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NEWS COVERAGE PERIOD FROM JANUARY 16TH TO JANUARY 22 ND 2017

GAS CRISIS WORSENS IN PUNJAB

Dawn January 16th, 2017

Khalid Hasnain

LAHORE: Gas crisis worsened in Punjab on Sunday after the shortfall surged to 400MMCFD, forcing the Sui Northern Gas Pipelines (SNGPL) to divert to the domestic sector a supply of about 275MMCFD, out of over 400MMCFD liquefied natural gas (LNG) meant for the industrial, power and CNG sectors.

Although the situation in Khyber Pakhtunkhwa is not as dire as in Punjab, consumers have started complaining about low gas pressure there as well.

The SNGPL claimed to have launched a campaign against those using compressors to extract gas in parts of Punjab and KP, causing low gas pressure.

At present, the company supplies around 1,400 to 1,500MMCFD to the domestic sector, which needs supplies ranging between 1,800 and 1,900MMCFD to meet the demand of about five million consumers in Punjab and KP?

“Following severe cold, the situation appears to be tough these days. The shortfall has surged to 400MMCFD amid a demand of 1,800-1,900MMCFD, even though we have curtailed LNG supply to two major fertiliser plants, as many power plants and the CNG sector, and diverted it to the domestic sector,” SNGPL managing director Amjad Latif told Dawn.

The fertiliser plants — Fatima Fertiliser (Pvt) in Sheikhupura and Pak Arab Fertilisers (Pvt) in Multan — consume 90 to 100MMCFD of gas.

Likewise, gas supply to the Rousch Power Plant, the Abdul Hakim Power Plant (in Kabirwala and Khanewal respectively) and the Liberty Power Plant, in Mirpur Mathelo, has been suspended for an indefinite period.

“The Rousch Power Plant was being supplied 90 to 95MMCFD while Liberty consumes 40 to 45MMCFD… However, the supply to Liberty Power Plant has been curtailed on account of non-payment of bills… and not for overcoming the gas crisis,” the MD said.

He said the supply to other industries, including textiles, continued. The textile sector and other industries that have switched over to LNG are being supplied 100 to 150MMCFD.

But the supply to different industrial units in Punjab, which have not shifted to LNG despite repeated requests, was curtailed last month.

"The situation is really problematic these days and we are trying hard to ensure gas supply to at least domestic consumers during winter," Mr Latif said.

To a question, he said the use of compressor by some consumers to extract gas was a headache for the company as it made it difficult to keep pressure. During the last 30 days or so, over 3,000 consumers in Punjab and KP have been caught red-handed for using compressors.

The SNGPL has cut connection of such consumers for three months.

"Keeping in view the situation, we have asked the federal government to amend the laws and provide judicial powers to the SNGPL to enable it to take stern legal action against those using compressors to extract gas," the MD said.

After curtailment of gas supply, power generation of over 600MW by the plants (400 by Rousch and 235 by Liberty) has been stopped, leading to an increase in the electricity shortfall and enhancing load shedding hours in parts of the country.

http://www.dawn.com/news/1308749/gas-crisis-worsens-in-punjab

PM BACKS LOW-TARIFF SOLAR POWER PLANTS IN PUNJAB
The Express Tribune, January 18th, 2017.

Zafar Bhutta

Islamabad: Prime Minister Nawaz Sharif has directed the Ministry of Water and Power to facilitate Punjab in its efforts to develop 600-megawatt solar power plants with attractive tariffs, much lower than those notified by the regulator.

According to an official, the directive came in a high-level meeting held some time ago where the premier was informed that a few companies had approached the Punjab government with the intention of installing solar power plants and generating electricity at 6.5 cents per unit.

The proposed price was far lower than the tariff of 10.8 cents set by the National Electric Power Regulatory Authority (Nepra).

Finance Minister Ishaq Dar also emphasised that proposals for the 600MW solar power plants could be pursued.

The prime minister told an official of the Ministry of Water and Power to coordinate with the Punjab government and draw up proposals for the potential investors.

Earlier in a meeting, the power ministry had proposed that the share of renewable energy should be capped at 10% of the installed capacity as solar and wind power projects operated at much lower efficiency levels and created problems for the national power grid.

However, attention was drawn to the increasing interest of provinces in generating renewable energy.

The Sindh government has issued 51 Letters of Intent (LOIs) for the installation of wind power plants in the province whereas Punjab is in the process of issuing the LOIs.

According to a senior official of the power ministry who was aware of the development, the meeting was informed that power production would be in surplus in 2022, therefore, the ministry wanted to place a cap on the consumption of imported fuels in electricity generation.

"With the addition of new dams and utilisation of Thar coal, the reliance on imported fuels could be reduced," he said.

The official said total power generation capacity stood at 20,857MW in 2016 and with the addition of 12,267MW by 2018, the capacity would go up to 33,124MW. It will be enhanced further to 51,694MW by 2022.

In the current 20,857MW power-generation capacity, the share of hydroelectric power was 34%, furnace oil-based electricity 29%, locally produced gas 19%, liquefied natural gas (LNG) 8%, renewable and nuclear energy 5% each.

In 2018, hydroelectric power will contribute 30% of installed capacity, furnace oil 18%, LNG 16%, locally produced gas 12%, imported coal 10%, renewable energy 8%, nuclear energy 4% and locally produced coal 2%.

In 2022, hydroelectric power will contribute 36% of energy, furnace oil 12%, LNG 10%, renewable and nuclear energy 9% each, locally produced gas 8%, locally produced coal 8% and imported coal 8%.

http://tribune.com.pk/story/1298604/renewable-energy-pm-backs-low-tariff-solar-power-plants-punjab/

12 ENERGY PROJECTS UNDER CPEC TO BE COMPLETED BY 2017-18
The Express Tribune, January 18th, 2017.

Islamabad: The National Assembly Standing Committee on Planning, Development and Reform informed that 12 early-harvest energy generation projects under the China-Pakistan Economic Corridor (CPEC) would be completed by 2017-18.

The committee, chaired by Abdul Majeed Khanan Khalil, was informed that these energy projects would produce 5,000MW of electricity and help overcome the power demand-and-supply gap in the country.

While briefing the meeting, Ministry of Planning, Development and Reform Secretary Yousuf Naseem Khokhar said that the multi-billion dollar deal comprised of three terms; short, medium and long-term.

The short-term or early-harvest projects are mostly related to energy, based on coal, solar and wind and would be completed by2017-18, said Khokhar.

The medium-term projects under CPEC would be completed by 2025, whereas the long-term projects would be completed by the year 2030, said the secretary, adding that development work on all the projects was gaining momentum each day.

He said that different committees comprising members of parliament and Senate were closely monitoring the performance and possible outcomes of the projects.

The Chinese government was also taken into confidence to include the Diamer-Bhasha Dam projects in the CPEC, which would enhance water storage capacity of the country, said the planning ministry secretary.

He informed that the land acquisition process was completed by spending Rs101 billion and the project would be completed within a span of 8 to 10 years, which would also help increase the life span of Mangla and Tarbela dams.

Giving an update on CPEC projects, the official said that feasibility study for Matiari-Lahore and Matiari-Faisalabad installation of transmission lines was completed and land acquisition process was in progress. While, upgrade of KKH and Havelian-Thakot phase 2 was also in progress.

He apprised the committee that new projects recommended by the provinces were also included in CPEC, adding that China has assured that construction work for Gwadar Expressway would be started by the second quarter of the current financial year.

The Gwadar Smart City Plane would also be finalised by the end of the current year, whereas industrial cooperation group had also been formed to promote Chinese investment for economic growth, said Khokhar.

http://tribune.com.pk/story/1298608/early-harvest-12-energy-projects-cpec-completed-2017-18/

GUNVOR, ENI SUBMIT LOWEST BIDS FOR SUPPLYING LNG TO PAKISTAN
Dawn, January 20th, 2017

Khaleeq Kiani

ISLAMABAD: Global commodity trader Gunvor and Italian energy company Eni on Thursday emerged as the lowest bidders for supplying a total of 240 shipments of liquefied natural gas (LNG) at much lower rates than a similar government-to-government deal with Qatar.

An apple-to-apple comparison of 15 years shows that the price of LNG import from Qatar at current oil prices would be about $2.5 billion costlier than the latest bid results.

According to final bid results, Gunvor has quoted the LNG price at 11.62 per cent of a barrel of crude oil (Brent) for short-term supply for five years. This will be Gunvor's second five-year contract after the one it signed early last year. Eni came up with a bid price of 12.29pc of crude oil price for long-term 15-year contract.

The bids, opened on Thursday, were invited by Pakistan LNG Company. Petroleum Minister Shahid Khaqan Abbasi confirmed the bidding results saying Gunvor with 11.62pc of crude for five years and ENI with 12.29pc of crude for 15 year were the lowest.

However, he said the independent consultant was finalising and evaluating bid results that would be posted on the website of the Public Procurement Regulatory Authority (PPRA) for 10 days before formal contract signing as required under the law.

About a year ago, Pakistan State Oil (PSO) secured an LNG deal with Qatar at 13.37pc of crude oil for long-term LNG supply contract for 15 years. This price with Qatar was finalised when Gunvor at the time came up under a short-term tender for five years with the same price, otherwise Qatar's negotiated price was on the much higher side.

An official who followed the bidding process said the fresh price offered by Gunvor for the next five years would work out at $5.81 per million British thermal units (mmBtu) against previous price of $6.68 per mmBtu. Therefore, the fresh supplies would be cheaper, having a cumulative five-year impact of $600m.

Likewise, the new price for the next 15 years at 12.29pc of crude would work out at $6.1 per mmBtu at assumed crude price of $50 per barrel against the Qatari price of $6.68 per mmBtu at the rate of 13.37pc of crude. This would mean that the fresh bid works out at about $1.8bn over the 15-year contract life.

Mr Abbasi who appeared happy with the price decline said there were a number of flexibilities in the ongoing deal with Qatar and many aspects had price build ups. Under the Qatar deal, we can cancel shipments without penalties that was not possible in fresh bids.

An official said the first shipment under the fresh bids was now expected to reach Karachi by July this year. Both the successful bidders would be required to ensure one shipment each every month. As such, Gunvor would ensure 60 ships in five years and Eni would provide 180 ships in 15 years.

Under the previous arrangement, PSO is currently importing about 400m cubic feet per day of LNG. Gonvor won the first contract of LNG supply in May last year against a tender by PSO seeking supply of 100 million cubic feet per day (mmcfd) of LNG.

Another official said Pakistan would be saving $500m every year under short-term deal with Gunvor due to low prices while Eni's price of LNG was also lowest compared to the gas price finalised with Qatar in long-term deal.

An official close to the petroleum minister said the bid prices were on the lower side because no other client had floated LNG tenders around the world at the moment except for Egypt that floated three tenders and materialised only one tender.

The official said Pakistan was expecting bids from US firms but none came forward because of uncertain LNG supplies from the United States. Pakistan was also expecting some Japanese firms to participate directly in the bidding but had participated with joint venture of one other company.

Some of the leading firms like Shell, Russia's Gazprom, Malaysia's Petronas and GDF of France also took part in the bidding. France and Italy had already approached Pakistan to sign LNG import deals on a government-to-government basis.

Pakistan LNG Company had floated two tenders for supply of LNG. One tender was for short-term LNG supply for five years period while the other was for 15 years. Around 15 companies had participated in short-term LNG imports whereas five companies participated in long-term contract.

http://www.dawn.com/news/1309555/gunvor-eni-submit-lowest-bids-for-supplying-lng-to-pakistan

GOVT PLANS TO IMPORT FURTHER 1,200MMCFD OF LNG
Dawn January 22nd, 2017

Khalid Hasnain

LAHORE: The government has decided to import further 1,200mmcfd of liquefied natural gas (LNG) in future to meet increasing gas demand of all sectors.

The government has also directed top officials of the Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited to immediately start designing and planning works in this regard.

Under the plan, another gas pipeline for supplying 1,200mmcfd of LNG to Sindh and Punjab, after re-gasification at the port, will be laid from Karachi to Lahore on the fast track in about one year, it is learnt.

"Federal Petroleum and Natural Resources Minister Shahid Khaqan Abbasi has informed us to start designing, planning various works required to be accomplished for laying a new pipeline from Karachi to Lahore and importing 1,200mmcfd of LNG to meet the growing demand of domestic, commercial, industrial, power and CNG sectors," SNGPL managing director Amjad Latif told Dawn on Saturday.

At present, the government is importing over 400mmcfd of LNG from Qatar. And under the existing plan, it is to import 200mmcfd in addition to 400 by this month's end and 600mmcfd by end of June this year.

The supply of 400mmcfd of LNG after re-gasification is meant for textile, fertilizer, power and CNG sectors in Punjab.

However, the 200mmcfd of LNG, which is exclusively for the power sector, is likely to be received by the 1,200MW Bhikki Power Plant in Sheikhupura on Jan 27.

“It is confirmed that the supply of 200mmcfd to Bhikki Power Plant would start from Jan 27. And the remaining 600mmcfd of the total 1,200mmcfd under the current plan will be imported by end of June this year,” the MD said.

He said both the state-owned gas companies were issued necessary directions by the minister for the import of further 1,200mmcfd of LNG and laying of a new pipeline during a meeting held in Karachi on Jan 20.

The meeting was attended by MDs of SSGC and SNGPL, SSGC’s board of directors’ chairman, ministry’s federal secretary and other senior officials concerned.

The MD said before import of additional LNG a couple of terminals for re-gasification would be built /installed. “Under the decision, the SSGC has been asked to lay a new pipeline from Karachi to Sawan. And the SNGPL will lay the pipeline from Sawan to Lahore,” he said, adding that a major chunk of the 1,200mmcfd would be used in Punjab because of the acute shortage of gas.

At present, the total gas demand in the SNGPL areas (Punjab and KP) is about 2,500mmcfd, whereas the availability in the system ranges from 1,900 to 2,000mmcfd, including 1,400 to 1500mmcfd of indigenous and 400 to 450mmcfd of imported LNG.

Since we have a shortfall of 500mmcfd or so and the gas demand is increasing by the day, the government plans to import further 1,200mmcfd in future to provide relief to all consumers,” the official claimed.

http://www.dawn.com/news/1309988

NEWS COVERAGE PERIOD FROM JANUARY 9TH TO JANUARY 15TH 2017
MOVE TO TAP THAR COAL RESERVES IN LINE WITH GLOBAL TREND
The Express Tribune, January 9th, 2017.

Farhan Zaheer

KARACHI: The initiatives that Pakistan government is taking to improve its power sector are consistent with many other countries, said General Electric’s Power Steam Power Systems General Manager Rotating Equipment Martin Boller.

“Every country is looking to produce reliable electricity at a low cost, diversify sources of power, use local resources and promote renewable energy,” he said in an interview with The Express Tribune.

"Pakistan's move to exploit its own resources of lignite coal from the Thar desert for power generation is in line with these trends," he added.

The Connecticut-based US company has already booked two orders in 2016 to supply equipment for coal-fired power plants in Pakistan.

As part of its first order, it will provide two 330-megawatt (MW) boilers for the Thar Block II Power Plant. The boilers will burn reserves of high moisture-carrying Thar lignite and it will become the first project in the country that utilises the domestic resources.

In the second order, the company is going to provide two units each of supercritical steam turbines, boilers and generators for the 1,320MW Hubco-II Power Plant. Both of these projects are logged into the China-Pakistan Economic Corridor (CPEC) programme.

One challenge for Pakistan that has delayed plans to develop the Thar coal reserves is the presence of a large amount of moisture in its lignite, which also has a low calorific value. However, there are technologies that can burn this lignite.

The American company has been present in Pakistan for over 50 years, which has enabled it to generate up to 25% of the country's electricity from a range of energy mix, including gas, coal, wind and other sources.

"Over the past three years, Pakistan has led a significant new power generation programme to support economic growth targets," said Boller.

To reduce dependence on imported fuels, which hurt the country's balance sheet, Pakistan has pushed for a more balanced power portfolio that utilises thermal technologies such as LNG, coal and nuclear, as well as renewable resources such as hydro, solar and wind.

This allowed a significant number of GW to be closed and committed and GE expected the trend to continue and even accelerate, he added.

Boller said there were two main types of environmental impact from the coal-fired power plants.

First is the local air pollution affecting the environment and the people living around the power plant.

Technology does exist to mitigate these risks. For instance, there is flue gas cleaning systems that eliminate dangerous pollutants such as sulfates and nitrates.

Another option is optimised combustion for safe re-usability of ash (for example in the cement industry). And the third is water treatment systems for zero waste discharge in water.

He said GE was a leader in all these technologies, which were very affordable (typically below 10% of the overall plant cost if they are implemented together).

The second environmental hazard is the global pollution which is basically related to carbon dioxide (CO_2) and global warming at the level of the planet.

CO_2 emission levels at a thermal power plant are directly linked to the plant efficiency. GE offers use of its ultra-supercritical technology with efficiency levels that are up to 35% better than the world average.

The company claims to be providing the world's most-efficient heavy-duty H-class gas turbines, as well as other equipment, which fires LNG.

Coupled with the efficient steam turbine technology, they allow very high net plant efficiency. GE's HA technology was recently recognised by the Guinness World Records for powering the world's most efficient combined-cycle power plant in Bouchain, France based on achieved efficiency rate of up to 62.22% and the technology has been selected for LNG-fired power plants in Pakistan.

The company is also active in advanced renewable power generation technologies, in addition to wind and hydroelectric power projects in Pakistan.

For example, it has already provided 33 GE 1.5-82.5 wind turbines to the 50MW Sapphire Wind Farm Project in the Gharo-Keti Bandar wind corridor in Jhimpir, Sindh.

It has also signed a contract for the refurbishment and up-gradation of six power generating units installed at Mangla Hydel Power Station, as part of the Mangla refurbishment project.

GE is active in the energy, healthcare and transportation sectors in Pakistan. Its customers and end-users include public and private entities, such as PIA, K-Electric, Engro, Shakarganj, Pakistan Institute of Medical Sciences (PIMS) and Pakistan Railways.

http://tribune.com.pk/story/1288530/move-tap-thar-coal-reserves-line-global-trend/

CHINA TAKES GLOBAL LEAD IN CLEAN ENERGY: REPORT
Business Recorder, 9 January 2017.

PARIS: China's overseas investment in renewable energy projects jumped last year by 60 percent to a record $32 billion (30 billion euros), marking its leadership in the global market for clean energy, a report said Friday.

In 2016, China finalised 11 foreign deals worth more than a billion dollars each, and is expected to pick up the pace this year, according to the Institute for Energy Economics and Financial Analysis (IEEFA).

On Thursday, China announced that it would sink at least $361 billion into renewables by 2020, key to the country's transition away from polluting coal power.

“Renewable energy will be the pillar for China’s energy structure transition,” said Li Yangzhe, deputy head of the National Energy Administration, the official Xinhua news agency reported. Overseas investments last year ranged from lithium battery makers in Australia and Chile to an electricity distribution deal in Brazil and the building of a solar cell factory in Vietnam.

China now owns five of the six largest solar module manufacturing firms in the world, according to the report.

On the domestic front, the world’s second largest economy had already emerged as a renewables powerhouse, outstripping the United States.

China poured more than $100 billion in domestic renewable energy — wind, solar, hydro — and related sectors in 2015, more than double the US investment, according Bloomberg New Energy Finance.

“The US is already slipping well behind China in the race to secure a larger share of the booming clean energy market,” said IEEFA director Tim Buckley.

“With the incoming (US) administration talking up coal and gas, prospective domestic policy changes don’t bode well,” he said in a statement.

US President-elect Donald Trump has vowed to restore America’s flagging coal industry, and has appointed several fossil fuel executives and lobbyists to key posts in his administration.

China’s emerging dominance of the clean energy sector also extends to jobs.

The International Energy Agency (IEA) estimates that China holds 3.5 million of the 8.1 million renewable energy jobs globally, compared to less than 800,000 in the United States.

China’s National Energy Administration said the nation’s renewables sector would generate at least 13 million jobs by 2020.

Ulf Moslener, a professor at the Frankfurt School of Finance and Management, agreed that China has emerged as “the world leader on renewable energy,” with clear advantages over rich-nation competitors such as the United States and Germany.

“Standard solar modules are no long rocket science,” he told AFP. “It will be really hard to compete with China on the cost side.”

The same applies to wind energy.

But US and European entrepreneurs “should still have an advantage” when it comes to high tech, he added, pointing to thin-film solar, and cutting-edge engineering services as examples.

In 2016, China boosted its overseas influence by establishing the Asia Infrastructure Investment Bank.

It is also funnelling billions into the New Development Bank, set up by the BRICS nations Brazil, Russia, India, China and South Africa. All the bank's initial loans were for renewable energy projects.

Add in its established overseas investment banks, and "China is clearly building the financial capacity to drive global mergers and acquisitions," the IEEFA report concluded.

In 2015, China overtook the United States as the largest market for electric vehicles, and today two Chinese firms — BYD Auto and battery maker CATL — are challenging US firm Tesla for leadership of the sector.—AFP

http://epaper.brecorder.com/2017/01/09/13-page/838031-news.html

'SOLAR ENERGY SYSTEM' IN BHUS TO BE INSTALLED ACROSS PUNJAB
Business Recoorder, January 11, 2017

Muhammad Saleem

The Punjab government has decided to install 'Solar Energy System' in Basic Health Units (BHUs) across the province of Punjab with a sum of Rs 1304.351 million.

Under the scheme, the government will complete the project in 16 months. Punjab Health Department will be responsible for overall operation and maintenance after the contract period, while Energy Department will provide requisite technical support, to ensure smooth functioning of solar system. Maximum life of UPS, already installed in BHUs, is calculated for two years, while the solar energy system is now replacing the slow backup system.

The Provincial Development Working Party (PDWP) in its 45th meeting, held here on Tuesday, accorded approval for implementation of scheme of energy sector titled "Solar Solutions for BHUs in Punjab" with an estimated cost of Rs 1304.351 million.

Chairman P&D Jahanzeb Khan chaired the PDWP meeting, which was also attended by Provincial Secretary P&D Iftikhar Ali Sahoo, Secretary Energy Asad Rehman Gillani, Secretary Agriculture Captain Mehmood (Retd), Secretary Livestock Naseem Sadiq, Members P&D Board, Dr Abid Bodla and other representatives of different departments attended the meeting.

Addressing the meeting, Chairman P&D said that efficient energy would be provided in the BHUs across Punjab, adding solar solutions system was being designed for installation on pillars to be constructed at the roof top of the BHUs buildings. The PDWP was also informed that the Punjab government remained committed to promote sustainable livestock development in the province.

In this connection, 29,520 heifers including 39,600 sheep & goats would be procured to handover to the poor women to redress their poverty. Poverty alleviation poor women scheme (Rs 4016.800 m) is being initially funded through ADP Rs 672.55 million & Rs 925.774 million under Kisan package.

Sources told Business Recorder Punjab government had succeeded to attract private investment in energy sector and a number of power projects were under completion. “These projects are scheduled on fast track completion within two years and over 8,000MW will be added to the national grid by those private sector projects.

http://www.brecorder.com/pakistan/industries-a-sectors/fuel-a-energy/193:pakistan/122330:solar-energy-system-in-bhus-to-be-installed-across-punjab/

BALOCHISTAN PA DEMANDS UNINTERRUPTED GAS SUPPLY, CUT IN PRICE
Dawn, January 12th, 2017

Saleem Shahid

QUETTA: The Balochistan Assembly has strongly criticised the Sui Southern Gas Company (SSGC) for unscheduled loadshedding and suspension of supply in Quetta and other areas of the province and demanded a reduction in gas price for domestic consumers.

A joint resolution moved on behalf of treasury and opposition members by Nasarullah Zerey, Agha Liaquat and Majeed Achakzai of the Pakhtunkhwa Milli Awami Party asked the federal government to restore the slab system for billing which had been withdrawn by the SSGC without any announcement.

The resolution urged the federal government to take notice of suspension of gas supply in chilly weather and provide gas to the people of Balochistan without any disruption.

Speaking on the resolution, Nasarullah Zerey, Liaquat Agha, Majeed Khan Achakzai, Manzoor Ahmed Kakar, Abdul Rahim Ziaratwal, Abdul Rehman Khetran and other legislators said the Oil and Gas Regulatory Authority had fixed uniform rates for the entire country, but since gas consumption in Balochistan increased due to intense cold weather, its price in the province should be reduced.

They regretted that unscheduled gas loadshedding in different parts of Balochistan was another issue which caused problems for the people in the chilly cold weather. They said that due to wrong meter reading and unjustified rates the poor were getting huge gas bills during the winter season, besides facing unscheduled loadshedding and low gas pressure.

The treasury and opposition members suggested that gas rates in Balochistan be fixed at Rs5 per unit for consumers using up to 500 units.

They said Balochistan had been fulfilling the energy requirement of the entire country since 1954 when gas reserves were found in the Sui area of Dera Bugti district, but still 24 out of its 32 districts had no gas supply.

They pointed out that the people of Kohat in Khyber Pakhtunkhwa had been getting free gas since its discovery from the area.

The members demanded gas supply to Balochistan from the Shikarpur distribution system as per requirement of the province.

The resolution was unanimously approved by the assembly.

https://www.dawn.com/news/1307883/balochistan-pa-demands-uninterrupted-gas-supply-cut-in-price

TARBELA DAM: POWER GENERATION REACHES ITS LOWEST POINT
Business Recorder, January 12, 2017
Eleven power generation units of Tarbela dam has been shut down due to low water level in the lake and power production capacity has reached at its lowest. According to the details, water level of Tarbela dam has reached on 1,426.3 feet, where only three power generation units are producing 297 megawatts electricity and they are also not working with full capacity either.

The Tarbela dam officials disclosed that owing to decreased water inflow in the dam the capacity of Tarbela power production reduced from 3,478 megawatts to only 297 megawatts. Water inflow in the dam was 16,900 cusec whereas outflow from Tarbela dam 8,000 cusec while the water level of the dam reached at 1426.3 feet.

Dam officials also stated that owing to low inflow of water they have decreased the outflow in Ghazi Brotha and Indus River which is only 8,000 cusec feet. A huge cut on power generation also created critical situation in the country and increased load shedding. It is expected that water inflow situation will improve after March when temperature will rise and snow melting would speed up.

http://www.brecorder.com/fuel-a-energy/193/122620/

CALL FOR PROTEST AGAINST OGRA OVER SUBSTANDARD LPG CYLINDERS
Dawn, January 13th, 2017

Khaleeq Kiani

ISLAMABAD: As many as 3,240 people have lost their lives in explosions caused by substandard liquefied petroleum gas (LPG) cylinders over the past 11 years, yet the government and the regulatory body have been reluctant to act against the influential groups manufacturing the substandard containers, LPG Distributors Association chairperson Irfan Khokhar said at a news conference on Thursday.

Seven workers hired for the Orange Line Metro Train project in Lahore died in a blaze on Wednesday that erupted after a substandard LPG cylinder exploded on the third floor of a building they were residing in.

The LPG Distributors Association chairperson announced that they would launch a protest against the government and the Oil and Gas Regulatory Authority (Ogra) if they did not act to stop the manufacture of substandard cylinders in 10 days. He said they would stage a sit-in outside the Ogra building and also approach courts in this regard.

A delegation of the LPG Distributors Association met Ogra representatives on Thursday to demand that the regulator take stern action in the light of deaths caused by LPG cylinder blasts. Mr Khokhar said that the association had demanded amendments to the law that would make manufacturing substandard LPG cylinders a non-bailable offence.

Since Ogra was responsible for issuing licences to manufacture LPG cylinders, it was duty-bound to clamp down on those making substandard cylinders, he said, adding that it was a travesty that the government and Ogra were silent on the matter even as people continued to die from explosions caused by low-grade cylinders.

Mr Khokhar warned that they would file a case against the regulatory body if it remained unmoved over the next 10 days. He said the association had been protesting since 2006 against the freehand given to low-grade cylinder manufacturers, adding that 3,240 people had lost their lives since then, but no action has been taken so far.

He alleged that Ogra had issued licences to companies making substandard cylinders but was not willing to take action against the politically influential culprits. He said that around 400 companies in Gujranwala manufactured gas cylinders, most of them substandard.

In reply a question, he said the LPG sector would be regulated when there was no gap in supply and demand of LPG. The government had received nearly Rs42 billion in the financial year ending June 30, 2016, from the sale of an estimated 12 million metric tonnes of LPG, he said, adding that the revenue could cross Rs100 billion in 2017 if the government adopted a fair LPG import and production policy.

Mr Khokhar demanded that the LPG sector be recognised as an industry and that an import policy for it be introduced in order to stabilise prices in the domestic market. If the government removed GST and 5.5 per cent advance tax on LPG imports, the commodity would be available to consumers for less than Rs80 per kg and a cylinder for Rs900, instead of the current rate of Rs120 per kg and Rs1,350 per cylinder weighing 11.8kg, he elaborated.

Such a policy would allow the government to control the rising price of LPG mostly used in rural areas, he said. Based on data of the last five years, Mr Khokhar said, gas imports had led to a fall in domestic prices.

Commenting on Mr Khokhar’s remarks to the media, Imran Ghaznavi, a spokesperson for Ogra, said the regulatory body’s meeting with the LPG association had been cordial and that their suggestions had been well received.

He said the delegation was told that the authority would look into their recommendations and take necessary steps against those manufacturing substandard cylinders, as and when required according to provisions in the Ogra Ordinance, the requisite policy and rules. He said he would not comment on political statements made after the meeting.

https://www.dawn.com/news/1308164/call-for-protest-against-ogra-over-substandard-lpg-cylinders

NEPRA TO INTRODUCE FRESH UPFRONT TARIFF FOR POWER PROJECTS IN THAR
Dawn January 14th, 2017

Khaleeq Kiani

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) has decided to introduce a fresh upfront tariff for future coal-based power projects in Thar to replace the existing lucrative rates to "early birds".

"The authority has decided not to extend the already determined Thar coal upfront tariff," said an announcement by the regulator. It said it would introduce a new tariff regime, either upfront or the one based on competitive bidding, in view of the improvements in latest technology and reduced risks as "first movers have already been borne the first-movers risks".

The new tariff would be determined on the basis of consultations with all the stakeholders, including federal and provincial governments, investors and experts.

Nepra announced the existing tariff for Thar power projects in July 2014 for two years and it was notified by the federal government on Jan 20, 2015. That tariff is set to expire on Jan 19, 2017.

The existing rates, criticised at the time by private commentators for being expensive, entailed upfront rate of 8.33 US cents per unit for foreign-funded plants of 660 megawatts and 9.57 cents for locally funded projects. Likewise, the upfront tariff for foreign-funded projects of 1,100MW was set at 7.99 cents and 9.13 cents per unit for locally funded projects.

Based on consultations with the stakeholders, Nepra would determine if another upfront tariff should be announced with revised benchmarks or determine benchmark tariff for competitive bidding for Thar-based power projects. These consultations would also determine if the upfront or bidding-based benchmark tariff should have the current practice of cost-plus formula or only plants with low cooling water requirements be allowed.

At least three major projects accepted the upfront tariff, including a 660MW project of Engro Powergen, a 1,320MW power project of Shanghai Electric and Sino-Sindh Resources, and a 1,320MW project being developed in Thar Block-I under the China-Pakistan Economic Corridor (CPEC).

Under the existing upfront tariff for Thar projects, up to 30.65pc rate of return had been offered to attract investment in Thar coal for exploitation of a domestic resource.

Plant factor and efficiency benchmarks were changed from European and American standards which the government felt were difficult for Chinese companies to meet. The tariff is applicable for 30 years.

The investors entitled to a rate of return on equity for imported coal at 24.5pc for 220MW plant, 27.2pc for 660MW plant, and 30.65pc for Thar coal instead of original flat rate of return of 17pc. Likewise, the plants on local coal were entitled to a return of 26.5pc for 220MW, 29.5pc on 660MW and 1,100MW plants.

In doing so, Nepra has reduced efficiency standards for 200MW power projects to 37pc from 39.5pc. The efficiency standards for 600MW power projects have also been scaled down to 39pc from 42pc while those for 1,000-1,100MW plants have been reduced to 40pc from 42pc. The efficiency standards for Thar coal-based projects of 330MW have also been set at 37pc.

Nepra stated at the time that the lucrative tariffs would enable project implementation in four years while investor would be able to draw down entire equity in three years, starting with 60pc in the first year and 20pc each in subsequent two years. It said the debt involved in the project could also be drawn down in four years, 33pc each in the first two years, followed by 20pc in the third year and 10pc in the fourth year.

The sponsors of the plant were allowed to select plant of any technology based on the quality of coal as long as the minimum efficiency thresholds were ensured.

http://www.dawn.com/news/1308246

CHINESE MINISTRY OKAYS SEP-ABRAAJ DEAL
Dawn January 14th, 2017

HONG KONG: Shanghai Electric Power (SEP) said on Friday it has received approval from the Chinese Ministry of Commerce to acquire stakes in K-Electric.

One of Abraaj Group’s companies, KES Power, had reached an agreement with SEP in October to divest its stake in K-Electric, the country’s largest and only vertically integrated power utility.

Abraaj owns 66.4 per cent of K-Electric’s total shares, along with management control. The deal, when closed, will be worth $1.77 billion.

SEP is a state-owned enterprise controlled by China’s State Power Investment Corporation, a Fortune 500 company.

Listed on the Shanghai Stock Exchange, it is mainly responsible for Shanghai’s power supply, with a generation of 35.23TWh (terawatt hours) last year.

The deal ended a stormy, but ultimately fruitful, engagement that Abraaj began in 2009 when it acquired the controlling stake with management control in the midst of a severe crisis in the utility.

According to people familiar with the original acquisition, Abraaj had intended to implement its turnaround plan and exit the investment in five years, but the exit was delayed due to regulatory hurdles in unbundling the utility, as well as difficulties in locating buyers.

Along the way, the new management clashed often with the Ministry of Water and Power, with labour unions, and with the state-owned gas supply company responsible for providing fuel for its power plants. It saw three CEOs come and go, and faced an embarrassing overbilling scandal along the way.

The Dubai-based private equity fund claims to have added 1,000MW to KE's power generation, improved "overall efficiency levels" from 30.4pc in 2009 to 37.4pc this year, and reduced transmission and distribution losses by 12 percentage points.

The company recorded its first net profit in 2012 after languishing in loss for over a decade. Its last reported net profit, for the nine-month period ending in March this year, surged 40pc year-on-year to touch Rs22.8 billion.

http://www.dawn.com/news/1308244

NEWS COVERAGE PERIOD FROM JANUARY 2ND TO JANUARY 8TH 2017
NOWSHERA FACTORY OWNERS THREATEN TO SHUT DOWN UNITS
Business Recorder, 5 January, 2017

Peshawar: Factories owners and manufacturers in Small Industrial Estate Nowshera have threatened to shut down their manufacturing units against the prolonged power outages, which had caused huge financial losses to them.
While addressing at a news conference at press club on Wednesday, Small Industrial Estate Association Nowshera President Zahid Iqbal said that the industries are being faced with prolonged electricity loadshedding, due to which most of the units have been closed down, rendering thousands of workers jobless.

Flanked by the manufacturers and factories owners, Fayaz Bacha, Hayatullah, Tahir Khan, Amanullah and others, he said the Nowshera Small Industrial Estate is lacking all kind of facilities, along with poor infrastructure.

The association president informed that a total of 100 industrial units, comprising on marble, pharmaceutical, PVC pipes, juices/beverage, and woolen, were being established at Small Industrial Estate Nowshera, wherein more than 10,000 workers employed.

Hayatullah said the provincial government is taking steps to only facilitate the larger manufacturers, but no initiatives were made to resolve the issues of small factories owners in the province, especially from district Nowshera.

Zahid Iqbal said that all industrial estates across the country were being exempted from electricity loadshedding under the policy, but it was completely unjust to carryout the prolonged power outages in Nowsehra Industrial Estate.

He asked the federal government, Ministry of Water and Power and Wapda to acquire land from provincial government and establish a separate electricity grid station for the Nowsehra Industrial Estate to resolve loadshedding issue.

http://epaper.brecorder.com/2017/01/05/13-page/835988-news.htm

CHINA AIMS TO SPEND AT LEAST $360 BILLION ON RENEWABLE ENERGY BY 2020
International New York Times, January. 5, 2017

Michael Forsythe

China intends to spend more than $360 billion through 2020 on renewable power sources like solar and wind, the government's energy agency said on Thursday.

The country's National Energy Administration laid out a plan to dominate one of the world's fastest-growing industries, just at a time when the United States is set to take the opposite tack as Donald J. Trump, a climate-change doubter, prepares to assume the presidency.

The agency said in a statement that China would create more than 13 million jobs in the renewable energy sector by 2020, curb the growth of greenhouse gasses that contribute to global warming and reduce the amount of soot that in recent days has blanketed Beijing and other Chinese cities in a noxious cloud of smog.

China surpassed the United States a decade ago as the world's biggest emitter of greenhouse gasses, and now discharges about twice as much. For years, its oil and coal industries prospered under powerful political patrons and the growth-above-anything mantra of the ruling Communist Party.

The result was choking pollution and the growing recognition that China, many of whose biggest cities are on the coast, will be threatened by rising sea levels.

But even disregarding the threat of climate change, China's announcement was a bold claim on leadership in the renewable energy industry, where Chinese companies, buoyed by a huge domestic market, are already among the world's dominant players. Thanks in part to Chinese manufacturing, costs in the wind and solar industries are plummeting, making them increasingly competitive with power generation from fossil fuels like coal and natural gas.

Sam Geall, executive editor of Chinadialogue, an English- and Chinese-language website that focuses on the environment, said that the United States, by moving away from a focus on reducing carbon emissions, risked losing out to China in the race to lead the industry.

Mr. Trump has in the past called the theory of human-cased global warming a hoax and picked a fierce opponent of President Obama's rules to reduce carbon emissions, Scott Pruitt, the Oklahoma attorney general, to lead the Environmental Protection Agency.

The investment commitment made by the Chinese, combined with Mr. Trump's moves, means jobs that would have been created in the United States may instead go to Chinese workers.

Even the headline-grabbing numbers on total investment and job creation may understate what is already happening on the ground in China. Greenpeace estimates that China installed an average of more than one wind turbine every hour of every day in 2015, and covered the equivalent of one soccer field every hour with solar panels.

China may meet its 2020 goals for solar installation by 2018, said Lauri Myllyvirta, a research analyst at Greenpeace, who is based in Beijing.

But despite these impressive numbers, China's push to clean its air and reduce its greenhouse gasses faces political pressure from the politically powerful coal industry.

Mr. Geall and Mr. Myllyvirta both said that Thursday's announcement was missing any language on curtailment, or the amount of electricity generated by wind and solar that never finds its way to the country's power grid. In China, wind power curtailment was 19 percent in the first nine months 2016, Mr. Myllyvirta said, many times higher than in the United States, where curtailment levels are often negligible.

The main reason for curtailment, he said, is that China is plagued by overcapacity in electricity generation and operators of China's grid often favor electricity generated from coal.

In recent years the country has also been building coal-fired power plants at a furious pace, although that has recently slowed along with China's economy. Another omission from Thursday's announcements, Mr. Myllyvirta said, was the absence of any specific target to reduce coal consumption.

But both Mr. Geall and Mr. Myllyvirta said Thursday's announcement set the stage for still more power generation from renewable energy and a gradual shift away from coal.

"My experience with China is when a numeric target gets written down, it gets implemented," Mr. Myllyvirta said. "It doesn't always get implemented in the way you like, but it does get implemented."

http://www.nytimes.com/2017/01/05/world/asia/china-renewable-energy-investment.html

February 2017

NEWS COVERAGE PERIOD FROM FEBRUARY 20TH TO FEBRUARY 26TH 2017

THE MURKY FUTURE OF NUCLEAR POWER IN THE UNITED STATES

International New York Times, Feb. 18, 2017

Diane Cardwell

This was supposed to be America's nuclear century.

The Three Mile Island meltdown was two generations ago. Since then, engineers had developed innovative designs to avoid the kinds of failures that devastated Fukushima in Japan. The United States government was earmarking billions of dollars for a new atomic age, in part to help tame a warming global climate.

But a remarkable confluence of events is bringing that to an end, capped in recent days by Toshiba's decision to take a $6 billion loss and pull Westinghouse, its American nuclear power subsidiary, out of the construction business.

The reasons are wide-ranging. Against expectations, demand for electricity has slowed. Natural-gas prices have tumbled, eroding nuclear power's economic rationale. Alternative-energy sources like wind and solar power have come into their own.

And, perhaps most significantly, attempts to square two often-conflicting forces — the desire for greater safety, and the need to contain costs — while bringing to life complex new designs have blocked or delayed nearly all of the projects planned in the United States.

“You can make it go fast, and you can make it be cheap — but not if you adhere to the standard of care that we do,” said Mark Cooper of the Institute for Energy and the Environment at Vermont Law School, referring to the United States regulatory body, which is considered one of the most meticulous in the world. “Nuclear safety always undermines nuclear economics. Inherently, it's a technology whose time never comes.”

In the process, the United States could lose considerable influence over standards governing safety and waste management, nuclear experts say. And the world may show less willingness to move toward potentially safer designs.

“I'm concerned that if the U.S. is not seen as a big player, and doesn't have that kind of market presence, that we won't be in a competitive position to bring those standards back up,” said Richard Nephew, a senior research scholar at the Center on Global Energy Policy at Columbia. “If you've got more lax safety standards worldwide, I think that's a problem from an industry perspective as well as just a human standard.”

This may be an advantage for state-owned nuclear industries worldwide. Often they benefit from long-term national policies in places like Eastern Europe, Asia and the Middle East.

By contrast, the Toshiba-Westinghouse withdrawal from nuclear construction shows how daunting it can be for the private sector to build these plants, even with generous government subsidies like loan guarantees and tax credits. Projects take decades to complete. Safety concerns change along the way, leading to new regulations, thousands of design alterations, delays and spiraling costs for every element.

In one case, even the dirt used to backfill excavated holes at the Westinghouse project in Georgia became a point of contention when it did not measure up to Nuclear Regulatory Commission standards, leading to increased costs and a lawsuit.

Thus far in the United States, only the Tennessee Valley Authority, itself a government corporation, has been able to bring a new nuclear reactor into operation in the last 20 years.

Of the dozens of new reactors once up for licensing with the Nuclear Regulatory Commission, only four are actively under construction. Two are at the Alvin W. Vogtle generating station in Georgia, and two at the Virgil C. Summer plant in South Carolina. Both projects, which plan to use a novel reactor from Westinghouse, have been plagued by delays and cost overruns, some stemming, paradoxically, from an untested regulatory system intended to simplify and accelerate their development.

The projects, more than three years late and billions over budget, are what pushed Westinghouse — one of the last private companies building nuclear reactors — and its parent, Toshiba, to the brink of financial ruin, resulting in Toshiba’s chairman stepping down.

The company has said that Westinghouse will complete the reactors for the projects it already has underway, including two in China. But the fate of other projects in the United States and abroad that plan to use the Westinghouse reactor, known as the AP1000, are in doubt, along with the role of the United States in the future of nuclear energy. It is also unclear how President Trump will approach nuclear energy development, which has broad and overlapping implications for tax and trade policies, economic development and national security.

The AP1000 is considered one of the world’s most advanced reactors, with simplified structures and safety equipment which were intended to make it easier and less expensive to install, operate and maintain. It has been designed with an improved ability to withstand earthquakes and plane crashes and is less vulnerable to a cutoff of electricity, which is what set off the triple meltdown at Fukushima.

The industry has lurched through boom and bust cycles before.

Nuclear construction had all but disappeared in the United States, particularly after the partial meltdown at Three Mile Island in Pennsylvania in 1979. Concerns over climate change led to renewed interest in building new plants under the administration of George W. Bush, however. The Bush-era energy policy acts authorized $18.5 billion in loan guarantees, plus tax credits like those available for wind and solar.

https://www.nytimes.com/2017/02/18/business/energy-environment/nuclear-power-westinghouse-toshiba.html?_r=0

CONTRACTS FINALISED FOR DASU PROJECT'S CIVIL WORKS
Dawn, February 21st, 2017

LAHORE: Wapda has finalised the main contracts of civil works for the Dasu Hydropower Project (DHP) in an effort to capitalise on hydropower resource to add low-cost electricity to the national grid as per the federal government's resolve.

