Twitter Thread by Miftah Ismail



Miftah Ismail
@MiftahIsmail

Last month PTI government raised base power tariffs by Rs 1.95 per unit. This month NEPRA has determined tariff increases of Rs 1.53 per unit in Fuel Adjustment Charges for December and Rs 0.83 in Quarterly Adjustment for 4th quarter of 2020. 1/17

So your electric bills for February maybe higher by Rs 4.31 per unit. That's a Tabdeeli we will feel in our monthly budgets.

The PTI govt takes no responsibility for anything and just blames PMLN's previous govt. 2/17

For instance when the entire country suffered a blackout a minister blamed PMLN. But when asked exactly what happened he said he didn't know. He just "knew" it was PMLN's fault. Later it turned out that Einsteins in PTI forgot to carry out routine maintenance last summer.
3/17

So PTI blames increase in basic tariff (Rs 1.95 of Rs 4.31) on PMLN saying that this is due to higher fixed costs incurred as a result of PMLN setting up more power plants. But that is crazy. The higher fixed cost should now divided by an even higher number of units whose 4/17

generating capacity PMLN installed. And the total cost of all PMLN plants is lower than all previously set up plants. Of course we had to set up power plants. In 2013 we had 12 to 18 hours of load shedding in most of Pakistan. 5/17

The capacity PMLN set up produces the cheapest thermal power in Pakistan. So the total savings is huge. Take for example the furnace oil plants set up under Gen Musharraf that have approx Rs 2 per unit fixed cost remaining today. The fuel cost of that plant is Rs 13 per unit 6/17

for a total generation cost of ~ Rs 15 per unit. Compare that to world's most efficient LNG plants set up by PMLN that cost Rs 4 as fixed cost but cost only Rs 6 as fuel cost for a saving of Rs 5 per unit. And these LNG plants are owned by the govt so no money is going out. 7/17

The coal plants set up by PMLN are even cheaper and produce power at Rs 9 to Rs 10 per unit., which includes capacity cost of around Rs 5 per unit and fuel cost of ~ Rs 5 per unit. 8/17

Yet the price govt is charging industry is Rs 20.73 per unit, commercial is Rs 23.55 per unit and homes with 5 kw connection is Rs 22.65 per unit. So why are we still running such a high circular debt and why did the govt raise tariffs? 9/17

Five reasons. One, the govt is only collecting 88% of the bills it sends out. That is, 12% of the customers don't pay for electricity & we all have to pay for them. Bill collection had increased to 93% under PMLN from 87% but it has been brought back down in 2 years of PTI. 10/17

Two, transmission and distribution losses, which were 21% when PMLN came in 2013 and were brought down to 18% by 2108 have risen again to 19%. That's a significant loss increase under PTI.

Three, the huge sudden devaluation resulted in increased capacity payments as 11/17

payments are dollar-based. (That devaluation was two years and tariffs were already increased. What was the need again?) Add to it the mindless more-than-doubling of interest rates by PTI that meant that late payment charges to IPPs more than doubled. 12/17

(The govt now owes over Rs2400 billion on account of circular debt).
Four, and we have been talking about this all year, the incredibly expensive LNG purchase by this govt. Had the govt bought it on time, like India or Bangladesh did, it could've saved maybe 30% to 13/17

50% on LNG and hundred of billions of rupees.

And five is the mind boggling decision of making electricity by Furnace oil and Diesel. For instance in the December increase in FAC of Rs 1.53 NEPRA has accepted govt request that it be allowed to raise tariffs 14/17

by Rs 55 crores that it spent on generating power by diesel. Japan, America and Saudi Arabia don't even produce grid power by diesel because it is so expensive. But PTI government does. There was no fathomable reason to do so.

And it used Rs 3 bil of Furnace oil.15/17

Furnace oil costs twice and diesel three times LNG. Had PTI imported LNG there would have been no need to produce power by furnace oil & diesel. Hence one reason we will be made to pay extra in Feb is due to this decision by PTI govt to produce power using diesel & furnace oil.//