

Textile export industrial sector

PHMEA seeks exemption from gas loadshedding

KARACHI: There should not be any load shedding of gas for the textile export industrial sector, demanded, M Jawed Bilwani, Central Chairman, Pakistan Hosiery Manufacturers & Exporters Association.

He stated that this vital sector which is the lifeline and the backbone of the nation's economy, earning huge amount of foreign exchange and generating the largest employment of both male and female workers should not be penalized on account of gas being criminally wasted by the residential and commercial sectors.

Elaborating further he said that Unaccounted For Gas (UFG) losses in the residential and commercial sector are over 10 percent and therefore it is imperative that strict monitoring is done and load shedding should be effected for these sectors instead of the industrial sector where UFG is hardly 2 percent.

He said that there was only 18 percent efficiency and 82 percent wastage in home geysers while the industrial sector runs on 60-70 percent efficiency.

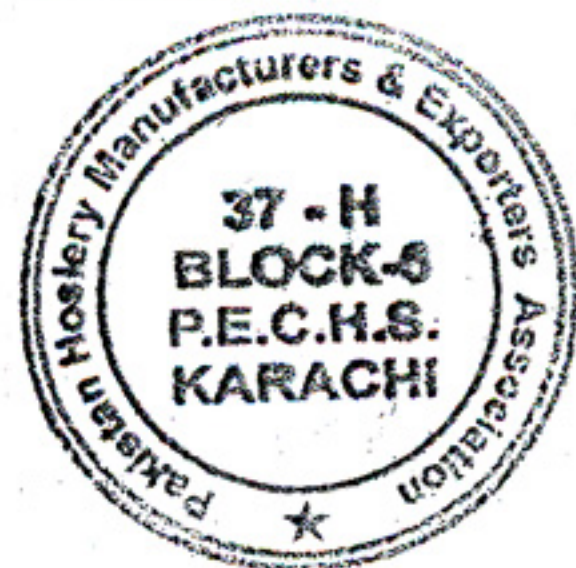
Gas is frittered away in homes by running gas heaters during the winter in Punjab, Khyber Pukhtunkhwa, Balochistan, Interior Sindh as well as in some of the offices in Islamabad while Export Oriented Industrial Sector starves and suffers for gas, he lamented and proposed that by strict monitoring of the gas bills of summer months of such consumers i.e. if the gas bills of winter months exceeds the amount of the summer bills where gas heaters, a 100 percent surcharge should be effected in their bills. It is important to note here, he said, that SNGPL and SSGC supplies gas solely for cooking stoves and not for gas heaters.

He said that it is imperative that load shedding of gas should be done in those areas and regions where UFG losses are high and similarly UFG losses should be collected from the same category of consumers and area where this loss has occurred e.g. if UFG losses are 10 percent in the residential area, such amount of UFG losses should be collected from the residential consumers of that area and

such losses should never be divided and collected from the all the consumers of other areas who are not responsible for the UFG losses incurred in other areas as this is not at all justified nor legal.

He further proposed that all new residential and commercial connections should be stopped due to the severe shortage of gas. He said that it is pertinent to mention here that in majority of gas producing countries, Natural Gas is only supplied to the industries while LPG cylinders are supplied to residential and commercial consumers just because of the importance of the industrial sector. Further he lamented that it is indeed an irony that the villages where Bio Gas (Gobar Gas) plants were common, due to political pressure SNGPL and SSGC have laid down a large network of gas pipelines which is again a great wastage of Natural Gas.

It is imperative that supplies of sufficient gas to the textile export oriented industries so that their production of export goods is not hampered and they are saved from ruin and disaster.—PR



Transporters' strike hits transit of cargoes to and from Karachi Port

RECORDER REPORT

KARACHI: The indefinite strike by goods transporters on Thursday ceased the supplies of import and export cargoes to and from Karachi port, as exporters fear delay in their shipments to the world markets.