Subsequent to signing of agreements, the construction on main works of the 2,160MW Stage-I of the DHP will commence shortly.

"Likewise, the contractor of the 128MW Keyal Khwar Hydropower Project has also started mobilising machinery to the site to carry out construction work on the project," said Wapda chairman retired Lt-Gen Muzammil Hussain during his visit to various projects including Dasu, Keyal Khwar, Khan Khwar, Allai Khwar and Duber Khwar.

According to a spokesman for the authority, the chairman expressed satisfaction over the work initiated on already-awarded three DHP contracts to develop infrastructure in the project area — relocation of Karakoram Highway (Rs14.538 billion), construction of right bank access road (Rs2.713bn) and construction of 132KV transmission line from Duber Khwar Hydel Power Station to Dasu (Rs1.583bn).

He urged the project management to complete these works within the stipulated time.

He also directed them to effectively engage the locals and the district as well as the provincial administration to expedite the process of remaining land acquisition for the project.

Mr Hussain also visited Khan, Allai and Duber Khwar hydel power stations where he was informed that these hydel power stations had contributed 4.861 billion units of electricity to the national grid since their commercial operation.

https://www.dawn.com/news/1315975

THAR PROJECT: FIRST UNIT TO START POWER PRODUCTION BY END OF 2018
The Express Tribune, February 21st, 2017.

ISLAMABAD: Work on 1,320-megawatt Thar coal-based power plants, comprising four units of 330MW each, costing $2.1 billion is under way and the first unit will start producing electricity by the end of 2018.

"We are running ahead of the given schedule; though the commercial operation date (COD) of two power plants is June 2019, we expect electricity production from the first unit to begin by the end of next year," said Shamsuddin Ahmed Shaikh, Chief Executive Officer of Sindh Engro Coal Mining Company (SECMC).

Talking to APP on Monday, Shaikh said energy production from the first unit in December 2018 would, however, depend on coal availability from the Thar field.

"Coalmining in the Thar field block-II is being carried out round the clock and we expect to see the completion of mining work before deadline as well," he added.

Shaikh revealed that work on two more power plants costing $1 billion had also begun and they would start producing electricity by December 2019.

All these projects are being executed under the China-Pakistan Economic Corridor (CPEC) programme. SECMC is working in collaboration with the Sindh government and is main sponsor of the project.

Shaikh said 1.57 billion tons of exploitable coal reserves in block-II, which constitute 1% of total coal deposits in the country, could be used to produce 5,000 megawatts of electricity for 50 years.

"This is the first coal-fired power project in Thar and is also one of the leading energy schemes of CPEC," he said, adding Thar was the only energy project with majority sponsorship from the country's private sector.

He said the coal-mining project would cost $845 million, which has a debt-equity ratio of 75:25. The debt component comprises 31.5% foreign and 68.5% local debt.

Meanwhile, another SECMC official said initially the cost of electricity would be higher at 10 cents per unit in the first year, but it would gradually come down with the passage of time.

After about six to eight years, he said, the production cost would fall to six cents, which would be even lower compared to that of hydroelectric power.

He disclosed that since financial close of phase-I of the block-II mining project, investor interest in setting up Thar coal-based power plants had surged. Major industrial houses of the country and prominent Chinese investors are expressing the desire to buy coal from SECMC for setting up their power plants.

By December 2021, five more coal-fired power plants would be set up in block-II and total electricity production capacity from Thar coal would rise to around 3,000MW.

https://tribune.com.pk/story/1333440/thar-project-first-unit-start-power-production-end-2018/

MOU WITH CANADIAN AGENCY FOR SOLAR-POWER PROJECTS IN KP
Business Recorder, Feb 21st, 2017

The Industries, Commerce and Technical Education Department (ICTED) of KP government announced exclusive partnership with the official international contracting agency of the Government of Canada – Canadian Commercial Corporation (CCC), here on Monday.

Through CCC, Canada's largest solar energy company – Canadian Solar, present in 24 countries and is planning to invest in solar power projects up to 1000MW, starting with a 50MW solar power project using photovoltaic panels in Hattar Special Economic Zone, according to statement of Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC), issued here on Monday.

It was said that this is a milestone for KP government as for the first time a Canadian government-backed company is investing CAD 100 million in the province. This will lead the way for other countries to invest in KP. According to the statement, the MoU signing ceremony was held in KP House Islamabad. KP Chief Minister Pervez Khattak, Canadian High Commissioner Perry John Calderwood, Chief Secretary Abid Saeed, Secretary Industries Farha Hamid, Chairman KPEZDMC Ghulam Dastagir, CEO KPEZDMC Mohsin Syed and high level representatives from Canadian Solar were present in the MoU signing ceremony.

It was said that the Hattar Special Economic Zone will have 50MW of electricity in first phase with additional 225MW of captive power in second stage. This MoU will be instrumental in providing much needed energy requirements to industrialist in Hattar Special Economic Zone. This will boost investor confidence and make KP desired location for investment.

The CM on the occasion said that KP government do everything in its power to promote investment, creating jobs hence reducing menace of terrorism in the province. This MoU is a testament of our progressive approach and will go a long way in development of KP. Calderwood said that the MoU signed by KP and Canadian government is a reflection of undeterred resolve of both governments to join hands in energy, trade and commerce sectors to bring prosperity in the province of KP.

http://fp.brecorder.com/2017/02/20170221143708/

WATER & POWER MINISTRY TEAM LEAVING FOR IRAN
Business Recorder, Feb 21st, 2017

ISLAMABAD: An official delegation led by Secretary Ministry of Water and Power, Younus Dagha is visiting Tehran for 2 days from Tuesday (today) aimed at exploring ways and means to expand vistas of cooperation in different fields, well informed sources told Business Recorder.

Presently, Pakistan is importing 100MW of electricity from Iran to meet requirements of Gwadar and negotiations to increase up to 1,100 MW are under way between the two countries.

Pakistan had also signed an agreement for placing pipeline to import gas from Iran but the project could not be materialised due to international sanctions on Iran. USA had lifted some sanctions against Iran after a nuclear deal but the pipeline is still under restrictions.

Commerce Minister Khurram Dastgir was also scheduled to visit Iran during the third week of Dec last to discuss prospects of Free Trade Agreement (FTA) but his visit was put off as the government didn't finalise its own trade plan.

Presently, Pakistan and Iran are tied with Preferential Trade Agreement (PTA) which has been effective since Sept 1, 2006. Under the PTA, Pakistan has granted tariff concessions to Iran on 338 tariff lines while Iran has granted tariff concessions on 309. Average tariff concessions are around 18 percent. However, due to Iran's restrictive tariff regime, tariff applied by Iran on Pakistani exports is much higher than tariff on Iranian exports to Pakistan.

Due to Iran's high tariffs as well as limited product coverage, substantial increase in bilateral trade has not come through in wake of Pak-Iran PTA. Iran even raises tariffs on the products included in Pak-Iran PTA in violation of the agreement. Although international sanctions against Iran have been lifted, yet Pakistani banks are still hesitant to carry out transactions with Iranian banks.

The absence of banking channels is the single largest obstacle to enhance Pak-Iran trade. US has not lifted sanctions against Iran so far whereas European Union (EU) has relaxed some conditions.

State Bank of Pakistan (SBP) is also in close contact with Iran to finalise an agreement that would allow official transactions between the two countries. Federal Cabinet has already allowed the SBP to finalise modus operandi of financial transactions.

Iran maintains high tariffs on Pakistani exports. For instance on textiles and clothing, Iranian tariffs are as high as 120 percent and 100 percent respectively. Similarly on leather and footwear, Iranian maximum tariffs are 120 percent, on fruits and vegetables, 200 percent, and 90 percent on rice.

These high tariffs are serious obstacles to Pakistan's market access in Iran. Iran also maintains a permit system for importers and when the Iranian government wants to restrict imports, it simply stops issuing permits.—MUSHTAQ GHUMMAN

http://epaper.brecorder.com/2017/02/21/13-page/851966-news.html

INDIA AGREES TO EXTEND ACCORD ON NUCLEAR ACCIDENTS FOR FIVE YEARS
Dawn, February 22nd, 2017

Baqir Sajjad Syed

ISLAMABAD: Pakistan on Tuesday emphasised continued engagement with India on strategic stability issues as New Delhi agreed to a five-year extension in the bilateral accord on accidents involving nuclear weapons.

"Pakistan and India have agreed to extend their bilateral Agreement on Reducing the Risk from Accidents Relating to Nuclear Weapons for the next five years (2017-2022)," the Foreign Office said.

This is the second extension in the agreement originally signed in 2007. The agreement is the only major nuclear-related pact signed by the two countries after the Lahore Declaration of 1999. The agreement, last extended in 2012, completed its term on Monday. Pakistan had weeks earlier proposed an extension to India. The Indian government conveyed its willingness through a note verbale.

Article 8 of the agreement provides that one of the party states can propose an extension, which will take effect after acceptance by the other side.

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“In accordance with Article 8 of the agreement between the Republic of India and the Islamic Republic of Pakistan on Reducing the Risk of Accidents Relating to Nuclear Weapons, both countries have agreed to extend the agreement for a further period of five years,” the Indian External Affairs Ministry said in a statement.

The agreement provides for immediate exchange of information between the two countries in the event of an accident relating to nuclear weapons, under their respective jurisdiction and control, which can create the risk of radioactive fallout, with adverse consequences for both sides, or can create the risk of an outbreak of a nuclear war.

The agreement is part of the nuclear confidence building measures that the two countries have taken and have remained intact despite prevailing tension in the bilateral relationship.

Furthermore, India and Pakistan have been regularly exchanging lists of their nuclear facilities under the 1988 Agreement on Prohibition of Attack against Nuclear Installations and Facilities. Additionally, the two have an Agreement on Pre-Notification of Flight Testing of Ballistic Missiles.

“It (the extension of the accord) is aimed at promoting a stable environment of peace and security between the two countries. It is premised on the recognition that the nuclear dimension of the security environment of the two countries adds to their responsibility for avoidance of conflict,” the FO said.

The extension of the agreement shows responsible nuclear behaviour by the two countries though their bilateral relationship is in deep freeze and the peace dialogue continues to be suspended. It further shows that both Islamabad and New Delhi recognise nuclear dangers and are willing to cooperate to reduce the risk of nuclear-related accidents and emergencies.

https://www.dawn.com/news/1316224

SNGPL WORKING ON DESIGN OF SECOND LNG PIPELINE
The Express Tribune, February 22nd, 2017.

ISLAMABAD: Sui Northern Gas Pipelines Limited (SNGPL) has planned to award contract for a second gas pipeline from Karachi to Lahore, which will carry 1.2 billion cubic feet of liquefied natural gas (LNG) per day, in the next two months in an attempt to tackle the gas crisis in Punjab.

The gas pipeline will lead to an increase in assets of SNGPL and consequently its profit will go up further.

According to officials, the Ministry of Petroleum and Natural Resources has tasked SNGPL to lay another gas pipeline from Karachi to Lahore for the transmission of imported LNG.

“We are working on the design of second gas pipeline from Karachi to Lahore and hope that a contract for building the pipeline will be awarded in the next two months,” SNGPL Managing Director Amjad Latif said while talking to The Express Tribune.

After the design is prepared, the Ministry of Petroleum will send a summary to the Economic Coordination Committee (ECC) to seek its approval for acquiring bank financing. SNGPL, which meets the requirement of Punjab and Khyber-Pakhtunkhwa, has already completed its first pipeline augmentation project for smoothly transmitting gas from Karachi to Lahore.

Punjab has a very thin share in gas production, which forces SNGPL to provide energy to domestic consumers only in the winter season, when demand goes up sharply.

Owing to the gas scarcity, industrial units in the province including textile mills and compressed natural gas (CNG) filling stations have been shifted to imported LNG.

With this, the Rs450 billion CNG industry, which remained closed most of the time in winter due to absence of natural gas supply, has resumed business.

Three LNG-based power plants with cumulative production capacity of 3,600 megawatts are also being set up in Punjab, which will need continuous gas supply. In a bid to receive and process LNG imports, first terminal started running in Karachi in March 2015 and work on the second terminal with handling capacity of 600 million cubic feet per day (mmcfd) was under way.

It will start operations before June this year and provide imported LNG to the new power plants being set up in Punjab.

“LNG pipelines being laid by SNGPL will take imported gas to Punjab for the revival of its industries that have no domestic gas available due to shortage,” an official commented.

Last year, SNGPL turned into a profit-making company after curbing its transmission and distribution losses. Its actual profit in 2015-16 stood at Rs2.5 billion, but the Oil and Gas Regulatory Authority (Ogra) – the regulator – made adjustments in arrears of the past three years, which brought down the earnings.

Major contributors to the turnaround were lower losses and increased assets.

“Unaccounted-for-gas (UFG) loss was 10.98% in 2014-15, which came down to 9.21% in the following year. With the ongoing pipeline augmentation projects, the company’s assets will further rise,” the official said.

Now the UFG loss, caused by gas theft and leakage, has dropped to 8.3% and its impact will be reflected in the company’s upcoming revenue requirement. A 1% reduction in the UFG level means an injection of Rs2 billion into its profit.

According to the official, Ogra allows the recovery of 4.5% UFG loss from gas consumers whereas the remaining is borne by the company. The fall in UFG loss will provide the company an opportunity to stave off a major hit to its balance sheet.

https://tribune.com.pk/story/1334756/sngpl-working-design-second-lng-pipeline/

GOVT ‘SHELVES’ LNG-BASED MUZAFFARGARH POWER PROJECT
Dawn, February 24th, 2017

ISLAMABAD: The government’s bid to set up a major Liquefied Natural Gas (LNG) power project — scheduled for electricity generation by March 2018 — on a war footing has failed to take off due to zero investor response.

“The project has been shelved,” a senior government official said, adding the development had been reported to the board of directors of the Private Power and Infrastructure Board (PPIB) led by Minister of Water and Power Khawaja Asif last week.

The government had announced on Oct 28 last year that it was inviting bids for a 1,200-megawatt LNG-based power project at Muzaffargarh as a contingency to ‘ensure loadshedding-free Pakistan by 2018’.

The last date for submission of bids was set as Dec 5, 2016 which was later extended for 15 days to Dec 20 on the instructions of Prime Minister Nawaz Sharif.

On Thursday, PPIB spokesperson Sami Rafi Siddique confirmed to Dawn that no bids were received for the project. “PPIB does not have any further instructions,” he added.

Informed sources said PPIB’s managing director had even conducted a pre-bid conference with a reasonable number of investors and about 7-8 of them even purchased documents required for bidding but none submitted a bid.

“The project was not based on prudent decision and timeline was too short,” said an investor who purchased bid documents.

Another source said the straitjacketed bid schedule was given for the project on signals from an investor that a refurbished set of turbines were ready to be mobilised but this did not materialise.

The project was offered to investors following a policy change in the first place because the government considered its fast track development would cover slippages on the target to end loadshedding by 2018.

The PML-N had come to power on the promise of ending power shortages in the country within its five-year term.

The project was conceived when it dawned on the government that 1,450MW Tarbela 4th Extension had been delayed beyond its completion deadline but was within the 2018 target timeline, but the strategic 969MW Neelum-Jhelum hydropower project could still not be relied upon because of its challenging geographic and hydrologic nature.

Therefore, the Cabinet Committee on Energy (CCoE) headed by the PM wanted to ensure without any doubt that enough project capacity was available before the next elections to end even slightest of shortfall.

The project was to be located in Muzaffargarh, near the existing thermal power station, having gas turbines based on combined cycle technology. The power plant was targeted to have minimum annual availability of 92 per cent.

The capping orders had been issued when realised that the government had already contracted power projects that were enough not only to meet power shortages but also provide reasonable surplus reserve. It was reported that 2,632MW of new hydropower plants and 3,960MW of coal-based power plants (both local and imported) and other renewable energy projects already under construction would bring in 13,207MW of new generation capacity by the end of 2018. This is “sufficient not only to meet our power shortages, but also to provide comfortable spinning reserves”.

The orders said the “power generation already financed and under various stages of execution will also bring further capacity of 20,380MW by 2022, bringing the total installed capacity to 53,405MW”.

https://www.dawn.com/news/1316606

PESCO UNABLE TO FINISH USAID-FUNDED PROJECTS
The Express Tribune, February 25th, 2017.

PESHAWAR: The Peshawar Electric Supply Company (PESCO) is struggling to carry on projects initiated with the help of the United States Agency for International Development (USAID) under its power distribution programme.

The USAID had started replacing conductor cables in Peshawar district. The donor agency also provided 100 auto-rickshaws and 70 vans, specifically built to meet the utility’s requirements.

Moreover, the agency also worked on the utility's relations with its consumers, helping it reach its consumers.

"Most of the projects started by the USAID have been closed in 2015 when the agency stopped its funding," said an official of the utility requesting anonymity.

"We are now running the digital meter project which was initiated by the USAID because we can afford meters," said the official.

According to him, wires could not be replaced because of heavy cost.

"The new wire helps reducing the Kunda culture, but the wire is expensive because of which the government cannot continue the project.

According to official statistics, at least 70 percent areas of the Peshawar district had been replaced, but in other areas the rest are yet to be replaced.

Similarly, HESCO failed to maintain 100 rickshaws. Most of the rickshaws could be seen parked in front of an office of the utility.

The vans were now operational. "The rickshaws are too big to be moved in the city's narrow streets," said an employee of the utility.

Insiders maintained that all vans were operational "simply because the staff are using them for personal use while designs and colours of rickshaws were not suitable for doing personal duties of the staff.

A former USAID worker said that all of the programmes were meant for capacity-building and were time-specific.

Stressing the need for launching a public awareness campaign, he said that they would visit educational institutions for creating awareness on PESCO.

Pesco spokesperson Shaukat Afzal denied project closures, saying that the company had been working on wire replacement, adding that all vehicles were in running condition.

"Few rickshaws need repairs, but most of them are operational," he said.

https://tribune.com.pk/story/1338381/pesco-unable-finish-usaid-funded-projects/

DISAGREEMENT: OGRA IGNORES MINISTRY'S ADVICE, SETS LPG PRICE AT RS910
The Express Tribune, February 25th, 2017.

Islamabad:The Oil and Gas Regulatory Authority (Ogra), while dismissing a proposal of the Ministry of Petroleum and Natural Resources, has set the price of liquefied petroleum gas (LPG) at a sharply lower level at Rs910 for 11.8kg domestic cylinder.

Earlier this month, the ministry, in two separate letters, proposed the LPG price and asked Ogra – the regulator – to safeguard the interest of consumers. It estimated the maximum consumer price at Rs93,500 per ton, or Rs1,100 per 11.8kg cylinder, including the base stock price at Rs59,190, general sales tax at 17% and marketing and distribution margins at Rs20,724.

According to a statement issued by Ogra, in compliance with the January 27, 2017 order of the Lahore High Court, the regulator conducted hearings and sought audited accounts for the past three years of LPG producing companies keeping in view the petroleum ministry's advice and the legal frame work.

Ogra also asked the companies to submit details of revenues and costs in respect of their LPG business.

However, they replied that they did not keep any specific data as LPG was a by-product of crude oil that was extracted during the refining process, therefore, no separate accounts were maintained.

In that scenario, the Saudi Aramco contract price for imports and the LPG base stock price quoted by local companies were the only available data.

Ogra noted that the LPG consumer price was an aggregate of domestically produced base stock price or imported cost-and-freight price, margins of marketing and distribution companies as well as government taxes and levies.

Furthermore, a uniform price applicable across the country could not be determined because of limitations like different freight from the source to consumer destination, base cost for different sources, etc.

However, a maximum indicative price could be set in order to comply with legal provisions and court's orders.

Ogra noted that local LPG producers did not have their own set of parameters to compute the price. Therefore, the average of past three-month Saudi Aramco contract price, which came in at Rs45,276 per ton, may be considered relevant for determining the LPG price for February 2017.

It included margins of Rs20,724 per ton suggested by the petroleum ministry in the LPG price.

The imported LPG market is totally deregulated and it will be supplied to industrial and auto sectors according to the LPG Policy 2016, while locally produced LPG sales are regulated because of it being a poor man's fuel.

Reacting to Ogra's move, LPG Distributors Association Chairman Irfan Khokhar rejected the new price, describing it as an act that would destroy the industry.

He claimed that the industry suffered a loss of Rs3 billion because of intervention in LPG prices and declared that they would launch a protest movement against the regulator.

https://tribune.com.pk/story/1338341/disagreement-ogra-ignores-ministrys-advice-sets-lpg-price-rs910/

NEWS COVERAGE PERIOD FROM FEBRUARY 13TH TO FEBRUARY 19TH 2017
FRESH OIL, GAS DEPOSITS FOUND IN K-P
The Express Tribune, February 14th, 2017.

KARACHI: MOL Pakistan Oil and Gas Company has found fresh oil and gas deposits in appraisal well Mardankhel-3 of Tal block in Khyber-Pakhtunkhwa (K-P).

"The well has tested 195 barrels per day of condensate (oil), 5.6 mmscf (million standard cubic feet) of gas per day and 48 barrels per day of water," said an announcement made at the Pakistan Stock Exchange (PSX) on Monday.

The hydrocarbons were found during the test phase of the well. "It should be borne in mind that actual production may differ significantly from the test results," it said.

MOL Pakistan is the operator of Tal block. Pakistan Oilfields Limited (POL) has a pre-commercial working interest of 25% in the block, the notification said.

In its research report, IGI Securities said MOL, being the operator of the block, held an 8.4% stake whereas Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company (OGDC) had 27.8% stake each.

POL's share price rose 1.57%, or Rs7.73, and closed at Rs498.31 with a volume of 371,100 shares at the PSX. PPL's stock gained 0.54%, or Rs0.95, at Rs176.01 with trading in 313,200 shares. OGDC recorded an increase of 1.14%, or Rs1.80, in its stock price that stood at Rs158.56 with turnover of 867,800 shares.

JS Global Research attributed the gain in share prices of exploration and production companies to an upward trend in the international oil market.

"Crude oil surged to trade comfortably above $53.5 per barrel for most part of the day," the brokerage house commented in its post-market report.

Earlier, Drill Stem Test (DST) was conducted at the well to determine the potential of lower sheet (sub-thrust) of the Lockhard and Hangu formations, the stock market notification said.

DSTs are also planned to test the potential of upper sheets of Lumshiwal, Hangu and Lockhart formations and "the true potential of the well shall be known after the conclusion of testing of all these formations and finalisation of the completion strategy for optimum production," it said.

DST is a procedure for isolating and testing the surrounding geological formations through drill stem. The test is a measurement of pressure at the drill stem and is a way to obtain important fluid sampling information and establish the probability of commercial production.

https://tribune.com.pk/story/1325898/fresh-oil-gas-deposits-found-k-p/

SOUND BYTES: 'GAS-FIRED PLANT AT NANDIPUR WAS A BAD IDEA'
Dawn, February 15th, 2017

Khurram Husain

The power sector lies at the heart of the government's efforts to revive the economy. It is where the majority of all investments related to the China-Pakistan Economic Corridor (CPEC) is coming in. And the promise to eliminate loadshedding before 2018 is central to the Pakistan Muslim League-N's election strategy.

At the centre of the power sector sits the secretary of water and power, with a large say in all decisions. Younus Dagha was a newcomer to Islamabad when he took charge of the position in 2013. Today he can credibly claim to be one of the most important bureaucrats working in the capital. Dawn asked him for his take on a few questions that have been circulating in the public discourse surrounding his work.

Q: With growing investment in the power sector, how important is it for the regulator (Nepra) to be empowered and independent?

A: There can't be two opinions on this. We need to ensure that regulatory framework not only provides for an independent regulator but also supports a modern rather futuristic power sector. The concept of an excessively regulated power sector is to be replaced with a competitive power market and an appetite for risk taking rather than the current one-buyer model where the state takes the entire burden of risk with guaranteed return for investors.

The proposed amendments to the Nepra Act are aimed at strengthening the National Electric Power Regulatory Authority (Nepra) with the required investigation and enforcement powers. It also aims to adopt international best practices. For that purpose, consultations have been started not only with the local stakeholders but with international partners and experts as well.

Q: There are concerns that the new projects coming under the CPEC and other auspices will bring very expensive electricity into the system. Where do you see power prices going in the near future as more projects attain commercial operations?

A: The point to consider here is that Pakistan kept on offering the world's best tariffs and incentives since 2005, but no sizable investment could be attracted. Projects based on Thar coal could not be financed despite efforts by the government since 2005.They are now coming on ground after the Chinese government and banks took the risk of investing in Pakistan which no other nation was ready to take.

We, on our part, are consistently reducing incentives and tariffs, as we found sufficient capacity coming in. The tariff on wind projects has gone down from 13.5 cents per unit in 2013 to 6.75 cents per unit. The upfront tariff on liquefied natural gas (LNG) has also come down from Rs9.36 to 6.65 per unit. The process of revising incentivised tariff on coal is with Nepra now. We have also capped investment on imported coal and LNG. Our initial target was to achieve availability and now we are moving towards achieving affordability and greater energy security.

Q: Nandipur power project has come under intense scrutiny and criticism for the large cost escalations it has seen, with the latest in the recent operation and maintenance (O&M) agreement with a Chinese party. Will these escalations not hike its tariff significantly?

A: A gas-fired power plant at Nandipur was a bad idea, from its very beginning in 2008, when Punjab was already facing severe gas shortages. Slow pace of execution hiked the overall costs (increase in interest during construction, dollar rate, project cost escalations) and by 2013, the project cost had jumped to Rs58 billion, out of which Rs31.840bn had already been spent with machines rusting at the port and contractor demobilised. With high loadshedding prevailing in the country the only option was to salvage the project. It was completed in July 2015 within the approved cost of 2013, and is running since then.

The only remaining issue is that Nandipur plant is operating on furnace oil with lower efficiency, while it was designed to run on gas with a higher efficiency. After LNG became available in the system, we have started working on supplying gas to the project site.

Even with all the price escalation and delays, the current generation on furnace oil at Nandipur is still cheaper than at least 10 operational independent power projects and GENCOs (government-owned generation plants) running on furnace oil.

When converted on LNG, Nandipur plant will be one of the six most efficient of the current gas plants, producing one of the cheapest electricity for the consumers.

As for its O&M tariff on gas operations (expected to be available from April when the O&M contract will commence), Nepra has allowed Rs0.543 per unit whereas through competitive bidding the contract has been awarded at Rs0.4873, almost 11 per cent lower. Hence the tariff, in addition to being cheaper than those of many power plants in the country, will still not only cover the operational and fuel costs but will also pay back all its capital costs in 10 years.

Q: Why has privatisation of the power sector been stalled?

A: Privatisation of a utility company has to be seen in its overall socio-economic context. It is not the same as privatising any other government-run business. A public sector utility monopoly can become more harmful for society if converted into a privately owned monopoly, if done solely in the hope of regulatory set-up to be effective. Therefore, privatisation of a utility company has to be supported with a well-designed framework that allows for the competition to take care of consumers' welfare, providing them with better services and prices.

The power sector has shown marked improvement, with recoveries increasing from 88-89 per cent to 93pc from 2015 and 2016, the highest in the history of the sector, and transmission and distribution (T&D) losses coming down from 19pc in 2014 to 17.9pc in Dec 2016. These two accounts by themselves have provided a positive cash flow to the power sector totalling Rs116bn in the past two years. GENCOs were incurring a loss of Rs 7.9bn in 2013-14. They not only overcame their losses but reported a profit of Rs 5.8bn in 2015-16.

These two years (2014-15 and 2015-16) were the only fiscal years in the past more than a decade when no losses of the power sector were paid out of the federal budget, which used to be on the average of Rs 200bn annually.

Hence, one of the intended benefits of the privatisation plan that it would relieve the federal budget from the power sector's annual losses of Rs 200bn, has already been met by better performance in the past two years. Now the objective should be to provide better and competitive service to the consumers through involvement of the private sector, learning from international experience.

https://www.dawn.com/news/1314861

LNG SUPPLY: GWADAR TERMINAL, PIPELINE PROJECT STUCK ON PAPER
The Express Tribune, February 15th, 2017.

Zafar Bhutta

ISLAMABAD: Though more than one and a half year is gone, the $2-billion Gwadar-Nawabshah liquefied natural gas (LNG) terminal and pipeline project still remains on paper, upsetting China that has been waiting to kick off work on the scheme.

Of late, the Ministry of Petroleum and Natural Resources is also getting desperate and wants to ink a commercial agreement with China, an official says.

The project file is going from one ministry to another. The Economic Coordination Committee (ECC) of the cabinet has also not yet given the go-ahead to the commercial agreement, although the price negotiating committee finalised terms and conditions of it several months ago.

A framework agreement was signed between Pakistan and China on April 20, 2015 for developing the Gwadar-Nawabshah LNG terminal and pipeline project. Under the arrangement, China will provide 85% of financing whereas Pakistan will contribute 15% of equity.

Exim Bank of China will provide funds at London Interbank Offered Rate (Libor) plus 2%.

During initial negotiations, the official said, the tolling fee for the Gwadar LNG terminal was estimated at 30 to 32 cents per million British thermal units (mmbtu) because of lower government profit.

Now, a bidder for another LNG terminal has offered a tolling fee of 41.70 cents per mmbtu.

According to sources, the Ministry of Petroleum has been striving since the beginning to make the project part of the China-Pakistan Economic Corridor (CPEC), but all its attempts have gone in vain. Instead, the Lahore Orange Line Metro Train project has been included in CPEC.

“This shows government’s lack of attention towards strategically important projects like gas pipelines that will not only give a boost to economic activities and create hundreds of thousands of jobs, but will also provide an alternative way of LNG supply,” a senior government official commented.

“It is surprising that funds are available but the government seems to have lost interest in the project.”

The Gwadar LNG terminal and pipeline agreement, signed in April 2015, was originally valid for one year and its term expired on April 19, 2016. Pakistan and China, however, agreed to extend it for one more year till April 19, 2017.

The cabinet, in its meeting held in December last year, was apprised that the Law and Justice Division had recommended that ECC’s approval should be sought for extending the validity of the agreement, but it may be done only through an exchange of letters or single instrument.

In line with the advice, approval of the prime minister was solicited for extension in the framework agreement for one year through the exchange of instrument.

The premier, while giving his nod to the proposal, directed that the matter should be brought before the cabinet for ratification. Later, the cabinet gave its approval to the extension.

https://tribune.com.pk/story/1326965/lng-supply-gwadar-terminal-pipeline-project-stuck-paper/

MARI PETROLEUM MAKES SECOND GAS DISCOVERY IN GHOTKI
Dawn, February 15, 2017

KARACHI: Mari Petroleum Company Limited (MPCL) has announced its second consecutive discovery of gas deposits in Ghotki district of Sindh.

Company Secretary Assad Rabbani, in a notification to the Pakistan Stock Exchange, said on Wednesday that the discovery was made at exploratory well Shaheen-I in the Mari lease area.

“(Shaheen-I) flowed at a combined rate of 12.334 mmscfd (million standard cubic feet per day},” he said. “The production from Shaheen-I well qualified for the 2012 petroleum policy price.”

The rate of flow is reported after the application of acid, which usually increases the output.

The well was drilled down to the depth of 1,175 metres to explore and test the hydrocarbon potential of Sui Main Limestone and Sui Upper Limestone on January 5, 2017.

Mari Petroleum was the sole owner and operator of the Mari gas field, the largest gas field in the country in terms of balance reserves, Rabbani said.

The company's stock price rose 0.66%, or Rs8.69, and closed at Rs1,305.54 with a volume of 33,720 shares at the stock exchange. The gain was in stark contrast to a significant drop in the broader market, which dived 553.76 points.

Earlier, the company discovered gas reserves that showed a flow of 10.866 mmscfd from exploratory well Shahbaz-I in the Mari lease area in September 2016.

https://tribune.com.pk/story/1327845/fresh-find-mari-petroleum-makes-second-gas-discovery-ghotki/

POWER CONSUMERS BEAR BIG PART OF SUBSIDY COST
The Express Tribune, February 19th, 2017.

Zafar Bhutta

ISLAMABAD: The Ministry of Water and Power has acknowledged that a large part of the cost of power subsidy is being recovered by levying the tariff rationalisation surcharge on consumers.

The government releases over Rs100 billion in subsidy for the power sector every year and a major part of the subsidy cost is borne by power consumers.

The consumers pay over Rs200 billion every year in different surcharges and because of the high benchmark of transmission and distribution losses set by the National Electric Power Regulatory Authority (Nepra) – the power sector's regulator.

At present, varying surcharges are paid by the consumers. On a bill of Rs5,000, domestic consumers pay over Rs1,000 in tariff rationalisation surcharge and Rs150 in financial cost surcharge every month.

The government had imposed these two surcharges following a sharp fall in international crude oil prices to deny the consumers a full relief.

In a meeting of the Economic Coordination Committee (ECC) held on February 13, the Ministry of Water and Power revealed that 2014-15 and 2015-16 were the only fiscal years in more than a decade when no power-sector losses were paid from the federal budget. The losses averaged Rs200 billion annually in the past.

This brought down the power sector's burden on the national budget from 2.4% of gross domestic product – the total size of national economy – in 2012-13 to around 0.7% of GDP in 2014-15.

The ministry pointed out that the other stream of cash flow into the power sector came from the release of subsidy from the federal budget. However, a large part of that cost was reduced through the imposition of tariff rationalisation surcharge on high-end power consumers.

There had also been some reconciliation process going on between the Ministry of Water and Power and the Ministry of Finance over some subsidy claims and arrears, which were expected to be settled in coming months.

The power ministry claimed that power companies had shown a marked improvement in their performance over the past two years. Their bill recoveries improved from 88-89% to 93% in 2015 and 2016, the highest level in the sector's history.

Similarly, transmission and distribution losses, which were around 19% in 2014, came down to 17.8% in December 2016.

These two accounts registered a positive growth in cash flow to the power sector, totalling Rs116 billion in the past two years.

Power generation companies, which were suffering a cumulative loss of Rs7.78 billion in 2013-14, not only overcame the loss, but reported a profit of Rs5.77 billion in 2015-16.

All these achievements, as well as a historic drop in global crude oil prices, helped restrict circular debt in the range of Rs320 to Rs330 billion from December 2014 to June 2016.

https://tribune.com.pk/story/1331630/disadvantaged-power-consumers-bear-big-part-subsidy-cost/

NEWS COVERAGE PERIOD FROM FEBRUARY 6TH TO FEBRUARY 12TH 2017
ALTERNATIVE ENERGY: 15,000 SCHOOLS TO GO SOLAR
The Express Tribune, February 6th, 2017.

LAHORE: With an aim to shift all public schools to solar energy, the Punjab government will install solar panels at 15,000 school buildings across in the province in the first phase. Moreover, 700 health centres and the University of Bahawalpur will also be converted to solar energy.

On Sunday, Punjab Chief Minister Shehbaz Sharif chaired a meeting to review the progress on programmes to spread the use of solar energy with the cooperation of the Asian Development Bank and the AFD Bank of France. The chief minister also reviewed progress on the 100MW solar power generation agreement signed with Turkish company Zorlu Energi.

Under per the ADB and AFD Bank programmes, the Punjab government has committed to shifting public schools and basic health centres in the province to solar energy. The programme will be expanded in a phased manner.

“We need to take initiatives to increase the productivity of our energy department on priority basis,” Shehbaz said while calling for the formation of a steering committee. “A lot of time has already been wasted. We need to speed up the solar energy programme,” a statement quoted the CM as saying.

https://tribune.com.pk/story/1317978/alternative-energy-15000-schools-go-solar/

CHINESE FIRM GETS NANDIPUR PLANT’S OPERATION CONTRACT
Dawn February 7th, 2017

Islamabad: The government on Monday announced that it had entered into a 10-year contract with a Chinese firm for operation and maintenance of the controversial Nandipur power project at a price shrouded in mystery.

According to a statement issued by the water and power ministry, the agreement for a long-term operation and maintenance (O&M) of the 425MW plant was signed between the Northern Power Generation Company Limited (NPGCL) and the Hydro Electric Power System Engineering Company (HEPSEC) of China. The agreement is valid “for a period of ten years or two major inspections, whichever is later.”

The contract price was not disclosed.

Water and Power Secretary Mohammad Younas Dagha did not respond to calls and questions sent to him to confirm if the contracted price was significantly higher than the previously allowed 48 paisa per unit by the National Electric Power Regulatory Authority (Nepra), now working under the administrative control of the power ministry under a recent government decision.

Another official, who was not authorised to speak on record, told Dawn that the Chinese bidder had been selected through a process under which bids were opened on April 11 last year and finalised on Aug 6.

He said a total of four companies had participated in the bidding, but two were declared non-responsive. HEPSEC was confirmed the lowest bidder at a total cost of $185 million, followed by $227.2 million offered by TNB Repair and Maintenance of Malaysia.

At this offered rate, the per unit O&M cost works out at about 85 paisa on furnace oil – almost 80 per cent higher than the rate allowed by Nepra.

The regulator had allowed the O&M cost on furnace oil and gas at 48 and 34 paisa per unit (Kwh).

The per unit O&M tariff was significantly higher than that of about 62 paisa per unit for the 1292MW Hub power plant and about 35 paisa per unit for AES-Lalpir, which were originally signed at 35 and 16 paisa per unit in the late 1990s and has since gone up with indexation.

As a consequence, the government would have to seek review of Nepra’s determined tariff and prove that lower than this rate was not available in the world or otherwise take a hit on its own return of equity, resulting in economic non-viability of the plant.

The power ministry's official said the contractor was required to hire at least 25pc local workforce for on-job training and would be penalised in case of the plant's efficiency falling below 44pc, but any higher efficiency gain would go to the contractor without a capping.

The power ministry said the decision to outsource operation and maintenance of the Nandipur power plant was in pursuance of the recommendations of the regulator and a policy decision by the government to outsource O&M of new power plants to experienced international operators in line with prevalent industry practice in order to reduce expenditures, and to bring about latest and efficient practices in power plant management.

The ministry claimed that the plant had been fully operational since its completion in July 2015 and was now running on furnace oil. The plant has been in the media for closures and shutdowns and a subject of Nepra's criticism.

The ministry said work was under way to run the plant on natural gas for which an 88km pipeline was being laid.

"The plant's conversion into gas operation, which is expected to be completed by the end of April 2017, will significantly improve its performance, reduce operating costs, and result in overall improvement" and increase its capacity by 100MW to 525MW.

The project's cost and tariff has been a subject of political and technical controversies since 2008. The government has been contemplating judicial review of the tariff approved by the regulator.

Nepra has repeatedly turned down requests by the government and its power companies to assume the total cost of the 425-525MW Nandipur project at Rs65bn while determining its tariff.

However, the regulator has considered the project's cost at Rs42bn in a 30-year tariff that averages Rs11.64 per unit.

The government has been seeking Rs15.63 per unit to also finance project delays, resultant cost overruns, penalties paid to contractors and the cost of laying a gas pipeline.

Nepra has tried to convince the government that the project could become viable if the government scales down its 15pc return on equity to 7.5pc.

Also, the gas pipeline cost should be shouldered by the gas company, where it actually belongs.

The Nandipur plant has been in the limelight for more than five years because of inordinate delays, cost overruns and allegations of mismanagement, corruption and kickbacks.

A fresh controversy had erupted last year when the plant was shut down due to technical faults and a tussle between the chief of the power company and the water and power ministry.

This led to a series of audits, probes and parliamentary debates, but nobody was held accountable.

Nepra had put on record in one of its determinations that during the tenure of the PPP government, the law and justice ministry was responsible for delaying the project for about four years during which period the project cost increased by about 160pc — from $329m to $847m.

In the process, the ministry caused a loss of over Rs113bn to the national exchequer until three years ago.

“The Ministry of Law, Justice and Parliamentary Affairs is responsible for causing a delay in completion of the documents. (Due to) the negligence on the part of executive authorities of the Ministry of Law, which has caused the delay, an approximate loss of more than Rs113bn has been caused to the national exchequer up to April 2012,” the regulator said, quoting a report of the judicial commission, headed by a former judge of the Supreme Court, Justice Rehmat Hussain Jafferi.

http://webcache.googleusercontent.com/search?q=cache:http://www.dawn.com/news/1313124

FAUJI FERTILIZER’S 118MW COAL-FIRED POWER PLANT COMES ONLINE
Dawn 7 February 2017

Talking to media on Monday, FFBL Chief Executive and Managing Director Lieutenant General (Retired) Haroon Aslam said FFBL Power Company Limited had entered into a long-term agreement for 30 years.

The plant, besides providing 52MW of electricity to K-Electric, will also meet steam requirements of FFBL’s fertiliser plant.

Aslam said the plant, one of the earliest coal power projects in the country to start running, was capable of using both imported and locally produced coal as fuel.

The project features a completely covered coal yard with extensive plantation and a strict environmental control system to have minimum impact on the environment.

He praised the project team for its strong in-house technical capabilities coupled with vigour, enthusiasm and hard work.

FFBL Group General Manager Aamir Ahsan said completion and commissioning of a unique and capital-intensive coal-based power generation facility within two years was challenging.

The most challenging task for the project team was to undertake it with a non-turnkey engineering, procurement and construction (EPC) contract approach, he said.

According to the company, the coal-fired power plant within FFBL fertiliser complex will help overcome the energy crisis in future as a substitute for natural gas-based system. Besides K-Electric, the power generated will be used for the existing fertiliser complex.

https://tribune.com.pk/story/1318678/fauji-fertilizers-118mw-coal-fired-power-plant-comes-online/

POWER PLANT: MINISTRY REITERATES NANDIPUR COST-EFFICIENCY
The Express Tribune, February 9th, 2017.

ISLAMABAD: In a bid to save billions of rupees, authorities have informed that the conversion of Nandipur power plant to gas is under way and expected to be completed by the end of April 2017.

In a statement, the Ministry of Water and Power has said that after evaluation and scrutiny of the bids, Hydro Electric Power System Engineering Company of China (HEPSEC)' s bid was found to be the lowest out of the four bidders.

HEPSEC is a subsidiary of Power China Group, and has wide-ranging experience of providing operations and maintenance services for power plants all over the world.

The Nandipur power plant has been operational since July 2015 and currently operating on furnace oil. However, after conversion, the generation capacity of the plant will increase from 425 to 525 megawatts (MW).

The National Electric Power Regulatory Authority (Nepra) has already given the operation and maintenance (O&M) tariff for both furnace oil and gas.

Total O&M tariff allowed by Nepra on gas operation is Rs0.543/unit and the lowest bid received was at Rs0.4873/unit and thus the plant will be saving Rs0.0557 per kWh.

This will provide additional room to the GENCO to cover any unforeseen expenses. On RFO operation, Nepra has allowed Rs0.697/unit O&M costs, while bid price was Rs0.8595/unit.

Total O&M cost allowed by Nepra on gas operation is Rs2.113 billion per year and the contracted amount is Rs1.896 billion, which will provide positive cash flows.

https://tribune.com.pk/story/1321072/power-plant-ministry-reiterates-nandipur-cost-efficiency/

IRAN READY TO INCREASE ELECTRICITY SUPPLY TO PAKISTAN
The Express Tribune, February 11th, 2017.

Sheharyar Ali

Karachi: Iran is ready to increase electricity supply to Pakistan from the existing 130 megawatts to 3,000 megawatts, said Iranian Consul General Ahmad Mohammadi.

He was speaking at the Iranian Consulate General on Thursday at an event held to mark the 38th anniversary of the Iranian revolution. Sindh Chief Minister Murad Ali Shah, who was the chief guest, and his predecessor, Qaim Ali Shah, were also present.

According to Mohammadi, the Iran gas pipeline is the cheapest, most secure and profitable source of energy for Pakistan. It is a turning point for ties between the two countries and both are determined to complete it at the earliest, he said.

