subject to a withholding tax of 10pc of the amount.

"For bills exceeding Rs20,000, commercial consumers will have to pay 12pc of the total amount with an additional fixed charge of Rs1,950, whereas industrial consumers will have to pay 5pc of the total amount with the same fixed charges," he added.

The KE spokesperson claimed that the current changes had been applied by the federal government on consumers of all distribution companies across Pakistan including those in Karachi and its adjoining areas. "We understand that consumers need additional information about the process. Therefore, we have educated our staff across our complete network of 30 customer care centres across Karachi to facilitate customers during this period. We urge our customers to ensure that they are included in the FBR's active taxpayer's list in order to claim this withholding tax in their annual returns."

He said that residential consumers were also encouraged to visit their nearest KE customer care centre in order to update their CNIC on their consumer bills.

(By Newspaper's Staff Reporter, Dawn, 13, 07/08/2021)

### Sharing power at the local level

Murtaza Wahab, the senator from Pakistan Peoples Party, has been made the administrator of Karachi. Notwithstanding his desire to see Karachi transformed into a civilised city with roads paved, sewerage intact, parks flourishing, and public transport adequately facilitating a highly populated city, the metropolis needs elected representatives and not some handpicked blue eyed boy for local governance.



Our leaders shout at the top of their lungs to have a democratic system in Pakistan, but their efforts hardly match the clamour. There are basic rules to democracy besides what we have come to attribute to it i.e. only freedom of speech. One of the integral rules of democracy, especially in a federation, is to decentralise and share power to maximise well-being through good governance. Our leaders on the contrary devise ways to avoid conducting local bodies' elections. It is just not in their bones to share power or to see power trickle down to enable the least essential person of the country to become important through political participation.

The same pattern is reflected in dealing with the elected representatives within the political parties. Every political party has developed a culture of making a kitchen cabinet that runs the party's affairs and, if in power, of the country. PPP had suffered from the wall built between the elite and the rest of the party, with the result that the party became irrelevant to its workers and die-hard supporters. The PML-N has been accused of the same behaviour, and according to the disenchanted elements within the party, Nawaz Sharif as prime minister and his brother, as the chief minister Punjab, were inaccessible to their ministers, leave alone the party workers. The party has been blamed for giving key posts to the close relatives of Sharifs.

The parliamentary system that we follow cannot be completed without the third tier in business. On the one hand, the politicians curse one another for not implementing the Constitution, especially the so-called 18<sup>th</sup> amendment that talks of devolution of power, and on the other, each one of them is keen to follow only that part of the Constitution that fulfills their narrow desires. This practice of selected obedience to the Constitution has made this august document subservient to the whims of the politicians.

The question is: what does the local government do? The city and municipal governments look after police department budgeting, education reform, lower-level courts, and local infrastructure. Although the federal government can address issues in these fields, its actions would lack the oversight required to deal with local issues. Moreover, in the absence of local government, the federal government's funding usually goes wasted because of no policy perspective backing the projects.

According to Mary Turck, an American writer and activist, "Politics and government start at the local level. Working together, people can demand better lighting on their streets, increased library hours or an end to public subsidies for stadium construction. Voters who succeed in affecting local government policy and electing their preferred candidates will feel more empowered to have a say on the direction of their state or country." The keyword is empowerment, which people start having once they elect candidates of their liking to run their neighborhood and communities.

Recently climate change has started becoming part of our political discourse mainly because of Prime Minister Imran Khan's interest in tree plantation to curb the adverse effects of climate change. The trend has shown that local governments are usually the best administrative unit to tackle climate breakdown. This is because of their unique knowledge of particular areas, track record in service delivery, and regulatory and procurement powers that can be easily translated into a well-defined policy prescription to drive carbon emissions reductions all over the country.

Unfortunately, the value of local elections is not as widely reflected in the media as in the General Election, whereas local elections have real consequences. The irony is that unless the Supreme Court of Pakistan weighs down on the governments, they do not feel the compulsion to give the people their constitutional right to appoint local government for a better living.

