

WB calls Egypt Govt to raise electricity price

Contributed by Egypt News
Thursday, 22 October 2009

Egypt's Electricity Minister Dr. Hassan Younis

World Bank (WB)

called on the Egyptian Government to raise the price of electricity during peak hours in the country in line with international standards, according to bikyamasr.com

The increases, which Egyptian officials described as dangerous and "would break the back of the Egyptian citizen and factories together" are seemingly being dismissed.

The World Bank sent a report to Egyptian Electricity Minister Dr. Hassan Younis and included 6 scenarios to raise the prices, aiming at reducing loads during the summer period, coupled with financial enticements that would make use of the huge investments stalled during the summer.

Subsidies on power in Egypt has enabled more people to be able to afford electricity, natural gas and other power. By increasing the costs, government officials argue, it would put too much pressure on the average citizen and create a number of negative affects.

"They know they have to raise the prices of these things, electricity and petrol, in the near future, but to do so now would certainly be political suicide," began an analyst at the International Finance Corporation (IFC), the private branch of the World Bank. The official, who was not authorized to speak to the media, said that "Egypt understands that prices will go up, but it must be done incrementally."

Official sources in the ministry stressed that the minister commented on the "4-4-4" scenario, which means raising the prices four times in four hours a day from six o'clock to ten o'clock in the evening throughout the months of June, July, August and September, saying that "if the government applies this scenario, it is as if we shot the consumer with 4 bullets."

The sources, whose comments were carried in local press, added that the minister was not satisfied with the report and had asked the government-run electricity holding company and the Facility of Electricity Regulation and Consumer Protection to prepare a different time-structure during the summer and winter seasons, to stimulate consumers to reduce the consumption during peak periods with financial incentives to encourage them to reduce loads, stressing that the report of the World Bank was "imposing sanctions on consumers, without providing incentives to those who

commit to reduce loads.”

The sources revealed that the most plausible scenario for its implementation next summer includes three ideas to raise electricity prices.

The first system includes raising the price of consumption in the peak period, and to reduce external costs. The second is to maintain the maximum load at peak times by imposing a raise in prices on the load and not the bill, while the third scenario is related to a load reduction of private contracts where consumers can purchase through what would be called a ” load reduction” and this method would rely on market factors.

The sources said that the scenario set for the previous cost structure will be applied first on 100 customers and some industrial installations, while application on private homes is to be deferred until the houses are able to change the current meters.

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