Business and economic ties between Pakistan and Iran had been hampered over the past many years by international sanctions on Tehran over its nuclear programme. In January 2016, most of the curbs were removed, which triggered extensive efforts by both sides to revive economic ties.

However, the new US administration, led by President Donald Trump, slapped fresh sanctions on Iran last week after Tehran conducted a ballistic rocket test.

Mohammadi said that the expansion of ties with neighbouring countries is one of the priorities of Iran's foreign policy and Pakistan, being a Muslim neighbouring country, has a very special place in the foreign policy of Iran.

Iran desires prosperity, security and stability of Pakistan and believes that it will also be beneficial for Iran, he said.

Iranian President Hasan Rouhani also signed an agreement with Pakistan last year for the expansion of cooperation in trade and energy.

Mohammadi announced that an exhibition of Iranian products is going to be held from February 24 to 27 in Karachi and a solo exhibition of Pakistan products will be organised in Tehran in April.

Talking about the relations of Iran with the province of Sindh in particular, Mohammadi said that the ties are excellent.

He said that due to Sindh's pivotal role in Pakistan's economy, culture and politics, it also enjoys a special place in foreign relations between Iran and Pakistan.

Mohammadi said that it was with full cooperation of the Sindh government that Iran constructed four hospitals in Badin, Khairpur, Nawabshah and Thatta and three high schools in Badin, Khairpur and Larkana.

Talking about his own country, Mohammadi said that despite economic sanctions, Iran has managed to come this far and has remained the most stable, peaceful country in the entire Middle Eastern region.

Speaking on the occasion, CM Murad Ali Shah recalled that Iran was the first country that recognised Pakistan as an independent state.

"I totally agree that Iran-Pakistan gas pipeline is an important project," he said. "It will bring cheapest energy to Pakistan and it is an honour for our party that it was former president Asif Ali Zardari who conceived this project."

https://tribune.com.pk/story/1323005/iran-ready-increase-electricity-supply-pakistan/

$2B NORTH-SOUTH PIPELINE: PAKISTAN ASKS RUSSIA TO FURTHER CUT LNG SUPPLY FEE
The Express Tribune, February 11th, 2017.

ISLAMABAD: Pakistan has asked Russia to make a further reduction in the price of liquefied natural gas (LNG) that will be pumped through a planned $2-billion North-South pipeline to satisfy Punjab's growing energy needs.

The request was made in a meeting of the Joint Coordination Committee on the LNG pipeline that met on Thursday to review progress on the project.

The two sides agreed to finalise terms and conditions of a commercial agreement in the next couple of months to pave the way for execution of the project.

"Pakistan and Russia also discussed different modes of implementing the project as parallel activities amid fears of sanctions on the Russian companies nominated to implement the project," a senior official aware of the development said.

Earlier, Moscow had demanded a fee of $1.2 per million British thermal units (mmbtu) for gas supply. However, a negotiating committee, set up with approval of the Economic Coordination Committee (ECC), later agreed on 85 cents per mmbtu.

Now, Pakistan has asked Russia to make a further reduction in the price. "After the two sides sign a commercial agreement, groundbreaking of the project will take place," the official said.

Pakistan is striving to forge closer ties with Russia since India has abandoned Moscow and gone into the US camp.

"This pipeline, which will run from Karachi to Lahore, will be a big step to bring the two countries closer," the official remarked and termed the North-South pipeline first major Russian investment in Pakistan after decades.

Earlier, Russia had assisted Pakistan's largest hydrocarbon explorer, Oil and Gas Development Company (OGDC), in the search for energy resources.

In addition to the pipeline contract, Pakistan also plans to import LNG from Russia in a government-to-government arrangement.

Russia is a big exporter of gas to Europe, but the US is lobbying to drive away Moscow from this market. Washington's backing of the Turkmenistan- Afghanistan-Pakistan-India (Tapi) gas pipeline project is also part of that move to capture energy markets of Afghanistan, Pakistan and India. Russia gets major supplies of gas from Turkmenistan and exports to Europe.

"Russian investment in the LNG pipeline will open more avenues of capital injection into the energy sector," the official said, adding Moscow was also interested in oil and gas exploration in Pakistan.

Power production is another area where Moscow has expressed its interest and it has even offered electricity export to Pakistan.

Russia will build the North-South gas pipeline and charge a tolling fee for LNG supply from Karachi to Lahore.

"The pipeline deal with Russia is called ideal due to the lowest rate for gas transmission and Russia will also pour capital into building the pipeline," the official said.

At present, Pakistan is importing LNG from Qatar and local gas utilities are paid more than 85 cents per mmbtu for gas transmission through their pipeline networks. The fee agreed with Russia earlier was less than the fee being charged by the gas utilities. The two governments signed a government-to-government deal in October 2015 to construct the North-South LNG pipeline.

https://tribune.com.pk/story/1322815/2b-north-south-pipeline-pakistan-asks-russia-cut-lng-supply-fee/

NEWS COVERAGE PERIOD FROM JANUARY 30TH TO FEBRUARY 5TH 2017
LNG CONSIGNMENTS IMPROVE GAS SUPPLIES TO PUNJAB
Dawn, January 31st, 2017

Khalid Hasnain

LAHORE: Gas supply in Punjab has dramatically improved after a 200MMCFD consignment of liquefied natural gas (LNG) is being added to the system after re-gasification since Jan 27 every day, enabling the Sui Northern Gas Pipelines Limited (SNGPL) to restore supplies to some fertilizer and power units and the CNG sector.

The government plans to import 1,200MMCFD LNG every day by June and has so far importing 600 to 625MMCFD.

"We started receiving 200MMCFD from Jan 27 every day, which allowed us to restore supply to the fertilizer, CNG and power sectors," SNGPL Managing Director Amjad Latif told Dawn on Monday.

He said gas is being supplied to Pak Arab Fertilizers in Multan while Fatima Fertilizers in Sheikhupura will be getting in a couple of days. Similarly, Rousch Power Plant and Liberty Power Plant have also started getting the supply. The gas supply to the CNG sector was also restored on Monday night, he said.

The increase in demand of gas in Punjab, two weeks ago, had forced the SNGPL to divert to the domestic sector a supply of about 275MMCFD, of over 400MMCFD LNG meant for the fertilizer, power and CNG sectors.

With the inclusion of 200MMCFD, there was now no gap between demand and supply, he said, adding that of which 1,200MMCFD was for the domestic and commercial sectors and 800MMCFD for industry (textile, fertilizer and others), power and CNG sectors. He said after sometime, the RLNG would also be provided to Bhikki Power Plant in Sheikehpura.

The petroleum ministry has also informed the SNGPL to start planning for the import of further 1,200MMCFD to cope with the increasing demand, the managing director said.The improved gas supply, however, brings no good news for Lahore areas, where, according to the SNGPL Lahore region general manager, gas supply would remain suspended on Tuesday (today).

“In order to repair a 6” gas line near Gajjumata, gas supply may remain suspended to or low pressure may be observed in areas along Ferozepur Road from Gajjumatta to Youhanabad,” said the general manager in a text message. The areas include Masjid Ibrahim, Green Cap Housing Society, Arif Town, Dullu Khurd, Madina Colony, Glaxo Town, Youhanabad, Hamza Town and Nishtar Town.

http://www.dawn.com/news/1311805

THREE MORE ENERGY COMPANIES TURN UNPROFITABLE
The Express Tribune, January 31st, 2017.

Shahbaz Rana

Islamabad: Despite availing billions of dollars as foreign loans for energy sector reforms, three more public sector power distribution companies have become unprofitable by the end of the third year of PML-N’s rule and have incurred losses worth Rs31 billion.

Faisalabad Electricity Supply Company (Fesco), Islamabad Electricity Supply Company (Iesco) and Multan Electricity Power Company (Mepco) reported financial losses for fiscal year 2015-16 that ended in June last year, according to official documents and balance sheets of the companies.

Out of nine government-owned power distribution companies, seven are now running into losses, speaking volumes about the inefficiency and mismanagement of the power sector under the PML-N government. The only remaining government-owned profitable companies are Lahore and Gujranwala power distribution companies, although the balance sheets of Lahore Electric Supply Company (Lesco) are not publically available yet.

Fesco reported Rs13.31 billion losses in the last fiscal year compared to Rs5.22 billion profit in the preceding year, according to the company's balance sheet. Iesco, once the jewel of the distribution sector, reported Rs7.75 billion losses in fiscal year 2015-16 as against Rs2.74 billion profit in the previous year. Their boards approved the audited accounts of Fesco and Iesco two months ago.

Mepco, which showed a Rs9.8-billion profit in fiscal year 2014-15, also became unprofitable in fiscal year 2015-16 and booked Rs10.3 billion losses, according to a company official. He said that delay in determination and notifications of electricity tariffs and subsequent reimbursements to the customers were the reasons for the losses.

Energy sector reforms were the linchpin of the $6.2 billion three-year International Monetary Fund (IMF) programme and the policy loans given by the Asian Development Bank (ADB) and the World Bank during past three years. In addition to availing the IMF loan, the ADB, the WB and Japan have also given over $2.2 billion for energy sector reforms during past three years.

Since 2014, the ADB has approved $1.2 billion in budgetary support in return for commitments to cut electricity subsidies, fast track privatisation and run the power sector on a commercial basis.

The overall deterioration in the financial condition of the power sector companies brings into question the government's policy to abandon the privatisation of these companies.

"It was clearly informed by the Minister of Water and Power that under orders of prime minister, the privatisation process of all DISCOs and GENCOs is to be stopped with immediate effect," according to the official documents. In January last year, the Ministry of Water and Power had also issued a letter to Fesco management, barring it from communicating with the Privatisation Commission.

After abandoning privatisation, the Cabinet Committee on Privatisation (CCOP) directed to start the process of listing of these companies on the stock market instead of privatising them, which has also now hit obstacles after these companies reported losses.

However, Gujranwala Electric Power Company (Gepco) posted Rs10.2 billon profit and now the government has decided to list it on the stock market.

Listing of shares of Fesco and Iesco at the Pakistan Stock Exchange is no more possible given their present financial situation. Both entities fail to meet the requisite listing and regulatory compliance, said the officials.

The companies registered financial losses due to delay in payments of subsidies and unjustified taxation by the Federal Board of Revenue, said Yasir Shakeel, Spokesperson of the Ministry of Water and Power. He said that the companies showed improvement on account of reducing line losses and improving recovery of the bills.

However, blockage of payments of subsidies to understate the budget deficit and excessive taxation to inflate revenues are not the new reasons, said the sources. The finance ministry has been indulging in these tactics to deceive the IMF and other donors about the budgetary performance, they added.

Iesco has shown Rs13.7 billion as taxes receivables and Rs7.8 billion outstanding subsidies receivables in fiscal year 2015-16. Even these figures were higher in fiscal year 2014-15 when the company showed Rs2.8 billion profit.

Another Ministry of Water and Power official insisted that the overall trends of the power distribution companies were positive. He said that although most of the companies were incurring losses, the quantum of losses was less compared with the previous years.

He said that the FBR was creating sales tax demands even on the amount lost due to high line losses and less recoveries.

https://tribune.com.pk/story/1311722/mismanagement-three-energy-companies-turn-unprofitable/

NEPRA OVERTURNS DECISION THAT K-ELECTRIC INFLATED BILLS
Dawn February 2nd, 2017

Khaleeq Kiani

ISLAMABAD: Pending an inquiry sought by the government, the National Electric Power Regulatory Authority (Nepra) has overturned its decision taken more than two years ago that held the K-Electric Ltd's (KEL) top hierarchy involved in overbilling its consumers and issuing unjustified and inflated bills to maximise revenue.

"The authority (Nepra) modifies the impugned decision dated June 10, 2014 to the extent that KEL must ensure that no such kind of incident takes place in the future, said an order signed by all the four members including chairman of the regulator. "Having said that, further proceedings on the show-cause initiated under Nepra (Fines) Rules, 2002 on this cause of action have been closed."

The regulator said it appeared that neither any excessive billing was carried out nor any detection bill was issued in pursuance of the impugned emails and the complainants could not provide any cogent proof to establish their claim, except for emails from ex-deputy general manager Shoaib Siddiqui asking field offices to carry out excessive billing and issue detection bills to consumers.

Just last week the Ministry of Water and Power asked the regulator to probe Rs62 billion overbilling to Karachi-based consumers over the past few years and hold accountable all those involved. The regulator constituted a three-member inquiry commission on Friday and has yet to come out with its findings. But it released its judgment related to a past case.

In its June 2014 decision, the then three-member Nepra committee unanimously revealed that the management of K-Electric, including a former managing director and all its regional heads, had been involved in overbilling its consumers and issuing unjustified and inflated bills to maximise revenue. The regulator at the time directed K-Electric to take action against the officers involved in excessive billing, including its former chief executive and report compliance within three weeks.

At the same time, the regulator separately initiated proceedings against K-Electric under Nepra's fine rule and issued show-cause notice to K-Electric that why it should be imposed a penalty of Rs100 million.

The power company later filed a civil suit in the Sindh High Court, challenging the Nepra notice. The high court barred the regulator from any final order without its permission but allowed it to continue proceedings on the show-cause notice.

K-Electric contended that no act of excessive billing had actually occurred following "self-motivated" emails issued by Shoaib Siddiqui which only related to one out of four regions. It said the June 2014 decision of Nepra also acknowledged that excessive billing and imposing detection bills was not done. It said the company's senior management had nothing to do with Mr Siddiqui who had claimed to have received verbal instructions from the top for overbilling and detection bills.

The company maintained that the complainants had failed to provide credible evidence of overbilling at the time when questioned by Nepra in public hearings. Based on this, K-Electric said that it was an isolated incident and upon asked to clarify, Mr Siddiqui had resigned from the post and was no more an employee of the company.

Nepra had issued its decision following its investigation spanned 18 months of inquiries and hearings into six separate complaints, including some referred to it by the Supreme Court. Nepra obtained certain emails from K-Electric officials, ordering additional billing of consumers. One of the company's former general managers, Mr Siddiqui, confessed that he "issued directions to field formations to carry out excessive billing and issue detection bills".

Mr Siddiqui resigned after the inquiry but was given a job in Byco — a sister organisation of K-Electric. He "was made a scapegoat to protect the KESC management and was accommodated in an Abraaj group concern. Another executive, Arshad Iftikhar, Mr Siddiqui's supervisor, was issued a warning and later on, promoted," the inquiry held. The Karachi Electric Supply Company, or KESC, was the former name of K-Electric.

Some of the complainants referred to orders for 10m units of excessive billing in September 2012, but Mr Siddiqui confirmed that 2m units were billed through 11 cycle days. Nepra said the overbilling that was supposed to be carried out did not actually take place because certain emails were leaked to the print media.

It said the orders for extra billing of 11 cycle days, an increase of 50 units for all consumers and the issuance of unjustified detection bills were issued by the former KESC chief executive officer on Sept 18, 2012.

The regulator said that on an inquiry by Nepra, the KESC concealed the facts and reported that the top management was not involved in issuing these directions. The record, however, suggests that it was clear that the power company's management was involved. "Concealing the facts from Nepra constitutes violation of the provisions of Section 44 of the (Nepra) Act, Rule 20 of Nepra Licensing (Distribution) Rules 1999 and Article 15 of KESC's distribution licence".

It said that from the emails it was clear that the KESC has been issuing such directions to field formations on a regular basis. It was also clear that these bills were being issued without observing the code laid down in the consumer service manual.

http://www.dawn.com/news/1312126

PAKISTAN'S OIL PRODUCTION REACHES TWO-YEAR HIGH
The Express Tribune, February 2nd, 2017.

KARACHI: Pakistan's oil production reached a two-year high of 97,000 barrels per day in December 2016 after oil and gas exploration and production companies geared up their drive to find new deposits of hydrocarbons in the country.

Nabeel Khursheed, an analyst at Topline Securities, said in a note to his clients that the surge in production became possible with find of new oil reserves from Nashpa and Mardan Khel fields.

"Both fields added around 11% to December 2016's oil production, a cumulative flow of around 10,000 barrels per day (bpd) of oil," he said.

The production meets around 20% of domestic demand. The remainder is met through imported crude oil and finished petroleum products.

Local production was reportedly hovering below 90,000 bpd in November. This was standing at 87,000 bpd in the previous fiscal year ended June 30, 2016 and 95,000 bpd in the year before. The decline in production in fiscal year 2015-16 (FY16) was seen after oil producing firms put on hold their projects under the then prevailing steep low oil prices in the world market.

State-owned Oil and Gas Development Company (OGDC) was maintaining the highest reserves of oil and gas in the country, as its share in local crude oil production stands above 50%.

During December, OGDC, Pakistan Oilfields and Pakistan Petroleum Limited registered record oil production levels of around 48,000 bpd, 18,000 bpd and 8,000 bpd, respectively.

This was on the back of addition from Nashpa (OGDC and PPL hold 56% and 26% stakes) and Mardan Khel (POL and PPL hold 28% stake each while OGDC holds 21%).

Gas production, however, remained almost stagnant at around 4,000 million cubic feet per day (mmcfd) mainly due to "absence of any significant addition and natural depletion of existing fields," the analyst added.

Normalised flow from Kandhkot field (13% of PPL's total gas production), up from 89mmcfd (faced technical issues last year) in December 2015 to 205mmcfd in December 2016 and 32mmcfd addition from Shahdadpur field nudged up PPL's gas production.

OGDC's gas production during December 2016 shrunk on the back of lower flow from Uch (26% of gas production), down 12% and Qadirpur (22% of gas production), down 7%.

"First half of fiscal year 2017's cumulative hydrocarbon production numbers remained broadly in-line with our estimates," Khursheed said.

With another expected addition of around 100mmcfd of gas and 4,000 bpd of oil from much awaited OGDC's Kunnar Pasaki Deep (KPD) project in second half, "Pakistan's total oil production will likely cross 100,000 bpd to average 95,200 bpd in FY17. This will take Pakistan's total hydrocarbon production to average 778,000 boed {Barrels of Oil Equivalent per Day}," he said.

https://tribune.com.pk/story/1314213/december-pakistans-oil-production-reaches-two-year-high/

PAKISTAN TO START CIVIL WORK ON TAPI BY END OF THIS YEAR
Dawn February 5th, 2017

Khalid Hasnain

LAHORE: A delegation comprising officials of the Dubai-based TAPI Ltd is set to reach Islamabad this month to sign various agreements and contracts for the Turkmenistan-Afghanistan-Pakistan-India Pipeline, Federal Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi said on Saturday.

Talking to Dawn, he said the TAPI consortium, led by Turkmengaz (the national gas company of Turkmenistan), is serious about the project deadline which is set for 2019.

The ongoing construction work on the portion falling in Turkmenistan shows their commitment, he added.

Mr Abbasi, however, was not optimistic about the execution of the Iran-Pakistan Gas Pipeline Project in near future, especially in view of fresh sanctions imposed by the United States.

"This project is already on hold for the last couple of years after the US imposed sanctions on Iran. What will be the impact of fresh sanctions on this project, we will come to know soon after studying the list of companies blacklisted by the US under latest sanctions," he explained.

He said Pakistan has signed the agreement on IP pipeline with the National Iranian Oil Company – a state run subsidiary of the Iranian government.

Hopefully the name of this company will not be in the list of companies blacklisted by the US, Mr Abbasi said. “If the name shows up in the black list, this project will be in further trouble,” the minister added.

Pakistan is expected to initiate civil works on the 780km long portion of TAPI which falls in its territory by the end of this year, a senior official of the Inter State Gas Systems (ISGS) said on Saturday.

The 1,800km long pipeline, which begins from the Galkynysh gas field in Turkmenistan, passes through Herat and Kandahar in Afghanistan, moves through Pakistan via Quetta and Multan and concludes at Fazilka in India.

Various activities, including signing of respective contracts and preparatory works including route survey are likely to begin by end of this month, the official said.

“We are well prepared to assist the TAPI consortium and respective firms for the accomplishment of various tasks. We are hopeful that the civil work on the pipeline’s portion, which falls in our territory, will be launched by end of this year or by January, next year,” said ISGS Managing Director Mobin Saulat.

Talking to Dawn, the chief of ISGS – a subsidiary of the Ministry of Petroleum and Natural Resources – said a German firm (ILF) has already been engaged as the project management consultant by the TAPI consortium. The team is likely to start various works related to route survey, designing, planning and feasibility studies within this month.

Turkmenistan, being a lead partner or leader of the TAPI consortium, has already started construction work on the portion falling in its territory last year. The consortium has also established a company based in Dubai to supervise and execute the project that is planned to be completed by December, 2019.

http://www.dawn.com/news/1312738/pakistan-to-start-civil-work-on-tapi-by-end-of-this-year

March 2017

NEWS COVERAGE PERIOD FROM MARCH 27TH TO APRIL 2 ND 2017

PUNJAB RECEIVING LION’S SHARE OF NEW GAS SCHEMES

Dawn, March 27th, 2017

Khaleeq Kiani

ISLAMABAD: The government has approved 97 natural gas expansion schemes worth more than Rs37 billion on the recommendations of members of parliament, most of whom belong to the ruling party's political base — Punjab.

The 97 schemes were all approved after the prime minister recently relaxed a moratorium on the expansion of gas supply schemes in Punjab. Twenty schemes were either meant for Khyber Pakhtunkhwa, Balochistan and Sindh — where expansion schemes can be undertaken due to their higher shares in gas production — or were announced directly by the prime minister during his public meetings in certain constituencies.

According to Article 158 of the Constitution, titled 'Priority of requirements of natural gas': "The province in which a well-head of natural gas is situated shall have precedence over other parts of Pakistan in meeting the requirements from the well-head."

But the remaining 77 schemes — recommended by MNAs of the PML-N — were all meant for Punjab. Of the total amount, schemes worth Rs27.23bn would be implemented through indirect funding, while those worth Rs7.6bn would be financed by direct funding through block allocations and the Public Sector Development Programme (PSDP), which will be spent by Sui Northern Gas Pipelines Limited (SNGPL).

More gas connections worth Rs2.3bn are also being implemented under the Sustainable Development Goals (SDGs), which includes Rs315 million to be spent by Sui Southern Gas Company Limited (SSGCL) and Rs2.01bn by SNGPL.

A government official said a summary for ex-post facto approval of these schemes was included in the agenda of the federal cabinet meeting scheduled for March 24, which was later postponed. But the government had already started releasing funds for the gas expansion schemes, he said. For example, Rs2.225bn under the SDG head had already been transferred to the executing agencies — SNGPL and SSGCL — while schemes worth Rs200m are still under process.

Interestingly, it is the Lahore-based SNGPL and Punjab in particular that is facing an acute gas shortage, particularly in winter months. This is evident from the fact that Punjab produces only three per cent, 121 million cubic feet per day (MMcfd) of the country's total natural gas and consumes about 42pc, 1,154MMcfd to be precise.

Compared to this, Sindh produces 2,511MMcfd, about 64pc of all domestically-produced gas, and consumes around 1,256MMcfd, or 46pc. Likewise, Balochistan has 17pc (680MMcfd) in gas production against its 2pc (51MMcfd) consumption. KP on the other hand has a fairly equitable share both in gas production and consumption of 10pc and 9pc, respectively.

A report on the 97 schemes approved by the prime minister showed that the largest allocation of Rs3.2bn had been set aside for NA-18, the constituency of Deputy Speaker Murtaza Javed Abbasi.

This is followed by Rs2.4bn for NA-21 where retired Capt Mohammad Safdar — the prime minister's son-in-law — is the local MNA. The third largest allocation is for NA-19, the constituency of Babar

Nawaz Khan. All three constituencies are located in the Hazara division of KP. The largest allocation in Punjab of Rs1.73bn was for schemes in Sheikhupura's NA-136, where Chaudhry Bilal Virk was elected.

Seven schemes of various sizes were announced by the prime minister himself or were approved directly by his office.

Prominent non-PML-N beneficiaries of gas schemes include Maulana Fazlur Rehman, federal Minister Akram Khan Durrani, Zaffar Durrani, former prime minister Zafarullah Jamali, Awami National Party Senator Zahid Khan, KP Chief Minister Pervez Khattak and Aftab Sherpao.

The prime minister also approved the recommendations of Petroleum Minister Shahid Khaqan Abbasi, Water and Power Minister Khwaja Asif, Minister of State for Education Baleeghur Rehman, Health Minister Saira Afzal Tarar, Defence Production Minister Rana Tanveer, Punjab's Population Minister Begum Zakia Shahnawaz, Parliamentary Affairs Minister Sheikh Aftab Ahmed, parliamentary secretary Syed Saqlain Shah, Human Rights Minister Kamran Michael, Kashmir Affairs Minister Birjees Tahir, Law Minister Zahid Hamid and Minister of State for Power Abid Sher Ali.

Others include Waseem Ahmad Sheikh, Mohammad Amjad Faooq Khosa, M. Arshad Khan Laghari, Waheed Alam Khan, Rana Mohammad Hayat Khan, Rana Mohammad Ishaq Khan, Sardar Mohammad Irfan Dogar, Afzal Khokhar, Ghulam Rasul Sahi, Mian Shahid Khan Bhatti, Rao Mohammad Ajmal Khan, Mumtaz Tarar, Mian Mohammad Farooq, MPA Rana Mahmoodul Hasan MPA, Mohsin Ranjha, Talal Chaudhry, Senator Baz M. Khan, Dr Imran Khattak, Bashir Virk, Mian Javed Latif, Rana Zahid Husain Khan, Mehdi Bhatti, Khalid Javed Warraich, Ammar Chaudhry, Azhar Qayyum Nahra, Moeen Wattoo, Raja Javed Ikhlas, Gohram and Chaudhry Nazeer.

https://www.dawn.com/news/1323055

K-P TO DELEGATE CONCESSION POWERS TO ENERGY SECRETARY
Sohail Khattak

PESHAWAR: The Khyber-Pakhtunkhwa (K-P) government has decided to delegate the powers of petroleum concessions to the provincial secretary energy and power as the Directorate General Petroleum Concession (DGPC) has been delaying its requests for oil and gas exploration activities in the blocks since 2014.

The K-P Energy and Power Department, through a summary, sought advice of the provincial law department on delegating the powers. The law department replied that the K-P chief minister could delegate the powers to the energy secretary under Article-138 of the Constitution of Pakistan, on the recommendation of the provincial government through an act of the provincial assembly.

The energy department will prepare a draft bill under which the K-P chief minister will delegate the powers to the energy secretary, said sources privy to the matter on Sunday.

“We are left with no other option and this is where we will be heading,” said an official of the K-P government requesting anonymity. “We will send a summary to the chief minister for approval and then a bill will be drafted or an ordinance promulgated.”

Oil and gas exploration activities are being hindered in the province as the DGPC is not giving petroleum concessions to the energy department for the blocks.

The K-P government has demarcated seven blocks – Lakki, DIK East, DIK West, Nowshera, Miran, Khushal and Charsadda – for petroleum exploration but the DGPC has not awarded permits to the K-P government due to which it can’t start working.

The official said that despite the fact that the federal government’s Ministry of Defence has awarded a No Objection Certificate (NOC) to the K-P government for exploration activities, the DGPC has not replied to their requests filed over a period of more than two years, let alone an NOC.

“The K-P Oil and Gas Company Limited (OGCL) has been limited to joint ventures because it needs a permit from the DGPC to work in the blocks we have demarcated already,” the official said.

“The OGCL has just started constructing an oil refinery otherwise it was limited to joint ventures,” the official said, adding that they had earlier requested the DGPC to either allow bidding of five blocks (Lakki, DIK East, DIK West, Nowshera and Miran) or grant permission for oil and gas exploration activities in the said blocks, but the DGPC did not respond.

“On March 13, we had sent the last letter,” the official said and added that they would conduct geological and geophysical surveys in the blocks.

https://tribune.com.pk/story/1366245/k-p-delegate-concession-powers-energy-secretary/

SOUTH-PUNJAB INDUSTRY EXEMPTED FROM LOADSHEDDING: MEPCO
Business Recorder, 27 March 2017

MULTAN: Meeting an outstanding demand of local manufacturers, the Chief Executive Officer (CEO) of MEPCO Masud Salahuddin has exempted the industry of load shedding in Southern Punjab and Multan Electric Power Company (MEPCO) has declared all the 129 industrial feeders as load shedding-free.

He was addressing the members of Multan Chamber of Commerce & Industry (MCCI) chaired by Khawaja Jalaluddin Roomi.

He said that there would be no or minimum load shedding in 2018, a year of happiness and prosperity. He said we have recommended enhancing the powers of board of directors of MEPCO so that all issues could be resolved locally.

He said that disputes with agriculture sector have already been resolved and they are making payments of their outstanding bills. Work is in progress on more than 300 feeders of 11 KV which would be completed during the current fiscal year. To a Question he said that pre-paid meter installation programme was being finalised while installation of AMR meters would begin during current year.

He told that Multan Electric Power Company (MEPCO) has caught 333,755 power pilferers and imposed over Rs 1.9 billion fine on them across the region.

Various teams raided residential and commercial buildings and detected power theft. The teams also recovered Rs 644 million from the power thieves from July 2016 to January 2017.

Chairman of MEPCO board of Directors Khalid Masud disclosed that the MEPCO has introduced a new policy for the replacement or repair of transformers under which consumers will have to deposit one third of the cost instead of payment of whole amount in advance and Transformer would be replaced within 12 hours and it would be covered under a year's warranty.

In his welcome address MCCI President Khawaja Jalaluddin Roomi complained that the duration of power load-shedding was increasing with the change of weather and MEPCO should take measures to supply uninterrupted electricity during summer.

He further said that MEPCO should ensure regular supply of electricity to agriculture as well as SME sector. He said that load-shedding at regular intervals was harmful to both sectors. He suggested that power generating units be commissioned or upgraded before making them operational and power tariff must be reduced to provide a relief to the consumers.

http://epaper.brecorder.com/2017/03/27/3-page/860786-news.html

SINDH OPPOSES GAS PROVISION TO 'POLITICALLY SELECTED' AREAS
Dawn, Mar 29, 2017

Hasan Mansoor

KARACHI: Sindh Chief Minister Syed Murad Ali Shah said on Tuesday the provision of natural gas connections to politically selected areas at the cost of gas-producing Sindh province was a source of discontent and 'detrimental to national harmony'.

In a letter he wrote to Prime Minister Nawaz Sharif, the chief minister said: "I am writing with reference to [the] widely reported news related to provision of 97 natural gas projects worth more than Rs37 billion, mostly located in Punjab, by relaxing moratorium on expansion of such schemes."

Mr Shah said the expansion of new gas network in Punjab, which produced just about three per cent of gas but consumed over 42pc of the total gas produced in the country, was in complete disregard of Article 158 of the Constitution which accorded priority to the province where the well head was situated.

He deplored in his letter that currently, the Sui Southern Gas Company was not entertaining any request for provision of gas to new consumers — both in urban and rural areas of Sindh — citing moratorium imposed by the federal government.

"The company has even declined supply of gas to the Khairpur Special Economic Zone (SEZ) which is Pakistan's first industrial park with SEZ status under SEZ Act, 2012. Similarly, it has also refused to supply gas to nine small industrial estates in different parts of Sindh province for which the Government of Sindh has already paid to SSGC."

The letter said that in urban centres of Sindh, thousands of applications for domestic connections were lying pending, while in the rural areas the SSGC was still trying to complete the schemes funded by the Sindh government in 2012.

The chief minister recalled that the last meeting of the Council of Common Interests on Dec16, 2016, had constituted a committee headed by the federal law minister to interpret constitutional provisions, including Article 158.

He added the committee held its meeting on March 3, 2017, and decided to submit policy for consideration of the CCI to implement the Article 158.

Mr Shah said the provision of natural gas connections to politically selected areas at the cost of the gas-producing province "is a source of discontent and is also detrimental for national harmony."

He went on: "I, therefore, request you to please direct Ministry of Petroleum & Natural Resources to implement Article 158 of the Constitution in letter and spirit and refrain from diverting natural gas from Sindh," urging the prime minister to remove the unilaterally imposed moratorium and direct the SSGC to provide gas connections to all domestic, industrial and commercial sectors in Sindh.

"I earnestly look forward for a positive response in this matter of national importance, please!" the letter concluded.

https://www.dawn.com/news/1323509/sindh-opposes-gas-provision-to-politically-selected-areas

SOLAR POWER PLANT OPENED AT ORDNANCE FACTORY
Dawn, March 29th, 2017

TAXILA: A solar power plant having a generation capacity of 5.04MW was inaugurated at the Pakistan Ordnance Factory (POF), Sanjwal, on Tuesday.

Federal Minister for Defence Production Rana Tanveer Hussain inaugurated the plant.

Talking to journalists, the minister appreciated the POF's efforts towards self-sufficiency in the power sector and termed it a great achievement.

He said that other defence production organisations should follow in the footsteps of the Sanjwal POF as the solar power was a cheap source of energy and it would not only reduce the cost of production, but would also ensure uninterrupted production process.

The minister said that solar power was not only environment friendly but it also reduced the load on the national grid.

POF chief Lt Gen Omar Mahmood Hayat claimed that it was the largest solar plant in any industrial unit in the country.

https://www.dawn.com/news/1323526/solar-power-plant-opened-at-ordnance-factory

CLEAN FUEL FIRM STRUGGLES DESPITE ENERGY SHORTAGES
Business Recorder,Apr 1st, 2017

Hassan Raza says his clean fuel company, which captures natural gas "flared" at oil fields and sells it to industrial customers, is struggling to expand despite energy shortages and concerns over the country's poor pollution record. EGas Pvt Ltd has a number of high-profile clients, some of whom turned to the small firm during the worst shortages in 2010 and 2011, but Raza says the government should be doing more to encourage environmentally friendly technology.
"A high cost penalty on emitted carbon is the only way this type of business can grow; otherwise what incentive would companies have to stop flaring?" Raza told Reuters at the EGas compression plant in Pakistan's central Chakwal district. "You penalise them and they will be forced to clean up their act. And that's where we come in." A spokesman at the Pakistan Environmental Protection Agency said flaring occured, but that measures were being taken to control it.

"We are in touch with all stakeholders and are seeking their compliance as per international standards," he said. Chronic power shortages severely dented Pakistan's economy earlier in the decade, and industry turned to burning wood, rubber, and even used shoes to keep its furnaces, boilers and generators running.

Those pressures have eased considerably, with rising volumes of imported liquefied natural gas (LNG) and heavy investment in pipelines and port terminals. There are plans to have five LNG terminals operational by the start of 2019. Compared to state-led investment in LNG, Raza operates at the margins, but sees potential for growth in a country that generates only two-thirds of its energy needs.

Despite being around for seven years, and employing about 100 people, EGas only captures 3 million cubic feet per day (MMcfd) of the estimated 150 MMcfd of gas that Pakistan flares, or burns, daily.

"I'm only utilising a tiny portion of the gas that is being wasted around the country," Raza said. Expansion is not cheap. EGas started out with one truck in 2010 and now has 25, each fitted with a network of cylinders inside to store and transport highly pressurised gas. The largest of the trucks costs $1 million apiece. The company has also had to lay down an expensive network of pipelines that take the captured gas from the oil wells to the company's hydration and compression plants.

While Raza wants more support from Pakistan, some of his clients turned to the company because of concern about pressure from foreign regulators and businesses. Kohinoor Textile Mills, one of Pakistan's largest exporters which sells bed linen to major foreign brands, chose EGas in 2011 partly because of its green credentials. To keep its plants running during the height of energy shortages, it was burning huge piles of wood and coal each day.

"Foreign regulators and clients come and if you are burning away rubber and diesel and wood, it doesn't look good to them," said Usman Zafar, Kohinoor's general manager for processing. "Harming the environment is almost as big a no-no now as child labour.

So we had to find new ways to keep running." Another major client is Murree Brewery that started sourcing gas from EGas in 2015. "We wanted to find something better than furnace oil, or burning wood, something that caused less pollution," said Mohammad Javaid, the brewery's general manager.

http://fp.brecorder.com/2017/04/20170401161672/

IN PAKISTAN, CLEAN FUEL FIRM STRUGGLES DESPITE ENERGY SHORTAGES
Dawn. March 31, 2017

CHAKWAL: Hassan Raza says his clean fuel company, which captures natural gas "flared" at Pakistan's oil fields and sells it to industrial customers, is struggling to expand despite energy shortages and concerns over the country's poor pollution record.

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https://tribune.com.pk/story/1370344/pakistan-clean-fuel-firm-struggles-despite-energy-shortages/

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He deplored in his letter that currently, the Sui Southern Gas Company was not entertaining any request for provision of gas to new consumers — both in urban and rural areas of Sindh — citing moratorium imposed by the federal government.

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Sindh Chief Minister Syed Murad Ali Shah says Punjab produces just about three per cent of gas but consumes over 42pc of the total gas produced in the country.

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NEWS COVERAGE PERIOD FROM MARCH 20TH TO MARCH 26TH 2017
CENTRE'S 'NEGATIVE TACTICS' DELAYED COMPLETION OF POWER PROJECT: CM
Dawn, March 20th, 2017

HYDERABAD: Sindh Chief Minister Syed Murad Ali Shah said on Sunday that if the federal government had not used "negative tactics" the Rs13 billion power plant in Nooriabad launched in Aug 2014 would have been completed two years ago.

Not only this, but the Sindh government would also have launched at least four similar projects to benefit people, he said.

The chief minister was talking to journalists after visiting the under-construction power plant in Nooriabad.

He said that Sindh was the only province where the PPP government had promoted public-private partnership and utilised its own resources to launch the power plant which would start production in the first week of April.

He said that after completion the power plant would directly benefit Karachi. The Sindh government had completed all formalities and paid millions of rupees to the federal government for more power plants but it had not been issued the requisite permission so far, he said.

If the centre had not created impediments the provincial government would have been able to provide electricity to the Kotri and Nooriabad SITE areas at cheap rates, said Mr Shah.

He said that the Nooriabad power plant project was launched in Aug 2014 under public-private partnership at a cost of Rs13 billion in which the Sindh government held 49 per cent shares and a private company owned 51 per cent. The government would spend Rs2 billion more for laying transmission line to connect power to the electric system, he said.

He said that by raising hurdles in the way of launch of the power plant, the National Electric Power Regulatory Authority and the Hyderabad Electric Supply Company had harmed people's interests. But the Sindh government was committed to completing it, he added.

The private company's director, Khurshid Jamali, briefed the chief minister that the plant would use gas to produce 100MW electricity at less than Rs10 per unit as compared to Rs15 charged by the Water and Power Development Authority.

The Sindh Transmission and Dispatch Centre had already laid 95-kilometre-long 132kv lines, he said.

https://www.dawn.com/news/1321517

DUBAI HARVESTS DESERT SUN AT VAST SOLAR PLANT

Dawn, March 21st, 2017

DUBAI: Dubai on Monday completed a solar plant big enough to power 50,000 homes as part of a plan to generate three-quarters of its energy from renewables by 2050.

The 200 megawatt plant sprawls over 4.5 square kilometres (1.73 square miles) of desert and includes some 2.3 million photovoltaic panels.

It is the second phase of the Mohammed bin Rashid Al-Maktoum Solar Park, which is set to pump out a total of 1,000 megawatts by 2020, the Dubai Electricity and Water Authority said.

The $326m (300m euro) second phase was built by a consortium including Saudi Arabia's ACWA Power and Spain's TSK.

DEWA chief Saeed al-Tayer said the operators would sell power to the public utility company.

The project is the "largest and first solar power project of its kind in the region", he said.

"The state has begun early in preparing to say goodbye to the last drop of oil, through a clear strategy including investments in power generation plants that use various solar power technologies," Tayer said.

The solar park's first phase came online in 2013, with 152,000 panels producing 13 megawatts.

DEWA said in December the second phase of the project had set a world record for cheap solar energy, at 5.6 US cents (5.2 euro cents) per kilowatt hour.

Last year, DEWA awarded the third and final phase of the project, an 800 megawatt extension to the park, to a consortium led by Abu Dhabi's Masdar.

The Gulf emirate currently has a total generating capacity of 10,200 megawatts, Tayer said.

Dubai is part of the oil-rich United Arab Emirates, but has few oil reserves itself.

The bulk of crude production is concentrated in Abu Dhabi.

https://www.dawn.com/news/1321763/dubai-harvests-desert-sun-at-vast-solar-plant

PLANNING COMMISSION OPPOSES LNG TERMINAL LEASING AT GWADAR
Dawn, March 24th, 2017

Khaleeq Kiani

ISLAMABAD: While the Planning Commission has opposed the leasing option of an LNG terminal at Gwadar, preferring an outright purchase of the facility for Rs41 billion, the Central Development

Working Party (CDWP) led by Planning and Development Minister Ahsan Iqbal has set aside the commission's objections, giving the petroleum ministry a go-ahead for leasing the Floating Storage and Re-gasification Unit (FSRU) for 25 years at an estimated cost of $120,000 per day.

The Executive Committee of the National Economic Council (Ecnec), which will take a final decision on the matter, is expected to take up the project along with the Planning Commission's observations in its next meeting.

The Planning Commission confirmed that the overall project was viable on the basis of partial facts presented and offered a financial internal rate of return at 5.8pc.

The sponsors estimated terminal charges for the proposed FSRU at 36 cents per million British Thermal Unit (MMBTU) or Rs37.6 which was reasonably lower than 66 cents per MMBTU for Engro's FSRU and 42 cents for the second terminal at Port Qasim.

Under the project design, the seabed would be dredged to achieve a depth of 14.3 metres. The government will arrange around 39pc of the financing, while the remaining 61pc would be met with loans from Chinese banks. The project is expected to be ready by end of September 2018.

Initially, the project's sponsors — Interstate Gas Company of the petroleum ministry — had sought approval for the Gwadar LNG terminal and Gwadar-to-Nawabshah pipeline project as an integrated project on an engineering procurement construction (EPC) or a build, own, operate and transfer (BOOT) basis.

During the planning stage, however, the sponsors proposed that the 700km pipeline be carried out on an EPC basis and the LNG terminal be constructed on a BOOT basis by the same contractor — a Chinese firm.

The Economic Coordination Committee (ECC) of the cabinet approved the proposal and the revised plan for the construction of the pipeline. This was approved by Ecnec on September 30, 2016, at an estimated cost of Rs203 billion, including a foreign exchange component of Rs135bn.

Now, the plan has been changed again. This time around, the sponsors want the construction of the LNG terminal section of the larger Gwadar-Nawabshah LNG terminal and pipeline project on an EPC basis. The overall project is a replacement or an alternative strategy to Iran-Pakistan pipeline, which has become uncertain owing to international sanctions on Iran. The ECC has thus allowed the import of 500-600 million cubic feet of LNG which could be enhanced to 1BCFD.

The capital cost of the terminal segment has been estimated at about $392 million, at a weighted average cost of capital at 5.29pc, including 4pc for foreign debt and 7.37pc for local contribution.

The Planning Commission has also objected to high margins claimed by the ISGC. "The estimated/proposed margin of ISGC of around Rs125 per million British Thermal Unit prima facie seems higher," it said.

The commission also pointed out that a simple net present value (NPV) analysis assuming FSRU cost at $400 million, including all overheads and debt servicing, vis-à-vis the leasing cost of $120,000 per day revealed that the option was uneconomical.

It said that the NPV capex (capital expenditure) of the FSRU, if owned by the sponsors, would be $383.95 while operating expenditure (Opex) would be around $124.7, based on 350-day operations for 25 years.

On the other hand, the NPV of leased FSRU would be $536.6 with leasing at $100,000 per day.

The economic affairs division, on the other hand, suggested that the buyer's credit of $282 million (almost 85pc of the EPC cost) be replaced with a soft loan because the buyer's credit was costlier.

The LNG terminal segment would include the construction of two breakwaters, a jetty, subsea pipeline and its connection to the FSRU, a 7km spur pipeline and the FSRU itself on a 25-year lease.