The biggest bottleneck to conducting local body elections is bureaucracy. I still remember once asking a bureaucrat about his government's failure for not prioritising local body elections. He shot back, saying that there was no need for local representatives in the presence of the administrative officers (DMG). So the politicians and bureaucrats are the duos that resist local representatives because then there would be the third split in the power and money pie.

Murtaza Wahab, being a senator, should be involved in policymaking through scholarly reading, observation, and debates rather than fixing street lights, managing drinking water, building and maintaining streets and bridges.  
(By Durdana Najam The Express Tribune, 15, 12/08/2021)

### One dies from electrocution as heavy rain lashes Karachi

A man was electrocuted as the metropolis received intermittent rain with brief heavy spells on the third consecutive day on Friday wreaking havoc on the ill-maintained civic infrastructure, fragile transmission and distribution system of the K-Electric as well as the vehicular traffic on major thoroughfares.



The maximum rainfall — 66.7 millimetres or 2.62 inches — was recorded in Saadi Town.

With more rain expected today, a spokesperson for the Board of Intermediate Education Karachi announced that all inter exams scheduled for Saturday (today) had been postponed and their new date would be announced later.

The rain began in the first half of the day and continued intermittently till late in the night. Roads were submerged by rainwater in almost every part of the city, especially in the low-lying areas where desilting work on major storm-water drains was still incomplete.

Police said that a man, identified as Sajid Lodhi, 45, suffered an electric shock and died near Chapal Gali in the Lighthouse area.

*Residents experience traffic jams, power failures; inter exam scheduled for today postponed*

Risala SHO Amir Ikram claimed that Lodhi was a drug addict and he got electrocuted while trying to steal an electric bulb.

A spokesperson for KE said that initial findings suggested that the incident occurred inside a building where the man was electrocuted by coming into contact with internal wiring while reportedly attempting to cut the wires.

#### Traffic mess on city roads

The flow of traffic started slowing down within the first hour of the downpour in the first half of the day. It turned worse later and took hours to ease up due to multiple reasons including ongoing development works on some thoroughfares, non-functioning of several traffic signals and absence of traffic policemen from some intersections.

Long queues of vehicles started forming on main roads mainly due to flooding of different arteries. The Karachi traffic police through its radio services and broadcast media advised the commuters to take alternative routes.

In an advisory issued in the evening, the traffic police cited 17 key points in the city where the movement of vehicles was facing issues due to accumulated rainwater on roads.

These key points included Baitul Mukarram Masjid on University Road, NIPA, Safari Park, Safoora Chowrangi, Hassan Square, New Town, Jail Road, Sharea Faisal, Saima Mobile Mall, Rashid Minhas Road, Teen Talwar, 26 Street in Defence Housing Authority and Karsaz.

#### Power failures

Power supply in several parts of the city got disrupted as soon as the rain began and took hours to restore. However, K-Electric claimed that the downpour did not affect its operation to a large extent.

"Power supply to major parts of the city continues during the current rains. Power supply is ongoing through 1,769 out of 1,900 feeders," the KE claimed in an announcement posted on its social media platforms.

"Citizens are advised to continue observing precautionary measures and maintain a safe distance from electricity infrastructure in case of a downpour to avoid any untoward incident," a KE spokesperson added.

#### More rain expected today

The city's weather is likely to remain partly cloudy with chances of light to moderate rain/thunderstorm in the next 24 hours, the Met department stated.

The minimum and maximum temperature is expected to range between 27 and 35 degrees Celsius, respectively.

"There might be heavy falls in some places on Saturday as we saw today in Saadi Town. However, the system is likely to subside by the evening and sea breeze returning to the city on Sunday," said city weatherman Sardar Sarfaraz.

The maximum and minimum temperature recorded on Friday was 28.5 degree Celsius and 33.5 degrees Celsius, respectively.

The maximum amount of rainfall was recorded in Saadi Town at 66.7mm followed by PAF Base Faisal 58mm, University Road Met Complex 55.7mm, Airport old area 49mm, Jinnah Terminal 46mm, North Karachi 35mm, PAF Base Masroor 32mm, Surjani Town 38.8mm, Nazimabad 16.3mm, Gulshan-i-Hadeed 25mm, Keamari 12.7mm, DHA Phase II 21.2mm, Quaidabad 28.5mm and Orangi Town 16.6mm.

