

Is government charging Rs80 per unit for electricity produced at Rs9?

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Former caretaker Minister of Commerce, Dr Gohar Ejaz, has raised concerns about the steep rise in electricity bills, questioning how the cost per unit has reached as high as Rs80 when the production cost in July was only Rs9 per unit. In a tweet, Dr Ejaz pointed out that in July, the total average electricity generation was 20,000 megawatts, with 35% of this, or 7,000 megawatts, generated from hydropower sources. He highlighted that the production cost for electricity in July was Rs9.03 per unit, yet consumers are being billed at rates of Rs40, Rs60, or even Rs80 per unit. In the tweet, Dr Gohar Ejaz stated, “In July, the total average electricity generation was 20,000 megawatts, with 35% of this—7,000 megawatts—coming from hydropower sources.” He further explained, “The production cost for electricity in July was Rs 9.03 per unit. So how are the bills reaching Rs 40, Rs 60, or even Rs 80 per unit?” Dr Gohar criticised the current situation, attributing

the high bills to “mismanagement and the payment of capacity charges for electricity that is not actually produced.” He noted that Pakistan has the capacity to generate over 43,000 megawatts of electricity but stressed that “Pakistan should only pay for the electricity that is actually generated.” He called on the federal government to provide fairness for all consumers—residential, commercial, industrial, and agricultural—highlighting that “many are struggling under the current rates.” Dr Gohar also commended the Punjab government’s decision to offer relief by reducing the cost per unit to Rs 14 for consumers using up to 500 units over the next two months, calling it “praiseworthy.” Earlier on August 5, Dr Ejaz highlighted the discrepancy between Pakistan’s stable currency rates and the State Bank of Pakistan’s (SBP) high interest rates, which have been maintained at 19.5% over the past year. He argued that these rates, significantly above the inflation rate, are intended to control inflation but at a substantial economic cost. “The country’s total net federal tax collection, Petroleum Development Levy (PDL), and other income amount to Rs10.6 trillion,” Dr. Ejaz noted, with Rs 9.8 trillion of this sum dedicated to servicing domestic debt of Rs45 trillion. He pointed out that high-interest rates have resulted in an additional Rs 3 trillion being paid over inflation-adjusted costs.