Interestingly, a specialised company – the Pakistan LNG Terminal Limited – was created to handle LNG imports and terminal processing while the ISGC had a mandate to lay pipelines for imported gas. However, the terminal segment has also been given to the ISGC.

https://www.dawn.com/news/1322510

K-ELECTRIC: GOVT, NOT CONSUMERS, TO BENEFIT FROM TARIFF CUT
The Express Tribune, March 25th, 2017.

Salman Siddiqui

KARACHI: The federal government will be the ultimate beneficiary of the recent cut in power tariff of K-Electric, and not end-consumers, while the power utility takes a financial hit.

The National Electric Power Regulatory Authority (Nepra) has recently reduced K-Electric's multi-year tariff by Rs3.5 per unit to an average of Rs12.07 for the next seven years.

A senior Nepra official told The Express Tribune that a uniform power tariff was imposed on end-consumers across the country and different tariffs set for power companies were not actually charged from the end-users.

"Tariffs for end-consumers are kept uniform across the country by (either) paying a subsidy or collecting surcharges from them," he said.

Accordingly, the reduction in the tariff of K-Electric consumers will bring down subsidy cost for the government, if it is paying any. In case, the tariff is lower than the uniform rate, then the government will impose a surcharge on the end-consumers.

In both cases – either subsidy payment or surcharge collection – the government will be the beneficiary. There will be no relief for the consumers.

"The monthly tariff adjustment on account of [fuel] cost of power production is a separate matter. Here, the ups and downs in cost will impact the consumers accordingly," the Nepra official said.

However, the income of K-Electric will shrink following the tariff reduction as earlier it was earning more from the end-consumers because of the higher tariff.

K-Electric argues that Nepra's recent move will impact its working capital, bring down investment and cause uncertainty pertaining to ongoing projects in the areas of power production, distribution and transmission.

In this backdrop, K-Electric's new buyer, Shanghai Electric Power, has approached Prime Minister Nawaz Sharif, asking him to take notice of the development which has reduced the incentive for acquisition of the company.

The prime minister has already constituted a high-level committee to review Nepra's new tariff determination for K-Electric.

K-Electric's share price partially recovered and rose 3.21%, or Rs0.27, to close at Rs8.68 with trading in 42.43 million shares at the Pakistan Stock Exchange on Friday.

Rumours are doing rounds in the market that if the government failed to revise the tariff upwards, the new Chinese investor may withdraw from the acquisition deal with the current majority shareholder of K-Electric.

Dubai-based Abraaj Group sold 66.4% shares to Shanghai Electric Power for $1.77 billion in October 2016. The government has, however, not approved the deal and is waiting for Abraaj to pay off its dues to entities including Sui Southern Gas Company.

When asked about possible fallout of the tariff decision on K-Electric's sale deal, the Nepra official replied that the regulator had nothing to do with commercial deals.

"We are here to take decisions according to prevailing laws and to protect consumers," he remarked.

The decision to cut tariff was "purely taken on merit after reviewing all the arguments, including those of K-Electric," he said.

"K-Electric cannot deviate from its investment commitment as it can recover its investment along with profit from the revised consumer tariff."

K-Electric will be required to make an overall investment of Rs237.6 billion over the seven-year period.

Of this, Rs48.1 billion will go to power generation facilities, Rs69.4 billion will be poured into the distribution system, Rs115.7 billion will be injected into the transmission network and Rs4.2 billion will go to other areas.

The regulator will conduct a mid-term review to ensure that the proposed investments are carried out.

https://tribune.com.pk/story/1364974/k-electric-govt-not-consumers-benefit-tariff-cut/

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ROSHAN PAKISTAN SCHEME: 20,000 HOUSES TO SWITCH TO SOLAR ENERGY SYSTEM
The Express Tribune, March 22nd, 2017.

Islamabad: Around 20,000 houses will be shifted to solar energy under the Roshan Pakistan Scheme in order to exploit alternative energy resources to overcome power crisis in the country.

This was said by Adviser to Prime Minister on Energy Zahid Muzaffar at a roundtable conference organised by the Islamabad Chamber of Commerce and Industry (ICCI) on Tuesday.

Speaking on the topic of "Efficient energy mix through entrepreneurial engagement", Muzaffar said the government had taken drastic measures, which had started bringing significant results in the energy sector.

Currently, he said, local gas production was 4 billion cubic feet per day against demand for about 8 billion cubic feet, adding the gap could not be bridged overnight.

First liquefied natural gas (LNG) terminal had helped enhance gas supply to different sectors including fertiliser and textile, Muzaffar said, adding for the past 16 to 18 months gas was supplied without interruption to the textile sector as it was the main contributor to exports of the country.

He pointed out that oil and gas were main components in the energy mix and the government was planning to develop more LNG terminals in the next two years. These measures, he believed, would help overcome energy shortage, which was a major impediment to economic development and industrial growth.

The adviser called on the business community to come forward and initiate joint ventures in order to exploit the huge alternative energy resources of the country.

"The country is endowed with huge hydel, coal, solar and wind energy resources," said Muzaffar while pointing to the decreasing reliance on fossil fuel. He suggested to the business community to install solar energy plants to meet their energy requirements, sell surplus energy to the national grid and earn a reasonable profit.

Speaking on the occasion, Independent Power Producers Advisory Council Chairman Abdullah Yousuf said 66% of energy needs were met through fossil fuel, which was not an efficient mix.

ICCI President Khalid Malik said the aim of the event was to provide a way forward for the policymakers to develop an efficient energy mix by engaging the business community.

He stressed that the country was rich in energy resources and a comprehensive policy was required to exploit these reserves.

https://tribune.com.pk/story/1362036/roshan-pakistan-scheme-20000-houses-switch-solar-energy-system/

NEWS COVERAGE PERIOD FROM MARCH 13TH TO MARCH 19TH 2017
LARGE CONSUMERS MAY PAY HIGHER RATES FOR RLNG
Dawn, March 13th, 2017

Khaleeq Kiani

ISLAMABAD: The government is considering restructuring the natural gas tariff to provide imported re-gasified liquefied natural gas (RLNG) to large domestic consumers at significantly higher rates.

A senior government official told Dawn that the Directorate General of Gas — a policy wing of the Ministry of Petroleum and Natural Resources — would be sending a formal summary to the upcoming meeting of the federal cabinet to include domestic consumers in the highest slab of natural gas consumers among recipients of RLNG.

Presently, domestic consumers using more than 300 cubic metres of natural gas per month are charged at a rate of about Rs700 per unit compared to less than Rs280 per unit for consumers using less than 300 cubic meters a month.

In contrast, RLNG is currently priced at about Rs1,000 or above per unit. That would mean the price for large domestic consumers could be increased by 40pc for the purpose of price parity with CNG, industry, fertiliser and power sector.

Currently, RLNG is being provided to the fertiliser, industrial, power and transport sectors because of limited imports. But RLNG users will increase as the government ramps up imports with additional LNG terminals coming up.

The government is aiming for increased LNG imports from the current 400-500 million cubic feet per day (MMCFD) to almost two billion cubic feet per day by the next year as fresh terminals will begin coming online from July this year.

The official said the idea was to extend RLNG supplies to all those who can afford it by making the imported product a part of domestic gas through weighted average cost of gas, while protecting lower and middle-income consumers from a major price hike.

The move is aimed at improving cash flows of gas utilities giving a policy signal to richer consumers to opt for alternate fuel if they cannot control their consumption. “They should not have unlimited access to a scarce resource at subsidised rates,” the official explained.

Supply of domestic gas to utilities has been declining, hampering their revenue growth. There may well come a stage when the companies are unable to sustain their operations.

As a consequence, RLNG would be replacing domestic gas as the major source of supply and revenue growth for gas companies.

Officials said the RLNG was originally ring-fenced by the government for supplies to large consumers like industry and power to protect domestic consumers from a price shock. However, the tariff for lower and middle class consumers with a monthly consumption of less than 300 cubic metres would be kept generally stable, because of politico-economic considerations.

The government had reduced gas prices for industrial consumers by 33pc in November last year, but then reversed the decision a month later.

Instead, the reduction in gas rates was diverted to the power generation sector — including public-sector power plants and independent power producers (IPPs) — to give some relief to the textile industry in Punjab.

Industries in Punjab, particularly the textiles, have been advising the government to merge RLNG with locally-produced natural gas to reach a weighted average cost of gas to provide uniform pricing to industries across the country.

The industrialists in Punjab have been demanding that gas price imbalance should be removed on the pattern of electricity rates that attracted tariff rationalisation surcharge on all consumers to ensure unified electricity rates across the country.

It has been argued that the proposed gas price equalisation solution does not attract the ambit of Article 158 of the Constitution which "protects only the first right to use of gas in a province, but does not limit or state how this price should be determined".

https://www.dawn.com/news/1320184

SOLAR, WIND ENERGY PRICES FALL AS COMPETITION EMERGES
The Express Tribune, March 13th, 2017.

ISLAMABAD:

Remarkable events have been occurring for the last one year or so in the area of solar energy pricing.

Projects have been announced, one after the other, with unbelievable prices like 3 cents per kilowatt-hour (kWh) for a project in the UAE and many other projects elsewhere announcing an average of 5 cents solar tariff.

Solar and wind tariffs have been quite higher in Pakistan than elsewhere for a variety of not very good reasons. However, correction appears to be in the offing, as consensus seems to be gathering around a competitive regime replacing regulation, as is the current practice.

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It is expected that competition will bring down the prices, as it has occurred elsewhere.

This is first of a two-part article. In this part, a review has been taken of the falling wind and solar energy prices in the context of high energy tariffs that have historically prevailed in Pakistan due to inadequate regulatory practice.

In February 2017, in India solar power prices have come down further to 5.30 US cents per kWh. Wind power could not remain aloof and its bids have come down to 5 US cents.

Recent competition in solar photovoltaic (PV) has taken place for the supply of various project capacities from 100 megawatts to 750MW. Auction prices came down from 6.6 cents for a 450MW project in September 2016 to 5.3 cents in February 2017 for 750MW capacity in Madhya Pradesh.

Wind power auction took place in India in February 2017 for the installation of 1,000MW capacity. The lowest price was 5 cents, down from the regulated minimum tariff of 6 cents. This is the magic of auction or competition.

Wherever auction/competition has replaced regulation, there has been a drastic reduction in energy prices. Brazil, Mexico, South Africa and others have experienced the same.

There are extremes of the UAE where solar PV auction rates have been as low as 3 cents. Long-term agreements in the US have been signed at 2-2.5 cents. However, there is a subsidy in the form of production tax credit, which these days amounts to 1.50-2.3 cents. Adding this, real price in the US for wind power comes out to be 3.5-4.8 cents.

Nepra in January this year announced the determination of wind power tariff at Rs6.7467 per kWh (6.41 cents) for foreign-funded projects and Rs7.732 (7.34 cents) for locally funded projects.

It had invited comments while providing the following as reference tariff: Rs8.6066 for 100% local debt and Rs8.1968 for 100% foreign debt. Local interest rates are higher than foreign, possibly even after adding depreciation.

As against 5.19 cents for new solar PV electricity prices in India, reportedly serious offers of 6 cents have been received in Pakistan. This is remarkable as normally there is a significant difference between India and Pakistan prices.

Nepra has been awarding rather excessive tariff earlier of Rs14-17 for wind power, higher by 60-75% as market rates elsewhere were around 8-10 cents.

In 2014, solar PV tariff in Pakistan was 17 cents levellised, which came down to 11.35 cents by December 2015. In the case of wind power in 2012, the tariff was highest in the world at 15 cents, while in countries like Brazil, Turkey and India, it was between 7 and 8 cents.

It should be noted that in India capacity factor is lower than in Pakistan. Wind cost is inversely proportional to price, higher the capacity factor, lower the price.

Some reasonableness was brought as late as in June 2015 when Nepra reduced wind tariff from Rs13.1998 to Rs10.648. Its recent determination is a considerable improvement over the past (only 40% higher than the minimum in India).

Why are energy prices high in Pakistan. Firstly, regulated prices are always higher than competitive prices. But even in the regulated prices, Indian prices are lower.

The reasons are briefly speaking – capital padding often permitted in the country as an incentive and padding in other costs as well. For example, O&M costs are almost twice and insurance costs the same.

Nepra has been holding public hearings wherein mostly vendor interests are represented. It generally does not have recourse to third-party experts. It is only after so many years that it has realised the issue and has started arguing for competitive tariff.

Low and realistic energy prices and tariff are good for everybody and higher ones are bad. Higher prices contract market, demand and sales, while low prices expand sales and market.

Pakistan's competitiveness has been going down as compared to the region and elsewhere, affecting its exports.

Competition can also be a charade, if not organised properly. The buyer has to know about the prices, market and the product. Possibilities of collusive bidding and unrealistic risk perception of suppliers and other factors can defeat the very purpose of competition.

The falling prices syndrome of wind and solar energy has not occurred suddenly and was not unpredictable. Was it advisable to install QA solar and other power plants at a tariff of 17.85 cents in haste, almost three times the present prices.

The fault lies with regulatory practices and developers both and the purchasers as well. Nepra tariff was higher by 75-100% when it awarded the tariff; the residual difference is due to general price reduction. One can be wiser in the hindsight.

The writer has been member energy of the Planning Commission until recently

https://tribune.com.pk/story/1353695/solar-wind-energy-prices-fall-competition-emerges/

OGDCL FINDS OIL, GAS IN HYDERABAD
Dawn, March 14th, 2017

Khaleeq Kiani

ISLAMABAD: The state-run Oil and Gas Development Company Ltd (OGDCL) has struck a new oil and gas discovery in an area of Hyderabad, Sindh, raising hopes of fresh hydrocarbon openings.

The discovery at exploratory well Chhutto-1 is the first hydrocarbon find in Bulri Shah Karim Tando Muhammad Khan in District Hyderabad. Initial results encouraged the company to go for two more wells in the same licence areas, of which one well has already been marked for immediate drilling.

The OGDCL is the operator of joint venture of Nim Block having 95 per cent share with 5pc shareholding of the federal government through Government Holdings (Pvt) Ltd (GHPL).

The structure of Chhutto-1 was delineated, drilled and tested using OGDCL's in-house expertise. The well was drilled down to the depth of 3,820 metres. The well has tested 8.66 million standard cubic feet per day (mmscfd) of gas and 285 barrels per day (bpd) of condensate through 32/64-inch choke at wellhead flowing pressure of 2,100 per square inch from "A" sands of the Lower Goru formation.

The "discovery is the result of aggressive exploration strategy adopted by the OGDCL", the company said in a statement, adding that "it has opened a new avenue and would add to the hydrocarbon reserves base on the OGDCL and the country".

The OGDCL has the largest acreage, production and hydrocarbon reserves in the country. It is listed on the Pakistan and London stock exchanges with a debt-free robust balance sheet and cash reserves, although its huge financials are stuck up in the country's chronic energy sector circular debt.

The company hit a record production level of 50,172 bpd of oil a few months ago, securing 57pc share in the country's total production of about 88,000 bpd.

Pakistan meets around 12pc of its oil requirement from indigenous resources. Historically, the OGDCL's production has hovered between 35,000 and 45,000 bpd. The company had taken in hand an aggressive exploration and development programme in the last few years to take advantage of a slowdown in drilling activities in the Middle East and around the world.

Only recently, the company launched four fresh seismic crews started operations in Kharan, Pasni, Gwadar, Zhob and Musakhel in Balochistan which remained "inaccessible due to security situation for a long time".

A company official said that it was for the first time that its nine seismic crews were simultaneously working in various parts of the country. The number of such crews never went beyond five in the past, he claimed.

https://www.dawn.com/news/1320298

OGDC FINDS NEW DEPOSITS OF OIL, GAS IN SINDH
The Express Tribune, March 14th, 2017.

KARACHI: The Oil and Gas Company Limited (OGDC) has discovered oil and gas reserves at a newly tested well in Sindh, according to a bourse filing on Monday.

"(Chhutto # 1) tested 8.66 million standard cubic feet per day of gas and 285 barrels per day of condensate," said OGDC Company Secretary Ahmed Hayat Lak said in a notification to the Pakistan Stock Exchange.

He said the new deposits were discovered by a joint venture of Nim Block comprising OGDC and Government Holdings (Pvt.).

OGDC is operator of the block located in District Hyderabad, Sindh. It has 95% shareholding in the block, while the remaining rests with Government Holdings.

"The discovery of Chhutto Well # 01 has opened a new avenue and would add to the hydrocarbon reserves base of the OGDCL and the Country," Lak added in the notification.

Topline Securities, however, termed it "a small discovery with a meagre earnings per share impact of Rs0.15-0.18."

OGDC share price decreased 1.94%, or Rs2.93, to Rs147.98 with a volume of 1.73 million shares.

OGDC manages largest reserves of hydrocarbons in the country. It recently hit an all-time high production at 50,000 barrels per day, which is almost half of the country's total oil production these days.

The state-owned firm's net profit dropped 12% to Rs30 billion for the six-month period ended December 31, 2016 on the back of lower sales value and doubling of exploration cost.

https://tribune.com.pk/story/1354443/ogdc-finds-new-deposits-oil-gas-sindh/

HUBCO TO DIVEST 40PC SHARES IN THAR ENERGY
Dawn, March 16th, 2017

KARACHI: Fauji Fertiliser Company Limited (FFC) has been offered 30 per cent strategic shares in Thar Energy Limited (TEL) by Hub Power Company, its wholly-owned subsidiary.

The independent power producer has offered another 10pc equity interest in the project to the China Machinery Engineering Company (CMEC), the EPC Contractor, for the TEL project, taking its total divestment to 40pc.

Two separate notices released to the PSX on Wednesday by the Hub Power and Fauji Fertiliser said.

TEL is a 330MW local coal-based power plant located in Thar coal block II. The board of FFC has authorised the company to proceed with negotiations for terms and conditions and execution of definitive shareholders agreement.

The total cost of the TEL project is $497.7 million. Since the project is being set up on debt-to-equity ratio of 75:25, the equity portion of the project amounts to $124.4m. The project is envisaged to be completed in 40 months and the expected life of the plant is 30 years.

Analyst Tahir Abbas at Arif Habib Limited forecasts cash flow of FFC to be around Rs3.92bn.

“While TEL has already applied for generation licence, its tariff determination is pending”, says Abdul Samad Khanani, sector analyst at Intermarket Securities. As the FFC has already diversified its interest in Wind Energy and Food, the project fits in the sponsors’ plan of sustainable cash flows, analyst reckoned.

https://www.dawn.com/news/1320738

DESPITE ENERGY PRICE FALL, CHINA INVESTORS ALLOWED HIGHER RETURNS
The Express Tribune, March 16th, 2017.

Zafar Bhutta

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) has allowed a higher return to Chinese investors working on coal-fired power plants in preferential treatment under the China-Pakistan Economic Corridor (CPEC), which comes in stark contrast to the prevailing low energy prices.

“The disclosure was made by the Ministry of Water and Power in a meeting of the Economic Coordination Committee (ECC) held on February 22, which was considering a higher rate of return on the power transmission line from Matiari to Lahore,” a ministry official said while talking to The Express Tribune.

The ministry highlighted the return on coal power plants in a bid to press for exemption from withholding tax on dividends from the transmission line project.

On the contrary, Nepra had made a drastic cut in the tariff for solar power plants over the past few years.

A representative of the Ministry of Water and Power told the ECC that the Private Power and Infrastructure Board (PPIB) had submitted a tariff petition for coal-based power plants on February 3, 2012, recommending that the withholding tax on dividends should be considered a pass through keeping in view the earlier stance of Nepra.

In its original determination on June 6, 2013, Nepra allowed 17% return on equity in the case of plants to be run on imported coal and 20% return on local coal-fired plants. However, it did not give the go-ahead to the pass-through mechanism for withholding tax.

Following a review request from the government and comments of stakeholders on equity returns and withholding tax, Nepra on June 26, 2014 increased the return on equity to 27.2% for imported coal-based plants and to 29.5% for a local coal power plant of 600 megawatts.

In the tariff determination, the regulator included the simple return on equity based on generic drawdowns and other reference parameters that also ensured adequate internal rate of return for imported coal and 18% for local coal.

Though Nepra did not include the withholding tax on dividends in the tariff determination, calculations revealed that the 17% internal rate of return was equivalent to the net withholding tax in case of imported coal and 18% in case of local coal.

Hence, it was understood that the higher return on equity was allowed to cover the impact of withholding tax on dividends as the CPEC agreement called for offering the most preferable incentives to Chinese investors.

https://tribune.com.pk/story/1356411/despite-energy-price-fall-china-investors-allowed-higher-returns/

NAB BLAMES POWER, LAW MINISTRIES FOR DELAY IN NANDIPUR PROJECT'S COMPLETION
Dawn, March 17th, 2017

Kalbe Ali

ISLAMABAD: The National Accountability Bureau (NAB) on Thursday claimed that the Ministry of Water and Power and the Ministry of Law and Justice were responsible for delay in the completion of the Nandipur power project and for its eventual cost escalation.

Briefing a subcommittee of the Senate Standing Committee on Water and Power, NAB DG Operations Zahir Shah said that the law ministry had raised objections to the agreement signed by the power ministry from 2008 to 2011 and the issue was resolved after the ministers for the two ministries were removed.

The subcommittee headed by Senator Nauman Wazir expressed concern over delay in the inquiry being conducted by NAB. During the proceedings it was pointed out that the law ministry had delayed vetting of the agreement on the Nandipur power project.

Senator Wazir observed: "The committee feels that the law minister of that time Senator Babar Awan was responsible for the deliberate delays of around three years that caused an enormous loss amounting to around Rs113 billion to the nation, besides delaying the power project."

He said that Mr Awan and federal secretaries during the period from 2008 to 2012 needed to come to the committee and clarify their position.

Senator Wazir recalled that the law ministry had delayed the vetting of the agreement for around three years and that it was done within days after the Supreme Court took notice of it.

However, he criticised NAB officials for delay in finalising the inquiry report as it was forwarded to them in 2013 and the report was far from being complete even after four years.

However, the NAB officials blamed officials of the law ministry for the delay and told the committee that relevant officers in the ministry from 2008 to 2012 were currently working as judges in various parts of the country and had been unresponsive.

“The delay by the law ministry was because of their stance that the originally vetted agreement was different from the one signed between Pakistan and China, the NAB DG Operations said: “Later it was approved as both the ministers were changed and Mr Naveed Qamar took charge as the Minister for Water and Power, while Mr Maula Bux Chandio took charge as Law Minister.”

The briefing further confused the subcommittee as Mr Shah said that a query had been forwarded to the Establishment Division seeking information if post-facto approvals could be granted or not.

“We have failed to find relevant rules that allow post-facto approvals, but the Establishment Division has not responded to our letter written in December 2016,” he said.

The subcommittee also discussed causes of the resurgence of circular debt and Water and Power Secretary Younas Dhaga said that there were flaws in the determination method applied by Nepra.

“The main flaw was calculating methods; first of all, there cannot be 100 per cent recovery of bills in Pakistan, secondly the T&D losses cannot be reduced to 13.5 per cent from the current 19-20 per cent, and the last issue was delays in payment of subsidy amount by the government,” the secretary said.

https://www.dawn.com/news/1320990/nab-blames-power-law-ministries-for-delay-in-nandipur-projects-completion

NEWS COVERAGE PERIOD FROM MARCH 6TH TO MARCH 12 TH 2017
GERMAN BANK QUESTIONS CLAIM OF POWER SECTOR TURNAROUND
Dawn, March 6th, 2017

Khaleeq Kiani

ISLAMABAD: A German state-owned development bank has questioned the power ministry’s claim of turning around the power sector through efficient generation and effective control, terming it “politically influenced”.

In a policy paper released here, the KFW acknowledged that Pakistan’s power generation had improved in recent years, but asserted that it came from three new power plants initiated before the current government came to power in 2013.

Conversely, the bank said, three major public sector power plants — Muzaffargarh, Jamshoro and Guddu — cumulatively underperformed over the past three years and produced fewer electricity units last year, compared with 2010 and 2013.

The bank said the power ministry's recent announcement that "with a 25 per cent increase in power generation since 2013, we have touched 16 billion units annual generation in 2016, thanks to efficient fuel consumption regime and effective controls" had attracted its (KFW's) attention.

The KFW said it had special interest in promoting system efficiency and, therefore, decided to analyse such high efficiency gains in a short period based on all figures taken from Power System Statistics 2015-16, 41st Edition Planning Power of NTDC — a subordinate company of the power ministry.

The German bank said that "achieving generation efficiency as high as 25pc is applauding indeed" as the public sector generation increased by 3,243GWh (gigawatt hours) to 16,103GWh in 2016, compared to 12,860GWh in 2013. But the question is: "Was this growth entirely due to efficient fuel consumption regime?"

The KFW said the number of government-owned thermal power stations was 10 in 2013. In 2014, three new units were added to the thermal power station (TPS) Guddu, and TPS Nandipur came on line. This addition does not qualify as efficient fuel consumption regime. "In 2013 and 2016, all these stations have been burning natural gas as a primary fuel," the bank said.

In contrast, it added, a significant declining trend was seen in the amount of power generated by these three big plants since 2010.

All these stations have been rehabilitated under a USAID programme in recent years and yet produced significantly fewer units in 2016 than in 2010.

The research paper said the TPS Guddu (1,655MW — Pakistan's largest thermal power station) had been generating fewer units since 2010 or even in 2012. In fact, it generated even fewer units in 2016 than in 2015. "This station simply cannot be presented as an icon of performance," it said, adding that the TPS Guddu produced more than 7,000GWh in 2010, which declined to 5,000GWh in 2013. It produced about 3,500GWh in 2016.

On the other hand, the TPS Muzaffargarh (1,350MW) could generate over 5,000GWh in 2014, but fell off the bar in 2015 only to surface a little above the bar again in 2016. Still its generation remains far below the benchmark year of 2010.

According to the German bank, the TPS Jamshoro (850MW) showed a bit of success in 2014, a dip below that line in 2015, and struggling again to reach up to a 4,000GWh mark. The plant had shown an increase of only 675GWh (rather than 3,243GWh) since 2013, which could possibly be attributed to "efficient fuel consumption regime and effective controls", it said.

These numbers put "a question mark on the ministry's claim that after years of mismanagement and losses by the government-owned thermal power generation companies, we have now entered an era of performance and delivery".

The KFW said the increase in generation came from two additions to the system, generating 1,246GWh, as well as another 1,322GWh from the Nandipur power station.

“Construction of all these units began before 2013. They became operational recently and hence the performance of these new plants cannot be taken as an example of efficient fuel consumption regime and effective controls,” the KFW asserted.

It said that such an announcement by “a technical ministry may be politically influenced”, but this should not undermine the importance of introducing better overall management in Gencos (generation companies) for optimising the much-needed efficiency. “After their useful life, these fossil-fuel-burning plants need to be retired in favour of more efficient, preferably renewable energy plants,” the KFW study concluded.

https://www.dawn.com/news/1318698/german-bank-questions-claim-of-power-sector-turnaround

CNG PRICES: ANALYSING WHAT HAPPENED AFTER DEREGULATION
The Express Tribune, March 6th, 2017.

Ali Salman

ISLAMABAD: In December last year, the federal government announced deregulation of CNG prices by rescinding the power of Oil and Gas Regulatory Authority (Ogra) to notify the prices and authorising CNG dealers to fix prices on their own.

This essentially meant that as far as the retail end of the supply chain is concerned, the CNG has now entered the free market domain. Almost three months down, it should be instructive how the market (producers and consumers) has responded to this form of “unbridled capitalism”.

Historically speaking, the prices of CNG were kept unchanged, uniform and fixed at Rs67.50 per kg for a long time. Thus, regardless of the cost of actual access to CNG for the retail consumer – whether the fuelling was done in the north or south across the length of the country – prices were uniform.

Interestingly, these prices also remained unchanged during the dramatic fall in the prices of its substitute – petrol, thus benefitting CNG dealers.

It should be recalled that after an initial boom in the CNG market in the previous decade, which was propelled by the availability of natural gas in the country, this market slowly dried up.

The dwindling reserves of natural gas in the country had significant repercussions for users and investors. The investors lost significant capital as the gas supply was largely curtailed. The consumers suffered as they had shifted their consumption pattern to the cheaper fuel. With this backdrop, the current government made the decision of importing LNG and converting LNG into CNG – apart from its other industrial usages.

It is with this backdrop – the unavailability of CNG (except in Khyber-Pakhtunkhwa (K-P)) and import of LNG as a substitute product – that the decision, of deregulation, needs to be examined.

Let's look at the prices now. The increase in the CNG prices has occurred but it varies across the country. In Region 1 (K-P, Balochistan, Pothohar), the prices rose to Rs73/kg from Rs67.50 and now it is at Rs75.82, whereas in Region 2 (Sindh, Punjab), the prices rose much lesser –to Rs70-71, and now at Rs71-73. In a nutshell, prices have increased in a range of 5% to 12%.

The increase in CNG prices is not insignificant. However, it should be noted that after inclusion of LNG in the pipeline, the cost of converting into CNG has to be considered, as also expressed by the dealers association.

Secondly, when the prices are deregulated after a long and artificial suppression, there is always a spike.

That is why it is never a good idea to control prices – the government reaches its limit of absorbing the difference between the open market price and controlled price sooner or later. The sudden and unexpected rise at that point really hurts the consumer because of their spending patterns.

Another factor needs to be considered. While CNG prices are freely set up by the dealers, they are not free to pick a source. They still have to depend on the government monopoly – or the duopoly if SSGC and SNGPL are considered separately.

The government owns the distribution system completely, though the ownership on production and exploration is mixed.

Under a completely free market, the government might be a player but it should not be both a player and regulator. Under the current circumstances, the government largely defines the prices of gas, not only on account of distribution but also by imposition of taxes.

The freedom CNG dealers enjoy therefore is rather limited. Even under this limited freedom, the new prices show a healthy trend of diversification and gradualism. Now, the role of the government should really be to ensure that the business conduct of CNG dealers do not lean towards cartelisation, thus a more vigilant competition commission is needed.

The writer is founder of PRIME Institute, an independent economic policy think tank based in Islamabad

https://tribune.com.pk/story/1347022/cng-prices-analysing-happened-deregulation/

GWADAR LNG PIPELINE: FINANCE MINISTRY SUPPORTS SOVEREIGN GUARANTEES
The Express Tribune, March 7th, 2017.

Zafar Bhutta

Islamabad: The Ministry of Finance and Public Procurement Regulatory Authority (PPRA) have cleared the economically feasible and strategic Gwadar-Nawabshah liquefied natural gas (LNG) pipeline project, paving the way for award of its contract to a Chinese company, an official reveals.

The project won the vital clearance after the Ministry of Petroleum and Natural Resources sent a summary to the Economic Coordination Committee (ECC), proposing to authorise Inter State Gas Systems (ISGS) – a state-owned concern that works on gas import projects – in line with Rule 5 of the Public Procurement Rules 2004 to award an engineering, procurement and construction (EPC) contract to China Petroleum Pipeline Bureau along with inking ancillary agreements without open competitive bidding.

The ministry also called for issuing sovereign guarantees of the government of Pakistan against a Chinese loan facility.

It recalled that governments of Pakistan and China had entered into a state-to-state framework agreement on April 20, 2015 during Chinese president’s visit to Pakistan. The cabinet approved the agreement on July 15, 2016.

Subsequently, the agreement was extended for one year with mutual consent of the two countries.

The ECC discussed the petroleum ministry’s proposal, but stopped short of taking a decision with the directive to the ministry to examine all legal aspects in consultation with the Ministry of Law and PPRA.

According to the official, the Ministry of Finance, while giving its opinion, supported the issuance of sovereign guarantees to the Chinese company for the award of pipeline contract, which would lead to savings of millions of dollars.

After reviewing the summary, the PPRA also gave its backing to the award of contract without competitive bidding because of it being a government-to-government deal. Now, the summary will be tabled for approval of the ECC.

The official pointed out that the Price Negotiating Committee, constituted by the ECC, had finalised the contract cost and the Executive Committee of National Economic Council (Ecnec) had also accorded its approval.

The committee has agreed on a cost of $30.70 per inch metre for the purchase of pipeline material and construction contract compared to $31.2 at which Sui gas companies have laid pipelines.

“This will result in savings of $200 million per annum,” the official said, adding the price committee had set steel cost in talks with the Chinese company at Rs75,000 per ton one year ago. Sui gas companies had purchased steel at 100% higher rates.

Ecnec has approved the project at a cost of $48.32 per inch metre. The cost includes purchase of pipeline material, its construction, engineering and other facilities and non-EPC work including right of way, land acquisition, consultancy and auxiliary costs.

“This project will cause huge savings, secure LNG supplies and bring foreign investment,” the ministry official said, adding the LNG pipeline would help inject much-needed gas into the industrial units to be set up in Gwadar under the China-Pakistan Economic Corridor (CPEC).

https://tribune.com.pk/story/1347917/gwadar-lng-pipeline-finance-ministry-supports-sovereign-guarantees/

WORLD BANK LAUNCHES NEW SERIES OF SOLAR MAPS FOR PAKISTAN
Dawn, March 8th, 2017

Amin Ahmed

ISLAMABAD: The World Bank, in partnership with the Alternative Energy Development Board (AEDB), has launched a series of new solar maps for Pakistan in support of the efforts to increase the deployment of renewable energy in Pakistan.

This will help in expanding access to sustainable and affordable sources of indigenous energy in the country, the World Bank (WB) announced here on Tuesday.

With these efforts, Pakistan will become the first country to benefit from validated solar maps under a global initiative on renewable energy resource mapping led by the Energy Sector Management Assistance Programme (ESMAP), a multi-donor trust fund administered by the WB.

Pakistan joins a small group of mainly developed countries, having access to duly validated and high quality solar energy maps available for planning and prospecting purposes. This initiative will facilitate investors in making more informed project decisions.

The WB project on solar mapping in Pakistan included field data, which is being generated by nine solar measurement stations installed two years ago throughout the country.

The project supports AEDB’s efforts to harness renewable energy in all the provinces by improving access to bankable data. The solar maps used the latest solar resource modelling techniques, based on 18 years of satellite and global atmospheric data from 1999-2016.

“These new solar maps will definitely ensure qualified improvement vis-a-vis previous studies, and will underscore the tremendous solar potential that exists across Pakistan,” said Amjad Ali Awan, Chief Executive Officer of AEDB.

The new solar maps for Pakistan were unveiled today at a workshop hosted by AEDB and the WB in Islamabad, which was attended by several stakeholders. In addition to presenting and discussing the new maps, participants learned about the ground-based measurement campaign, and discussed various options for continued operation of the nine solar measurement stations installed at diverse locations in Pakistan.

The maps will help large solar power projects in obtaining commercial financing by reducing the resource risk.

"With the costs of solar power having decreased significantly over the past couple of years, Pakistan now has the opportunity to unleash investment in solar energy without the need for subsidies," said Anthony Cholst, Acting Country Director for the WB in Pakistan.

"The WB stands ready to support the federal and provincial governments in realising this objective, alongside the support we are already providing for development of hydropower, sector reform, and the strengthening of the transmission grid," the bank said.

"It is time to realise the full potential of this clean and secure source of energy," the bank added.

https://www.dawn.com/news/1319043/world-bank-launches-new-series-of-solar-maps-for-pakistan

COMPLETION OF ENERGY PROJECTS KEY TO INVESTMENT: OICCI
Farhan Zaheer

The Express Tribune, March 8, 2017

KARACHI: Multinationals operating in Pakistan are hopeful that the under-construction energy projects under the China-Pakistan Economic Corridor (CPEC) are going to help increase industralisation in the country.

However, they believe the government should take immediate steps to resolve taxation and smuggling issues to take maximum benefits of CPEC investments.

"Pakistan will receive foreign direct investment (FDI) once the energy crisis comes under control," Overseas Investors Chambers of Commerce and Industry (OICCI) President Khalid Mansoor said in an interview with The Express Tribune.

Mansoor, whose organisation represents 195 multinationals operating in Pakistan, believes Pakistan needs to do much more to attract FDI which is not possible until it improves economic governance.

Security has improved in Pakistan and you can see foreigners are now increasingly coming to the country. Thousands of Chinese workers are already working on infrastructure projects in Pakistan. These CPEC projects are expected to create massive job opportunities for semi-skilled as well as skilled labour in the industries, he said.

Mansoor is confident that the Chinese investors will use Pakistan cement, steel and other raw materials in the construction of the infrastructure projects. “Chinese will use Pakistani raw materials but for that local companies should also improve their quality to meet the requirements of foreign companies,” he said.

Commenting on the concerns of some local investors who are fearful of the massive Chinese investments, he said special economic zones (SEZs) will play an important role in industrial growth in the country. Once the main problem of power shortage is resolved, both local and foreign investors will invest in the country. “Who has stopped local investors to set up industries in Pakistan?” he asked.

All recent OICCI presidents have been drawing the attention of successive governments to Pakistan’s declining ranking on World Bank’s Ease of doing business (EODB).

From 75 out of 189 countries in 2010, Pakistan has sharply come down to 144th position in 2016, according to World Bank EODB survey results.

“Pakistan needs to urgently address the reasons of its fall in ranking in World Bank EODB. OICCI is assisting the government on the subject but action has to come from the authorities,” he stressed.

He urged the government to make tax collection targets realistic. At the end of every fiscal year, the government goes after those taxpayers who already pay heavy amounts. This happens because it sets unrealistic targets instead of collecting taxes from those that are not in the tax net. “Tell me what the government has done so far to add new taxpayers?” he asked.

He also said that tax policies which lead to new investment and employment should be suitably protected for at least 10 years so that local and foreign investors could plan their investments accordingly.

OICCI members believe that reduction in income and sales tax rates and strict but transparent enforcement and accountability of tax administration will help the tax authorities.

He said the government can increase direct taxes and reduce indirect taxes with appropriate legislation. All income earners, without exception of any sector, including agriculture, should be registered and obtain proper National Tax Number (NTN) and the tax authorities should ensure that all NTN holders file annual income tax wealth returns and wealth reconciliation statements.

Mansoor said that the state is not doing enough to curb smuggling and this is causing losses of billions of dollars to the national exchequer in terms of tax revenues. Tax evasion and smuggling badly affects genuine tax payers and also discourage new investments in Pakistan.

https://tribune.com.pk/story/1348917/completion-energy-projects-key-investment-oicci/

OGRA SUPPORTS OIL QUALITY TESTING BY INDEPENDENT LAB
The Express Tribune, March 11th, 2017.

Zafar Bhutta

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has backed a proposal of hiring an independent laboratory to bring transparency in the testing of petroleum products, which comes in the backdrop of allegations of dubious examination by the state-run Hydrocarbon Development Institute of Pakistan (HDIP), officials say.

Ogra endorsed the proposal after the Oil Companies Advisory Council (OCAC) – a body that mainly comprises refining and marketing companies – approached the Ministry of Petroleum and Natural Resources, seeking permission to hire a third party to counter-check the HDIP test results.

In various instances, OCAC complained to the petroleum ministry, a sample was declared off-specification in the first test, but the second sample was found to be on-specification, though both the samples were taken at the same time.

OCAC argued that the contradiction led to delay in the discharge of cargo from anchored vessels and importers were forced to pay unnecessary demurrage charges. Consequently, consumers were burdened with such hefty costs.

If first test results were unsatisfactory, the second sample should have been examined by some other independent laboratory, the council suggested.

At present, HDIP tests the quality of petroleum products imported by oil marketing companies and industrial consumers at its Karachi laboratory prior to the unloading of cargo.

Samples for quality analysis are taken by approved surveyors of the OCAC in the presence of an HDIP representative according to the prescribed procedures.

In case of quality dispute, a second sample is tested by the HDIP in the presence of a nominated representative of the importer. Results of the second test are final and binding.

According to officials familiar with the development, the petroleum ministry was seeking approval of the Economic Coordination Committee (ECC) to allow OCAC to seek services of an independent laboratory for the second test instead of getting it examined at the HDIP lab.

The ministry also sought comments from Ogra, which, according to officials, stressed that the independent examination of petroleum products would bring more efficiency and transparency in the process. It would also shield consumers from the burden of demurrages due to delay in cargo shipments, Ogra said.

https://tribune.com.pk/story/1352254/ogra-supports-oil-quality-testing-independent-lab/

PROTESTERS DEMAND POWER, GAS CONNECTIONS
Dawn, March 11th, 2017

PESHAWAR: Residents of Gulshanabad and Budhai localities here on Friday held a demonstration against the government for its failure to give them power and gas connections. The protesters gathered outside the Peshawar Press Club, holding banners and placards inscribed with demands for provision of clean drinking water and electricity and natural gas connections. The protesters also shouted slogans against the government.

Talking to media persons, they said the Gulshanabad and Budhai localities had been kept deprived of natural gas and electricity connections as the local leaders of political parties were not taking interest to solve the longstanding demands. They said that the area people were also crying for clean drinking water and proper sanitation system but no one was there to help them.

They said that they had submitted applications for seeking gas and power connections many years ago but the officials concerned were least bothered to consider them. They added that they had also held several meetings with local elected representatives in this connection, but to no avail.

The protesters threatened to block the GT Road and move the Peshawar High Court if the government did not resolve their problems. They said the residents of the localities would start protest demonstrations, and in case any untoward incident occurred, the responsibility would rest with the government.

https://www.dawn.com/news/1319738

OGRA ASKS LPG PRODUCERS TO SUBMIT ACCOUNTS TO REVISE PRICES
Dawn, March 11th, 2017

Khaleeq Kiani

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) on Friday asked the producers of liquefied petroleum gas (LPG) to submit their accounts to help the regulator in setting the fuel’s price at a reasonable level.

At this stage, “the reasonability of locally produced LPG price has been worked out based on the rationale and reasonability at each level of supply”, an Ogra spokesperson said, adding that the regulator upheld the rationale and reasonability of the price it fixed last month.

The LPG pricing has been at the centre of controversy over the last few weeks. The LPG producers have been critical of prices set by the regulator, saying it did not take into account market dimensions and legal requirements. Last week, they asked the petroleum ministry to intervene at government level and revoke prices notified by the regulator.

A former chairman of Ogra also explained that the regulator was also deviating from the LPG pricing mechanism applied previously. He said the regulator used to set “reasonable” LPG prices on the basis of Saudi Aramco contract price (CP) based on butane and methane contents of 40:60 per cent on a monthly basis, but it was now doing so on the basis of average of three-month CP price.

He said that apart from import parity of CP price, the consumer price also used to include distribution and marketing margin for local companies approved by the government and fixed sales tax rate to ascertain "price reasonability". All other factors remain unchanged except the three-month average of import price.

The oil industry and Ogra are also at odds over the fee structure recoverable from oil companies and refineries and are fighting a legal case in courts.

On Friday, the regulator questioned the rationale put forth by the LPG companies and seeking the government intervention. "LPG companies are contesting an incorrect claim that Ogra did not cater to the costs and thus tantamount to halting supplies," the Ogra spokesperson said.

He said Ogra once again directed the LPG companies to substantiate their claims and provide relevant data in support for its consideration. The regulator had also issued separate letters to all the LPG-producing companies to submit their record which they had withheld last month despite being asked to do so.

"The LPG producing companies are fighting their case in a non-professional manner and at the wrong forum," an Ogra official said, adding that instead of seeking government intervention they should come up with evidence in support of their cause.

Ogra said LPG was a "poor man's fuel" under the federal government policy, hence "the demand for increase in the LPG price for the domestic sector is neither justified nor consistent with the said policy".

Giving out framework of determining reasonability of the LPG price, Ogra said the Council of Common Interests earlier approved the LPG Production and Distribution Policy 2016.

To make LPG available for domestic consumers at an affordable price and to avoid frequent price fluctuations to ensure sustained price level was the primary objective of the policy, it added.

The policy "clearly demarcates parameters for locally produced LPG and LPG imports in terms of supply, consumption, pricing and other commercial consideration. The LPG import has been specified for "industrial and automobile sector" and a deregulated activity, Ogra explained.

Ogra has also estimated the monthly average LPG local production of around 55,000-60,000 tonnes that was sufficient to meet demand of the domestic sector. This demand, however, is volatile and fluctuates with respect to weather and market trends.