**Administrator visits city areas**

Karachi Administrator Barrister Murtaza Wahab visited different parts of the city during rain. He visited Liaquatabad, Karimabad, Teen Hatti, Lasbela, Dr Ziauddin Ahmed Road, Karachi Gymkhana, University Road, areas in districts Malir and South to review the work to drain out accumulated rainwater.

He directed the officials of the Karachi Metropolitan Corporation to take all-out measures to drain out standing water so that it would not cause any inconvenience to the citizens and affect the flow of traffic.

(By Dawn Reporter 13, 04/09/2021)

**KE to collect two KMC taxes through electricity bills**

Sindh Chief Minister Syed Murad Ali Shah has decided to evolve a mechanism for collecting two of the taxes of Karachi Metropolitan Corporation through electricity bills so as to ensure their maximum recovery.

He said at a joint meeting of KMC and K-Electric officials at CM House on Wednesday that he was working to make Karachi's local bodies financially stable so that they could serve citizens from their own resources.

KMC Administrator Barrister Murtaza Wahab informed the chief minister that the KMC collected 13 taxes from people living in its limits. "Out of the 13 taxes, the KE may collect Fire Tax and Conservancy Tax through its bills," he said and disclosed that the KMC hardly collected Rs220 million annually through both the taxes.

The chief minister said that he was working to strengthen the local bodies of Karachi financially so that they could serve the citizens from their own resources. "The KMC used to be a well-off organisation but it has [been] crippled financially for the past one decade," he said.

KE chief Moonis Alvi said that the power utility had no objection to collecting the taxes on behalf of the KMC but he would have to seek permission from the federal government.

***Murad orders police top brass to purge black sheep within their ranks***

The chief minister said that he would get him [KE] necessary permission from the federal government and directed the energy minister to get the paperwork done for the purpose.

**Law and order**

At another meeting on law and order, the chief minister appreciated performance of police in busting major gangs of drug dealers and smugglers and directed the department to purge itself of black sheep.

"I have reports that some of the policemen are working as facilitators for the drug dealers and their presence in the police department is bringing bad name to the reputation of police service. They, therefore, must be combed out and brought to book," he added.

The chief minister assigned special tasks to police to conduct operations against drug dealers and curb crimes against women, children and minorities.

IGP Mushtaq Mahar presented last 10 days (Aug 21 to 31) report to the chief minister and said overall five cases were registered against crimes against minorities, 22 cases of offenses against women, nine cases of crimes against children, 198 cases against trade in contraband and 798 cases against drug mafia.

The chief minister appreciated police for its performance against drug mafia and said it would also reduce street crime as most of the street criminals were members of drug mafia.

He said that that he had received intelligence reports that some of the policemen were working for drug mafia and some others had become their facilitators.

Shah directed the IGP to ask his DIGs to hold meetings with SHOs and task them with curbing crime against minorities, women, children and drug mafia and maintain overall law and order in their respective areas.

**KMC, KDA disputes over parking lots settled**

The chief minister resolved disputes between KMC and Karachi Development Authority (KDA) over ownership of parking lots at a meeting he chaired on Wednesday and directed them to withdraw their cases from the courts.

KMC administrator informed the meeting that a dispute between KMC and KDA was going on in court over the ownership of a parking lot at Bara-Dari which was rented out to a local hotel for Rs3.5 million a year.

The LG minister said that the plot belonged to the KMC as defunct city district government had constructed the underground parking lot. In those days, the KDA was part of the city government. "The matter has been in court for past many years and the rent is being deposited in court," he said.

The chief minister decided that the land on which the parking lot had been developed belonged to the KMC, therefore, it should take over the area. Another dispute between KMC and KDA was over the ownership of Parking Plaza in Saddar, said the administrator.

The LG minister said that the land on which the Parking Plaza had been constructed belonged to KDA and expenditure incurred on the construction was taken from the city government funds. On this the chief minister decided that since the landowner was the KDA, therefore, the parking plaza should be handed over to the KDA.