Official sources in Karachi Port Trust (KPT) told Business Recorder the strike hit the supplies of containerized goods at east and west wharves of the harbour. "The supply of coal clinker has already been stopped for the last three days as transporters are on strike," they said.

Goods transporters went on strike on Dec 4 to protest inaction against the criminals who continue to hijack loaded trucks on highways, besides the bad attitude of motorway police, President Karachi Goods Carrier Association (KGCA), Khalid Khan, told Business Recorder.

"The goods transporters strike will lead to a huge financial loss due to delays in shipment to global markets," Central Chairman Pakistan Hosiery Manufacturers and Exporters Association (PHMA), M. Jawed Bilwani, told Business Recorder.

He said a large number of exporters are feared to fail to

catch ships for loading their export-bound cargo because of the transporters strike. "The strike will cause a huge financial loss to exporters to supply their consignments by air," he showed apprehensions.

Official sources said the national highway authority had limited the transportation of coal clinker to 50 tons while the transporters were against the weight restrictions. "Transporters believe the weight restriction will increase their costs of transportation and stop their loaded trucks at Karachi port since Dec 4," they said.

Bilwani termed the transporters strike "justified" which is in protest against the "strong bhatta mafia and frequent kidnapping of drivers and their loaded trucks on highways. He said the lawlessness on highways has forced the transporters to go on strike.

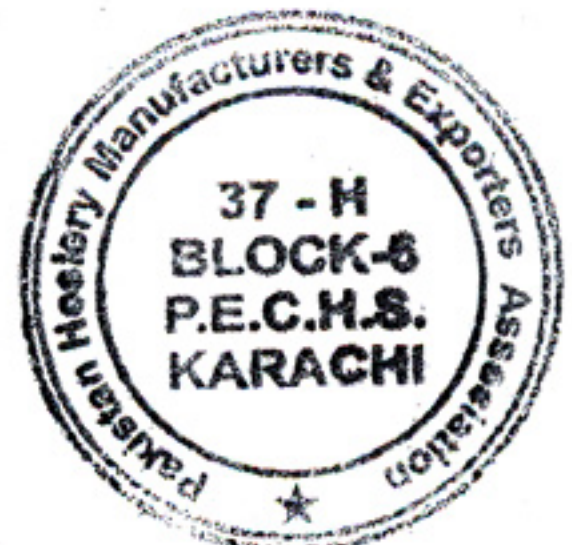
A group of 37 different unions of goods transporters formed United Goods Transporters Alliance which is on strike since Dec 4 for indefinite period against the growing insecurity to their trucks and crew besides the heavy handedness of National Highways and Motorway Police,

Khalid Khan said.

KPT sources said that there were a large number of loaded trucks standing with NATO military vehicles, which the strike may also put on hold for days. They said the coal clinker halt has, however, given a much-needed relief to the resident of Keamari as they were largely suffering breathing problems from dust. They said dozens of trucks loaded with coal dust would go round the clock from Karachi port.

When contacted, KPT spokesman told Business Recorder that "port operations continue unabated as ships were loading and unloading cargo round the clock". He said the transporters strike has not affected the supply of import and export bound cargoes as the port has other transportation sources like NLC and railways to depend on.

The goods transporters in afternoon also staged a protest demonstration on Native Jetty to press the government to fulfil their demands. Hundreds of transporters participated in the sit-in which latter peacefully dispersed. They said they will not end strike until government meets their demands.



KESC asks govt not to act

KESC asks govt not to act on finding

By Khaleeq Kiani

ISLAMABAD, Dec 6: Challenging an order of the power regulator to recover mistakenly overcharged amounts to Karachi's power consumers for the past three years, the Karachi Electric Supply Company has asked the government to "avoid making any statutory notification" to compensate consumers or to adjust subsidy payments by the government. The KESC said the issue was legally time-barred now and hence could not be reopened.

"The KESC has made serious objection to National Electric Power Regulatory Authority's lack of compliance with due process and relevant procedure set out in the Nepa act" and related regulations.