At present, LPG Rules of 2001 mandated the regulator to determine reasonable LPG prices. The consumer price of the fuel for the domestic sector is an aggregate of locally produced LPG, marketing and distribution margin and taxes.

The regulator said it also asked the companies last month to submit the details of revenues and cost breakdown in respect of their LPG business to assist it determine the requisite reasonability of LPG consumer price for the domestic sector, but the companies declined to provide any such information on the plea that no fractional or separate accounts were maintained in this regard.

The oil industry has supported a pricing mechanism proposed by the petroleum ministry to Ogra, envisaging the LPG rates at Rs59,190 a tonne. However, this was rejected by the regulator. Instead, Ogra on Feb 24 notified the LPG price at Rs45,276 a tonne, or Rs910 per domestic cylinder weighing 11.8 kilograms. The petroleum ministry proposed a price of Rs1,100 for the domestic cylinder.

However, the regulator held that the notified prices would be applicable only to locally produced LPG while the imported commodity would remain deregulated and would be supplied to industrial consumers and the auto sector.

https://www.dawn.com/news/1319693

EU, ASEAN AGREE TO PUT FREE TRADE PACT BACK ON AGENDA
Dawn, March 11th, 2017

MANILA: The European Union and the Association of Southeast Asian Nations said on Friday the two blocs would try to revive plans for a free trade agreement (FTA) between them, as European countries look to tap the region’s strong growth.

The EU and 10-nation Asean launched talks towards a pact in 2007 but abandoned the process two years later, with the EU opting instead to conduct bilateral negotiations with individual states.

Those talks have had mixed success, with deals so far agreed only with Singapore and most recently, Vietnam, but yet to be implemented.

EU Trade Commissioner Cecilia Malmstrom said it was decided among the EU and senior Asean officials on Friday to establish a framework for talks to restart, but there was no so far no targeted time-frame.

“We believe it is important to connect two growing markets and to take away as many obstacles to trade,” she told reporters in Manila.

“Having a region-to-region agreement between EU and Asean is a long-term goal we’ve been discussing for many years. We are now taking steps towards this.”

A trade deal with Asean would connect the EU to the world’s seventh-largest market, and one with strong consumer and middle-class expansion, particularly in Vietnam and the Philippines, which are among the world’s best-performing economies.

The Asean region has a combined 622 million people and economy of $2.6 trillion and is driven largely by consumption, exports and manufacturing, with Europe a key importer of goods.

https://www.dawn.com/news/1319688

ENERGY FROM GARBAGE: IMC MULLS CHINESE OPTION
The Express Tribune, March 11th, 2017.

Shahzad Anwar

ISLAMABAD: In what appears to be a bid to solve the power supply problem for Islamabad, the Capital Development Authority (CDA) and the Islamabad Metropolitan Corporation (IMC) are negotiating terms with Chinese companies to produce electricity from the city's garbage.

Under the plan, a plant would be set up which would burn around 1,000 tonnes of waste to produce around 10-13 megawatts of power.

In this regard, Chinese company Chengdu Xingrong Group gave a detailed presentation to CDA and IMC officials in the presence of Islamabad Mayor and CDA Chairman Sheikh Anser Aziz earlier week.

CDA Member Planning Asad Mehbood Kiyani told The Express Tribune that the Chinese company had proposed to build a state-of-the-art clean energy power plant which would burn solid waste.

The heat generated by this process can be used to generate electric power.

Close ad X

Kiyani added that the company had already completed a study to build a plant which would produce 47 MW of from solid waste in Lahore. Plans and feasibility of that project, the CDA official said, would be shared with the civic agency this month.

He added that the company had suggested replicating the Lahore model for the federal capital.

In this regard, a CDA source said that civic bodies would be approaching the National Electric Power Regulatory Authority (NEPRA) to devise a rational electric tariff for the company.

However, a local representative of the Chengdu Xingrong Group said that the capital only generates enough solid waste to produce less than half the amount of power the plant in Lahore would

"IMC claims that it collects 700 tonnes of waste from the developed sectors of the federal capital daily, which is expected to increase to 1,000 tonnes in the future," noted Vaqar Babar, Chengdu Xingrong Group local representative.

"We offered to produce 10-13MW of electricity from 1000 tonnes of solid waste," Babar told The Express Tribune.

He added that even if they designed for a plant which processes 700 tonnes of waste, they estimate that the company would be required to invest around Rs23.4 billion.

Further, Babar said that the facility would create employment for as many as 137 people at the plant, including technicians, operators, and supporting crews.

However, the company would require around 15 acres land to build the plant, land which the civic agency would have to provide.

Asked about building the plan on BOT basis, Babar said that the company was willing to do that.

Moreover, the company would arrange to fund for the project on its own and it would not cost the civic body any money. Instead, he argued that it would help the CDA dispose of its waste while producing electricity at very economical rates.

The Chinese company official claimed that the mayor and other CDA officials had appreciated their plan and had suggested two potential sites to build the plant. One site is in Sector I-9 near CDA's Sewerage Treatment Plant (STP) while the other is on Kurri Road.

Babar assured that the plant would meet ISO certifications as well as Pakistan's Environmental Protection Agency (Pak-EPA) standards.

Meanwhile, the IMC said that it has already put in motion plans to gather the material to feed the plant.

https://tribune.com.pk/story/1352276/energy-garbage-imc-mulls-chinese-option/

CHINESE COMPANY SECURES FUNDS FOR KAROT, WIND POWER PROJECTS
The Express Tribune,March 11, 2017

ISLAMABAD: China Three Gorges South Asia Investment Limited on Friday achieved financial close of 720-megawatt Karot hydroelectric power project and second phase of a 100MW wind power project.

To mark the occasion, representatives of China Three Gorges South Asia Investment, Private Power and Infrastructure Board (PPIB) and Alternative Energy Development Board (AEDB) inked agreements at a ceremony. Minister of Water and Power Khawaja Muhammad Asif was also present.

The levellised tariff of Karot hydroelectric power project, costing $1.7 billion, is Rs7.68 per unit. The wind power project will cost $250 million, taking total cost of the two schemes to around $2 billion. Both fall in the priority list of projects of the China-Pakistan Economic Corridor (CPEC).

The Karot project is located on Jhelum River and it is the fourth among five hydroelectric power projects to be developed along the river.

Its installed capacity will be 720MW – four units of 180MW each – with average annual output of 3,206 gigawatt-hours.

As a single power generation complex, the project's structure layout includes a rock-filled dam, spillway, powerhouse, diversion tunnels, head-race power tunnels and tail-race tunnel end.

It is being developed under the Power Policy of 2002 on build, own, operate and transfer (BOOT) basis with five-year construction period and 30-year concession period.

The project's first unit will start power generation in 2020 and it will come online prior to the deadline. The Chinese company had started work one year ago from its equity financing.

The company will hand over the project, which is 80% in Punjab (powerhouse) and 20% in Azad Jammu and Kashmir (reservoir), to the government of Pakistan after 30 years.

The federal government will pay water usage charges to AJK and Punjab. After 30 years, the entire charges will be paid to AJK. It is termed a big step towards the energy mix plan of the government.

The wind power project will be completed next year.

"We signed agreements for Dasu power project a couple of days ago and today we achieved financial close of Karot and Three Gorges wind project. This company is also working on 1,124MW run-of-the-river Kohala project," Water and Power Minister Khawaja Asif said.

He pointed out that the World Bank had played a pivotal role in the Karot hydroelectric power project as things, which seemed impossible two to three years ago, were now looking possible.

PPIB Managing Director Shah Jahan Mirza praised the International Finance Corporation (IFC), an arm of the World Bank, for partially financing the project, which had been given extension twice.

He said Three Gorges was developing six energy projects with an investment of $6 billion in Pakistan, which was not a small amount. "Government's top priority is hydel generation and indigenous resources like coal," he remarked.

China Three Gorges Chairman Dr Lu Guojun gave a presentation on the Karot power project, saying that for the first time, the company had appointed a local chief executive officer (CEO) of the company.

Syed Hasnain Haider has been appointed CEO of the 590MW Mahl hydroelectric power project.

Lu also appreciated the Exim Bank of China and the IFC for funding the project besides sharing financing details.

https://tribune.com.pk/story/1352062/chinese-company-secures-funds-karot-wind-power-projects/

PAK-CHINA PARTNERSHIP:DASU POWER PROJECT TO CREATE 8,000 JOBS FOR LOCALS

BEIJING: The Dasu hydroelectric power project would provide more than 8,000 jobs to local residents while helping Pakistan government modernise and expand the energy sector, shifting from thermal electricity to clean, low-cost high-reward hydroelectricity, China Daily reported on Friday.

The project, consisting of the main dam, affiliated facilities, a powerhouse, a residential complex and transmission lines, would also help boost development of the local industry, agriculture and tourism, the newspaper said.

China has contracted to build the project situated in remote mountainous terrain in the upper Indus Valley in Kohistan district of Khyber-Pakhtunkhwa.

China Gezhouba Group Co Limited (CGGC) has agreed to invest more than $1.72 billion for the construction of main works of the 4,320-megawatt hydroelectric power project.

CGGC Vice President Deng Yinqi said the power project, on completion, would be capable of generating 12 billion kilowatt-hours annually.

Another Chinese newspaper, Global Times, quoted experts as saying that the project would benefit Chinese enterprises as well as improve livelihoods in Pakistan.

CGGC said in a statement that the project would be one of the most difficult hydroelectric power stations to build and will have the largest capacity and investment in Pakistan.

Zhou Rong, senior research fellow at Chongyang Institute for Financial Studies at Renmin University of China, said employment opportunities would be brought to an underdeveloped region.

"When people set foot on the path of prosperity, with the help of Chinese builders, they will develop a heartfelt feeling towards China, providing double assurance to the iron-clad relationship between China and Pakistan," Zhou told Global Times.

Dasu is a flagship project of the China-Pakistan Economic Corridor (CPEC), a part of the One Belt One Road initiative.

Zhou noted that the project getting the green light showed China's efforts to make the development of CPEC more balanced between developed and undeveloped regions, and between safer and riskier regions of Pakistan.

Many of the CPEC projects are located in Punjab and Sindh, which makes economic sense as these are the more developed provinces and are home to about 80% of Pakistan's population, but there are voices from other provinces that say CPEC should be more balanced.

Zhou added the Dasu project demonstrated that CPEC would benefit all of Pakistan.

https://tribune.com.pk/story/1351986/pak-china-partnershipdasu-power-project-create-8000-jobs-locals/

BHIKKI PLANT’S FIRST TURBINE PUT ON ‘TEST RUN’
Dawn, March 12th, 2017

Khalid Hasnain

LAHORE: About 400MW were added to the national grid on Saturday after the first turbine of the 1180MW Re-Gasified Liquefied Natural Gas (RLNG) fired thermal power plant at Bhikki (Shikehupura) started generation on trial basis.

The test run of the plant’s first turbine was carried out in the wee hours of Saturdayafter which its generation was successfully synchronised with the national grid, according to official sources. The test run of the plant’s second turbine was likely to start by end of next week, they said.

“We started test run of the plant’s first turbine during midnight hours and as soon as it started, it initially generated 362MW and later touched the figure of 400MW due to low temperature,” Mr Ahad Khan Cheema, Chief Executive Officer of the Quaid-i-Azam Thermal Power (Private) Limited — a subsidiary of the Punjab government, told Dawn on Saturday.

“Since the first turbine’s test run will be examined on technical grounds through tests and protocols etc, it will not be run on a regular basis in coming days. And this process will continue for next couple of weeks,” Mr Cheema said.

The sources said the turbine’s trial power generation was in simple cycle mode and it would increase once it started generation in combine cycle mode after installation and trial operation of the third turbine (called steam turbine). The third turbine was expected to be installed in coming days, they added.

“The two turbines installed already will initially generate 750MW and it will gradually increase to 780MW or so. And after installation and operation of the third turbine, the combine cycle operation of the total three turbines will be completed, enabling the plant to generate about 1180MW. In such situation, each turbine will generate over 393MW,” Mr Cheema explained.

The Bhikki project was expected to be completed by December, this year as per deadline fixed by the government. “It will really be a record if we succeed in accomplishing this mega project by December, this year,” the CEO claimed.

According to a QAPTL’s spokesman, as the testing of the first gas turbine is underway, it will start commercial or regular operation with full capacity by end of March 2017.

“The testing of second gas turbine of the Bhikki power plant will start from next week and finally its commercial operation will start by the first week of April, 2017 according to the timeline,” he added. The total contribution of the Bhikki power plant in simple cycle to the national grid would be over 700MW by the next month’s first week, the spokesman said.

https://www.dawn.com/news/1319912/bhikki-plants-first-turbine-put-on-test-run

NEWS COVERAGE PERIOD FROM FEBRUARY 27TH TO MARCH 5TH 2017
WITH SMART ENERGY SYSTEM, SKYELECTRIC LOOKS UPWARDS
The Express Tribune, February 28th, 2017.

Zafar Bhutta

ISLAMABAD: At a time when emphasis is being laid around the globe on tapping renewable and clean energy resources to satisfy growing demand, Pakistan does not want to be left very far behind.

An increasing number of companies are coming up with clean energy solutions in the country and SkyElectric Inc is the latest addition.

The company launched its smart energy system in Pakistan on Monday with a pledge to provide affordable and sustainable clean solar energy. An event held to mark the launch was attended by government officials, energy stakeholders, corporate executives, homeowners, academia, green architects and builders.

Talking to media, SkyElectric CEO Ashar Aziz, founder of US-based cybersecurity firm FireEye and who featured in Forbes' annual billionaires list in 2014, said the energy crisis in Pakistan would continue for long, but the public and private sectors should make joint efforts to resolve it.

He emphasised that the solar power system was environment-friendly and could resolve the energy crisis. "Despite having nuclear resources, Pakistan still faces energy shortages, (but) the new technology will make our life better, help save money and address environmental hazards," he said.

Among other factors, global warming is also caused by the release of carbon dioxide in the atmosphere through electricity production from fossil fuels, particularly coal.

He cited the example of Germany and France that had switched to clean wind and solar energy sources to tackle the crisis.

Pointing to the co-relation between economic prosperity, gross domestic product (GDP) growth and energy consumption, Aziz stressed that the expansion in national economy could not be achieved in the absence of improved per capita energy consumption.

He was of the view that the current electricity infrastructure had 15-20% financial losses because of illegal access to electricity. Backup solutions include only the Uninterrupted Power Supply (UPS) system and generators, which "could not provide continuous power".

He said the life of the UPS was only one and a half year and it was an inefficient solution in which 40% of energy was wasted. The fuel for generators is also expensive.

Highlighting advantages of his company's smart energy solution, Aziz said it would not waste energy and the battery would have a 10-year life.

He said that the technology introduced by SkyElectric suited the developing countries, which would be affordable for domestic and industrial consumers.

He said a three kilowatt per hour (kWh) solar power system would cost Rs1 million whereas 5 kWh and 10 kWh systems would cost Rs1.4 million and Rs2.4 million, respectively. "These systems will also have backup support."

A mobile phone app has been introduced to operate these systems via a smartphone.

For small industrial units that have limited resources, the company has introduced cheaper solar energy systems of 20 and 30 kWh.

"It (SkyElectric's energy system) has a levelised cost of Rs9.2 per kWh against Rs10 to Rs14 for wind energy," he said, calling it an affordable tariff.

Aziz gave a demonstration of the smart energy system, in which the audience was treated to a live interaction with the Smart Energy Console, the heart of the system.

The console is a touch screen interface, which gives insight into system operations. It has a built-in 3G chip and Wi-fi connectivity, which allows the software to relay system information to SkyElectric Cloud.

Technical support personnel in a network operations centre have access to the cloud and can remotely monitor and diagnose faults on the system.

https://tribune.com.pk/story/1341044/smart-energy-system-skyelectric-looks-upwards/

OGRA PROPOSES RS2.96 PER LITRE INCREASE IN PETROL PRICE
The Express Tribune February 27, 2017

ISLAMABAD: The regulator has proposed an increase of up to Rs17.55 per litre in the prices of petroleum products for the first 15 days of March following a rise in global crude oil prices.

The upward revision was suggested by the Oil and Gas Regulatory Authority (Ogra) in its summary sent to the Ministry of Petroleum and Natural Resources on Monday.

A senior official of the Ministry of Petroleum said Ogra proposed an increase of Rs2.96 per litre in the price of petrol, which is also called motor spirit and is mostly consumed by motorists.

For high-speed diesel consumed by heavy vehicles, the regulator suggested an upward revision of Rs2.18 per litre and for kerosene oil and light diesel oil, it proposed a revision of Rs17.55 and Rs10.94 respectively.

Prime Minister Nawaz Sharif will review the recommendations and take a final decision on Tuesday.

Prices of all petroleum products, except for kerosene, are deregulated and Ogra only monitors their movement.

In the previous revision that came into effect on February 16, the government only increased prices of petrol and diesel by Rs1 each. It left rates of light diesel oil and kerosene oil unchanged.

Announcing the revision back then, Finance Minister Ishaq Dar claimed at a press conference that the Ministry of Finance would absorb an additional burden of Rs3 billion by not fully transferring the impact of higher oil prices in the international market to the consumers.

In its fresh summary, Ogra has proposed hefty increases in prices of light diesel oil, which is used for industrial purposes, and kerosene oil, which is consumed by the poor for cooking.

According to officials, the government is currently charging no sales tax on these two products and collects petroleum levy at the lowest rate. The proposed increase in their prices is based on the levy of 17% general sales tax on their sales.

As reflected in previous decisions, the government has the capability to absorb the impact of the proposed increase in prices of petrol and high-speed diesel, which are the highest consumed petroleum products, by adjusting the tax rates.

At present, two types of taxes are being charged from the consumers – petroleum levy and general sales tax. However, the Ministry of Finance may oppose any proposal for keeping the petroleum product prices unchanged in the latest revision because it would affect the country's already overstretched revenues.

"The government made a partial increase in prices of petrol and high-speed diesel in the previous revision. However, no raise was made in kerosene oil and light diesel oil rates. The same formula may be applied this time too," an official said.

At present, the petrol price stands at Rs71.29 per litre and diesel costs Rs80.48 per litre. Kerosene oil price stands at Rs43.25 whereas light diesel oil is sold for Rs43.34.

https://tribune.com.pk/story/1340891/ogra-proposes-rs2-96-per-litre-increase-petrol-price/

WORK ON TAPI PIPELINE BEGINS IN PAKISTAN
The Express Tribune, March 4th, 2017.

ISLAMABAD: After being in the works for the past 22 years, the multibillion-dollar Turkmenistan-Afghanistan-Pakistan-India (Tapi) gas pipeline project got under way on Friday.

The pipeline will serve as an energy corridor between Central and South Asia.

The inaugural ceremony of the Front and Engineering Design (FEED) was held to start work on the project in Pakistan. German firm ILF Consulting Engineers will conduct a route survey.

Called a peace pipeline, it will begin from a massive gas field in Turkmenistan, pass through war-torn Afghanistan and reach Pakistan and India to satisfy demand of the energy-starved nations.

Petroleum and Natural Resources Minister Shahid Khaqan Abbasi, Tapi Company Chairman Muhummet Murat Amanov, Economic Adviser to Afghan President Ajmal Ahmadi and Inter State Gas Systems (ISGS) Managing Director Mobin Saulat spoke at the ceremony.

Abbasi said it was a historic moment that a project conceived 22 years ago had been launched. It would meet major energy needs of Pakistan, Afghanistan and India.

“Pakistan started LNG imports two years ago, but these are not sufficient to meet the entire energy demand,” he said. “We are optimistic that the Tapi pipeline will meet a large part of the country’s demand and Pakistan will have surplus power and gas after completion of this project in 2020.”

Pakistan will receive 1.3 billion cubic feet of gas per day under the project.

Abbasi shared that there were several challenges related to implementation of the project, but they were addressed due to efforts made by Turkmenistan and the commitment to making the project a reality for gas provision to Pakistan, Afghanistan and India.

Tapi Company Chairman Muhummet Murat Amanov said the project carried an economic role as well and it was important to bring social stability in the entire region.

He said initial work was already done as gas sales and investment agreements had been signed. “We have received several offers from financial institutions and private financiers to fund this project.”

Amanov said work on development of the gas field in Turkmenistan had started and an agreement had been signed with the Islamic Development Bank (IDB) for acquiring financing for the project.

Economic Adviser to Afghan President Ajmal Ahmadi said Afghanistan was in the process of implementing different projects like Casa power import and development of Iran’s Chabahar port for regional connectivity. He said Central Asia was an energy hub and Tapi was a clear solution to the energy needs.

Mobin Saulat added practical measures were being taken to overcome the energy crisis in Pakistan as the deteriorating energy situation had been adversely impacting the country’s economic growth.

https://tribune.com.pk/story/1345568/work-tapi-pipeline-begins-pakistan/

April 2017

NEWS COVERAGE PERIOD FROM APRIL 24TH TO APRIL 30TH 2017

WB TO SUPPORT HYDROPOWER, RENEWABLE ENERGY PROJECTS

Fawad Maqsood

Dawn, April 24th, 2017

ISLAMABAD: The World Bank (WB) President, Dr Jim Yong Kim Monday assured bank's continued support for Pakistan's projects including Dasu and Tarbela as well as other hydropower projects.

He was talking to Finance Minister, Senator Mohammad Ishaq Dar who called on The World Bank President at Washington, according to press statement issued by the finance minister here.

He opined that Pakistan could further benefit from technological improvements in the renewable energy sector and offered The WB's technical and financial help in this regard.

The World Bank President Jim Yong Kim congratulated the finance minister on successful completion of the IMF programme and hoped that Pakistan would continue with the reforms process to sustain the higher growth trajectory.

Both the dignitaries also discussed in detail The WB's portfolio in Pakistan.

On the occasion, the finance minister acknowledged the role being played by The World Bank for resolving disputes under the Indus Waters Treaty and urged expediting the process.

He said the resolution of the issue "Would lead to water security in the region."

Dar apprised President Kim about the improvement in the macro-economic situation in the country which had been acknowledged and appreciated by the international financial institutions.

Pakistan's economy was set to grow by over 5 percent in the fiscal year ending in June 2017, he added.

`The focus, he said, was now on making the growth inclusive and sustainable.

For the purpose, he said, government was also focusing on the social sectors. Innovative measures, including Pakistan Development Fund and Pakistan Infrastructure Bank, were being undertaken to maintain the higher growth trajectory, Ishaq Dar remarked.

Dar highlighted the potential for hydro power generation and water storage in the country and requested The World Bank's support in undertaking hydro power projects on Indus River cascade.

The meeting was attended by the governor SBP, finance secretary, secretary EAD and Pakistan's executive director in The World Bank.

President Kim was accompanied in the meeting by The World Bank's Chief Executive Officer/ Managing Director Kristalina Georgieva and other senior management, the statement added.

http://www.brecorder.com/2017/04/24/345283/wb-to-support-hydropower-renewable-energy-projects/

RENEWABLE ENERGY CAN OVERCOME POWER CRISIS: EXPERTS
Business Recorder, 25 April 2017

LAHORE: Energy crisis in Pakistan could be overcome by renewable energy resources that are a viable option to meet energy demands. Pakistan has vast resources for renewable energy therefore policy makers should focus this area in the larger interest of trade, industry and economy.

These views were expressed by the Pakistan Council of Scientific & Industrial Research (PCSIR) chairman Dr. Shahzad Aalam, LCCI President Abdul Basit and other experts while speaking at National Conference on "Renewable Energy Promotion & Innovative Technologies" here Monday.

Convener LCCI Standing Committee on Renewable Energy Promotion Saeed Iqbal Bhatti, Engineer M. Hanif Chaudhry, Capt. M. Shoaib Hashmi (retd), Engr. Fazal Ahmad, Engr. Syed Yasir Hassan, Shafqat Iqbal, Engr. Fatima Siddique, Prof. Dr. M. Akhyar Farrukh, also spoke on the occasion.

The speakers said that Pakistan is blessed with all kinds of resources that are being used around the world as energy inputs. They narrated the potentials available in Pakistan in the form of wind, solar, and bio-gas and distinctively discussed the options as well as developments with respect to each of them.

Dr. Shahzad Alam said the PCSIR is working for utilization of indigenous resources for the development and promotion of Industrial sector leading to import substitution and export enhancement. PCSIR is also carrying out self-sustaining and marketable research to contribute in the industrialization and economic growth of country and human resource development through organized training courses, he added.

The LCCI President Abdul Basit said the business community is keen to acquire economical and reliable alternative energy solutions. A wide range of green technologies are available in the world for power generation, biogas and biofuels production, reducing carbon dioxide emissions and enhancing productivity and production in a sustainable and environment friendly manner.

http://epaper.brecorder.com/2017/04/25/13-page/869893-news.html

100MW POWER PLANT TO BE LAUNCHED NEXT MONTH, SAYS MURAD
Dawn, April 29th, 2017

Hasan Mansoor

KARACHI: Chief Minister Murad Ali Shah said on Friday that the Sindh government was set to launch next month a 100-megawatt power plant which would mitigate the existing energy woes of Karachi.

"It is [a] day of jubilation for the people that the Sindh government is finally going to launch a 100MW power plant," said an overjoyed chief minister while presiding over a meeting here at the CM House on the Sindh Nooriabad Power Company (SNPC) and Sindh Transmission and Dispatch Company (STDC).

Officials said that the power plant would formally be supplying energy for Karachi by the end of May.

The CM was told that the power plant had been tested and it was working smoothly. The testing would be continued for a few more days.

The officials informed the meeting that the work to lay transmission line from Nooriabad to Karachi had been 99.9 per cent completed.

They said there were just two towers — one at Gadap and another at the M-9 [Superhighway] — to be raised.

CM Shah said certain people used to call the SNPC and STDC as dormant companies and claimed that they would fail to deliver, which "fortunately proved to be wrong".

"Today, the SNPC has installed a 100MW power plant and the STDC has laid the transmission line for it," he said, adding: "The two companies have produced results for the government and for the people of Sindh and Pakistan. I can't express my delight in words today."

He thanked his party leadership for supporting and entrusting him with launching the power projects. "Sindh can turn entire Pakistan self-sufficient in energy sector if the federal government extends its full support," he said.

Mr Shah congratulated his team for the success and asked them to make necessary arrangements to organise a launching ceremony before the advent of Ramazan.

The CM wrote a letter to Prime Minister Nawaz Sharif on Friday requesting him to ask the petroleum and natural resources ministry to submit the issues about the LNG policy and implementation on Article 158 of the Constitution in the 31st meeting of the Council of Common Interests (CCI) scheduled to be held on May 2.

Earlier, the CCI meeting was to be held on Friday but it was postponed for undisclosed reasons.

Officials said Sindh wanted to have an LNG policy according to which provinces would be granted permission to purchase the fuel on their own.

They said such a policy would allow Sindh to purchase LNG at cheaper rates than it was being given through the existing policy.

As a controversy between Sindh and Islamabad is continuing over the supply of gas to the province's special economic zones, Sindh wants full implementation of Article 158 of the Constitution, which states that the province in which a wellhead of natural gas is situated shall have precedence over other parts of Pakistan in meeting the requirements from that wellhead, subject to the commitments and obligations as on the commencing day.

https://www.dawn.com/news/1329873

NEWS COVERAGE PERIOD FROM APRIL 17TH TO APRIL 23RD 2017
BAN ON GAS PROJECTS LIFTED, BUT DOES PAKISTAN HAVE THE CAPACITY?
The Express Tribune, April 17th, 2017

Zafar Bhutta

ISLAMABAD: Get gas and give us votes in upcoming elections – a formula adopted by the earlier Pakistan Peoples Party (PPP)-led government and now the present Pakistan Muslim League-Nawaz (PML-N) administration is following suit.

However, nobody seems to be giving a serious consideration to the question whether Pakistan has the capacity to pump gas to more consumers.

Over the years, persistent energy shortage has restricted economic growth of the country, but at the same time it has become a key component of the election manifesto. The ruling PML-N made the resolution of energy scarcity a major plank of its poll campaign and based on that beat the PPP and came to power in mid-2013.

Later, the PML-N set different deadlines to do away with the electricity crisis. Four years are gone, widespread load-shedding, which extends up to 15 to 18 hours a day in rural areas, still haunts the ordinary people and businesses. In the latest time frame, the government claims that power outages will come to an end in mid-2018. Only time will tell whether it will keep the promise or miss the deadline again like previous ones.

In the meantime, the looming gas crisis cannot be ignored as the cabinet has lifted a moratorium on new gas supply schemes, which had been in place since 2009.

As elections are only about a year away, Prime Minister Nawaz Sharif has eased the restriction and approved 97 gas development schemes, mostly for Punjab – a stronghold of the PML-N. The cabinet has also given its ex-post facto approval to the gas schemes.

The premier has used his discretionary powers in approving the gas supply schemes, though the apex court during the tenure of former PPP prime minister Raja Pervez Ashraf had ruled that the constitution did not allow allocation of funds to the MNAs, MPAs and notables at the sole discretion of prime minister and chief minister. The court called the practice illegal and unconstitutional. The present government approached the Supreme Court, seeking a review of the decision, but the request was turned down.

While launching the new gas schemes, the government has increasingly focused on Punjab. Sindh has lodged protest over being sidelined.

According to Article 158 of the constitution, gas-producing provinces have the first right to consume gas. Sindh, Khyber-Pakhtunkhwa and Balochistan have a major share in gas production.

If this article is implemented truly, the gas supply schemes in Punjab, which has a minuscule share in gas production, will raise eyebrows.

Experts and officials suggest that the government should have taken up with the Council of Common Interests (CCI) – an inter-provincial body having representation from all provinces – the lifting of the moratorium on gas schemes. This would have strengthened the federation.

Public utilities – Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines (SNGPL) – will find it hard to provide energy for the new consumers as the existing ones already endure shortages in the winter season.

Under the law, the utilities are bound to first provide gas for the existing consumers before building infrastructure for the new schemes.

As the events unfold, the Oil and Gas Regulatory Authority (Ogra) has remained a silent spectator. The government has also not bothered to seek comments of the regulator that sets the target of gas connections annually for the utilities.

At present, 1.5 million applications are awaiting SNGPL's approval for the installation of gas meters. Instead of entertaining these requests first, the government has lifted the ban on new gas supply schemes.

Domestic natural gas production has been stagnant at 4 billion cubic feet per day for over a decade. During the first four years of the current government, 500 million cubic feet per day (mmcfd) has been added to the system, but at the same time production from existing fields has dropped 600 mmcfd.

Gas reserves of big fields like Sui and Qadirpur are depleting and no new massive fields have been discovered to cater to the needs in the future.

With the extension in pipeline infrastructure, consumers will be the losers and gas companies will be the winners. Gas utilities will receive a guaranteed rate of return on increased assets whereas the consumers will face more shortages.

A fresh source of energy is the re-gasified liquefied natural gas (RLNG) for which a policy has been approved for supplies to bulk domestic, commercial and industrial consumers. However, LNG proves expensive for the domestic consumers living in villages.

In many countries, the pipeline network is not found. Gas is either consumed by the industry or exported in the form of RLNG. Domestic consumers use liquefied petroleum gas (LPG).

In Pakistan, natural gas is consumed in villages and towns rather than LPG. The PPP government had tried to frame a policy to subsidise LPG for the domestic consumers rather than piped gas. However, the plan could not be pushed ahead.

The present government could formulate such a policy in order to divert gas to the power plants that were shut down due to fuel shortage. This will result in cheap electricity. But such policies are adopted that promise voter support in general elections.

the writer is a staff correspondent

https://tribune.com.pk/story/1385595/ban-gas-projects-lifted-pakistan-capacity/

CLEAN ENERGY CAN BE PRODUCED EVEN WITH COAL
The Express Tribune, April 17th, 2017.

ISLAMABAD: Coal power has acquired a bad image, perhaps less due to its pollution dimension and more due to the CO2 emission which produce greenhouse gases, causing climate change, in which Pakistan has been projected to be one of 10 worst victims.

Despite criticism of coal, hundreds of coal power plants keep operating in the world and more than 100,000 megawatts are being produced in India alone.

At present, Pakistan is planning to produce about 5,000MW in coastal areas and 5,000MW in Thar and may be 1,000 to 2,000MW in Punjab. In the medium to long term, the country may be doubling this number.

Whatever are the criteria, Pakistan’s contribution to greenhouse gases and climate change will be insignificant both in absolute or per capita terms. However, it has to be careful about pollution which will damage no one but its people more directly and immediately.

Abundant technologies are available, which, if applied, can produce clean electricity even with coal as many nations have started doing it, including China.

Health and environmental consequences of large-scale coal power production should not be ignored. Four main emissions namely particulate matter, Sox, NOx and Mercury are produced in coal burning. Bronchitis, eye diseases, lung problems, heart attacks and other diseases are the consequences. Smog and haze are the atmospheric consequences.

NOx and Sox are washed down due to rain, causing acid rains which affect agricultural productivity. Mercury pollutes water bodies and finds its way into human beings through food chain.

Pakistan has signed Minimata Convention which is aimed at controlling Mercury pollution as it spreads far beyond national boundaries.

Particulate matter can be controlled by passing exhaust gases through Electrostatic Precipitator (ESP) which catches carbon and dust particles by static electricity phenomenon.

ESP equipment has to be highly efficient with efficiency rating of 95-99%. These devices have to be maintained rigorously, otherwise, these lose efficiency, resulting in dust emissions.

Sulphur and its compounds are absorbed by passing flue (chimney) gases through calcium and useful gypsum is produced as a result of the chemical reaction. Gypsum has uses in building and agriculture sectors. In technical terms, this is called Flue Gas Desulphurisation (FGD).

NOx is controlled either by installing special burners that produce less NOx. This is a cheaper and less effective method, more effective but expensive methods are using ammonia-absorbing flue gases in NH3, converting NOx into NH4NO3 or through catalytic converters, as are installed in cars to absorb NOx.

Mercury is often absorbed in FGDs, although there are specialised processes for it.

Particulate controls are being installed in all parts of the world, rich and poor. However, FGD has been less common and NOx treatment even lesser common and Mercury control the least practiced.

Even in the US, as recently as 2000, almost 50% of coal power plants did not have Sox control, hiding behind almost the same reasons as in Pakistan these days.

However, now, no coal power plant can be installed without FGD in any developed country. Existing plants either have to be closed down or retrofitted with these devices.

Mercury control does not generally require specialised equipment and pollution control equipment employed for particulate matter (ESP), Sox (FGD) and NOx (SCR) capture Mercury as well.

There appears to be confusion over installation of the pollution control equipment in the coal power plants that are being installed in Pakistan. In applications for generation licences, all the technologies are mentioned to be installed.

However, in Environment Impact Assessments (EIAs), the pollution equipment has been watered down. It appears that only ESPs would be installed for particulate control.

NOCs issued are also equivocal and general. For example, Sindh Environmental Protection Agency (Sepa) mentions the requirements in general terms.

Punjab Environmental Protection Agency (PEPA) has issued an NOC mentioning ESP and Mercury control (even mentioning Minimata Convention membership of Pakistan) conspicuously avoiding Sox (FGD) and NOx (SCR) control equipment specifically.

However, one wonders, how Mercury would be controlled without these devices. Nepra accepts NOCs of EPAs without giving much thought about it and issues tariff without discussing or providing for environmental costs.

Nepra even does not examine the contents of generation licence while issuing approvals. Some interaction ought to be there between the two sets of agencies on such issues.

In Punjab cities like Sahiwal and congested and polluted cities like Karachi, Sox and NOx controls may be a must. How can one install large coal power plants (1,300MW) in these locations without such controls?

It is quite amazing that the EIA community (consultants and EPAs) manages to provide recommendations and conclusions convenient to the client. If the client does not like to install environmental control equipment like FGD and NOx controls, they prove with their complicated models that it is not required.

Jica and the Asian Development Bank (ADB) have got EIAs done for their coal power plants in Jamshoro which require FGD and accordingly FGDs are being installed there. Responsible institutions like World Bank, ADB, IFC, etc therefore, mandate installation of environmental control equipment and do not approve of hiding behind loopholes.

These protections can, however, cost money both in terms of higher capital expenditure (Capex) and operational expenditure (Opex). But such cost is much lesser than the cost of bad health and worse environment, besides there are treaty obligations.

FGD used to be quite expensive when the market was smaller. FGD prices seem to have come down.

Alstom is installing FGD in India for 25 million euros for 500-600MW coal power plants. If we add $50-100 million in the 1,300MW coal power plant, it may not be a bad deal. After all, Nepra has approved a jetty capex of $300 million recently.

A separate add-on component may have to be considered for SOX and NOx removal equipment, if and where it is installed. May be in Thar area, these may not be required.

We can learn from the bad experience of India. Environmental performance of the power plants, especially, of the coal power plants is very pitiable in India. Reportedly, more than 100,000 people die there due to particulate matter released by the coal power plants.

Chinese have all wherewithal to provide add-on environmental equipment. The traditional image of China insensitive to pollution should go away. Today in China, more stringent standards are being adopted than in the US and many deviant coal plants are being closed.

The new plants that are being installed are highly environmentally compliant and the cost is reasonable as well. If seriousness is shown by Pakistan, they would be able to implement those schemes here as well.

Clean electricity can be produced within existing tariff, if the tariff system is reformed reducing excessive payments such as 20% internal rate of return on Thar coal projects and 17% on imported coal and doing other refinements.

These excessive payments can be directed towards installing much-needed environmental equipment. As for reducing carbon footprint, high efficiency (45%) power plants enable one to do that and such enhancement pays for itself in the form of more energy production or lesser fuel consumption.

Fortunately, the Ministry of Water and Power has asked Nepra to reduce high returns which may create space for adding environmental cost in the tariff.

Concluding, the relevant agencies should get together under the leadership of the Ministry of Water and Power to remove the policy vacuum without waiting for public protest due to environmental deterioration.

The writer is a former member energy of the Planning Commission

https://tribune.com.pk/story/1385600/clean-energy-can-produced-even-coal/

SINDH WAITING FOR CENTRE’S NOD TO UTILISE 650MW GENERATION CAPACITY, PA TOLD
Dawn, April 18th, 2017

BHAGWANDAS

KARACHI: Chief Minister Murad Ali Shah told the Sindh Assembly on Monday that the generation capacity of around 650 megawatts was almost ready in the province but it could not be utilised since the federal government had not granted required permission.

He said this during the Question Hour that pertained to the energy department. Mr Shah is the minister in charge of the department.

He said that he had met the prime minister after assuming office and requested him to grant permission and sort out issues related to tariff, connectivity, etc, so that Sindh’s generation capacity could be utilised to provide relief to the people.

He said he had also written a letter to the federal government but to no avail.

Mr Shah said that he had even offered the federal government that the Sindh government was ready to provide funds for installation of transmission lines, which is the responsibility of the Centre, but he got no response so far.

He said despite having new power plants the people were facing long spells of load-shedding.

Earlier, Muttahida Qaumi Movement legislator Kamran Akhtar asked how much work had been completed on the Thar coal project and when electricity would be available from it.

Responding to his question, Senior Minister Nisar Khuhro, who was responding on behalf of CM Shah, recalled that during the 1990s a Chinese company started working on coal mining and electricity generation but nothing happened on the ground for many years and the project was revived by the PPP when it came to power in 2008.

He said the Sindh government with a private company started a coal mining and power generation project in 2009-10 and so far 23 per cent work on had been completed. He said that the coal was available at the depth of 300 feet and so far 160 feet deep ditches had been dug. Similarly work on the power generation plant was also under way.

MQM legislator Saifuddin Khalid asked why only 23pc work had been completed in over seven years; the minister replied that it was a huge project and its implementation would take some time.

Responding to a question by MQM legislator Naila Muneer regarding solar energy, the minister said that with the financial assistance of around $25 million from the World Bank some public buildings, including the Sindh Assembly, Sindh Secretariat, some hospitals, etc would be shifted to solar energy.

He said a list of such buildings had been sent to the World Bank and after its approval the project would be implemented.

Ms Muneer asked about the areas where solar power had been provided. The minister said that luckily at some places the federal government’s permission regarding connectivity with the national grid was not required. Therefore, a large number of schools in Nagarparkar, two villages in Achhro Thar, five villages in Ubauro had been electrified through solar power.

Responding to a question by MQM legislator Heer Soho regarding the number of villages electrified between 2008 and 2013, the minister said that over 4,761 villages had been electrified in interior of Sindh during the five-year period at a cost of over Rs5 billion.

He said 134 villages had also been electrified in and around Karachi during the same period.

She asked the minister to name a few villages so that lawmakers could go there and see for themselves; the minister said that he would submit a complete list of the villages to the assembly and anybody could go and see that the villages had electricity.

The written reply to a question by Ms Soho stated that the number of wind and solar power projects in Sindh was 35 and 24, respectively. It said there was only one hydel power project on Nara Canal and it was owned by OMNI Private Ltd.

In another written reply to a question regarding coal deposits in Badin, the Sindh Assembly was told that a coal seam of 6.17 metres at a depth of 381 metres had been encountered in a drill hole at Pangrio (Badin) by the Geological Survey of Pakistan and its quality was the same as that of Thar lignite.

Exploration work was under way and quantum of reserves was yet to be calculated, it added.

MQM legislator Qamar Rizvi and others also participated.

https://www.dawn.com/news/amp/1327600

‘NEGLIGENT’ POWER MINISTRY OFFICIALS EARN PM’S WRATH
Dawn, April 19th, 2017

ISLAMABAD: As electricity shortfall crossed a record 7,000MW, an angered Prime Minister Nawaz Sharif ordered action against officials who failed to make advance planning for the season, causing problems to people.

“Why didn’t they plan in advance keeping in mind low water availability in dams and severe weather conditions,” an official statement quoted the prime minister as saying when he was informed about the closure of a number of power plants for maintenance.

He was presiding over a special meeting of the Cabinet Committee on Energy — second in less than 10 days.

Informed sources said the power shortfall actually fluctuated between 9,000MW and 10,000MW as maximum demand went past 21,500MW against peak generation of 12,700MW for only 35 minutes by ramping up water discharges from dams. Excluding peak, power generation averaged 11,000MW, but the electricity actually reaching the consumers was less than 9,000MW after accounting for transformational, transmission and distribution losses.

As a consequence, duration of loadshedding increased to 14-16 hours in urban areas and most of the time loadshedding was unscheduled in view of system challenges. Loadshedding in rural areas was even worse, rising to 20 hours. The situation aggravated as one of the largest load centres — Lahore — entered peak levels at 46 degrees centigrade and joined the league of Multan, Faisalabad, Bahawalpur and Dera Ismail Khan.

However, official sources claimed the maximum gap at 7,000MW on the basis of 19,500MW of demand and 12,500MW of production. They said hydropower generation peaked at 2,500MW, along with 1,900MW production from public sector companies and about 7,000MW from independent power producers.

While reviewing the situation, the prime minister expressed “dissatisfaction over the negligence of departments concerned” over the latest power situation that has put the government in an awkward political position at one of the most challenging times and ahead of the Panama Leaks case judgement.

The meeting reviewed factors behind lower power generation. The Ministry of Water and Power explained that an unexpected surge in the intensity of hot weather suddenly increased the demand having an impact of more than 2,500MW while dams did not have required water level. The ministry expressed the hope that the rise in temperature would result in improved river flows, which would lead to an increase in hydropower generation.

This did not satisfy the prime minister. He expressed displeasure over the explanation of the ministry and “directed that responsibility be fixed on officials for not planning proactively so that the situation does not re-surface”, without realising that the chief architect of power sector planning had already been eased out a few days ago.

Mr Sharif said all resources should be set in motion to reduce current shortfall and provide maximum relief to people through as much reduction in loadshedding as possible. “The discomfort caused to people should be rectified at the earliest and steps should be taken on war footing to maximise power generation”, he said.

Official sources said the former secretary of water and power had stopped circulation of energy data about six months ago and switched off television screens in the ministry and field formations showing real time generation and consumption patterns.