The chief minister on the request of the local government minister vowed to give a grant to the KDA to bail it out of present financial crisis. He had given Rs500m grant to KDA last year, said the CM.

Shah directed KDA to remove encroachments from its lands and develop projects in the interest of public and its own finances.  
(By Newspaper's Staff Reporter, Dawn, 12, 09/09/2021)

### **Affordable power**

PEOPLE need reliable and affordable electricity. While the government has for the most part contained long blackouts — thanks to the addition of new and large generation projects under the multibillion-dollar CPEC initiative in the last few years — it still is struggling to tackle affordability issues. Power tariffs in the country remain stubbornly high, no matter what the government says or does. A media report the other day claimed that power prices in the PTI's three years of rule so far have surged by a whopping 30pc. The PTI leadership blames the expensive power purchase agreements the previous government had made with the generators for high electricity tariffs, which is true, but only partially.

It is correct that the capacity payments, or fixed costs, paid to the generation companies form the bulk of power tariffs in Pakistan, and that the consistent increases in such payments with the addition of new generation capacities are proving to be a major impediment to ensuring affordable retail electricity prices. At the same time, losses on account of transmission and distribution inefficiencies, as well as widespread power theft, constitute a big part of retail tariffs for households, industry and other consumers. In other words, electricity prices will continue to remain at elevated levels unless the government improves power transmission and distribution. That is not all though. The 50pc increase in generation cost — which is passed on to consumers on a monthly basis — in the last one year owing to surging international coal, gas and oil prices underlines the need to encourage cheaper solar and wind power sources. With baseload energy already ensured, a shift to renewable power in order to reduce retail electricity prices should not be too difficult. Indeed, the incumbent government has recently taken a few initiatives to reform the power sector and slow down the build-up in circular debt. However, it has yet to come up with a holistic plan to restructure the entire power-sector supply chain to ensure affordable electricity to consumers.

(By Editorial, Dawn, 06, 14/09/2021)

### **Sindh cabinet allows KMC to sign MoU with KE on tax collection through electricity bills**

The Sindh cabinet on Thursday allowed the Karachi Metropolitan Corporation (KMC) to sign a memorandum of understanding (MoU) with the K-Electric authorising the power utility to collect conservancy and fire taxes through electricity bills.

Chaired by Chief Minister Syed Murad Ali Shah at CM House, the meeting was attended by all provincial ministers, advisers, special assistants, chief secretary and secretaries of the departments concerned.

Administrator KMC Murtaza Wahab briefed the cabinet about the proposed collection of the taxes and said their rates would be reduced to ensure minimum burden on citizens. He said the objective was to financially strengthen the KMC.

The cabinet approved an amendment to the Rule-4 of the Fisheries Rules 1983 to extend validity of fishing licence from one year to three years. It also approved an amendment to the Education City Act 2013 to appoint Higher Education Commission Sindh's chairman as the chairman of the Education City Board in place of the chief minister, who appeared unable to hold the board's meetings due to his busy schedule.

*Issue of provincial renewable energy projects to be referred to parliament's joint session*

#### **Sister cities**

The cabinet was told that to commemorate the 70th anniversary of Pakistan-China diplomatic relations, the Sindh government had decided to declare Sindh and Hubei province of China "sister provinces".

It also approved the "sister city" relationship of Karachi with Shenyang, Tianjin and Chongqing; Badin and Sukkur with Kunming; and Thatta with Zhanjiang.

Developing the Khan Chowranghi, Clifton, as "Pak-China friendship square" was also approved.

#### **Procurement of buses**

Transport Minister Awais Qadir Shah told the meeting that the chief minister had already allocated Rs8 billion in 2020-21 and Rs6.4 billion in 2021-22 budget for the procurement of 250 diesel hybrid electric buses under the Sindh Intra-district Peoples Bus Service Project for Karachi, Hyderabad, Sukkur, Larkana, Mirpurkhas and Shaheed Benazirabad.

The cabinet approved awarding of the project to the NRTC to procure the buses by December 2021 and invest Rs3 billion on the development of infrastructure, such as depots and bus stops, and operate the buses.