"In the meantime until this issue is resolved in accordance with due process, please avoid from making any statutory notification with regard to the alleged corrigendum," the KESC said in a

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letter to the ministry of water and power.

Nepa had earlier admitted it made an inadvertent error in the schedule of tariff for KESC for July 2009 — March 2010 that had become a basis for subsequent tariff increases until March 2012.

It issued a corrigendum last week to correct wrongful calculations in the KESC tariff and asked the ministries of water and power, finance and privatisation to notify adjustments in the Gazette of Pakistan, make adjustments in electricity bills and subsidy payouts accordingly.

The initial overcharging to the consumers was estimated at Rs4.2 billion for the July 2009-March 2010 period.

In a separate letter to Nepa, the KESC revealed that a 14.3 paisa per unit erroneous charge was additionally built up in electricity consumers of Karachi, but said almost an equivalent expenses of 14.6 paisa on different heads were not allowed by Nepa and hence the extra charges had already been set off.

The KESC, however, said nothing stated in the letter constituted an admission of liability whether expressed or implied on behalf of KESC or its officers.

The KESC criticised the regulator over "the summary manner in which Nepa has

made its unilateral decision" about the inadvertent error in the calculation of tariff for four consumer categories.

The original calculations, it said, were communicated and notified after public hearing in April 2010 by the regulator itself.

It said that while issuing a correction, Nepa did not comply with due process and arbitrarily and "without just cause reopened issued which in KESC's opinion had already attained finality through lapse of time".

More so, Nepa did not issue any show-cause notice to the KESC on the 'inadvertent error' nor did seek its comments before alleged corrigendum issued on Nov 23 this year despite required under the law that no order could be modified or reversed unless reasonable opportunity of being heard was issued to the parties affected.

"It is evident that opportunity of being heard was given to the KESC which was condemned unheard" as Nepa acted unilaterally to reverse its order of June 30 — not permissible under applicable laws and regulations.

It said the 2010 order was legally in force until now and should have been opened through a legal process.

Even if the defect in order was discovered subsequently on the written complaint of a party, the same should have been shared with the compa-

ny for counter comments.

The procedure was also necessary under complaints to Nepa under Section 39 of the Nepa act but KESC was mailed a final corrigendum.

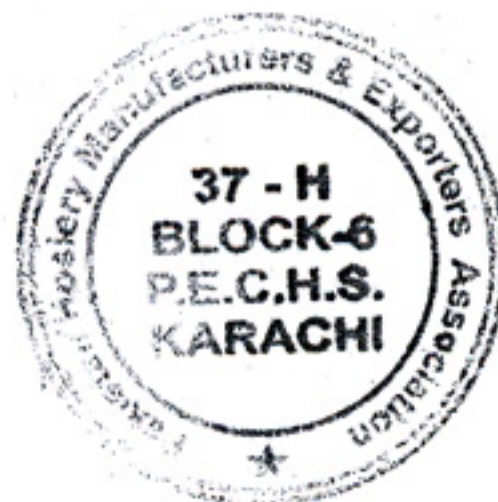
"This is entirely unjustified and unwarranted" under the law and Nepa could not act on its own to review any historical decision without fresh notices being issued to all stakeholders," the KESC said. The company said that during the disputed period it was given 6 paisa per unit increase on account of gas prices even though it was worked out at 14.37 paisa.

Likewise, it was given tariff on the basis of 25 per cent system losses instead of 27 per cent, resulting in 8.37 paisa per unit loss to the utility.

The combined impact of these two heads at 14.61 paisa per unit was denied to the KESC. Hence, "no corrigendum by Nepa was required in the circumstances since its inadvertent error with regard to tariff differential claim was duly cancelled out by another inadvertent error at KESC's expense".

The KESC asked Nepa to withdraw its corrigendum of Nov 23 within seven days and hold hearing into the matter through proper legal process, failing which KESC would be severely prejudiced and exposed to miscarriage of justice. The KESC hinted at raising the issue before a competent court of law.