Informed sources said it was strange that a number of power plants were allowed by the ministry to go on ‘scheduled maintenance’ in April when weather advisories had already been issued by the Meteorological Department, instead of planning their maintenance during lean days.

They said the most crucial challenge for the operational staff of the power sector was to switch power supply from south to north mainly because of transmission system deficiencies.

For example, a critical transmission line for evacuation from two power plants at Uch at a time is still missing though the prime minister was misled into inauguration of Uch-II plant three years ago.

A power sector expert said the power ministry had focused its attention on media management and article writing over the last three years as it benefited from the historically low oil prices, non-notification of tariff determinations and levy of a series of surcharges to charge around Rs5 per unit higher rates to consumers over those approved by the power regulator. On top of that, weather conditions over the last three years remained normal. Even then the recoveries could not pick up and line losses remained generally unchanged.

https://www.dawn.com/news/1327917

PM TO GET INTO THIRD ENERGY HUDDLE IN A FORTNIGHT

Dawn, April 20th, 2017

Khaleeq Kiani

ISLAMABAD: Prime Minister Nawaz Sharif has reportedly convened another meeting of the Cabinet Committee on Energy (CCOE) on Friday to follow up on his orders for the reduction in loadshedding as temperatures in major cities slightly came down on Wednesday.

The Friday meeting of the CCOE will be the third huddle in a fortnight on increasing energy shortfalls and unscheduled loadshedding that have embarrassed the PML-N government at a crucial phase of its term.

On Wednesday, the electricity shortfall ranged between 7,000 and 8,500 megawatts, resulting in an average loadshedding of almost 12 hours. This was significantly higher than 5,800MW of shortfall claimed by Minister for Water and Power Khawaja Asif in his midday tweets when he put demand at 19,405MW and generation at 13,575MW.

The minister confirmed that 2,200MW of power projects were shut down at present while around 2,700MW of additional demand had developed due to an expected surge in temperature. Luckily, temperatures fell to 43-44 Celsius in major load centres of Punjab, like Lahore, Multan and Faisalabad, compared to 45-46 Celsius a day earlier, although temperatures in Sindh touched 48-50 Celsius, particularly in Sibbi and Larkana.

An official explained that a demand-supply gap of 700MW meant on average one-hour of loadshedding. This means average loadshedding of eight and a half hours based on the power minister's estimates.

Demand had actually gone beyond 20,500MW by evening and the generation hovered around 13,600MW. About 10,300MW of maximum supply could reach consumers after accounting for 7pc transformational and transmission losses and 18-19 per cent of distribution losses and theft.

Informed sources said the Prime Minister's Office has also specifically called former secretary water and power Younas Dagha to explain reasons for allowing routine maintenance to a few power plants when hydropower generation was projected to be minimal.

It was all the more important for the fact that the dams almost reached the dead level in March and the Indus River System Authority (Irsa) had feared up to 35pc water shortage in April.

Also, furnace oil storages of oil companies were full to capacity and yet some of the thermal power plants were giving 'stunted' production.

These sources said Mr Dagha had also been invited to attend CCOE's meeting on April 18, but he could not make it because of prior engagements.

The sources said some members of the CCOE suspected suppressed presentation of demand numbers in the past and were surprised to see a gloomier picture painted by the newly appointed secretary water and power, Yousaf Naseem Khokhar. His

presentation showed the demand-supply gap would not fall below 4,500MW even if plants currently on maintenance returned to the system.

The sources said the ministry was seeking the approval of the prime minister to make available power generation and demand situation readily accessible to the media and the public for transparency as was the case until six to eight months ago.

They said the National Power Control Centre (NPCC) — the never centre of power demand, generation and supply — had reported to the new secretary that energy data used to be circulated to all stakeholders and Press Information Department officials for wider dissemination, which did not generally cause any misunderstanding. Likewise, data would also be shown on various television screens provided by USAID and installed in various public places.

https://www.dawn.com/news/1328027

GIGANTIC WIND TURBINES SIGNAL ERA OF SUBSIDY-FREE GREEN POWER
Dawn, April 23rd, 2017

OFFSHORE wind turbines are about to become higher than the Eiffel Tower, allowing the industry to supply subsidy-free clean power to the grid on a massive scale for the first time.

Manufacturers led by Siemens are working to almost double the capacity of the current range of turbines, which already have wing spans that surpass those of the largest jumbo jets. The expectation those machines will be on the market by 2025 was at the heart of contracts won by German and Danish developers last week to supply electricity from offshore wind farms at market prices by 2025.

Just three years ago, offshore wind was a fringe technology more expensive than nuclear reactors and sometimes twice the cost of turbines planted on land. The fact that developers such as Energie Baden-Wuerttemberg AG and Dong Energy A/S are offering to plant giant turbines in stormy seas without government support show the economics of the energy business are shifting quicker than anyone thought possible — and adding competitive pressure on the dominant power generation fuels coal and natural gas.

“Dong and EnBW are banking on turbines that are three to four times bigger than those today,” said Keegan Kruger, analyst at Bloomberg New Energy Finance. “They will be crucial to bringing down the cost of energy.”

About 80 kilometres off the coastline in the German North Sea, where the local fish and seagulls don’t complain about the view of turbines in their back yards, offshore wind technology is limited only to how big the turbines can grow. Dong has said it expects machines able to produce 13 to 15 megawatts each for its projects when they're due to be completed in the middle of the next decade — much bigger than the 8-megawatt machines on the market now.

Just one giant 15-megawatt turbine would produce power more cheaply than five 3-megawatt machines, or even two with an 8-megawatt capacity. That's because bigger turbines can produce the same power from a fewer number of foundations and less complex grid connections. The wind farm's layout can be made more efficient, and fewer machines means less maintenance.

"Right now, we are developing a bigger turbine," said Bent Christensen, head of cost of energy at Siemens Wind Power A/S, in a phone interview. "But how big it will be we don't know yet."

Larger turbines are heavier, placing a natural limit on size, said Christensen. Lightweight materials such as carbon fibre may be required to reduce the heaviness of the rotor and the blades as the turbines grow.

"If we just go 10 years back, nobody could imagine what we're doing today," he said. "When you try to predict the future you have to be quite careful."

The scale of the turbines may not even stop at 15 megawatts. In Albuquerque, New Mexico, a unit of Lockheed Martin is working on components for a possible 50-megawatt turbine that would have blades 100 meters (about 328 feet) long.

These gigantic blades would be able to fold away to reduce the risk of damage at dangerous wind speeds. Siemens, along with Vestas Wind Systems and General Electric, are advising on the research program that's funded by the U.S. Department of Energy.—Bloomberg-The Washington Post Service

https://www.dawn.com/news/1328615

NEWS COVERAGE PERIOD FROM APRIL 10TH TO APRIL 16TH 2017
MINISTRY SEEKS MORE GAS SUPPLY TO POWER PLANTS
The Express Tribune, April 11th, 2017.

ZafarBhutta

ISLAMABAD: The Ministry of Water and Power has suggested that gas being discovered by Hungarian energy firm MOL in Khyber-Pakhtunkhwa should be allocated to the power producers.

While backing a proposal to allocate newly discovered gas to Sui Northern Gas Pipelines Limited (SNGPL), the ministry emphasised that additional gas would be utilised to improve supplies to the power producers, especially the highly efficient gas-based power plants.

MOL is expected to add 10 million cubic feet of gas per day (mmcfd) from the Tolang field in Kohat district of Khyber-Pakhtunkhwa in June this year, according to a senior government official.

However, responding to the power ministry's demand, the Ministry of Petroleum and Natural Resources pointed out that keeping in view the energy shortfall, gas production from the Tolang field had been proposed to be allocated to SNGPL, which would improve supply to all sectors including the power plants.

The ministry has sent a summary to the Economic Coordination Committee (ECC), seeking allocation of newly discovered gas from the MOL field in Khyber-Pakhtunkhwa.

In the province, a probe has already been going on into crude oil theft worth billions of rupees by the Federal Investigation Agency (FIA) and the National Assembly Standing Committee on Petroleum for the last two years.

MOL production from the Tolang field will commence in the second quarter of this year after the installation of processing facilities.

A production profile submitted by the company showed that the Tolang field was expected to produce up to 10 mmcfd from the second quarter of 2017. The company has requested for the provision of gas to SNGPL, which is the government-nominated buyer.

The Ministry of Petroleum approved the declaration of commerciality on November 3, 2016 for the discovery in Tolang X-1 covering an area of 19.08 square kilometres in Kohat district.

MOL has applied for the grant of development and production lease and approval of the field development plan. Owing to the widening demand and supply gap in the jurisdictions covered by SNGPL and being the nearest transmission network, SNGPL has requested for the allocation of Tolang gas.

The Ministry of Petroleum asked the ECC that up to10 mmcfd from the field may be set aside for SNGPL depending on the approval of field development plan and the grant of development and production lease by the director general of petroleum concessions. Gas price will be according to the applicable petroleum policy.

https://tribune.com.pk/story/1380140/ministry-seeks-gas-supply-power-plants/

PM SAYS ENDING ENERGY CRISIS IS HIS PRIORITY
The Express Tribune, 8 April 2017

ISLAMABAD: Expressing hope that fast track constructions of power projects will significantly help overcome the energy crisis, Prime Minister Nawaz Sharif has claimed that addressing energy shortfall is his government's top priority.

The PM was talking to Yan Zhiyong – chairman board of directors and president of the Power Construction Corporation of China – who called on the prime minister along with a delegation on Friday.

According to a statement released by the PM House, Nawaz Sharif reiterated that Pakistan was fully committed to the timely and effective implementation of all the projects under the China-Pakistan Economic Corridor (CPEC).

“We thank Chinese ministries and institutions for their support in making the CPEC a reality,” he said.

Sharif said the government will extend full cooperation for early execution of the ongoing projects and invited the Power China to explore investment opportunities in transmission lines and hydro power projects including water reservoirs and power generation components.

Yan Zhiyong informed the PM that 100 young engineers from Pakistan have been trained in China on various power sector streams and they will now work on the Port Qasim Power Project during its life of over 25 years.

He said Power China also intends to further impart training to Pakistani professionals as part of experience sharing and capacity building programme.

Yan Zhiyong said China-Pakistan cooperation would continue and the power projects would become a source of strengthened partnership between the two countries.

In his message on the occasion of World Health Day, Nawaz Sharif has also reiterated his government’s resolve to further improve the healthcare system of Pakistan.

“Healthcare remains top most priority agenda in the social sector. The goals of development cannot be realised without taking steps towards building a healthy nation,” Sharif said.

He said his government launched PM’s National Health Programme (PMNHP) in 2015 with the objective to provide universal health coverage through cash-less health insurance scheme for the poor to enable them to access needed health-care services.

The PM said so far more than 1.6 million families have been enrolled in the PMNHP and more than18,000 individuals have been treated for various illnesses from empanelled hospitals.

https://tribune.com.pk/story/1377850/pm-says-ending-energy-crisis-priority/

MINISTRY SEEKS TO IMPORT LNG FROM ITALY
Business Recorder, 9 April 2017

MushtaqGhumman

ISLAMABAD: The Ministry of Petroleum and Natural Resources has submitted a proposal to the federal Cabinet on import of Liquefied Natural Gas (LNG) from Italy on government-to-government basis, a country which itself is a major importer of gas, which may make the proposed deal controversial.

When Business Recorder accessed Italy's energy data, collected by International Energy Agency, it was learnt that Italy's gas production declined over the last 40 years from 15.4 billion cubic meters (bcm) to 8.6 bcm in 2012 – around 11 percent of Italy's supply needs. There are three LNG terminals for importing natural gas into Italy.

Italy's dependency for natural gas is very high, standing at 88.5 per cent in 2012. Italy's import dependency is set to slowly increase to around 90 per cent by 2017. The vast majority of imports were delivered by pipeline in 2012 with the remaining amount delivered as LNG cargoes. Two countries, Algeria (21.8 bcm) and Russia (19.0 bcm) account for 60 per cent of Italy's imports, followed by Libya (9 percent) and Qatar (9 percent). The Netherlands and Norway are also significant sources of natural gas imports for Italy.

The federal Cabinet headed by Prime Minister Nawaz Sharif will consider the proposal of Ministry of Petroleum and Natural Resources next week.

Domestic natural gas contributes about 45 percent of primary energy supplies. The present domestic gas production of 4,000 million cubic feet of gas per day (MMCFD) is insufficient to meet country's demand as the supply-demand gap is approximately 2,000 MMCFD and keeps on rising. Pakistan is currently facing a severe shortage of natural gas, both for its electricity generation and for general use by all sectors. This gas shortage is inhibiting the economic growth of the country.

According to sources, Ministry of Petroleum & Natural Resources under the guidance of the present government is pursuing import of LNG and setting up of LNG terminals to minimise gas shortfall. The first LNG terminal established in private sector on Build-Own-Operate-Transfer (BOOT) basis at Port Qasim Karachi has been functioning since March 2015 and is currently re-gasifying 400 MMCFD – to be increased to 600 MMCFD.

Second LNG terminal having capacity of over 600 MMCFD gas is under implementation on BOOT basis in private sector and is expected to commence re-gasification of LNG by June 2017. Two companies namely Pakistan LNG Limited and Pakistan LNG Terminal Limited have been established for effective and efficient handling of LNG imports and setting up of LNG terminals in the country.

Oil is the second major source of primary energy supplies in the country with its share of 32 percent. Indigenous crude oil production only metes about 15 percent of the country's POL demand while 82 percent POL requirements are met through imports. Pakistan State Oil, a state-owned entity, is engaged in the business of marketing and distribution of various petroleum products.

PSO has the most wide-spread network in the country with over 3,500 retail outlets and is also the major fuel supplier to aviation, railways, power plants, armed forces, marine and agriculture sector. Presently, PSO is importing LNG from Qatar and supplying it to power sector and CNG stations.

The sources said, Prime Minister's Office approved the proposal of Ministry of Petroleum and Natural Resources to start negotiations with 23 companies of different countries for import of LNG, POL products and setting up LNG terminal on Government to Government basis.

Accordingly, the Italian Government through diplomatic channels was conveyed the interest of Government of Pakistan to start negotiations for supply of LNG. In response, Ministry of Foreign Affairs on December 1, 2017 furnished a draft agreement of Ministry of Energy Development of Italy for examination and further processing.

However, later on Prime Minister Office conveyed that it is not advisable to start negotiations with a large number of private/public sector companies of different countries at the same time and Petroleum Ministry was directed to either seek approval of the Cabinet for each of these negotiations on case to case basis or bring a comprehensive proposal with detailed justification for approval of a policy.

"Supplies of LNG, setting up of LNG terminal and procurement of petroleum products from renowned and reliable oil and gas producers and suppliers under Government to Government arrangements through the relevant nominated entities is beneficial in the form of security and flexibility and supplies, extended credit period, consistent quality, timely availability and assured procurement," the sources continued. In view of this, the Petroleum Ministry has sought permission from Cabinet to initiate negotiations on Inter Government agreement between Pakistan's Petroleum Ministry and Ministry of Economic Development of Italy for supply of LNG, the sources concluded.

http://epaper.brecorder.com/2017/04/09/1-page/865691-news.html

GAS MORATORIUM GOES FOR ALL CATEGORIES OF CONSUMERS
Dawn, April 11th, 2017

Khaleeq Kiani

ISLAMABAD: Prime Minister Nawaz Sharif on Monday approved ending a moratorium on fresh bulk gas connections to domestic, commercial and industrial consumers and ordered settlement of growing circular debt for smooth running of the energy sector.

He took these decisions while presiding over a meeting of the Cabinet Committee on Energy (CCoE) and directed that the structure for the new gas connections, primarily to be based on imported liquefied natural gas (LNG) be submitted to the forthcoming meeting of the federal cabinet for formal ratification and implementation.

The prime minister also constituted a three-member committee comprising the secretaries of finance, water and power and petroleum and natural resources to work on a war-footing to propose a way out of energy sector circular debt that has ballooned again closer to a level the PML-N government inherited in 2013.

The committee "approved new Re-gasified Liquid Natural Gas (RLNG) based gas connections for domestic, industrial and commercial consumers" that would be placed before next meeting of the federal cabinet for ratification, an official statement said.

Informed sources said the secretaries for water and power and petroleum gave separate presentations to the committee, the first focusing on loadshedding plan and electricity shortfalls and the second one on receivables of oil and gas companies exceeding Rs350 billion and the need for opening up gas connections to bulk and large consumers like industries and housing colonies with expected inflows from abroad.

There has been a general moratorium on new gas connections for almost eight years imposed by the former PPP prime minister Yousaf Raza Gilani amid acute shortfalls.

In his presentation, Secretary Petroleum Arshad Mirza is reported to have explained that the moratorium for such a long time was having lasting negative impact on industrial expansion and could not be maintained forever. Likewise, there were a lot of housing colonies and plazas coming up who were showing willingness to pay higher rates for bulk purchases.

Now the government was already importing about 400 million cubic feet per day (mmcfd) of LNG, going up to 600mmcfd in a few years, followed by another 600mmcfd LNG expected to flow in with completion of the second LNG terminal in a few months, there was a need to create new consumer class that can afford higher landing cost of imported RLNG.

The new consumer class would be given an option to pay higher rates to be approved for RLNG to secure uninterrupted gas supplies. This would mean the large domestic consumers and those ready to purchase in bulk (housing colonies and plazas) would be charged higher than the highest rates currently charged to existing domestic natural gas consumers.

At present, the RLNG is being provided to fertiliser, industrial, electricity and transport sectors because of limited imports but the RLNG users would increase as the government ramps up imports with additional LNG terminals coming up. The government is targeting increasing LNG imports to almost two billion cubic feet per day (BCFD) by next year from existing 400-500mmcfd, as fresh terminals come on line starting July this year.

The idea was to extend RLNG supplies to all those who can afford it by making the imported product a part of domestic gas through Weighted Average Cost of Gas (WACOG) while protecting the lower and middle income consumers from a major price hike.

The move is aimed at improving the cash flows of the gas utilities and also to give a policy signal to rich consumers to opt for alternative fuels if they could not control their consumption. “They should not have unlimited access to a scarce resource at subsidised rates,” the official explained.

At present, domestic consumers using more than 300 cubic metres of natural gas per month are charged at the rate of about Rs700 per million British thermal unit (mmBtu) compared to less than Rs280 per mmBtu to consumers using less than 300 cubic metres a month. In contrast, RLNG is currently priced at about Rs1000 or above per mmBtu. That would mean the price for large domestic consumers could be increased by 40pc for the purpose of price parity with CNG, industry, fertiliser and power sector.

The meeting was told that a total of 5,710 megawatts would be added to the system by the end of 2017. The prime minister emphasised that it was the highest priority of the government to completely eliminate loadshedding in the shortest possible time. The government has steadfastly worked in the last three years to achieve its cherished goal post and all the base work for achieving this target has been completed. “With more than 8,000MW of new generation scheduled to come into the national grid before June 2018, we are well on course for a loadshedding-free Pakistan,” he said.

He directed early completion of power projects without compromising on efficiency and quality of work and ordered enhanced coordination among different government organisations to facilitate end consumers. “No laxity would be tolerated with regard to timelines for completion of ongoing projects”, he was quoted as saying in a statement.

The meeting was told that receivables of the oil and gas companies against power companies were now touching Rs350bn including Rs240bn of Pakistan State Oil, Rs55bn of Oil and Gas Development Company Limited, Rs10bn of Sui Southern and Rs25bn of Sui Northern and Rs20bn of Pakistan Petroleum Limited.

https://www.dawn.com/news/1326169/gas-moratorium-goes-for-all-categories-of-consumers

MINISTRY SEEKS MORE GAS SUPPLY TO POWER PLANTS
The Express Tribune, April 11th, 2017.

ISLAMABAD: The Ministry of Water and Power has suggested that gas being discovered by Hungarian energy firm MOL in Khyber-Pakhtunkhwa should be allocated to the power producers.

While backing a proposal to allocate newly discovered gas to Sui Northern Gas Pipelines Limited (SNGPL), the ministry emphasised that additional gas would be utilised to improve supplies to the power producers, especially the highly efficient gas-based power plants.

MOL is expected to add 10 million cubic feet of gas per day (mmcfd) from the Tolang field in Kohat district of Khyber-Pakhtunkhwa in June this year, according to a senior government official.

However, responding to the power ministry’s demand, the Ministry of Petroleum and Natural Resources pointed out that keeping in view the energy shortfall, gas production from the Tolang field had been proposed to be allocated to SNGPL, which would improve supply to all sectors including the power plants.

The ministry has sent a summary to the Economic Coordination Committee (ECC), seeking allocation of newly discovered gas from the MOL field in Khyber-Pakhtunkhwa.

In the province, a probe has already been going on into crude oil theft worth billions of rupees by the Federal Investigation Agency (FIA) and the National Assembly Standing Committee on Petroleum for the last two years.

MOL production from the Tolang field will commence in the second quarter of this year after the installation of processing facilities.

A production profile submitted by the company showed that the Tolang field was expected to produce up to 10 mmcfd from the second quarter of 2017. The company has requested for the provision of gas to SNGPL, which is the government-nominated buyer.

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MOL has applied for the grant of development and production lease and approval of the field development plan. Owing to the widening demand and supply gap in the jurisdictions covered by SNGPL and being the nearest transmission network, SNGPL has requested for the allocation of Tolang gas.

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https://tribune.com.pk/story/1380140/ministry-seeks-gas-supply-power-plants/

WAPDA SEEKS 80PC TARIFF HIKE TO PAY HYDRO PROFITS TO PUNJAB, KP
Dawn, April 12th, 2017

Khaleeq Kiani

The Water and Power Development Authority (Wapda) has sought more than 80 per cent increase in tariff to pay around Rs88 billion hydropower profit to Punjab and Khyber Pakhtunkhwa during the next fiscal year.

Wapda has a generation capacity of about 7,000-megawatt or almost one-third of the country's total power generation.

In its tariff petition to the National Electric Power Regulatory Authority (Nepra), Wapda has demanded an increase in its overall tariff from Rs4.05 per unit (kwh) to Rs7.30 per unit for 2017-18, an increase of 80.25pc.

The major increase in tariff has been necessitated because of the federal government's agreements with the provinces for guaranteed payment of net hydropower profit. Wapda has claimed Rs121bn dues payable in 2017-18 to the two provincial governments on account of cost plus hydel levies margin, commonly known as net hydel profit (NHP).

This cost head has more than doubled from current year's Rs59.8bn. As a result, Wapda has requested about 92pc increase in hydropower levies to Rs3.61 per unit for 2017-18 instead of Rs1.88 per unit being charged to consumers during the current fiscal year.

On the other side, Wapda has estimated the average cost of its power generation to go up by 70pc to Rs3.69 per unit (kWh) from Rs2.17 per unit at present. The total revenue requirement for 2017-18 has been estimated at Rs124bn against the current year's approved revenue requirement of about Rs69bn.

Wapda has estimated the NHP payments to KP at Rs46.5bn including Rs20.786bn as regular annual payments, Rs15bn to clear the arrears and Rs10.5bn in interest.

In addition, Wapda would be paying about Rs73bn to Punjab on account of regular NHP of Rs9.5bn and about Rs62.6bn in two installments of the arrears for two financial years.

In November last year, the federal government had directed Wapda to pay the Punjab government Rs82bn as NHP for power generated by the 1,450MW Ghazi-Barotha hydropower project (GBHP) since 2005.

Of this Rs38bn has been settled upfront and the remaining Rs44bn in the next three fiscal years at a rate of about Rs14.5bn per year. Wapda will continue to pay Rs9.5bn to Punjab every year for the productive life of the project.

The directive was issued following an agreement finalised by Finance Minister Ishaq Dar, Punjab Chief Minister Shahbaz Sharif and Water and Power Minister Khawaja Mohammad Asif following the principles of a similar settlement reached early last year with the KP government in the matter of Tarbela dam.

The agreement entailed Punjab to get Rs1.10 on each unit of electricity produced by the GBHP — the same rate paid to KP for Tarbela. However, payment to Punjab is higher as it is being given full arrears for the last 11 years. KP had received partial NHP for more than two decades at a capped rate of Rs6bn instead of Rs19 billion per year, announced by the Council of Common Interests (CCI) in 2015.

As a result in November 2015, Nepra approved around 217pc increase in the NHP of Khyber Pakhtunkhwa and increased the sale price of relatively cheap hydropower by around 16pc, resulting in Rs19bn annual payments.

https://www.dawn.com/news/1326388

WAPDA SEEKS 92PC INCREASE IN HYDEL TARIFF
Business Recorder, 12 April 2017

MUSHTAQ GHUMMAN

ISLAMABAD: Water and Power Development Authority (Wapda) has sought a 92 percent increase in hydel tariff from Rs 1.88 per unit in 2015-16 to Rs 3.61 per unit in 2017-18.

Wapda has submitted a tariff petition to National Electric Power Regulatory Authority (Nepra) for the revision of tariff for 2017-18 for bulk supply of power to hydel power stations.

Wapda has to pay Rs 121.275 billion to Khyber Pakhtunkhwa (KP), Punjab, AJ&K as Water Usage Charges (UWC) and regular hydel levies.

According to the petition filed by Wapda's annual revenue requirement is as follows: (i) O&M cost Rs14.542 billion in 2017-18 against Rs 11 billion in 2-15-16; (ii) depreciation at carrying cost, Rs 5.951 billion;(iii) Ijara rental (Sukuk Bonds repayments) Rs 2.589 billion;(iv) Return on Investment (RoI)-power stations Rs 37.838 billion;(v) RoI-power projects, Rs 31.472 billion and ; (vi) other Rs 300 million. The revenue has been calculated at Rs 92.093 billion and after adding up of Rs 32.049 billion of regulatory revenue gap, total revenue gap would be widened to Rs 124.142 billion in 2017-18 as compared to Rs 68.987 billion in 2015-16, showing an increase of 84.2 per cent.

Wapda's estimated generation in 2017-18 will be 33,598 kWh against 31,752 kWh showing a growth of 5.8 per cent. The average cost of generation without gap would be Rs 2.74 per unit in 2017-18 as compared to Rs 1.80 per unit. However, average cost of generation with gap has been calculated at Rs 3.69 per unit during next fiscal year as compared to Rs 2.17 per unit in 2015-16.

The projections calculated by Wapda also suggest that cost plus levies margin of KP would be Rs20.786 billion in 2017-18 against Rs 18.704 billion, Punjab Rs 9.526 billion in 2017-18 against zero per cent in 2015-16, AJ&K Rs 2.547 billion in 2017-18 against Rs 899 million in 2015-16 and Irsa Rs 168 million against Rs 159, totaling it to Rs 33.027 billion in 2017-18 as compared to Rs 19.762 billion, showing an increase of 67 per cent.

Wapda has also to pay arrears of Net Hydel Profit to provinces. Wapda would pay Rs 1.444 billion as interest on loan raised from banks, Rs 25 billion paid to KP as NHP whereas Rs 9.298 billion would be paid for 2015-16 and Rs 15 billion in 2017-18 totaling Rs 25.742 billion.

Wapda would pay Rs 62.506 billion to Punjab of which Rs 9.526 billion in 2016-17 whereas Rs 38.120 billion and Rs 14.860 billion will be paid in two installments totaling to Rs 62.506 billion

Total arrears of NPH have been calculated at Rs 88.248 billion in 2017-18 and with addition of hydel levies (regular plus arrears) it would be Rs 121.275 billion. Nepra has admitted a tariff petition of Wapda hydroelectric of bulk supply tariff of power to NTDC/ CPPA-G for 2017-18 for hearing and sought comments from the stakeholders.

http://epaper.brecorder.com/2017/04/12/1-page/866325-news.html

SSGC OFFICE TO BE STORMED IF POWER PLANT DOESN'T GET GAS: CM
Dawn, April 14th, 2017

Habib Khan Ghori

KARACHI: Sindh Chief Minister Syed Murad Ali Shah on Thursday threatened to disconnect the Sui Southern Gas Company's pipeline and storm its head office in Karachi if it did not sign a gas supply agreement for a 100MW power plant in Nooriabad this week.

The chief minister gave the ultimatum in the Sindh Assembly while responding to complaints about 16-18 hours of unscheduled power loadshedding.

A number of legislators complained that despite the harsh summer weather and repeated remonstrations, consumers were now facing gas loadshedding.

Ghulam Qadir Chandio, an MPA of the Pakistan Peoples Party (PPP), speaking on a point of order, accused the power utility of ignoring the plight of citizens by saying that loadshedding would be longer in areas with a low bill recovery.

He pointed out that although recovery of bills was higher in cities than in rural areas, people there continued to suffer from gas loadshedding.

Mr Chandio urged the chief minister to take up the matter with the authorities concerned.

Mr Shah said the provincial government had raised the issue at the relevant forum the last time this problem had occurred.

He recalled that while drawing up the previous budget, the provincial government had decided to install a 100MW power plant at Nooriabad and lay its own transmission line to supply electricity to Hyderabad.

"We signed an agreement with the Hyderabad Electric Supply Company (Hesco) for purchase of electricity, but Hesco turned down the offer claiming that it did not need extra electricity as loadshedding in Hyderabad division has ended. This was a lie," said the chief minister.

The provincial government later signed an agreement with the K-Electric Company to supply 100MW from the Nooriabad plant and laid a transmission line to supply electricity to Karachi.

In 2013, the provincial government signed an agreement with the Sui Southern Gas Company to supply 20MCF gas to the Nooriabad power plant. Mr Shah alleged that the company had used various tactics to hold up signing of the agreement. For example, the chief minister added, the company did not amend certain clauses that were not acceptable to the Sindh government.

Warning the Sui Southern of drastic action, the chief minister said since Sindh produced 70 per cent of the total output in the country, it must be given priority in gas quota under Article 158 of the Constitution.

The K-Electric had been waiting for power supply from Nooriabad, but so far the gas company had not given it the 20MFC share agreed upon.

"I warn the Sui Southern Gas Company that if an agreement is not signed this week, we will disconnect the gas line."

He said the provincial government was working on a plan to set up another 100MW power plant, but a fresh agreement with SSGC for the supply of 20MFC was needed for execution of the plan.

In response to Chief Minister Murad Ali Shah's remarks, the SSGC said in a statement on Thursday it cannot comment on the distribution of gas under Article 158 as the matter didn't come under its domain.

The SSGC said it was ready to supply gas to the power plant provided the plant's management made a security deposit of Rs1 billion.

The SSGC will release gas to the plant as soon as the deposit was made, it added.

The company claimed that a gas sales agreement between the SSGC and the power plant's management had already been signed.

It pointed out that a few amendments, as requested by the management, had been approved by the SSGC's board of directors. It needed to be incorporated into the gas sales agreement with mutual consent.

https://www.dawn.com/news/1326828

OGRA, OIL COMPANIES AT LOGGERHEADS OVER BAN ON RETAIL NETWORK EXPANSION
Dawn, April 14th, 2017

Khaleeq Kiani

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) is at loggerheads with a group of 13 leading oil marketing companies (OMCs) over massive storage capacity shortfalls and the expansion of retail networks.

On January 12, Ogra announced that it stopped the 13 OMCs from expanding their retail outlet networks because of their failure to develop proportionate storage capacity required under the government policy. Every OMC is required to ensure product-wise storage capacity as well as stocks for a minimum of 20 days.

The directive came following the historic supply chain disruption of January 2015 that caused serious logistical problems across the country, leading to the removal of top 10 government and industry officials.

The debate re-emerged last week when oil tankers went on strike over taxation issues. Retail outlets started drying up within 36 hours.

An Ogra official said the regulator did not ban the expansion of retail networks suddenly. It has been warning OMCs for more than two years to develop storage infrastructure before expanding retail outlets, the official said.

“In some cases, we imposed penalties on OMCs for expanding retail networks significantly without backup storage, taking the matter a little leniently before going for the extreme step of banning new retail outlets,” he said, adding that the regulator will ensure that all companies develop storage capacity and build stocks proportionate to their product-wise retail networks and sales.

The Oil Companies Advisory Council (OCAC), a representative body of OMCs and refineries, questions the basic premise that the storage facilities are currently insufficient for 20-day stock cover. It called the ban illegal, unfair and counter-productive. This could lead to a larger supply crisis rather than being a solution, it said.

In its latest communication to Ogra and the petroleum ministry, the OCAC contended that the regulator’s calculation of storage capacity and stocks for 20-day coverage was misplaced. Given its mandate, Ogra’s decision to “issue such a ban is questionable” because the regulator did not cite any provision of law under which it exercised the power to impose the ban, the OCAC said.

Also, the ban on new outlets was a violation of Article 18 of the Constitution that gives every citizen the right to carry on lawful business.

The OCAC claimed the supply chain began with imports of premier motor gasoline (PMG) and high-speed diesel (HSD) and stretched from the shore tanks of the OMCs to their movement to the depots by road and pipelines and thereafter to retail outlets that supply the actual product to the consumer. Each retail outlet has its own storage as well. “All these storages must be accounted for when determining the real days’ cover.”

Based on this principle, oil companies have argued that their own storage as well as rented and lease storages at the ports, total in-transit stock (stocks on wheels) and storages at retail outlets must be part of the calculation for the days’ cover. On that basis, it is a lot higher than 20 days for all products, it said.

“Ogra has arbitrarily decided to impose a ban on the retail side development, which is not only hampering the OMCs’ business but also inconveniencing the customer,” it said.

It said the volumes of petrol and diesel had been growing rapidly over the last year, creating new pockets of consumption that required to be serviced through new sites. “Not allowing new sites to develop is not justified and is in fact harming the interests of the OMCs and the consumer.”

The OCAC complained that even when the OMCs planned to build new storage capacity, the Ministry of Defence imposed a ban on new storages at Keamari and Machike with no approvals being given for new storage tanks. “Under such circumstances, no OMC can add new storage even if it wants to,” it said, adding that a ban on retail outlets on top of the storage ban would create more problems for the consumers who get the tanks of their vehicles filled at the outlet and not at the depot.

Ogra imposed a ban on the opening of new outlets by PSO, Shell, Total-Parco, Attock, Hascol, Total-Parco Pakistan, Askar Oil, Byco, Overseas Oil, Bakri Trading, Gas and Oil, Zoom and Admore.

https://www.dawn.com/news/1326876/ogra-oil-companies-at-loggerheads-over-ban-on-retail-network-expansion

NEWS COVERAGE PERIOD FROM APRIL 3 RD TO APRIL 9 TH 2017
WILL ENERGY SHORTAGE BE OVERCOME?
Dawn, Economic & Business, April 3rd, 2017

Ali Shan Azhar

Pakistan continues to face an average shortage of 4,000 megawatts in the power sector owing to a substantial disconnect between installed power capacity and actual generation.

Due to energy shortage, industrial and commercial entities have installed back-up diesel generators, while households use battery-powered Uninterrupted Power Supply (UPS) apparatus, often at significantly higher costs.

Small and medium-sized industrial and commercial enterprises and households which cannot afford these high-cost alternatives have frequently been at the rough end of the stick.

Despite hydropower being the cheapest source of electricity for Pakistan, the prohibitively high capital costs to supplement the existing hydro resources has distorted the hydro-thermal ratio in the power generation mix and resulted in a significant increase in energy cost.

In the absence of cutting edge technology and transmission network challenges, the indigenisation cost of solar and wind-based power is untenable.

Pakistan has also been looking forward to electricity imports from central Asia to mitigate pressing power shortages.

Central Asia-South Asia Electricity Transmission and Trade Project (CASA) through which Tajikistan and Kyrgyzstan will supply 1,300MW of electricity to Pakistan during the summer season, was formally launched last May. The fragile security situation in Afghanistan has already led to upward cost revisions in the project which will ultimately have an impact on the final tariff.

However, Prime Minister Nawaz Sharif's plans — to add to the national grid and overcome the acute electricity shortage by 2018 — have been boosted by the large funding received under the China-Pakistan Economic Corridor framework.

The project has essentially provided coal-based (especially Thar coal) energy financing which Pakistan was seeking to replace costlier generation. Reportedly, 19 energy projects valuing $34bn have been identified as ‘early harvest’, prioritised by the CPEC Joint Cooperation Committee.

Primarily coal-based power projects, with a cumulative capacity of about 5,000MW, would be operational during 2018. The government expects that this generation, added to the output from some other non-CPEC projects, will all but overcome the envisaged 8,000MW demand-supply gap.

There are apprehensions that major power projects may not come on stream as per announced schedule due to a variety of factors including technical, physical, and financial limitations.

There are also questions about how well the weak and unreliable Transmission and Distribution (T&D) system will cope with this new influx of energy and whether there is enough infrastructural support to transmit it across the country.

Currently the system is barely able to cope with the existing power generated. Transmission lines, cables and transformation copper parts are dilapidated due to inadequate upgrading, repair and maintenance; while most transformers are over-loaded with little or no maintenance by the cash-strapped government-owned distributors.

To improve system resilience, under the CPEC, an 878 kilometre long 4,000MW transmission line is to be constructed for power dispersal from south Pakistan to Lahore and Faisalabad in the North. This key link in the transmission infrastructure is expected to be in place by end-2018 at the earliest.

Power sector analysts, however, believe that the timelines of power generation and transmission have not been coordinated effectively.

No new infrastructure initiative is planned to transmit power to energy-starved Balochistan which currently does not have the capacity to absorb energy beyond 500MW.

Also the government´s desperation to end power shortages has led to investors being offered far too generous tariffs, saddling consumers with some of the most expensive electricity in the region.

While new generation projects can help alleviate the physical shortfall once completed, they have been negotiated without being subjected to competition to provide electricity at an optimum cost. The government has in fact offered up to 34.5pc annual return on equity contributions under the CPEC and loans have been obtained at 6pc interest rate, excluding insurance cost.

The energy sector will continue to be a major focus in the lead-up to the 2018 elections since resolving this crisis figured prominently in PML-N’s manifesto.

Due to almost 5pc greater electricity generation by independent power producers (IPPs), the average duration of load-shedding in urban areas has currently been reduced to 2-5 hours per day, as compared to the 6-10 hours when PML-N assumed control.

However, chunks of rural areas continue to remain off-grid and those that are connected suffer through prolonged power outages.

The government is still looking for quick fixes to the mega crisis. Since taking office, the government has repeatedly stated its intent to overcome load shedding in time for the next poll, likely in May 2018. However, the PM's regular stock taking of the progress notwithstanding, the inadequate and obsolete T&D network and partial progress in addressing the deep structural issues casts a shadow over the viability of the timeline.

There is growing anxiousness among PML-N leaders about the extent to which the government will be able to tackle load shedding before they hit the road for the general election campaign.

The government is low on credibility as regards its pronouncements about solving energy constraints. Only one-fourth of the Public Sector Development Program (PSDP) budget for water and power projects has been released in the first eight months of the ongoing fiscal year.

The Thar coalfields were declared a 'game changer' last April with the potential to generate 100,000MW of electricity. The same is true for the liquefied natural gas (LNG) agreement with Qatar. The outcomes that have followed have been decidedly modest and show the sheer opacity under which the entire power sector operates.

Even information on the basic nature and intensity of the energy crisis as shared by concerned authorities is often inconsistent. Transparency is needed in every area of the sector so that a reliable picture can be built of its state of affairs.

According to a Nationwide Public Opinion Poll, conducted last August by the Pakistan Institute of Legislative Development and Transparency (PILDAT) on assessing citizens' views on 'quality of governance' in Pakistan, only 38pc of the respondents expressed satisfaction with the performance of the federal government to improve the electricity situation. A much higher proportion (58pc) believes that the present government is unlikely to solve the energy crisis.

https://www.dawn.com/news/1324565/will-energy-shortage-be-overcome

SOLAR POWER SUPPORT INITIATIVES ON THE CARDS
Dawn, Economic & Business, April 3rd, 2017

Mohiuddin Aazim

AGRICULTURAL development schemes for the next fiscal year will include new initiatives to facilitate a greater use of solar energy on farms and fields with active financial support of banks.

The Sindh government is in talks with at least two foreign companies to explore new ways of harnessing solar power. And its planning and development department has been working on modalities of public-private partnership projects in this regard. “The USAID partnership with Pakistani banks (for clean energy project financing) is one of the many funding sources we can rely on. Besides, ADB has also agreed to partly fund such projects. In the next budget some projects will roll out,” a senior Sindh government official told this writer.

Late last year, the USAID signed $88m funding agreement with five banks in Pakistan (HBL, MCB Bank, Faysal Bank, Meezan and JS Bank) to help finance establishment of small-scale clean energy projects.

In Punjab, the provincial government is set to re-launch, with the help of some foreign fund providers, an old scheme to convert hundreds of thousands of conventional tube wells on solar power. The ongoing scheme of selling solar-powered tube wells at subsidised rates will also continue.

The KP government has also announced a similar plan. The provincial chief minister informed media some weeks ago that his government was in talks with the World Bank to seek funds for farmers who are willing to replace their electricity-fed tube wells with solar-powered tube wells.

And, Balochistan government’s negotiations with Canada for setting up solar power plants of 50MW in 20 districts are progressing well, officials say.

In the last five years, solar panels’ use has been growing in rural areas, both at households and on farms and fields. But a couple of things keep growth of solar energy limited.

Though fully furbished solar panels and their components remain exempt from import duty, their sales in local markets are not picking up fast enough to make an immediate impact on agriculture.

Flooding of low-quality imported solar panels in 2012 under an official support scheme in Sindh scared many farmers who had then installed these panels at their farms.

But for majority of those who use solar panels for running tube wells or powering wheat threshers or fodder cutters, it is fast becoming a reliable mode of power connection, growers say.

An official of Sindh agriculture department told this writer that producing solar energy through solar panels has limited benefits and “if the province wants to let agriculture go solar at a rapid speed, introducing solar tower technology is a must.”

In this technology sunrays are allowed to beat down on a large surface area and both sunlight and the heat obtained during the process are used to produce electricity.

Under the State Bank’s refinance scheme announced in June last year, banks were to offer concessional loans for setting up solar power projects of 1MW to 50MW (or any other green energy project of similar capacity).

But bank executives say they have not seen much demand for small-sized solar power projects, adding that demand for financing 50MW solar power project, too, is coming mostly from provincial governments or large companies.

Two groups of young farmers-cum-entrepreneurs from Hyderabad and Umerkot told this writer that their requests for funding solar power projects of 1MW each are not being entertained by local banks. “Bankers want to know whether we’ve been associated with a solar power project in the past.

When we say we are going to borrow money to set up our first ever project, they refuse to listen to us any further,” laments one of the group members, an electrical engineer by profession who is now seeking fund from a foreign NGO.

Despite little official support which remains limited to subsidies on solar-powered tube wells, our agriculture sector is slowly going solar. Growers in Sindh now routinely use solar panels in tunnel farming and poultry farming. Besides small silos are also being lighted with solar LED lights.

In Balochistan, irrigation-scale water wells are being run on solar power. And, solar water heaters and solar UPS and inverters are not so uncommon in KP and northern areas. But all this is due mainly to imports. Local manufacturing is yet to take off.

Industry sources say some new initiatives to promote local manufacturing is on the cards Pakistan’s clean energy programme.

A USAID report on Pakistan’s alternative energy prepared in 2016 says solar energy programme has enough potential that can be harnessed with a mix of right policy measures and foreign and local entrepreneurs’ participants.

https://www.dawn.com/news/1324562

FISCAL DEFICIT WIDENS AS IMF WARNS OF CHALLENGES AHEAD
Dawn, April 6th, 2017

Khaleeq Kiani

ISLAMABAD: Pakistan on Wednesday widened its fiscal deficit outlook by a significant margin, citing a shortfall in revenue collection, as the International Monetary Fund (IMF) raised concerns over challenges in the fiscal, energy and external sectors.

IMF Mission Chief Harald Finger predicts that Pakistan’s current account deficit can reach 2.9pc of GDP during the ongoing financial year.

“During FY2017, the [fiscal deficit] is now projected to reach 4.1pc of the GDP,” Finance Minister Ishaq Dar said at the conclusion of Article-IV consultations with the IMF in Dubai. This was a departure from the budgeted fiscal deficit limit of 3.8pc of the GDP for the current year, a target which the government had repeatedly said it would meet.