#### **Subsidy to farmers**

Adviser to the CM on Agriculture Manzoor Wassan told the meeting that the federal government had approved subsidies to farmers during the Kharif crop 2021. He said that the subsidy on fertilizers (DAP) for rice and cotton would be given at a rate of Rs1,500 per acre against which the federal government would give 75 per cent (or Rs2.7 billion) and the provincial government would share 25 per cent (or Rs902 million). Similarly, subsidy on cotton and rice seeds as well as white fly control would be given at a rate of Rs1,200 per acre.

Mr Wassan said that the Board of Revenue (BoR) had collected the data of the farmers at taluka level and growers had been categorised in two slabs -- 1 to 16 acres and 16 to 50 acres. He said that Sindh Bank had designed an E-card and prepared a list of its designated branches for disbursement of the subsidies. He proposed "Peoples Hari Card" as the name of the E-card which was approved by the cabinet.

#### **NAB to be asked to allow wheat releases**

Food Minister Mukesh Kumar Chawla informed the meeting that a stock of 33,917.41 tonnes of wheat existed in the warehouses of Naushahro Feroze and Kashmir. He said the food officials concerned had stored the grain without the department's approval and, therefore, the National Accountability Bureau (NAB) had sealed the warehouses.

The cabinet authorised the food minister to hold talks with NAB in order to get the grain released.

**Alternate & renewable energy projects**

Expressing its serious reservations over the federal government's decision unilaterally amending the Alternate & Renewable Energy (ARE) Policy 2019 approved by the Council of Common Interest (CCI), the meeting noted that several cheap projects of Sindh were unfairly excluded and costly hydro power projects were included in the Indicative Generation capacity Expansion Plan (IGCEP).

The cabinet decided to refer the matter to a joint session of parliament.

"The federal cabinet or its committee on energy is not competent to amend any policy approved by the CCI," Chief Minister Syed Murad Ali Shah said.

Minister for Energy Imtiaz Shaikh, briefing the meeting on the issue said that the NTDC had submitted the IGCEP-2047 in April 2020 based on certain assumption sets but it was withdrawn following objections raised by the National Electric Power Regulatory Authority (Nepra). He added that after a public hearing, Nepra had directed the NTDC to update the plan.

He said that the federal energy ministry's power division presented the IGCEP 2021-30 Assumption Set to the Cabinet Committee on Energy (CCoE) on April 20, 2021 and the same was approved on April 22, 2021.

The meeting was told that the CCI in its 47th meeting approved the National Electricity Policy (NEP) on June 21, 2021 mandating that the IGCEP 2021-30 Assumption Set would be approved by the CCI. Accordingly, the assumption set was circulated among the provinces for the inputs/comments so that the same may be processed/considered.

The chief minister said the provincial government believed that federal government or CCoE could not unilaterally amend the ARE Policy 2019, which was approved by the CCI.

He said the presumed unilateral inclusion of hydel power in the ARE Policy 2019 would destroy the whole structure of the policy which was based on least cost and competitive bidding principles. Therefore, separate policy and targets should be introduced for Hydro projects, he suggested.

After a thorough discussion, the Sindh cabinet decided to refer the matter to a joint sitting of parliament.  
(By Tahir Siddiqui Dawn, 13, 24/09/2021)

**Base power tariff to rise by Rs1.39 per unit**

In a major move to revive inflows from the international lending agencies — IMF and the World Bank — the government on Friday announced a countrywide uniform increase in base electricity tariff and a moratorium on new gas connections in all ongoing schemes.

Addressing a news conference, Energy Minister Hammad Azhar said the decision to increase the base power tariff by Rs1.39 per unit was taken during a meeting between the World Bank management and Finance Minister Shaukat Tarin that he joined through Zoom link.

The minister said the increase in power rates had been necessitated by the expensive power projects contracted by the previous government — much beyond the country's needs. "Yet, we have not increased tariff as much as the international lending institutions insisted," he said.

The minister said the capacity payments contributing to circular debt stood at Rs185 billion a year in 2013, but increased to Rs470bn in 2018, hovered between Rs700 and 800bn at present and were projected to be around Rs2,500-3,000bn by 2030 because the projects were too expensive. He said the PTI government had not contracted a single project.

