

Power tariff, Move aimed at charging all add-ons irks APTMA

ISLAMABAD: All Pakistan Textile Mills Association (APTMA) has expressed serious annoyance over the letter written by the Ministry of Energy (Power Division) in which Discos have been directed to charge all add-ons to the 7.5 cents of tariff fixed for the export-oriented sectors, sources close to Prime Minister Advisor on Commerce, industries and Production told Business Recorder.

On Wednesday, in a letter to Abdul Razak Dawood, APTMA reference was made to the meeting held in Prime Minister House on January 1, 2020 wherein the textile sector had requested the Prime Minister to intercede on the issue of application of 7.5 cents/kWh (all inclusive tariff for the five export-oriented sectors). Prime Minister promised to resolve the issue expeditiously. The very clear interpretation of the SRO 12 of 1st January 2019 is that 7.5 cents/kWh is all-inclusive. "To our utter dismay, Power Division in its letter of January 13, 2020 negates the very concept of a regionally competitive tariff. The letter instructs the Discos to charge all add-ons to the 7.5 cents which increases the electricity price from Rs 11.70/ kWh to Rs 20/kWh (13 cents) an increase of 70 per cent," said Executive Director APTMA, Shahid Sattar in his letter. The textile sector maintains that energy constitutes 35 per cent of the conversion cost of products and that this decision will result in an increase of 24 per cent in the operating cost of textile sector. This will render textile sector products uncompetitive in the international markets. Comparative electricity price from authentic sources places industrial electricity tariff at 8 cents/kWh in India, China and Vietnam. According to APTMA, the country's economy dictates that exports are the only sustainable solution to Pakistan's economic woes. The Governor State Bank of Pakistan, Reza Baqir has presented the case for supporting exports in a presentation made by him on January 13, 2020.

"Withdrawal of the regionally competitive energy would be disastrous at this stage as the confidence of businessmen will be shaken badly. The textile sector is already investing in new plants and upgradation as our books are already full and the need for expansion and modernization is being actually felt. However, these orders and the exports are based on costing regionally competitive tariff of 7.5 cents/kWh," Sattar maintained. Textile sector, in its letter warned the government that under these circumstances withdrawing the commitment of regionally competitive energy of 7.5 cents/kWh all inclusive would nullify all the excellent work done by the government and the Commerce Ministry over the last 18 months which has resulted in a substantial quantitative increase in exports.

"The Commerce Ministry should immediately submit a summary to the ECC requesting implementation of SRO 12 of 1st January 2019 in letter and spirit and also withdraw the letter of January 13, 2020" it is stated. Meanwhile, Power Division has stated that the news item that the government has withdrawn concessions to the textile sector is not correct. According to a spokesperson of the Power Division, the concession is still there and government is charging 7.5 cents per unit to industry under the announced scheme. The charges other than 7.5 cents are chargeable, held by the Supreme Court in its decision.