The finance minister admitted that revenue collection faced a Rs100 billion shortfall due to low oil prices and a support package for exports and agriculture, which necessitated an easing of the deficit limit.

“The shortfall that the FBR experienced in the first eight months was due to the pro-growth incentives offered to various sectors of the economy, particularly exports and agriculture; the major revenue gap amounting to Rs100 billion was [caused by] not passing the full impact of increasing oil prices to the common man,” he said.

Separately, in a statement issued at the conclusion of the talks, the IMF warned that “a number of challenges in the fiscal, external and energy sectors could affect the hard-won stability gains in the period ahead”, calling “for strong efforts with respect to fiscal consolidation and the implementation of key structural reforms, and vigilance in managing the country’s external position”.

In particular, IMF Mission Chief Harald Finger predicted that the current account deficit could reach 2.9pc of GDP during the current fiscal year, owing to a higher trade balance — in part reflecting increased imports of energy and capital goods — and stagnant remittances.

At the same time, the IMF improved its growth forecast for Pakistan to 5pc for current year and 6pc for the next fiscal, with average headline inflation expected to be contained at 4.3pc.

Despite the finance minister’s optimism, the opposition did not seem convinced.

Former finance minister and Pakistan Peoples Party (PPP) leader Saleem Mandviwalla told Dawn that Mr Dar was boasting on the basis of “this will happen and we will grow that”, while nothing was based on what the government had delivered so far.

“The fact is that the economy is not growing with the direction it should grow,” he said.

He pointed out that two key sectors — agriculture and manufacturing — were not going up. Instead, only the services sector was showing growth, which was a dangerous sign. This is because the services sector is also behind the growth in imports.

“What improvement [is the finance minister] talking about? Exports and remittances are going down, industry and agriculture are not growing and local and foreign debt is increasing,” he concluded.

Pakistan Tehreek-i-Insaf (PTI) MNA Shafqat Mahmood also regretted the decline in the country’s foreign exchange reserves, adding that the persistence of circular debt the increase in overall debt showed there was no substance in the ruling party’s economic policy.

The finance minister conceded that the current deficit would almost double, with the trade deficit at $20 billion. Despite this, he hoped to manage the challenging situation through improved exports in information technology and diversified markets and product lines next year.

He complained that IT exporters were keeping most of their earnings abroad as official IT exports stood at $600 million or so, against actual exports of $2 billion.

Mr Dar also said his government would reduce net public debt, which stood at 60.2pc at the close of FY2016, to lay the foundations for sustained growth. The minister said that the successful completion of discussions with the IMF indicated the government's continued commitment to undertake further structural reforms in the areas of energy, monetary policy as well as financial and public sector enterprises.

He said the economy had maintained growth momentum for the third year in a row and was expected to reach 5pc this year. He downplayed the wide gap between increasing imports and declining exports, saying that the 42pc growth in imports was from capital goods – plants and machinery – that would support economic growth and job creation. Export quantities, he claimed, were increasing even through prices were on the decline globally.

Large-scale manufacturing continued to grow at 3.5pc with an increase in production of cement, steel, pharmaceuticals, automobiles, paper and electronics.

Agriculture, he said, was also expected to respond to government support given in the budget 2016-17 and rebound with better cotton, sugar and maize production, alongside increased prospects for wheat production.

The minister said the fiscal deficit did not impact development spending, which had doubled in three years. He said foreign exchange reserves had come down from $23 billion to $22 billion, but were expected to rebound to $23bn by the end of June this year.

The IMF said it expected economic growth to reach 5pc by the end of the year, helped by improving global economic conditions, rising investment related to the China-Pakistan Economic Corridor (CPEC) and the recovering agriculture sector.

"At the same time, slower-than expected growth of large-scale manufacturing and stagnant exports are weighing on growth prospects".

Over the medium term, growth could accelerate to about 6pc on the back of stepped-up CPEC and other investments, improved energy supply, and continued structural reforms.

"Economic policies in the period ahead need to focus on preserving the hard-won stability and addressing emerging as well as medium-term challenges, notably in the fiscal, external, and energy sectors. Stronger fiscal consolidation efforts will be needed to make up for the lower-than-expected revenue in the first half of this year and achieve a further deficit reduction next year," the fund said.

The IMF also called for greater exchange-rate flexibility and efforts to improve export sector productivity to address the widening trade deficit as well as strengthen the economy's ability to absorb medium-term CPEC-related and other capital outflows. Bringing the power distribution sector to full cost recovery will be critical to ensure long-term success of new energy initiatives and minimize fiscal costs, the IMF concluded.

https://www.dawn.com/news/1325215/fiscal-deficit-widens-as-imf-warns-of-challenges-ahead

TURKMENISTAN PRESIDENT FIRES ENERGY CHIEF
Dawn, April 7th, 2017

ASHGABAT: Turkmenistan's president has fired the head of the oil and gas sector that accounts for over 90 per cent of the isolated country's exports, state media reported on Thursday.

The Central Asian country's state-controlled Neutral Turkmenistan newspaper said Yashigeldy Kakayev, who was deputy prime minister in charge of the oil and gas complex, was set to be demoted.

The newspaper cited President Gurbanguly Berdymukhamedov as complaining of "shortcomings in supervision" of the sector on the part of Kakayev, who took the job in 2015 after holding several other high profile energy-related positions in the state over the last two decades.

But Berdymukhameov pledged to "use [Kakayev's] experience" to help "prepare new projects" to deliver gas from the country's vast Galkynysh natural gas deposit, the paper said.

Maksat Babayev, who headed the country's state energy champion Turkmengaz, will now take over one of the most important positions in a country where Berdymukhamedov is both president and head of the cabinet.

Berdymukhamedov also fired deputy prime minister for agriculture Redjep Bazarov, in the most significant cabinet changes since he cruised to an effectively uncontested victory in a presidential vote in February.

Esenmyrat Orazgeldiyev, a former head of one of the country's regions, will now replace Bazarov, who was fired for "unsatisfactory work".

https://www.dawn.com/news/1325400

MINISTRY SEEKS MORE GAS SUPPLY TO POWER PLANTS
The Express Tribune, April 11th, 2017.

Zafar Bhutta

ISLAMABAD: The Ministry of Water and Power has suggested that gas being discovered by Hungarian energy firm MOL in Khyber-Pakhtunkhwa should be allocated to the power producers.

While backing a proposal to allocate newly discovered gas to Sui Northern Gas Pipelines Limited (SNGPL), the ministry emphasised that additional gas would be utilised to improve supplies to the power producers, especially the highly efficient gas-based power plants.

MOL is expected to add 10 million cubic feet of gas per day (mmcfd) from the Tolang field in Kohat district of Khyber-Pakhtunkhwa in June this year, according to a senior government official.

However, responding to the power ministry's demand, the Ministry of Petroleum and Natural Resources pointed out that keeping in view the energy shortfall, gas production from the Tolang field had been proposed to be allocated to SNGPL, which would improve supply to all sectors including the power plants.

The ministry has sent a summary to the Economic Coordination Committee (ECC), seeking allocation of newly discovered gas from the MOL field in Khyber-Pakhtunkhwa.

In the province, a probe has already been going on into crude oil theft worth billions of rupees by the Federal Investigation Agency (FIA) and the National Assembly Standing Committee on Petroleum for the last two years.

MOL production from the Tolang field will commence in the second quarter of this year after the installation of processing facilities.

A production profile submitted by the company showed that the Tolang field was expected to produce up to 10 mmcfd from the second quarter of 2017. The company has requested for the provision of gas to SNGPL, which is the government-nominated buyer.

The Ministry of Petroleum approved the declaration of commerciality on November 3, 2016 for the discovery in Tolang X-1 covering an area of 19.08 square kilometres in Kohat district.

MOL has applied for the grant of development and production lease and approval of the field development plan. Owing to the widening demand and supply gap in the jurisdictions covered by SNGPL and being the nearest transmission network, SNGPL has requested for the allocation of Tolang gas.

The Ministry of Petroleum asked the ECC that up to10 mmcfd from the field may be set aside for SNGPL depending on the approval of field development plan and the grant of development and production lease by the director general of petroleum concessions. Gas price will be according to the applicable petroleum policy.

https://tribune.com.pk/story/1380140/ministry-seeks-gas-supply-power-plants/

PM SAYS ENDING ENERGY CRISIS IS HIS PRIORITY

The Express Tribune, 8 April 2017

ISLAMABAD: Expressing hope that fast track constructions of power projects will significantly help overcome the energy crisis, Prime Minister Nawaz Sharif has claimed that addressing energy shortfall is his government's top priority.

The PM was talking to Yan Zhiyong – chairman board of directors and president of the Power Construction Corporation of China – who called on the prime minister along with a delegation on Friday.

According to a statement released by the PM House, Nawaz Sharif reiterated that Pakistan was fully committed to the timely and effective implementation of all the projects under the China-Pakistan Economic Corridor (CPEC).

"We thank Chinese ministries and institutions for their support in making the CPEC a reality," he said.

Sharif said the government will extend full cooperation for early execution of the ongoing projects and invited the Power China to explore investment opportunities in transmission lines and hydro power projects including water reservoirs and power generation components.

Yan Zhiyong informed the PM that 100 young engineers from Pakistan have been trained in China on various power sector streams and they will now work on the Port Qasim Power Project during its life of over 25 years.

He said Power China also intends to further impart training to Pakistani professionals as part of experience sharing and capacity building programme.

Yan Zhiyong said China-Pakistan cooperation would continue and the power projects would become a source of strengthened partnership between the two countries.

In his message on the occasion of World Health Day, Nawaz Sharif has also reiterated his government's resolve to further improve the healthcare system of Pakistan.

"Healthcare remains top most priority agenda in the social sector. The goals of development cannot be realised without taking steps towards building a healthy nation," Sharif said.

He said his government launched PM's National Health Programme (PMNHP) in 2015 with the objective to provide universal health coverage through cash-less health insurance scheme for the poor to enable them to access needed health-care services.

The PM said so far more than 1.6 million families have been enrolled in the PMNHP and more than18,000 individuals have been treated for various illnesses from empanelled hospitals.

https://tribune.com.pk/story/1377850/pm-says-ending-energy-crisis-priority/

MINISTRY SEEKS TO IMPORT LNG FROM ITALY
Business Recorder, 9 April 2017
Mushtaq Ghumman

ISLAMABAD: The Ministry of Petroleum and Natural Resources has submitted a proposal to the federal Cabinet on import of Liquefied Natural Gas (LNG) from Italy on government-to-government basis, a country which itself is a major importer of gas, which may make the proposed deal controversial.

When Business Recorder accessed Italy's energy data, collected by International Energy Agency, it was learnt that Italy's gas production declined over the last 40 years from 15.4 billion cubic meters (bcm) to 8.6 bcm in 2012 – around 11 percent of Italy's supply needs. There are three LNG terminals for importing natural gas into Italy.

Italy's dependency for natural gas is very high, standing at 88.5 per cent in 2012. Italy's import dependency is set to slowly increase to around 90 per cent by 2017. The vast majority of imports were delivered by pipeline in 2012 with the remaining amount delivered as LNG cargoes. Two countries, Algeria (21.8 bcm) and Russia (19.0 bcm) account for 60 per cent of Italy's imports, followed by Libya (9 percent) and Qatar (9 percent). The Netherlands and Norway are also significant sources of natural gas imports for Italy.

The federal Cabinet headed by Prime Minister Nawaz Sharif will consider the proposal of Ministry of Petroleum and Natural Resources next week.

Domestic natural gas contributes about 45 percent of primary energy supplies. The present domestic gas production of 4,000 million cubic feet of gas per day (MMCFD) is insufficient to meet country's demand as the supply-demand gap is approximately 2,000 MMCFD and keeps on rising. Pakistan is currently facing a severe shortage of natural gas, both for its electricity generation and for general use by all sectors. This gas shortage is inhibiting the economic growth of the country.

According to sources, Ministry of Petroleum & Natural Resources under the guidance of the present government is pursuing import of LNG and setting up of LNG terminals to minimise gas shortfall. The first LNG terminal established in private sector on Build-Own-Operate-Transfer (BOOT) basis at Port Qasim Karachi has been functioning since March 2015 and is currently re-gasifying 400 MMCFD – to be increased to 600 MMCFD.

Second LNG terminal having capacity of over 600 MMCFD gas is under implementation on BOOT basis in private sector and is expected to commence re-gasification of LNG by June 2017. Two companies namely Pakistan LNG Limited and Pakistan LNG Terminal Limited have been established for effective and efficient handling of LNG imports and setting up of LNG terminals in the country.

Oil is the second major source of primary energy supplies in the country with its share of 32 percent. Indigenous crude oil production only metes about 15 percent of the country's POL demand while 82 percent POL requirements are met through imports. Pakistan State Oil, a state-owned entity, is engaged in the business of marketing and distribution of various petroleum products.

PSO has the most wide-spread network in the country with over 3,500 retail outlets and is also the major fuel supplier to aviation, railways, power plants, armed forces, marine and agriculture sector. Presently, PSO is importing LNG from Qatar and supplying it to power sector and CNG stations.

The sources said, Prime Minister's Office approved the proposal of Ministry of Petroleum and Natural Resources to start negotiations with 23 companies of different countries for import of LNG, POL products and setting up LNG terminal on Government to Government basis.

Accordingly, the Italian Government through diplomatic channels was conveyed the interest of Government of Pakistan to start negotiations for supply of LNG. In response, Ministry of Foreign Affairs on December 1, 2017 furnished a draft agreement of Ministry of Energy Development of Italy for examination and further processing.

However, later on Prime Minister Office conveyed that it is not advisable to start negotiations with a large number of private/public sector companies of different countries at the same time and Petroleum Ministry was directed to either seek approval of the Cabinet for each of these negotiations on case to case basis or bring a comprehensive proposal with detailed justification for approval of a policy.

"Supplies of LNG, setting up of LNG terminal and procurement of petroleum products from renowned and reliable oil and gas producers and suppliers under Government to Government arrangements through the relevant nominated entities is beneficial in the form of security and flexibility and supplies, extended credit period, consistent quality, timely availability and assured procurement," the sources continued. In view of this, the Petroleum Ministry has sought permission from Cabinet to initiate negotiations on Inter Government agreement between Pakistan's Petroleum Ministry and Ministry of Economic Development of Italy for supply of LNG, the sources concluded.

http://epaper.brecorder.com/2017/04/09/1-page/865691-news.html

May 2017

NEWS COVERAGE PERIOD FROM MAY 29TH TO JUNE 4TH 2017

EXPERTS SAY POWER SHORTFALL SOARS TO 6000 MW

Business Recorder, 31 May 2017

Mushtaq Ghumman

ISLAMABAD: Continuous unscheduled outages during Ramazan across the country coupled with scorching heat have generated considerable public fury while the Ministry of Water and Power insists that shortfall is below 3000MW and no unscheduled load-shedding is taking place in any part of the country. Independent power sector experts argue that shortfall is not less than 6000MW due to which urban areas, except Islamabad, are facing 8-10 hour outages whereas rural areas out of government's "radar" are spending 18 hours without electricity. Violent spontaneous protests against “unscheduled and merciless” load-shedding are ongoing across the country.

Disturbed with the current power crisis, Prime Minister Nawaz Sharif presided over the meeting of Cabinet Committee on Energy (CCoE) for two consecutive days and directed concerned officials to use all resources to deal with the current crisis.

An official statement states that Prime Minister chaired the meeting of the Cabinet Committee on Energy to follow up on urgent measures being carried out to reduce load-shedding. Secretary Water & Power briefed the meeting that detailed working had been undertaken on utilization of all installed capacity.

Prime Minister directed that accurate figures for estimated power demand and expected supply from existing as well as under implementation plants over the next 12 to 36 months be calculated. The PM also directed for re-verification of the amounts of circular debt from third party auditors so as to ascertain claims attributed to fuel payments, line losses and other factors. Prime Minister emphasized inclusion of provincial representatives in decision making on important issues relating to the power sector.

Chief Minister Punjab Shahbaz Sharif who had promised to fix the electricity issue within six months of assuming power recently challenged the duration of load-shedding claimed by the top brass of Water and Power Ministry. The sources said, when Secretary Water and Power Yousaf Nasem Khokhar claimed that load-shedding duration for urban areas is six hours and rural areas 8-10 hours – a claim rejected by Chief Minister Punjab citing the example of Lahore facing 16 hour outages.

The control of supply quota allocation is within the Ministry’s domain and Discos’ are entirely dependent on whatever is allocated to them.

Ministry of Water and Power claims that demand was 19,163MW at 3pm whereas generation was 16,255MW, showing a shortfall of 2908 MW. Of this, hydel generation was 5,309MW, Gencos 3,134MW and IPPs 7,812MW.

The 500KV Jamshoro Line tripped again early Tuesday morning – after tripping both Sunday and Monday nights – depriving almost half of Sindh of electricity. Cities that faced a major power breakdown include Karachi, Larkana, Jamshoro, Hyderabad, Tando Allahyar, Tando Muhammad Khan, Thatta, Mirpurkhas and Sujawal.

Meanwhile, residents of Khanpur blocked the Khanpur-Taxila Road on Tuesday, claiming they have been facing over 12 hours of power cuts every day. The protesters also said the relentless load-shedding had resulted in acute shortage of drinking water in the area.

Peshawar has also been witnessing continued protests against load-shedding for the past several days, led mostly by the ruling Pakistan Tehreek-e-Insaf leaders. A similar situation was witnessed in Malakand where public representatives of PTI attacked the grid station.

Ministry of Water and Power maintains that areas where losses are 50 percent and above, unscheduled load-shedding will continue. Minister for Water and Power Khawaja Asif termed the protesters in KPK as power stealers.

According to sources, Secretary Water and Power and other officials of the Ministry hold a video conference with the Chief Executive Officers (CEOs) of Discos at Sehri and Iftari to check demand and supply position. A spokesman of Water and Power Ministry said that the Ministry got power supply data during Taravih and Sehri from Discos, adding that data was not collected at other times.

http://epaper.brecorder.com/2017/05/31/1-page/878702-news.html

CHINA REAFFIRMS EARLY HARVEST POWER PROJECTS UNDER CPEC
Dawn, June 1st, 2017

BEIJING: China confirmed that most of the early harvest energy projects being built under the China-Pakistan Economic Corridor (CPEC) framework would be completed before 2019 and help ease the electricity shortage in Pakistan.

Hua Chunying, the spokesperson of the Chinese foreign ministry, said this while replying to questions regarding the inauguration of the first unit of the Sahiwal Coal Power Plant, during a press briefing on Wednesday.

“It is estimated that most of the power projects will be completed preceding the year 2019 and ease the lack of energy in Pakistan which will benefit the people,” she said.

She added that the power plant — the biggest electricity power station in the area which is expected to generate over 90 billion kilowatts of power annually — was an important project under the CPEC framework.

With a total capacity of 1,320 megawatts (MW), the project has two coal-based power plants with the capacity of 660MW each. This is one of the early harvest projects of CPEC, a flagship project of One Belt-One Road Initiative (OBOR).

The spokesperson explained that at present, 17 priority energy projects were being completed under CPEC, including the Sahiwal project.

While commenting on the inauguration of the plant by Prime Minister Nawaz Sharif, she said that Mr Sharif had applauded the efficiency of the building of the project.

Ms Chunying expressed confidence that these projects would decrease the country’s power and energy problems. “CPEC is a real game changer for the people who live along the route,” she said, adding that they had seen benefits of CPEC projects and the OBOR initiative.

The plant was reportedly completed six months ahead of schedule after Prime Minister Sharif launched work here in May 2014. It was connected to the national grid on May 12 this year.

It was constructed by a joint consortium of China's state-owned Huaneng Shandong and the Shandong Ruyi Science and Technology Group. The power plant is expected to start generating 1,320MW from the first week of June this year.

Built as a latest state of the art technology supercritical coal-fired power project, the plant is environmentally compliant with high thermal efficiency to ensure low fuel consumption.

https://www.dawn.com/news/1336711/china-reaffirms-early-harvest-power-projects-under-cpec

NEWS COVERAGE PERIOD FROM MAY 22ND TO MAY 28TH 2017
DESPITE TAX-FREE SYSTEM, RENEWABLE ENERGY TARIFFS ARE HIGH IN PAKISTAN
The Express Tribune, May 22nd, 2017.

Syed Akhtar Ali

ISLAMABAD: Solar PV auction prices in India have reached a new low of INR2.42 (3.7 US cents) per kilowatt-hour (kWh). In the last auction, winning bidders for two tenders in Bhadla include ACME (INR2.44/kWh, 200MW), Softbank (INR2.45/kWh, 300MW), Phelan (INR2.62/kWh, 50MW), Avaada (INR2.62/kWh, 100MW) and Softbank (INR2.63/kWh, 100MW).

This is a 50% decrease in the last one year. Only several months ago, Pakistani solar companies (local and foreign) were not prepared to accept Rs10 (10 cents) per kWh. What is so wrong in Pakistan to get this kind of out-of-sync response from companies? There is nothing wrong with Pakistan.

If there is something wrong, it is with local investors and companies who want to indulge in excessive profiteering. Their reference point is perhaps the dream price of Rs15 per unit (plus) of the Quaid-e-Azam (QA) Solar Park.

If anything, the solar and even wind power prices should be lower in Pakistan since interest rates here are far below those in India.

There cannot be as secure and risk-free tariff regime as is available in Pakistan. Almost all variables are covered and paid for (adjustable) including variations in exchange rate, fuel prices, operation and maintenance cost, etc and even climate variations.

In India and even in Brazil, South Africa and Mexico, there are all kinds of requirements and constraints such as local content and local equity. There is no adjustment for inflation in India, whereas inflation rates there are higher than market economies.

In Pakistan, there is no such constraint. There can be 100% foreign equity and profits and equity can be repatriated. There is no tax except 7% advance income tax on dividends and even that has been waived in some cases. One cannot expect more. And both the wind and solar resources are of higher intensity and quality, with higher capacity factors of 35% and 19% respectively, only second to the Middle East, Australia and parts of the US.

There is only one country ie USA which offers an additional incentive in the form of PTC (Production Tax Credit) of 30%. Resultantly, prices of renewables have been lower eg three cents of wind power tariff for quite some time now.

In Pakistan, nothing seems to be enough. They have always pressurised National Electric Power Regulatory Authority (Nepra) to give twice as high tariff.

When it was 12 cents everywhere, they asked for 22 cents and even brought German experts to support them. When it was 10 cents, they asked for 20 cents and now it is 3-5 cents, they want 8-10 cents. Who has suffered? The companies themselves.

Solar sector has not grown despite potential and thus has lost opportunities and profits. The disease is deep in the system – the habit of capital padding and jacking up capital expenditure (capex). No professional can get a job or consultant contract, if he is not prepared to participate in this white collar crime.

Corruption has seeped into almost all levels of government, even PM Nawaz Sharif has acknowledged it recently. Corruption breeds when there is too much cream and margin being made by investors. Everybody wants to have a share in the booty.

Land prices for renewables have gone up for this reason and tremendous hostility has developed against renewable energy due to expensive tariffs.

The QA Solar Park despite being a pioneer project has developed a bad image and similarly others. The solar tariff was so unbelievably high that when it was denied to an investor he went to court and has now come back to Nepra opposing the auction.

However, there is always light at the end of the tunnel. Zorlu, a Turkish firm, has recently signed an agreement with the Punjab government to install a solar PV plant in Bahawalpur of 100MW at a levellised tariff of 6 cents.

There is a consensus that unrealistic prices have been expected. There may be pressures coming in on provincial grounds or others to slip in a few projects at high tariff. Reverse auction may be delayed or frustrated. Such pressures must be resisted by those at the helm of affairs. In any case, when new power purchase agreements are not being signed due to expected glut in 2017-18, there is no justification of haste in the intervening period. Many wind power plants cannot dispatch power due to transmission issues, but tariff is being paid due to standard Take or Pay clauses.

In order to compete with conventional energy, there has to be some margin between the two prices to balance the requirement of additional capital expenditure due to intermittency, seasonality and diurnal variations in production. There should be around 5 cents of solar and wind power tariff vis-à-vis 8-10 cents of fossil and hydro as there will be a market of 5,000 to 10,000MW in the next ten years and even more if anti-coal sentiments and international policies and pressures intensify.

This is a good market size around which many policy objectives can be entertained. One of those would be pursuit of local content in wind power, if not in solar PV.

The writer has been member energy at the Planning Commission until recently

https://tribune.com.pk/story/1415773/despite-tax-free-system-renewable-energy-tariffs-high-pakistan/

SIGNIFICANT CUT IN ATOMIC ENERGY DEVELOPMENT BUDGET
Kalbe Ali

Dawn, May 28, 2017

ISLAMABAD: The budget for the development of nuclear energy in the country for 2017-18 has declined by almost 47 per cent against the expenditure incurred in the outgoing fiscal year.

Documents show that the development budget of the Pakistan Atomic Energy Commission (PAEC) and the Pakistan Nuclear Regulatory Authority (PNRA) for the coming year is significantly lower than the outgoing year.

However, in view of vulnerabilities against cyber threats and for enforcing digitised controls, a new project worth Rs35 million has been initiated for the PNRA.

The development budget for the PAEC in the coming year is Rs15.08 billion, whereas the commission has spent Rs28.6bn in the outgoing fiscal. However, of the spending, foreign loans accounted for Rs17.56bn, mainly from China for setting up the Chashma Nuclear Power Plants III and IV.

For the coming year, Rs7.11bn has been allocated for these nuclear power projects, of which Rs6.95bn will be foreign loans.

In the budget, Rs136.64m has been allocated for uranium exploration in Dera Ghazi Khan. The project is nearing completion and the expenditure on it in 2016-17 was Rs475.95m.

Another Rs650m has been allocated for a uranium mining project in Karak where Rs1.75bn has already been spent.

Allocations for other key development projects of the PAEC include Rs118.2m for a seamless tube plant and Rs689.14m for a chemical processing plant in Mianwali, Rs212.9m for upgrading the laboratories of the Pakistan Institute of Nuclear Science and Technology and Rs288m for a nuclear fuel enrichment plant.

An amount of Rs460m has been allocated for equipment for five PAEC cancer hospitals.

The new projects of the PAEC for the coming year include the Gilgit Institute of Nuclear Medicine, Oncology and Radiotherapy, which has been allocated Rs850m.

In addition, Rs1.2bn has been allocated for upgrading the Atomic Energy Cancer Hospital and Rs300m for the National Cancer Hospital and Research Centre in Islamabad, Rs500m for the Gujranwala Institute of Nuclear Medicine and Radiotherapy and Rs100m for the Nuclear Institute of Agriculture in Tando Jam.

Among other new projects are detailed exploration of uranium resources in Bannu basin and Kohat plateau at a cost of Rs230m and site studies for development of nuclear power plants Rs250m, in addition to several other schemes worth Rs500m.

The PNRA's development budget is Rs321.53m, whereas it spent Rs548.03m on various projects during the outgoing fiscal.

The major expenditure of the authority in 2016-17 was on setting up the PNRA residential colony in Chashma at a cost of Rs345m.

The authority will spend Rs180m for establishing the National Radiological Emergency Coordination Centre.

According to the budget documents, Rs50m has been allocated for capacity building of the PNRA in design assessment and analysis of advance nuclear power plants.

https://www.dawn.com/news/1335878

NEWS COVERAGE PERIOD FROM MAY 15 TH TO MAY 21ST 2017
TARIFFS FOR SOLAR, WIND POWER PROJECTS SET TO FALL FURTHER
The Express Tribune, May 16th, 2017.

ISLAMABAD: The government, spurred by falling prices of modern technologies, has approved a policy shift for renewable energy tariffs and from now on it will hold competitive bidding to bring down the tariff rate for the relief of power consumers.

"Sponsors of new solar and wind power projects, who will approach the National Electric Power Regulatory Authority (Nepra) for the announcement of reference tariff, will be asked to participate in a bidding process for the award of tariff," a senior government official revealed.

Earlier, the tariff mechanism for renewable energy projects was based on the cost-plus formula, which was later changed to upfront tariff. This system is now being further upgraded which will require competitive bidding to revise the tariff downwards.

"In view of the consistent interest of domestic and foreign investors in renewable energy projects and declining prices of such technologies, the competitive bidding for wind and solar power projects will push the tariff down further," the official remarked.

However, for those solar power projects for which Letter of Intent (LoI) has already been issued and which are at advance stages of implementation, the government will apply the cost-plus tariff formula, believing that policy change for these projects may put incoming investment into jeopardy.

"For these solar projects, Nepra will be asked to allow the application of cost-plus tariff," the official said.

Earlier, Nepra determined upfront tariffs on the basis of international pricing, domestic conditions and consultation with stakeholders through public hearing.

Now, prices of solar and wind power systems are coming down with the advancement in technology alongside improved efficiency.

The official pointed out that many countries had now shifted from upfront and feed-in tariffs to competitive bidding, leading to lower tariff rates because of competition.

In the light of recommendations made by the Ministry of Water and Power and other stakeholders, Nepra has announced that it will hold competitive bidding for determining tariffs of new wind and solar projects.

It has set the benchmark tariff at 6.7 US cents per unit for carrying out reverse/competitive bidding for wind power projects. It has also directed the agencies concerned to prepare bidding documents in line with the 2014 competitive bidding regulations.

The shift in policy has not come easy. The government faced impediments and challenges on its way towards adopting the competitive bidding system. The Renewable Energy Policy 2006 stipulates two modes of project development. One is unsolicited mode under which raw site proposals are made by investors and the other is solicited mode which is based on bidding for government-selected sites.

It had been decided to allow those project sponsors who had got LOIs under the unsolicited mode to compete in the bidding process in the first stage. However, that required amendments to the policy because it permitted competitive bidding only in the solicited mode.

Opposing the move, the government of Sindh filed a motion for leave against Nepra's decision on holding competitive bidding for wind power projects. The provincial government sought announcement of upfront tariff on the ground that the renewable energy policy did not allow reverse/competitive bidding for unsolicited projects.

Consequently, the federal government decided to allow cost-plus tariff for those projects that had got LOIs and competitive bidding for new solar and wind power plants.

https://tribune.com.pk/story/1410627/tariffs-solar-wind-power-projects-set-fall/

PA ASKS GOVT TO MAKE NEW CAPTIVE POWER PLANTS OPERATIONAL
Dawn, May 17th, 2017

Habib Khan Ghori

KARACHI: Criticising the federal government for carrying out up to 20 hours of loadshedding, Chief Minister Syed Murad Ali Shah on Tuesday regretted that despite paying a hefty sum of Rs27 billion to the Water and Power Development Authority, Sindh was facing extreme loadshedding in the sizzling weather.

In his policy statement made in the Sindh Assembly on a private resolution filed by Pakistan Tehreek-i-Insaf lawmaker Khurram Sherzaman, the CM said that Wapda had claimed Rs77bn in the head of dues against Sindh, but after calculation it agreed to write off Rs50bn.

He said a certificate regarding dues' clearance would be produced in the house on Thursday.

The chair allowed Mr Sherzaman to move his resolution after relaxing all relevant rules. He wanted the government to take steps to minimise loadshedding in the province by enabling new captive power plants (NCPPs), which at present are sitting idle.

He urged the provincial government to provide tariff differential support to the NCPPs that hold valid gas allocation and are willing to install new power plants before the summer of 2018.

CM Shah recalled that he had been working on the issue for many years and the PPP government had worked out a policy to take steps to alleviate the people's woes. He said that NCPPs were established in accordance with the new policy.

He said that power plants of over 100 megawatts could not be made operational because Nepra, with a unilateral decision, reduced the tariff. He said if the NCPPs became operational, it would certainly reduce loadshedding by six hours in their respective areas.

Mr Shah further said that Article 157 of the Constitution pertaining to electricity was not being followed and Sindh had suggested an amendment in this respect.

The CM said that the month of Ramazan was fast approaching and in order to provide relief to the people from loadshedding, the government had taken up the issue in the last meeting of the Council of Common Interests for utilisation of 100MW if the old tariff was restored.

He said if the Sindh Assembly adopted the resolution, he would ask the department to work out the difference in case of revised tariff so that the government could take up the issue with the federal government to provide relief by compensating the differential tariff.

He said if the federal government was not willing to compensate the differential tariff, the Sindh government would bear its cost.

In response to Muttahida Qaumi Movement’s Syed Sardar Ahmed and Faisal Sabzwari’s question about details of the possible tariff differential subsidy, the chief minister assured the house that the details of the differential cost would be worked out and would be laid before the house soon.

After the statement of the chief minister, the resolution was put to a vote by the speaker and carried unanimously.

After adoption of the resolution at 2.20pm, the house, which was called to order at 12.10pm by Speaker Agha Siraj Durrani, was adjourned till Thursday.

Two more resolutions tabled by opposition lawmakers on Tuesday, which is a private members’ day, were also adopted with a consensus since the ruling PPP did not oppose them.

In his resolution, Mr Sherzaman of the PTI called for implementation of a notification dated Sept 20, 2005 of the education department through which private educational institutions were allowed “no more than five per cent increase” in their fees subject to approval by the government.

The notification also said that the minimum salary allowance of a full-time teacher should not be less than four times the monthly fee of a single student charged in the highest class.

The PTI lawmaker also wanted implementation on fee concession to deserving students and ward scholarships to students with meritorious record and free education to at least 10pc of the total strength in the institutions.

MQM’s Qamar Abbas Rizvi recommended in his resolution that the subject of disaster management be included in the syllabus of secondary schools.

Before the speaker could take up another resolution from the order of the day, Senior Minister Nisar Khuhro drew the attention of the house towards the ongoing strike of goods carriers due to which no space had been left to keep any more containers at the ports.

Recalling the background of the strike, the senior minister informed the house that the issue surfaced when the Sindh High Court ruled that no container-laden cargo truck could use roads passing through the centre of the city.

He said the Supreme Court had allowed heavy traffic to pass through the city between 11pm and 6am on a daily basis. He said that the matter was in court and the hearing was fixed for May 20. “This is a matter of the economy of the country,” he added.

The minister said the provincial government would also send the advocate general to sort out some solution of the ongoing crisis as there was no road in Karachi which was not passing through residential and commercial areas.

The chair said the solution lay in dialogue with stakeholders to find some alternative route for heavy traffic.

Transport Minister Nasir Hussain Shah said: “We are in negotiation with all stakeholders including striking transporters and representatives of industries and chambers because we want to get the issue resolved at the earliest.”

https://www.dawn.com/news/1333630

EXPERTS FOR CHEAPER POWER, GREEN ENERGY
Business Recorder, May 18, 2017

KARACHI: The experts and speakers have suggested power regulators in Pakistan to go for cheaper options and green energy in order to overcome its power crisis.

Addressing the 13th International Conference for Oil, Gas and Energy Industry held on the sideline of Pakistan Oil, Gas and Energy Exhibition (POGEE) 2017 here at Karachi Expo Centre, the Managing Director, Private Power and Infrastructure Board, Shahjahan Mirza said that Pakistan has a potential of producing over 100,000 MW power through clean energy due to availability of air corridors and sunlight for over 360 days a year.

He hoped that the country would overcome load-shedding early next years and many power plants are in the pipelines and would be commencing their generation pretty soon.

Dr. Iftikhar Ahmed of Sindh Department of Alternative Energy said that his government aims at becoming the Energy Hub of Pakistan and self-sufficient in power generation and have export surplus by years 2020. He said that Sindh province has a potential of generating 55,000 MW from wind energy, 10,000 MW through solar power, 130 MW through hydel (run of river), 1,000 MW from biogases and 500 MW from solid-waste.

Regarding Coal Power Generation, the Director Projects on Coal Power, Ali Nawaz said that Pakistan is facing about 7,000 MW shortfalls and it is increasing by 7 to 8 per cent per annum and will reach to over 10,000 MW by 2020. He said that power generation through coal has reached to over 40 per cent while it is only 0.2 per cent in Pakistan.

Dy Executive Director, OGRA, Sajjad Hussain, Managing Director Siemens, Helmut von Struve, SGS Pakistan's Hashim Khalid and others also spoke on the occasion.

The foreign exhibitors while expressing their pleasure over the visitors' response to the Pakistan's premier energy show – Pakistan Oil, Gas and Energy Exhibition (POGEE) 2017, as they remained busy in getting trade inquiries since the last two days. Chinese exhibitors who have offered prompt and cheaper power solutions are more content with the outcome of the mega event. Shen Hua of MHPS DongFang Ltd, China, said that he is dealing with the visitors in a real professional environment and received may trade inquiries.

MoriusBica of Kalhour, Romania said that everything is good here and he was busy in getting trade inquiries from local industrialists. He said that Pakistan can acquire many power solutions in order to overcome its power crisis in real short time. He said that his company is ready to provide various solutions in alternative energy that would be cheaper and need comparatively short time to start generation.

Wang Kai of HuanyuElectric has commented over the ongoing power crisis in Pakistan that there are many short term solutions are available in the market and government and private sector organizations can resolve their issues individually or collectively. He advised that Pakistan people should go for cheap and green energy like solar power or wind energy as its sources are available in abundance locally.

Anil Berky of Durulsan, Turkey said that trade inquirers response is satisfactory and many industrialists and individuals who got fed up with power outages are keen to adopt easy and cheaper option here.

http://epaper.brecorder.com/2017/05/18/9-page/875878-news.html

NEWS COVERAGE PERIOD FROM MAY 8TH TO MAY 14TH 2017
PAKISTAN'S SOLUTION TO THE ENERGY CRISIS
The Express Tribune, May 8th, 2017.

When the present government assumed power in Islamabad, in May 2013, it promised to deal with the three major problems the country faced at that time.

It called these the three "Es" — extremism, energy and the economy. It kept its word and worked hard and well in all three areas. Progress was made: force has been used to beat back the spread of extremism in the country; plans were made and implemented in addressing the problem of energy shortages; and with help from the IMF, the economy was stabilised and put on the course for sustained development.

There is a direct relationship between economic development and power consumption. Pakistan's per capita consumption of electricity, estimated at 451 kWh, is only one-sixth of the world average of 2,730 kWh. It is increasing at the rate of 8 per cent a year. The International Energy Agency forecasts that total energy demand of the country will be 49GW in 2025.

This means that Pakistan will need to generate an additional 28GW of electricity in the next eight years or 3,500MW a year. Putting it in a different way, Pakistan will need to bring into production six power plants a year, each with the capacity to generate 600MW of power. This is a task way beyond the government's stressed resources. Two major policy initiatives are needed to make this possible: greater reliance on private money and greater use of coal.

K-Electric, the privately owned company that supplies electricity to the megacity of Karachi is a good case study of the change privatization could bring in this vital area. Many parts of the city suffered 10 hours a day without electricity. But Karachi was not alone, peak demand in the country "surpassed generating capacity by 6GW — equivalent to about 12 medium-sized coal power plants," wrote Kiran Stacey and Henny Sender in the Financial Times, in their story "Pakistan Electricity Generation: Coal gives glimmer of hope on blackouts."

Privatisation of poorly managed publicly-owned distribution companies was one possible solution to the energy crisis. However, K-Electric, then known as KEPCO, was the only entity that was handed over to the private sector. "But it has taken years for engineers from K-Electric, the local power company, to unpick the tangle of loose wires and illegal connections that were symptomatic of a city deprived of regular electricity for the past decade," wrote Stacey and Sender.

The government headed by Prime Minister Nawaz Sharif decided to focus on increasing power generation as a way of solving the energy crisis that was creating both economic and political problems. Cutting down on losses because of the antiquated transmission and distribution systems and reducing pilferage would take time the policymakers believed the country did not have. Many of the under-construction coal plants are being built by Chinese companies under CPEC that will bring in some $50 billion of Chinese investment into the country.

Some $35 billion of this amount will be spent on constructing new power plants. Several of these will use local coal as the source of power, taking advantage of the 175 billion tonnes of coal reserves discovered at Thar in Sindh. According to the government, at least one new plant will come online every month until March 2018, producing 8GW of new capacity. This additional supply would not only close the demand-supply gap but leave the country with some surplus.

The use of coal as the source of power production will change the energy balance in the country. Imported furnace oil produces 35 per cent of the total supply currently, gas both imported and local provides another 29 per cent, hydroelectricity generates another 29 per cent and nuclear is the source of the remaining 6 per cent.

At present the share of coal is miniscule. Oil is expensive, one reason why Pakistan has some of the highest power prices in Asia. The average price of unit of electricity is $0.13, compared to $0.12 for India and $0.11 for China. These countries rely much more on coal. With greater reliance on coal, Pakistan should be able to reduce the cost of electricity for consumers.

However, the longer-term solution will need to go beyond increasing the capacity to generate additional power. Efficiency of transmission and distribution and the use of electricity will need to be included in the strategy. In fact, the government's approach should go beyond eliminating load-shedding.

It should determine how electricity could contribute to increasing the growth in national product as well as ensuring that people become efficient consumers of the power they are provided. Losses incurred in both transmission and distribution are large, reducing them would obviate the need for investing huge amounts in generating additional supplies. There is also the question of the pricing of power.

The share of domestic consumption in Pakistan is much greater than in most countries at its stage of development. The reason is that the state subsidises domestic consumption, especially for more affluent households. This happens at the cost of power for industrial consumers. This is one reason why compared to the size of the economy, the country remains less industrialised. A wellrounded energy policy, therefore, must cover a number of areas, not just concentration on the supply-side.

https://tribune.com.pk/story/1404028/pakistans-solution-energy-crisis/

ENERGY CRISIS PERSISTS
Business Recorder, May 9th, 2017

Contrary to statements by the Federal Minister for Water and Power Khawaja Asif on floor of the House on 19th April that the power crisis will see its end in the 'next eight to ten days' the power shortage, according to reports, has again soared at 7,000MW which is comparable to the shortage in the summer months during the tenure of the PPP-led coalition government. There was a brief period of reprieve for the hapless consumers end-April which, experts maintain, was due entirely to a drop in temperatures in Northern Areas of the country, reducing demand.

Khawaja Asif had, at the time, explained that the earlier than in previous years' onset of high temperatures led to a dramatic rise in unannounced load-shedding which could not be met due to the fact that a few power plants were undergoing routine maintenance while the snow, as always, would not melt at high altitudes till end-April which again routinely negatively impacts on hydel generation during this time of the year. By 1st May, the Minister assured Parliament that there would be no unannounced load-shedding. It is now the second week of May and the demand-supply gap has simply widened.

Few take statements by members of the cabinet in parliament seriously anymore, though prominent opposition leaders must bear their share of the blame by rarely attending parliament themselves, thereby prompting ministers to deliver unchallenged statements on floor of the House.

But in this particular instance, invalidation of Khawaja Asif's latest commitment no doubt makes a mockery of the numerous inaugurations of mega power projects by the Prime Minister in recent months and persistent claims by the PML-N leadership that the energy crisis would be over by the next elections – a claim based on the several generation projects under construction.

The claim that generation has increased by an amount larger than the known annual increase in managed demand is, however, not accompanied by a commensurate rise in transmission capacity which at last count by the relevant ministry was around 16,500MW – up by only 1500MW from 2012-13.

What is the assessment of the multilaterals with respect to our energy sector? The World Bank, the lead agency among multilaterals engaged in this sector, in an overview updated on 14th April 2017 states that: "There were early successes in taxation, the financial sector, the business environment (at both the national and provincial levels), and the electricity sector.

However, significant reforms undertaken in the electricity sector have stalled since the Government stopped privatisation a year ago. Circular debt cleared earlier has piled up again nearly to its 2013 levels.

There have been efforts to reduce the electricity regulator's independence." The International Monetary Fund after the completion of Article IV consultations uploaded the following on its website dated 5th April 2017: "bringing the power distribution sector to full cost recovery will be critical to ensure long-term success of new energy initiatives and minimise fiscal costs".

Entwicklungsbank, in an internal document which was leaked to the media, was even more critical and referred to the claims by the Sharif administration with respect to the performance of the energy sector as politically influenced; but later apologised after Khawaja Asif took exception to this paper.