Without sharing numbers, the minister said the government had improved recoveries and reduced losses over the last two years but still there was a difference of Rs1.50-2 per unit between the cost of power and consumer tariff because the major contribution of about 80 per cent came from capacity payments, hence today's Rs1.39 per unit increase, to be effective on Nov 1.

Mr Azhar said the National Electric Power Regulatory Authority (Nepra) wanted Rs3.35 per unit increase in March but the government did not allow it and instead increased only Rs1.95 per unit. The remaining Rs1.39 per unit increase was delayed till now which would not be applicable to consumers using up to 200 units per month, accounting for almost 46 per cent of total consumers.

He said the decision had been referred to Nepra for notification.

In addition, the industrial support package was given to industrial sector about two years ago through elimination of peak rates and incremental power consumption on fixed rate of Rs12.96 per unit that was Rs5-7 per unit cheaper than normal rates. A similar seasonal tariff had now been offered to domestic and commercial consumers on incremental consumption, he said, adding the flat rate to industry had increased consumption by 15pc.

The minister said effectively the net tariff increase would be about Rs1.10 per unit because a 15 to 24 paisa per unit negative quarterly tariff adjustment was also expected to come into effect around same time.

**Ban on gas schemes**

Mr Azhar said the government had decided to put a moratorium on all ongoing schemes of new gas connections in the network of both Sui Southern Gas Company and Sui Northern Gas Company in view of depleting domestic gas flows and expensive imported gas.

He said the government would soon introduce amendments to the law to ensure weighted average cost of gas (WACOG) by putting together both imported and local gas and till such time no gas connection would be installed. "Until we have additional gas pipeline capacity and quantities, we will not announce network expansion and resumption of new connections for just few seats unlike the previous government," he said.

He said the PML-N had announced a lot of new connections ahead of elections knowing well gas production was declining and coming government would have to complete these schemes. Those schemes not completed so far, including 450,000 allowed last year, had been put on hold for now, he said. "We will commit new schemes when we will have additional gas," he said, adding the domestic gas production was depleting at the rate of 9pc and the government did not want to create another circular debt in gas sector like power sector.

Replying to a question, he said the government had not yet taken a final decision on gas tariff increase and hoped the introduction of WACOG would average out the need for gas tariff increase and would be staggered if it was unavoidable.

He said not only the gas production was declining but additional demand was also coming up because of new schemes.

He the government would soon change the priority order for gas supply by prioritising fertiliser sector. He conceded that 10 cargos each had been arranged for November and December instead of 12 in routine but said maximum efforts would be made to maintain supply situation at last year's level instead of further shortage. "Gas loadshedding would more or less be of the same as last year," the energy minister said. He said the combination of WACOG and construction of North-South Gas Pipeline and two additional terminals would gradually help address the gas sector challenges.

He said piped gas was available to no more than 28pc of population while remaining 70pc was dependent on alternative fuels. The gas companies could pump only 1200-1300 million cubic feet a present and the government had decided to meet requirements of industry and fertiliser plants, he said.

(By Khaleeq Kiani Dawn, 01, 16/10/2021)

### Political parties scramble for power in Karachi

It so appears that Karachi's politics, which is often described as tumultuous, has now shifted its focus to the regional level; mobilizing workers to draw greater support to 'empower the local government system.'

All political parties have jumped the wagon to strengthen their organizational structures in every area of the mega city. These efforts are intended to aid public relation campaigns at the union council and ward levels in advance of the forthcoming local body elections.

According to a survey conducted by The Express Tribune, Karachi's political landscape has seen multiple shifts since the 2018 general elections, which were responsible for sending the Imran Khan government down the federal slipway.

Prior to that, much of Karachi was officially or unofficially governed by the Altaf Hussain led Muttahida Qaumi Movement (MQM), often with an iron fist- which came to be iconised by the Liaqat Ali Khan Chowk in local lore.

While the symbol still stands today, the party that reigned supreme now appears to have frazzled out, leaving other political predators to compete for the space vacated by the once dominant MQM. Ever since then, various political outfits have been aiming for the mega city's throne; constantly conducting political activities in a bid to sink their roots.