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Nepra reveals its error has taxed Karachiites heavily

By Khaleeq Kiani

ISLAMABAD, Dec 5: It may have been an 'inadvertent error' but has penalised the electricity consumers in Karachi heavily for over three years in the shape of higher monthly bills and resulted in an unquantifiable build-up in circular debt being paid out of public money.

The National Electric Power Regulatory Authority (Nepra), responsible for determining tariff for consumers, has admitted that it made an "inadvertent error in the schedule of tariff" for Karachi Electric Supply Company while fixing rates for July 2009-March 2010 to January-March 2012 and issued a corrigendum to correct its mistake.

It will, however, perhaps take months and years to fully refund money charged extra from consumers and reconcile power sector subsidies, provided the Karachi-based privatised power utility does not go into litigation. It announced a first-ever profit of Rs2.6 billion for the year ending June 30, 2012.

The subsidies paid to Wapda companies and the KESC, according to the finance ministry, have crossed Rs1.4 trillion in four years.

An official at the ministry of water and power told *Dawn* that initially over-charging from consumers in Karachi has been estimated at Rs4.2bn for July 2009-March 2010 but a detailed exercise was required for the examination and verification of accounts and subsidy payments to determine the actual amounts.

"The official said that perhaps the time had come to have a special audit of the power sector accounts and subsidies. Water and Power Secretary Nargis Sethi and spokesman Zargham Eshaq Khan were not available to comment.

"Due to inadvertent error in the schedule of tariff (SOT) enclosed with the aforesaid decision of the authority, the effect thereof has also been carried forward in the subsequent SOTs issued up till the quarter Jan-March 2012", Nepra said. Taking note of the error, Nepra had "issued a corrigendum to rectify the error in the said SOTs," it added.

The regulator asked the ministries of finance, privatisation and cabinet division that "the amount of tariff differential subsidy already paid by government of Pakistan to KESCL may be adjusted in view of the abovementioned revised SOTs for the mentioned period".

KESC UNHAPPY: A spokesman for the KESC, which apparently has been the main beneficiary of the episode, challenged the corrigendum and said it had not been consulted or given an opportunity of being heard before reaching the conclusion.

It said that according to Nepra's determination for July 2009-March 2010, the KESC's tariff schedule had to be adjusted by a Rs2.79 per unit increase for all categories, except lifeline consumers.

However, the SOT with the determination 'inadvertently adjusted' for four consumer categories and the effect was carried forward in the subsequent SOTs up to the January-March 2012 quarter. It pointed out that the first 100 units for domestic consumers were erroneously charged at Rs3.33 per unit, 100-300 units were Rs2.99 higher, followed by Rs3.19 for 300-700 units and Rs2.67 for agricultural consumers during July 2009-March 2010. The erroneous extra charge kept on compounding the bills for nine subsequent quarters from April 2010 to June 2012.

Nepra Registrar Syed Safir

Hussain a corrigendum had been issued for the error that played havoc with consumers and the federal budget for almost four years.

He said the error had come to light during an internal examination of a different case. He said the mistake had been carried forward but the exact revenue impact was not readily available and would need to be worked out on the basis of rates for each consumer category and the total units of electricity each category consumed.

He said the government worked out the amount of subsidy on the basis of cost of electricity determined by Nepra and hence the impact of the difference would have to be examined on the basis of tariff differential subsidy. He confirmed that error had kept on compounding the rates all along in the subsequent quarters.

Finance Ministry's Adviser Rana Asad Amin said the tariff of distribution companies determined by Nepra was verified by a special cell of the chief engineering adviser's office of the water and power ministry. "The ministry of finance simply pays the differential subsidy verified by the chief engineering adviser," he said, adding the payments were then forwarded to the auditor general for routine audit.

KESC spokesman Aminur Rehman said the utility had received the Nepra notification on Nov 26, claiming an inadvertent error in the calculation of tariff, which was quite surprising since the decision had been taken unilaterally and arbitrarily.

He said Nepra was required under the law to consult the KESC before reaching a final decision because the rates had been in force for long under the authority's own notifications.