They say wars are won by soldiers and politics is won by public support. However, striving for power in the financial capital is combination of both, going by which the parties also appear to be busy luring and recruiting eachother's workers all the while actively campaigning for public issues.

At present, Pakistan People's Party (PPP), Pakistan Tehreek-e-Insaf, Jamaat-e-Islami, Muttahida Qaumi Movement Pakistan, Pak Sarzamin Party, Pakistan Muslim League (N), Muslim League (Functional), Pakistan Muslim League (Q), Awami National Party and a few other political and religious outfits are scrambling for power in the mega city, aiming for the local body elections.

The city's current stakeholder party is the Pakistan Tehreek-e-Insaf (PTI), which has the most MNAs and MPAs. This is followed by PPP and Muttahida Qaumi Movement Pakistan. Whereas, PPP, PTI, PML-N, Jamaat-e-Islami and PML-F are trying to strengthen their organisational network in areas formerly considered strongholds of the MQM: Central District, District East, District West and Korangi District.

Per ongoing chatter in the city's political circles, it is the non-alignment of parties that their strong vote bank divisions are visible in the majority areas, which has led other parties to easily strengthen their organisational network in their majority areas.

Speaking in this regard, Secretary General of PPP Sindh Waqar Mehdi said that after 2018, the politics of Karachi has changed. "Now every party in Karachi is carrying out its activities with ease. PPP's vote bank in Karachi has increased and a large number of leaders and workers of different parties are joining us.

The Sindh government would further empower the existing local government system, while work is underway on this and we are in touch with the people for the forthcoming local body elections," he told. Whereas, MQM Pakistan leader Muhammad Hussain was of the opinion that MQM Pakistan was trying to give the people of Sindh an empowered local government system. "That is what we are striving for. It is the right of every party to do politics. When there are local elections, the results will be in front of the people," he expressed.

PTI Karachi President Khurram Sher Zaman believes with certain conviction that the people of Karachi have chosen PTI as their stakeholder. "We are further strengthening our organisational structure in Karachi. We will do our best to solve the problems of this city," he allured.

Interestingly, Jamaat-e-Islami Karachi Aamir Hafiz Naeem-ur-Rehman, somehow also believes that his party is the voice of the people of Karachi.

"For the last several years we have been fighting for the issues of the people of Karachi on the streets. Jamaat-e-Islami has become stronger in Karachi than ever before and we want the province, including Karachi, to be given an empowered local government system," the aamir stated.

On the other hand, as per PML-N central leader Ali Akbar Gujjar, his party is to be credited for restoring peace in the once tumultuous city constantly in the foray. "Peace has been gifted to Karachi by the PML-N leadership and the problems of city will be solved soon too," he claimed.

Speaking further, the leader expressed that holding activities of all political parties in Karachi is a positive step. "However, my suggestion is that a dialogue or all-party conference should be held at the government level for the solution of the problems of the city, so that a serious strategy can be formulated for the solutions," he added.

It is clear from the overall political climate of Karachi that for now, the focus of the political parties here remains on the forthcoming local body elections, for which new alliances, truces and trickery are on the cards. However, with the passage of time, it is estimated that the city's political atmosphere is likely to grow hotter, with parties scrambling to seize power of Sindh's crown jewel.

(By Aamir Khan The Express Tribune, 05, 23/11/2021)



## Karachi to pay extra Rs7.22b in Dec power bills

The National Electric Power Regulatory Authority (Nepra) has allowed the K-Electric to collect Rs3.75 per unit on account of fuel charge adjustments (FCA) for the month of September from the consumers of Karachi.

The power consumers of the Karachi will pay an additional Rs7.22 billion in their electricity bills this December after the move.

In its petition submitted to Nepra on the basis of provisional data, K-Electric had sought an increase of Rs3.45 per unit in its power tariff under fuel charges adjustments for the month of September this year.

The K-Electric had requested the regulator -- under the multi-year tariff 2017-23 -- to allow the company to pass on the burden of Rs6.639 billion to the consumers in its service area under the FCA for September. However, later the demand for an increase by KE was revised upward on the basis of actual data.

On November 3, Nepra had conducted a public hearing on the K-Electric petition.

During the hearing, the K-Electric had submitted that at the time of submission of its FCA request, the authority's approved fuel rate of XWDISCOs for the month of September was unavailable.

Therefore, the K-Electric had used the last available rate in its workings.

The power company, accordingly, requested that the amount claimed on the account of energy purchased from the CPPA-G was subject to adjustment based on the FCA decision of the authority in the matter of XWDISCOs for September.

The K-Electric also submitted that major reason for the high FCA for September was because of the increase in the prices of RLNG, RFO and coal against the month of June.

After hearing and going through the K-Electric's data, Nepra allowed an increase of Rs 3.7571 per unit in the power tariff – an impact of Rs7.22 billion on the consumers.

According the Nepra notification, the increase would be applicable to all categories, except lifeline consumers.

"The K-Electric shall reflect the fuel charges adjustment in respect of September 2021, in the billing month of December 2021," read the notification.

The authority observed that both Korangi Gas Turbine Power Station (KGTPS) and Site Gas Turbine Power Station (SGTPS) were not operated by K-Electric to their full capacities, and also less energy was withdrawn from efficient sources.

Similarly, Korangi Combined Cycle Power Plant was also operated on diesel.

The authority also inquired from K-Electric regarding directions issued vide letter dated September 16 this year for making necessary arrangements for provision of gas at the required pressure at SGTPS and KGTPS within 30 days and ensure that the plants were optimally utilised in future.

In written comments, the Karachi Chamber of Commerce and Industry (KCCI) said the K-Electric's own generation was expensive against the power purchased from external sources.

"The K-Electric generates energy from old and inefficient plants, which need to be shut down. Power generation mix needs to be improved to reduce the tariffs, by shifting away from dollar pegged generation in favour of solar, wind and hydel generation," its statement read.

"For instance, the addition of K-Electric's 900 MW RLNG based BQPS-III as well as renewable energy is estimated to reduce the cost of electricity. Consumers should not bear the burden of inefficiencies of DISCOs, imprudent energy policies, deplorable composition of energy mix and electricity thefts. The FCA should not be increased or if absolutely required, should be within Rs. 1.0/kWh and in future K-Electric should be barred from passing cost impact of inefficient power plants."

(By Newspaper's Staff Reporter, The Express Tribune, 03, 08/12/2021)

### K-E's strange arithmetic

Karachiites are shocked beyond words to know that they will have to pay an extra Rs3.75 a unit for electricity with retrospective effect on account of fuel adjustment charges for the month of September. Nepra has approved the raise in the tariff. Thus K-Electric will collect an additional Rs7.22 billion, undoubtedly a whopping amount. Consumers have been caught unawares by this retrospective rise in electricity charges. Since the consumers' voice goes unheard, they will have to pay the enhanced bills, even though they may have to cut back on basics like food, shelter and children's education. Their household budgets would be upset.

The stunning increase in power rates is in line with K-E's notoriety for dispatching 'inflated bills' to consumers. While electricity charges have been increasing without pause, power supply to the city has been deteriorating. At present, many areas are experiencing power outages for most of the 24 hours of the day. Remember, this is December when there is not much consumption of electricity. And for the hefty December power bills, consumers will have to pay a heavy amount. In winter, people are being compelled to live in darkness when they had least expected it. Yet, they are being made to pay fat bills for the electricity they consumed several months ago. This kind of 'taxation' is perhaps unheard of in other countries. If one public utility is allowed to collect an additional amount, at such a back-breaking scale, other public utilities and sellers would likely follow the example. A bad precedent is being set, and this needs to be undone.

The nation is facing serious economic trouble. The ordinary people are being taxed mercilessly, though they have not caused the economic crisis. The country had to borrow \$35 billion from international lenders to meet the largest balance-of-payments crisis it has suffered since 2018. Around 25% of this loan has gone into financing import of luxury goods, including cars. This is mind-boggling in a resource-strained country. (By Editorial, The Express Tribune, 14, 10/12/2021)