There is evidence of a growing tendency on the part of the federal cabinet to attack and compel those engaged in doing business with the government to back down rather than to make any serious attempt to take criticism constructively and take the appropriate mitigating measures. One can only hope that belligerence is replaced with a focus on improvement rather than on dismissing all criticism as either false or politically motivated.

http://fp.brecorder.com/2017/05/20170509177254/

IS PAKISTAN'S SOLAR POWER POISED TO TAKE OFF AMID ENERGY CRISIS?
ISLAMABAD: Solar energy production in Pakistan is poised to take off – just as the South Asian country is ramping up coal production to help plug a crippling power crisis, energy experts say.

New high-quality solar maps – essential to securing financing for major solar projects – show Pakistan is one of the world's best countries for producing solar energy because of its arid climate and latitude.

"Pakistan's solar potential is huge," said Jamil Masud, an energy expert who helped draft Pakistan's national renewable energy policy.

"The government is waking up to its potential," said Masud, a director of Hagler Bailly Pakistan, an energy and environmental consulting firm in Islamabad. "With the prices of (photovoltaic panels) falling drastically in the last four years, the switchover to renewables will happen – gradually."

Pakistan’s current national power shortfall is estimated to be more than 6,000 megawatts, causing long power outages across the country.

The country is building nearly a dozen coal power plants over the next 15 years with Chinese investment, as part of its attempts to end the crisis.

But Pakistan also has a range of major solar projects in the pipeline, amounting to more than 4,400 megawatts in potential power, said Amjad Awan, chief executive officer of the federal government’s Alternative Energy Development Board (AEDB), an autonomous body working under the Ministry of Water and Power.

Until now, the country’s lack of detailed solar maps – needed by major investors, especially US companies – has held back the development of renewable energy, said Ali Habib, managing partner of Shama Solar, a company based in Lahore.

That changed in March when Pakistan became one of the few developing countries to produce the maps. They were developed by the AEDB and World Bank, drawing on data from nine solar data stations and 12 wind masts installed across the country.

“This is credible data according to which banks can give funding to potential projects,” said Awan. “The government can now do the appropriate zoning and develop solar and wind areas.”

The solar maps highlight which regions are most suitable for solar power generation. The south-western province of Balochistan – a desert area with little cloud cover or air pollution – has the country’s largest solar potential, they show.

“The maps reveal that even areas … receiving the least average annual irradiation are better than Germany’s best regions for solar power generation,” said Masud.

Germany is a world leader in producing solar energy and uses detailed solar maps to assess its own solar resources.

Pakistan’s data has been made public as part of the Global Solar Atlas website, giving commercial scale projects ready-to-use seasonal and monthly data.

This means investors do not have to spend significant time and money gathering data for their projects. Instead, “they can instantaneously acquire certified data of ‘bankable’ quality that should be acceptable to commercial financing institutions”, said Masud.

That can substantially lower the costs around projects, which in turn encourages companies to set up large-scale solar power facilities, he said.

Frustrated with constant power cuts, consumers are already installing small-scale rooftop solar systems for their homes and businesses.

"Solar is already taking off in Pakistan – it's going to challenge grid-connected power," said Fariel Salahuddin, an energy specialist based in Karachi.

"Roof-top solar panels are growing organically and as for the grid-connected solar projects, lots of pieces are coming together like regulation, tariffs, investments and grid capacity," she added.

Pakistan's National Electric Power Regulatory Authority (NEPRA) has issued guidelines for net metering so consumers can now sell the excess solar energy they produce back to the grid, Salahuddin said.

One of the first licenses for net metering was issued to Pakistan's parliament building in Islamabad, which switched to solar energy last year. Some banks have started financing home solar systems, which are cropping up across the country.

The Islamabad Electric Supply Company has introduced net metering, and other power companies in large cities such as Lahore and Karachi will be following suit "in a matter of months, not years" said AEDB's Awan.

However, the government still needs to simplify connection rules and procedures for small-scale solar power to be more widely adopted, Masud said.

"There are several procedural and commercial details to be worked out before rooftop photovoltaic panels become a common sight in Pakistan, but it's only a matter of time before it does," said Masud.

Pakistan already has one major solar park – the Quaid-e-Azam Solar Park in Bahawalpur, built with Chinese investment. It produces 400 megawatts with plans to rise to 1,500 megawatts of solar production.

"Not just the Chinese, but many other companies from countries like Germany and the United States are coming into Pakistan to invest in solar energy," said Vaqar Zakaria, the chief executive officer of Haigler Bailly Pakistan.

"However, the support and incentives being offered for coal-based power generation are far more attractive than those being offered for investment in solar power," added Zakaria.

However, despite its considerable solar and wind potential and the rapidly decreasing costs of renewable energy, Pakistan continues to focus on building its coal-powered generating capacity.

The government plans to add 10,000 megawatts of coal energy to the country's energy mix by 2020.

"Solar and wind have their limitations. Solar can't produce electricity at night," said Shama Solar's Habib. "Every country needs a base load that can run all the time – and that still comes from coal and gas or oil."

https://tribune.com.pk/story/1404357/pakistans-solar-power-poised-take-off-amid-energy-crisis/

PUNJAB TO GO FOR ANOTHER GAS-FIRED POWER PLANT

Dawn, May 11, 2017

LAHORE: Encouraged by the success of its earlier ventures in power generation, Punjab has decided to set up one more gas-fired power plant.

A meeting of the provincial cabinet approved setting up of the new 1,200MW plant in south Punjab here on Wednesday.

Chief Minister Shahbaz Sharif said the project was envisaged1(eeping in view the current energy needs of the country as well as future challenges. A suitable piece of land would be identified in Rahim Yar Khan or Muzaffargarh district.

He said the project too would be completed speedily by working day and night on it.

The cabinet also approved establishment of safe city projectsinsixmajortowns-Multan, Bahawalpur, Faisalabad, Rawalpindi, Gujranwala and Sargodha. These projects would be implemented in phases and later on, safe city project would also be initiated in Sahiwal.

It also approved the agreement between the agriculture department and Akhuwat for providing interest-free loans to small and landless farmers. The government would set up a revolving fund with an amount of Rs2 billion for the purpose.

The meeting also approved amendments to different laws, including Punjab E-Stamp Rules 2016, Punjab Sales Tax on Services (Amended) Ordinance 2016, Fort Munro Development Act 2016 and PEE DA Act, 2016.

After amendment in the PEEDA Act, the inquiry would have to be finalised in 60 days, instead of 90 days. It will also grant retired employees right to appeal against a decision(s)taken under the law.

The meeting approved the establishment of Punjab Mental Health Authority under the Punjab Mental Health Ordinance, 2001.

It also approved minutes of proceedings of 22 to 27 meetings of Standing Committee for Finance and Development of the Cabinet.

The chief minister said the safe city project would be completed in 2018 to help eradicate terrorism and street crimes. He said no nation or society could move forward without first ensuring protection of life and property of the people.

He said launch of e-stamp papershadchangedthe100year old archaic and obsolete system and ended fraud, forgery and issuance of stamp papers in back dates.

The cabinet members greeted the CM upon getting arrears worth Rs80 billion of net hydel profit from the Centre. The province would regularly get Rs9 billion per annum under this head.

http://epaper.dawn.com/DetailImage.php?StoryImage=11_05_2017_176_004

NANDIPUR PROJECT INQUIRY TO BE FINALISED IN EIGHT WEEKS, PAC TOLD

Dawn, May 11 2017

Malik Asad
ISLAMABAD: Former law minister Babar Awan`s name echoed during a meeting of the Public Accounts Committee (PAC) that discussed the Nandipur Power Project scam that resulted in a Rs113 billion loss to the national exchequer.
During a briefing to the committee, National Accountability Bureau (NAB) Director Mohammad Rizwan said the cost of the project increased by billions of rupees because of a two-year delay in the project`s commencement.

Mr Rizwan said the law ministry did not give a post facto legal opinion on the agreement related to financing for the power project, and the file was stuck with the ministry from April 7, 2009, to Aug 24, 2011. Subsequently, the cost of the project escalated.

In 2012, the Supreme Court took up a petition filed by Khawaja Asif against the delays in the project that increased its cost. The court then constituted a commission to determine the delays and subsequent loss to the national exchequer.The NAB director told the PAC that the commission had estimated a loss of Rs113 billion, while calculations in the audit report found the loss to be Rs36 billion.

When the committee asked the NAB director to name the officials who cased such a significant loss, Mr Rizwan said he did not remember their names but could inform the committee af ter reconciling the record.

In response, Senator Azam Swati remarked that NAB was in the habit of protecting offenders and corrupt individuals.

He said the bureau is also defending the culprits in this case, which is why it has not completed its inquiry for over four years.

PAC member Sheikh Rohale Asghar asked Mr Rizwan if he knew who the law minister was when the file remained with the ministry, and PAC member Arif Alvi also asked the NAB director to disclose the minister`s name, which the NAB director said he could not remember.

His response invited the ire of the committee, and Mian Abdul Manan said Babar Awan was the law minister at the time.

Mushahid Hussain Syed then reminded Pakistan Tehreek-i-Insaf (PTI)lawmakers that Mr Awan is currently counsel for the party`s chairman, to which Mr Manan said: `This was the reason the bureau did not want to disclose the name.PTI`s Shafgat Mehmood then tried to shift the responsibility to other ministries, such as the ministries of finance and water and power. `Why did the relevant ministries not point out this delay to the then prime minister,` he asked.

Syed Naveed Qamar, a senior member of the committee who held the portfolio of finance minister during the previous government, said the matter was reported to the then prime minister from time to time but to no avail.

The NAB director said the matter was resolved with the president of Axiom Bank, one of the financers, met with then president Asif Ali Zardari and, after a directive from the president, the law ministry furnished the legal opinion.

When Mr Hussain asked about the reason for the delay in the inquiry`s completion, the NAB of ficial said the matter has lingered for years because the bureau was interrogating the former prime minister, former ministers and judicial ofhcers posted as senior of ficers in the law minister and joint secretaries, and could not get their responses in time.

However, he assured the committee the inquiry would be completed in the next eight weeks, af ter which a formal investigation would begin.

The committee directed the water and power secretary to arrange a detailed presentation on the power sector af ter two weeks.

http://epaper.dawn.com/DetailImage.php?StoryImage=11_05_2017_004_007

PAKISTAN LIKELY TO FLOAT $500M BONDS TO FUND DASU PROJECT
The Express Tribune, May 11th, 2017

ISLAMABAD: Pakistan Water and Power Development Authority (Wapda) is expected to raise $500 million by floating bonds in the international capital market backed by partial credit guarantees of the World Bank in a bid to finance the construction of 4,320-megawatt Dasu hydroelectric power project.

“The foreign commercial cost component of around $500 million will be raised either through loan or bond in early 2018 by using partial credit guarantee of the World Bank,” an official said.

This is in addition to the planned borrowing of $350 million for 10 years from the global capital market approved recently by the Economic Coordination Committee (ECC) of the cabinet to fund the Dasu power project.

A partial credit guarantee of $460 million was available for commercial financing, the official said. Of this, $250 million has been earmarked as guarantee for $350-million borrowing.

The Dasu hydroelectric power project, one of the major schemes currently being executed by Wapda, is being partly funded by the World Bank through International Development Assistance (IDA) of $588 million along with credit guarantee of $460 million.

The Executive Committee of National Economic Council (Ecnec) had approved PC-1 of the project at a cost of $4.38 billion.

In a bid to meet the local currency cost component, out of the intended $2.466 billion, a commercial loan of $1.44 billion has been arranged from a consortium of major local banks, led by Habib Bank Limited, without any credit guarantee.

This is by far the largest loan agreement for any public sector enterprise in the history of Pakistan.

The Dasu power project will be implemented in two phases – each of them will bring production capacity of 2,160MW – on the Indus River in Kohistan district of Khyber-Pakhtunkhwa. Stage-I will take five years and cost an estimated $4.2 billion.

Apart from Dasu, Wapda is working on the Kachhi Canal scheme and its first phase will be completed between August and December this year. The canal will irrigate 72,000 acres of land in the backward areas of Balochistan.

Wapda will also make ready 969MW Neelum-Jhelum hydroelectric power project, 1,410MW Tarbela fourth extension power project and 106MW Golen Gol hydroelectric power project in phases from the end of 2017 to mid-2018.

The low-cost hydel electricity to be produced by these projects will not only help tackle energy shortages in the country, but will also contribute significantly to the development of economic and social sectors.

Energy deficit has been one of the major challenges facing the current government. With the onset of summer, the gap between demand and supply of electricity has widened rapidly, leading to prolonged outages across the country.

The government has pledged that it will be able to do away with the outages with the completion of many ongoing projects by the middle of next year.

For the Dasu project, Wapda has penned two contracts namely Main Works (MW)-01 worth Rs115 billion and MW-02 costing Rs64.4 billion with China Gezhouba Group Company.

MW-01, which will be completed in about five years, includes construction of the main dam, appurtenant structures and hydraulic steel structures whereas MW-02 comprises construction of an underground power complex, tunnels and hydraulic structures.

https://tribune.com.pk/story/1406569/pakistan-likely-float-500m-bonds-fund-dasu-project/

NO CHECK ON FREQUENT RISE IN CNG PRICES

Dawn, May 12th, 2017

Aamir Shafaat Khan

KARACHI: Deregulation of compressed natural gas (CNG) in the last week of December 2016 has provided a free hand to CNG dealers to play havoc with prices, as they have increased the price to Rs75 from Rs74 per kg in Karachi, while those who were selling at Rs73 are now charging Rs74 per kg, it emerged on Thursday.

This is the fourth increase in price since the deregulation of CNG in December 2016 when gas was available at Rs67.50 per kg.

Previously, they had raised the prices due to Rs2.18 rise in gas tariff in the middle of December.

Besides increasing the price, many dealers do not have digital meters at the CNG stations as their employees take one to two rupees per kg extra from motorists by manually stopping the meters. Many people complain that when they ask the dealers to fill gas for Rs300, they deliberately stop the meter at Rs298 or Rs299 but charge them Rs300. This practice has also been in vogue at those CNG outlets where dealers fill gas via digital meters.

Chairman of the All Pakistan CNG Association Sindh Zone Shabbir Sulemanji said the price of CNG in Sindh ranged between Rs73 and Rs75 per kg under a deregulated regime.

According to him, the cost of gas has risen to Rs37 per kg from Rs32 per kg during the past three to four months. After adding cost of gas and taxes/duties, the price of gas has soared to Rs61 from Rs55 per kg in the past three to four months. Besides, the rate of electricity charged by K-Electric for CNG dealers was the highest as compared to other parts of the country, he said. After adding various expenses, power bill, labour charges etc, gas price came to around Rs72 per kg, he added.

Despite increase in prices, he said, CNG still cost Rs24 to Rs25 per litre less than petrol.

Consumer rights activists have urged the government to withdraw the recent increase in CNG price to ease burden on consumers and take control of pricing mechanism of CNG prices under its authority.

They say price fixation should be the government’s responsibility and a mechanism for CNG prices should be assigned to a government authority. The government had allowed CNG station owners to fix prices as per its cost but they were exploiting this authority by increasing its price very frequently.

Consumers spent millions of rupees to convert their petrol-driven vehicles to run on CNG in order to save fuel expenses but they were not getting this benefit anymore.

https://www.dawn.com/news/1332532

NEWS COVERAGE PERIOD FROM MAY 1ST TO MAY 7TH 2017
RENEWABLE ENERGY FOR GROWTH
Dawn, May 1st, 2017

Ali Tauqeer Sheikh

A DREAM doesn't cost money, but not having one will cost you your future. The nation will breathe a sigh of relief if — and it remains a huge 'if' — the government is able to fulfil its electoral commitment and end load-shedding before the 2018 election. The real challenge, however, is more complex: what's our game plan to cope with a projected economic growth rate of over five per cent? A robust energy policy can make Pakistan one of Asia's fastest-growing economies.

We need to have additional energy installed, produced, transmitted and sold to consumers through reformed and revamped utilities. But the federal and various provincial governments have not, at least as yet, set for themselves any policy, technology or investment targets, nor have they determined the sources of their future energy mix.

Desperate times necessitate desperate measures. Responding to public fury and depressed economic growth, this government (to its credit) fast-tracked a chain of energy projects — but many of these wouldn't make long-term economic or environmental sense. Nor would they stand up to the test of mitigating Pakistan's climate risks (such as heat waves and heat spikes witnessed recently) spurring unexpected demand.

The circular debt has refused to disappear, and the overall energy mix is imbalanced and expensive for consumers as well as the economy. Further, several ticklish issues remain unaddressed, including investments in transmission lines, smart grids, system losses and electricity theft by domestic, commercial and industrial consumers. The entire system begs for an overhaul.

To begin with, our energy policy is out of sync with global trends. We have not taken full advantage of the rapidly falling prices of solar and wind energy. Neighbouring countries are using their renewable energy targets to attract domestic and foreign investments, create green jobs, encourage manufacturing and propel the services sector.

We need to understand that "building new renewable generation capacity, or investing in greater energy efficiency to avoid the need for new generation, would create more jobs than investing in an equivalent level of fossil fuel-fired generation". Can the government do this alone? No, it must forge private-sector partnerships.

In China, for example, the growth of renewable electricity generation is stunning. China leads the world in installed renewable energy capacity, and has sustained annual wind additions in excess of 10GW. In fact, solar and biomass-fired electricity in China is expected to grow 10-fold in the next three years (by 2020).

The benefits of emissions reductions aside, China sees renewables as a source of energy security. If the supplies of oil, coal and gas are finite and subject to uncertainties of geopolitical developments, renewable energy systems can be built and used wherever there is sufficient sun, wind and water.

Most important amidst all these impressive accomplishments has been the Chinese government's unwavering financial support for renewable energy generators — a suit that Pakistan can follow. The China-Pakistan Economic Corridor is the promised game-changer for Pakistan, but it need not convert the country into an environmental wasteland.

We need not dirty our energy landscape with additional coal-fired power plants. China is phasing out coal. We need to engage with China's private sector on the higher technology standards and take advantage of their government's experience. We have similar imperatives of ensuring energy security, technological innovations, domestic market creation and global commitments to low emissions development.

It has become obvious that fossil fuel will not be competitive in the coming years, especially after the G7 commitment to phase out subsidies. In this context, Pakistan needs to put in place two simple policy instruments for future energy investments.

Encourage off-grid solutions: Going off-grid is not only possible, it has become desirable. Increasingly, both domestic users and companies are finding their own energy solutions in order to avoid or minimise reliance on the national grid.

A subsidy through commercial banks to redress higher upfront solar installation costs will encourage investments. In fact, reverse metering at lucrative rates, whereby the investors could sell extra electricity to the utility, can help attract small-scale domestic investors and reduce pressure on the grid.

Pakistan will look beautiful if it could cover its five million rooftops with solar panels; domestic manufacturing of photovoltaic panels needs be pushed through tax incentives.

Facilitate producer-buyer agreements: Policy instruments need to be developed to facilitate direct agreements between energy producers and purchasers. The present practice is for utilities to have uniform prices for all users. This serves as a disincentive for investment in renewables and for utilities like K-Electric to become efficient.

A buyer's ability to buy directly from producers via service providers will bring the cost of doing business down. This will require some regulatory changes. After all, all buyers deserve the right to decide the source of energy they wish to purchase from, especially if it results in savings for them.

There is a growing trend for companies to set their own energy and emissions standards, resulting in the need to buy energy from renewable sources rather than from a black box of a utility company. In fact, a new market is shaping up for renewables' trading, whereby companies reduce their emissions by buying offsets from renewables — a trend being set by leading companies like Google and Apple — by striking offsite deals. Business houses in Pakistan need a fair chance to vie for such deals.

Energy distribution continues to be inequitable and inaccessible to a very high percentage of the population. Even if load-shedding ends, clean and reliable energy will remain a distant dream for many Pakistanis. The success of ending load-shedding will be diminished in value if the vision and direction of future investments is not clear. The government needs to take some policy decisions now, and push them through the forthcoming financial budget and provincial annual development programmes.

https://www.dawn.com/news/1330286

OIL PRICES TO REMAIN UNCHANGED IN MAY
The Express Tribune, May 2017

Islamabad: The federal government has decided to keep prices of petroleum products unchanged for the next month, Finance Minister Ishaq Dar said on Sunday.

"We have decided to keep POL prices unchanged for the month of May," Dar said while addressing a news conference. "The government will give subsidy to maintain the prices."

The finance minister said high-speed diesel and petrol will sell at Rs84 and Rs74 respectively, while kerosene oil and light diesel will sell at Rs44 per litre throughout the month of May.

According to a statement, Federal Minister for Finance Senator Mohammad Ishaq Dar announced the prices of petroleum products for the period starting from May 1, 2017 until midnight on May 31, 2017.

He said that Ministry of Petroleum and Natural Resources and OGRA had recommended an increase of Rs15.19/litre in the price of kerosene oil, increase of Rs10.65/litre in the price of Light Diesel Oil (LDO), decrease of Rs1.20/litre in the price of MS 92 RON Petrol, and decrease of Rs1.10/litre in the price of High Speed Diesel (HSD), with effect from May 1, 2017.

The minister stated that, in line with the prime minister's instructions to provide maximum relief to the common man, and keeping in view that Kerosene Oil and LDO is used by the low income segments of the country's population, it has been decided to maintain the prices of Kerosene Oil and LDO at the current level till May 31, 2017.

This decision has been taken also keeping in view the fact that Kerosene Oil caters to the energy needs of the poor. In order to maintain the prices of both Kerosene Oil and LDO at current levels, the government will be forgoing all applicable taxes and duties on these petroleum products. In the case of Kerosene Oil, a government subsidy will be provided to maintain the price at the current level.

The minister further announced that the prime minister has directed to maintain the prices of MS 92 RON Petrol and HSD at existing levels till May 31, 2017.

The finance minister highlighted that the government has absorbed significant impact of price increases since April 2016 and has suffered considerable loss of revenue. During this period only partial increases have been passed on since December 2016.

https://tribune.com.pk/story/1397556/pol-prices-remain-unchanged-may/

WHERE WILL OIL AND ENERGY PRICES GO?
The Express Tribune, May 1st, 2017.

Islamabad: If you are a consumer or an importer, you would like that oil and energy prices are as low as these days and remain at these levels for as long as possible. If you are a producer or exporter, you would like the reverse to happen.

In Pakistan, purchasing power is so low that even low prices are not affordable, while governments want to extract as much from oil as it can.

Oil and energy in general play a major role in people's lives and economies, never before this role was as paramount as it is today. People cooked their food on wood and shrubs, as they still do in most of Pakistan's rural areas. The tradable energy is what is new and that is why energy prices are so important and what these would be in future.

Oil's dominance can be gauged from the fact that seven of the largest 10 multinationals are oil companies – Royal Dutch Shell being the largest at $275 billion in sales and revenue.

The two super powers are among the largest oil producers, and one (the US) is the largest importer and consumer of oil at one-fifth of all.

Oil, gas, coal and electricity and to some extent renewable energy are the major elements in the energy mix of today. Prices are generally interdependent as one affects the other due to substitution effects and others. Oil prices being the most powerful driver would dominate our discussion.

Oil price movements

Oil prices skyrocketed to $145 per barrel in 2008. They levelled out to around $100 in 2014, plummeted to a 13-year low in January 2016 at around $28 and then doubled to current levels of around $50.

If shale oil producers go out of business and Iran doesn't produce what it says it could, prices could return to their historical levels of $70-100. OPEC is counting on it. So what would be the prices in 2020 and 2030?

It is easier and plausible to talk of energy prices in the long term than short term, which is based on pure speculation. Consumer and producer behaviours and aspirations determine the balance, which determines prices.

Oil demand, as predicted by many credible international institutions, will continue to grow at least till 2035 and the supply would catch up accordingly.

Oil supply has been constantly increasing since 2011 and will continue to do so. Shale oil and gas are a major threat to OPEC producers and have brought prices to the level that they are today. Otherwise, the prices would have been in the range of $70-100 per barrel.

Higher prices may not always be in producers' interest. Demand may go down – the biggest weapon in the hand of consumers to fight prices is to reduce or avoid consumption.

It has happened many times in the past. That is why Saudis do not want to press for excessive prices that may boomerang to destructively low prices.

Production cost

Cost of production does have a basic role in prices in the long run, although in the short run, the role of demand and supply plays a higher role. In the long run, prices would asymptote (approximate) with the cost of production.

But the cost of production in most countries is $20-25 per barrel. Why aren't producers satisfied with the current prices then? There is an interesting feature that is break-even prices.

Lightly speaking, I would term break-even prices to be the feel-happy prices. At these levels, the producer meets his cash flow requirements and is able to cover all extra cost and overheads over and above the direct production cost.

Libya would require an oil price of $200 per barrel to meet its budgetary requirement and thus it would like to have oil price to be that much. But it won't, how can it be.

But if Saudis and Russians say that they would require $100 per barrel to balance their budgets, it is important. They may not get it all, but this requirement would certainly influence the prices.

The producer-consumer USA brings its shale resources into the market and Europeans bring in renewable energy and conservation to balance.

Then there are break-even prices of major oil companies such as Shell, Exxon and others. These prices of large companies used to be around $75-80 per barrel in 2014 as opposed to the production cost of $20-25 that we have been talking throughout.

They have cut corners and have managed to bring prices down to around $40. No company would be able to borrow funds, if it is not able to prove that it would have its long-term break-even price under $40.

With this perspective, let us turn to the forecast of US Energy Information Administration (EIA). They have predicted a price of $92 per barrel in 2025 at constant prices of 2015 (excluding general inflation) and nominal prices of $112 per barrel (including general inflation). This is their reference or base case forecast.

At constant prices, oil prices are predicted to grow 3.9% per annum and at nominal prices at 6.1% per annum, a bit on the higher side for my taste and understanding.

In the next 10 years, my assessment is that prices should remain under $100 with a bottom of $70.

Gas price

Oil producers do not make a difference in oil or gas in terms of their production cost assessments. Gas prices corresponding to the $20-25 per barrel, are $3.63-4.54 per million British thermal units (mmbtu).

Gas prices have varied widely in the three important market regions – the US, Europe and Asia – and the difference persists even now largely due to low shale prices and high supply in the US.

LNG has brought tradability and thus some uniformity in prices. Earlier, LNG prices used to be $16 per mmbtu in Asia and $8 in Europe. I never understood it and wonder as to why Japan tolerated it. Partly, transportation costs explain the difference.

Natural gas price predictions, as done by EIA, are for the US itself. US natural gas prices have been predicted to be in the range of $5-6 per mmbtu for 2025, as opposed to $2.62 currently. One may add $3 to cover liquefaction and transportation cost to Asia.

US prices will have a major effect on gas prices elsewhere in the future due to LNG factor and its tradability. LNG prices in the US have been predicted to grow at a rate of 2.5% per annum in constant prices and 4.77% per annum in current price terms, a substantial rate.

Coal prices

Coal at mine-mouth is being sold at $1.69 per mmbtu or $30 per tonne. Coal prices, understandably, have been projected to grow at 0.5% per annum only in constant terms and 2.6% in nominal terms.

How do these compare with the current Thar coal prices estimates of $5.5 per mmbtu ($40-50 per tonne). A food for thought for those who would like to keep Thar coal attractive and thus competitive?

The writer has been member energy of the Planning Commission until recently

https://tribune.com.pk/story/1397929/will-oil-energy-prices-go/

GROUND-BREAKING OF LAYYAH-TAUNSA BRIDGE: 10,000MW WILL BE ADDED TO NATIONAL GRID BY NEXT YEAR: NAWAZ
Business Recorder, May 3, 2017

LAYYAH: Prime Minister Muhammad Nawaz Sharif has said the country is moving ahead on path of swift development.

Addressing a huge gathering after ground-breaking of Rs 7 billion Layyah-Taunsa Bridge here on Tuesday, he said the political opponents afraid of growing popularity of the Pakistan Muslim League (PML-N) were hatching conspiracies to defame, weaken it but the masses have rejected their politics of mud-slinging and blame-game and they are standing at the back of the ruling party.

Nawaz said that we consider politics as a service to the people and will continue to serve them with devotion and dedication.

He said the new bridge would lessen the distance between Layyah and Taunsa by about 150km and now the people of area would now reach the Indus Highway in half an hour. He announced supply of natural gas for Chowk Azam, Krore and Fatehpur to fulfil the long-standing demand of the people, besides construction of a new 50km long rural road and re-modelling of the Thal Canal.

Nawaz Sharif also announced the Prime Minister's Healthcare Card Scheme for the area through which the government would fully fund treatment of the poor, who would now need not sell their property or take loans anymore for the purpose.

He said all the designated hospitals would provide free of charge treatment and medicines to the people suffering from serious ailments. He said his government was proud to have launched a string of development schemes, unlike the opponents, who despite having government in a province and tall claims of making a new Pakistan, had in reality pushed the country towards backwardness.

The prime minister said all areas of economy were progressing as the government was equally focusing on them. He appreciated what he described as the "one-mile long gathering" and said he was shocked to see empty chairs in the recent "jalsi" – a minuscule gathering of his opponents.

The people, he said, had rejected such leaders in the general election 2013 and today's gathering was a reflection of the way things would turn up in 2018.

He said had there been no tent, the opposition would have been shocked to see the mammoth gathering. The "sea of people" had come out to support the Pakistan Muslim League-Nawaz (PML-N) and his government. The prime minister said he was in Layyah to launch a new string of development programmes. He said when he came to power he had promised an end loadshedding and initiated a number of power projects and added he had already inaugurated a few while many of them were nearing completion.

"By next year we will add 10,000MW to the national grid. It will not only be abundant, but also cheap," he added. He said for the farmers the prices of urea and DAP fertilizers had already been reduced, which would be further dropped in the coming days.

The Prime Minister named the parliamentarians of the area and appreciated their dedication and devotion, saying they were his friends. “Once a friend is a friend forever,” he added.

He said the enemies of Pakistan did not want to see completion of the China-Pakistan Economic Corridor (CPEC) as they were against development, employment opportunities, construction of roads and bridges, and an end to load-shedding.

He said, “Agenda of our opponents is only to level baseless allegations, telling lies and creating chaos,” as evident from their daily tirade of accusations and lies, besides use of filthy language.

“However, we never stoop to such low levels.” If the opponents had any courage they should nominate a candidate for contesting an election from there and then they would have got confiscated the candidate’s surety bond, he added.

The Prime Minister paid tributes to the people of Layyah and surroundings and said he wanted to serve them by working round-the-clock.

Earlier, PML-N President Ahmed Ali Aulakh, Member of the National Assembly Sahibzada Faiz-ur-Hassan and Syed Saqlain Bukhari addressed the gathering and lauded the dynamic policies of the Prime Minister, which had taken the country on the path of progress and prosperity.—INP

http://epaper.brecorder.com/2017/05/03/3-page/871937-news.html

RENTAL POWER PLANTS APPEAR AGAIN, NOW WITH A NEW NAME
The Express Tribune, May 3rd, 2017.

Zafar Bhutta

ISLAMABAD: The government is mulling over setting up mobile power plants over short term in the wake of delay in ongoing power projects and protests by opposition political parties and ordinary citizens, officials say.

These plants will help ease the widening electricity shortfall in the current summer season and thwart a planned campaign by the opposition against prolonged power outages.

Mobile power plants are like rental power plants that were introduced by the Musharraf and Pakistan Peoples Party (PPP) governments in the past, but they turned controversial over allegations of widespread embezzlement and eventually all were abandoned.

The Supreme Court in 2012 declared all the rental power plants as illegal and ordered their shutdown.

Minister of Water and Power Khawaja Muhammad Asif, who is associated with the ruling Pakistan Muslim League-Nawaz, had filed a case in the Supreme Court, alleging corruption in deals signed for the rental power projects.

However, now the present government itself is going to install such plants with a different name.

Apart from the mobile plants, the government has also decided to weigh the possibility of utilising the idle capacity of independent power producers (IPPs) as well as captive power plants of industrial units in a bid to bridge the demand and supply gap and shorten the duration of load-shedding.

The idea of setting up mobile power plants was floated by Punjab Chief Minister Shahbaz Sharif in a high-level meeting chaired by Prime Minister Nawaz Sharif last month.

The chief minister argued that the ongoing power projects would take some time to come on stream and there was a dire need of taking emergency steps.

He insisted that all available options should be tapped like installation of mobile power plants, restoration of idle power projects and encouraging industrial units to utilise their captive power capacity in order to mitigate power outages in the country.

He suggested that the option of mobile power plants should be explored only for one year as the power production shortfall would narrow down considerably by the end of 2017 following completion of ongoing projects.

Consequently, the prime minister directed the Ministry of Water and Power to weigh the option of setting up mobile power plants over the short term as well as utilisation of captive power plants.

The water and power secretary presented different scenarios pertaining to expected power generation, demand, shortfall and load-shedding.

Based on the projection of 7% increase in demand, there will be six hours of load-shedding in urban areas and 8 to 12 hours of outages in rural areas in the last 10 days of April.

In the first 20 days of May, load-shedding will be for six hours in urban areas and eight hours in rural areas. However, in the last 10 days of the month, when Ramazan will also begin, the duration of outages will be brought down to three hours for urban areas and four hours for rural areas.

This, he said, would be managed by introducing eight hours of load-shedding for industrial and nine hours of outages for the mixed industrial load areas. This schedule of load-shedding will continue for the remaining part of summer and outages for the industrial and mixed load areas will be brought to zero after Ramazan.

https://tribune.com.pk/story/1399472/rental-power-plants-appear-now-new-name/

GOVT PLANS THAR-LAHORE TRANSMISSION LINE
Dawn, May 5th, 2017

Khalid Hasnain

LAHORE: The federal government plans to launch another high-voltage power line — from Thar to Lahore — to transmit more than 4,000 megawatts of electricity.

The high voltage direct current (HVDC) line of 660 kilovolts will transmit power from future projects in Sindh to load demand centres in Punjab.

The project, a part of the next five years' development plan for the energy sector, may also be included in the China-Pakistan Economic Corridor (CPEC) in the future, according to official sources in the Ministry of Water and Power.

The government has already included two similar projects — Matiari (Hyderabad)-Lahore and Port Qasim (Karachi)-Faisalabad in the CPEC.

Preparatory work such as feasibility study, cost estimation and preliminary survey for the $2 billion Matiari-Lahore 660kV HVDC transmission line has already been completed, whereas a detailed survey and land acquisition is under way.

Preparatory work for the Port Qasim-Faisalabad (formerly called Matiari-Faisalabad HVDC line) would begin next year, a senior official of the Ministry of Water and Power told Dawn on Thursday.

As for the Thar-Lahore line, preliminary tasks before the start of civil work would begin after 2020 as the project's feasibility study was under way, the official said requesting anonymity.

China Electric Power Equipment and Technology Company, a wholly owned subsidiary of State Grid Corporation of China which is responsible for executing the first two transmission lines, is likely to implement the Thar-Lahore project as well.

"The line's length is expected to be over 900 kilometres and it will pass through various rural areas of Sindh and Punjab," the official said.

"The total cost of the project has been estimated at $1.6bn. However, it will exceed $2bn when it is ready for execution — right from completion of feasibility study, initial and detailed route surveys and land acquisition to several civil and electrical works, etc," the official added

The PC-I of the project would be prepared soon after completion of the feasibility study. PC-I is a project document which covers almost all aspects of the project.

The National Transmission and Despatch Company (NTDC) would get the project executed on a 'build, operate and transfer' basis through the contractor under the plan.

The government of Pakistan would be responsible for buying land for the project.

The Port Qasim-Faisalabad line would help the NTDC to evacuate 2,640MW of electricity, whereas the Thar-Matiari line would transmit power from two nuclear projects of 1,100MW each.

For executing the Matiari-Lahore line, the government has already handed over two chunks of the land for building and installing two convertor stations (one in Matiari for converting alternate current (AC) to direct current (DC) and another near Lahore for conversion of DC to AC) to the Chinese company.

The land acquisition for installing towers and laying transmission line was also under way for this project, the official said. A detailed survey to change its route near Bahawalpur has also been launched after the military sought to keep the project 30 kilometres away from its cantonment and Pakistan-India border areas, the official added.

https://www.dawn.com/news/1331080

QATAR JOINS RACE TO WIN PAKISTAN'S LNG PIPELINE CONTRACT
The Express Tribune, May 5th, 2017.

Zafar Bhutta

ISLAMABAD: Qatar has joined the race to tap the growing energy market of Pakistan as it expresses interest in the $1.5 billion pipeline project for the supply of imported liquefied natural gas (LNG) to feed gas-starved consumers in Punjab.

Qatar has already taken the lead in LNG supplies and signed a multibillion-dollar contract for gas export to Pakistan. It also has the potential to win the Karachi-Lahore gas pipeline contract. The Prime Minister's Office has offered the signing of a state-to-state deal without bidding.

Major oil and gas companies of the US and European Union have a big presence in Qatar and they have even partnered with the Middle Eastern country in LNG supply to Pakistan.

ConocoPhillips, headquartered in Houston (Texas) with operations in about 30 countries around the world, has a 30% stake in the oil and gas reserves being explored in the North Field near the Iranian border from where LNG is being supplied to Pakistan.

"Qatar is likely to enhance the volume of gas exports to Pakistan if it succeeds in getting the pipeline contract," said a senior government official while talking to The Express Tribune. "The proposal of laying the gas pipeline was taken up during the visit of Qatari Emir Sheikh Tamim bin Hamad bin Khalifa Al-Thani in January this year."

In a meeting with Prime Minister Nawaz Sharif, Al-Thani expressed Qatar's interest in building the Karachi-Lahore pipeline for LNG transportation.

The official revealed that the Prime Minister's Office had been dealing with the pipeline project and the very next day, after the meeting with the emir of Qatar, a letter was sent to Doha, suggesting the signing of a government-to-government deal for the award of project contract without bidding.

Apart from this, more pipelines are being built from Karachi to Lahore. State-run gas utility Sui Northern Gas Pipelines Limited (SNGPL) has already completed work on a pipeline augmentation project that will carry 1.2 billion cubic feet of LNG per day.

The company has been asked by the Ministry of Petroleum and Natural Resources to lay another pipeline from Karachi to Lahore that will carry a similar volume of LNG. SNGPL board of directors has given the go-ahead for the project.

Pakistan has also signed a government-to-government contract with Russia for another gas pipeline called North-South pipeline. Russian company RT Global has been designated to execute the project.

However, the official said SNGPL would take four to six months to start work on the pipeline. The company has already borrowed Rs130 billion from local banks for laying the first pipeline and it requires another Rs150 billion for the second pipeline.

It is believed that the company will face difficulty in getting this huge financing and it may eventually be out of race in implementing the project.

In a bid to fill the void, Russia and Qatar may compete to win the second pipeline contract. Russia can begin work in two to three months, but its designated company faces the threat of US sanctions.

Qatar, on the other hand, seems to be the favourite as it can kick off work in one to two months and that is the reason why the Prime Minister's Office has taken keen interest in the project.

https://tribune.com.pk/story/1401503/qatar-joins-race-win-pakistans-lng-pipeline-contract/

June 2017

NEWS COVERAGE PERIOD FROM JUNE 19TH TO JUNE 25 TH 2017

TACKLING POWER CRISIS MAY COST GOVT DEARLY

Dawn, June 19, 2017

Khaleeq Kiani

ISLAMABAD: The government may be heading towards a series of liquidity damages and swelling capacity payments as it works towards ending power cuts by the end of the year.

Official documents seen by Dawn suggest that even though the government has lined up imported Liquefied Natural Gas through independent bidding, it is having difficulties in the off-take of these quantities due to infrastructure bottlenecks.

On the other hand, the country's power generation capacity is expected to outperform demand by the end of October for the first time in over a decade.

Surplus power generation would continue during the winter months (between October 2017 and March 2018) and would even out in April, May and June 2018, when demand and supply would reach an equilibrium around the 25,000 megawatt-mark.

Next year's winter will begin with a greater availability of power generation than actual demand or consumption, a situation that would snowball over the next two to three years. For example, if the demand in March 2018 is anticipated at 19,300MW, available capacity at the time will be higher than 21,300MW.

Peak demand for June 2018 is estimated to reach 26,500MW, when the available generation capacity would be around 27,500mw.

This would leave reasonable spinning reserves — extra capacity that can be made available by increasing the power output of generators already connected to the system — but that would attract capacity payment claims from power producers, without actually generating any electricity.

This gap, which will increase to 3,000MW over the next two years, was recently referred to as a "capacity trap" in recent government meetings.

But before that stage, the immediate challenge is how to avoid liquidity damages arising out of bottlenecks in the present supply chain network — both on the generation side and the LNG supply infrastructure — due to which the system is unable to utilise committed gas supplies.

In attempt to minimise damages, the government is apparently ready to look the other way in places where it can justifiably charge liquidity damages to private parties for not delivering on their commitments.

At a recent meeting, it was noted that the RLNG-II Pipeline from Port Qasim to Sawan had not been commissioned due to the non-completion of a 400-metre section in Jamshoro, which passes through the property of Mr Kashif Shoro, who was not allowing Sui Southern Gas Company Limited (SSGCL) to complete the work.

The matter was also discussed in a meeting of the Cabinet Committee on Energy (CCOE), but it is still unresolved and the transportation of 1.2 billion cubic feet per day of RLNG to the Sui Northern Gas Pipeline Limited (SNGPL) system would not be possible until the section is commissioned.

It was noted that at present, 650 million cubic feet per day (mmcfd) of RLNG was being transported through the existing system under a swap arrangement. Due to system constraints, additional gas volumes cannot be transported through a swap. Efforts are being made, however, to resolve the issue and complete the pipeline by August 1, 2017.

On top of that, three 1,200MW RLNG power plants, namely Bhikki, Haveli Bahadur Shah and Balloki, have not been able to off-take gas volumes as per their planned schedule, according to the Ministry of Petroleum and Natural Resources.

The Bhikki power plant came online after a four-month delay, while the Haveli Bahadur Shah power plant has started off-take of 43.5mmcfd for its GTI on May 2017 and the off-take is expected in June 2017.

The Balloki power plant is currently slated to become operational in Aug-Sept 2017, the petroleum ministry wrote, adding: “Full off-take of 600mmcfd RLNG for the three power plants is not expected until September 2017”.

At present, SNGPL is selling over 200mmcfd of indigenous gas as RLNG to cater to the winter requirements when the same amount of RLNG becomes available due to the shutdown of RLNG power plants for conversion to combined cycle. This arrangement will continue until October 2017.

It was noted that Pakistan LNG Limited (PLL) should plan the procurement of LNG cargoes according to demand and hence “a risk-mitigation strategy” should be evolved to avoid a situation where LNG cargoes cannot be re-gasified because no gas off-take is available. Therefore, cargoes are being delayed and PLL has currently not procured LNG cargoes for July or August 2017. Further delays in procurement could attract liquidity damages from international LNG suppliers.

After due and extended deliberation, Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi has concluded that the only viable option to avoid financial exposure due to lack of gas off-take is to move the commercial operation date of the second LNG terminal to September 1, 2017.

He has also asked the managing director of Pakistan LNG Terminal Limited (PLTL) to negotiate an arrangement with contractors of the second LNG Terminal revised the commercial operation date to September 1, 2017, provided that there was no adverse material change in the original agreement.

https://www.dawn.com/news/1340385

POWER TARIFF COMES DOWN BY RS1.9 PER UNIT
The Express Tribune, June 21st, 2017.

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) on Tuesday endorsed a tariff reduction of Rs1.90 per unit for consumers of state-owned power distribution companies for May 2017 under the monthly fuel price adjustment mechanism.

However, the tariff cut, under which Rs20 billion are expected to be refunded to the consumers, will not be applicable to K-Electric and agricultural consumers and those domestic users who consume up to 300 units of electricity per month

Nepra made the tariff announcement at a public hearing, presided over by its Chairman Brigadier (Retired) Tariq Sadozai and attended by officials of the regulator, the Central Power Purchasing Agency-Guarantee (CPPA-G) and National Power Control Centre, which is tasked with ensuring the merit order of power plants.

According to data provided to the regulator, actual fuel charges for May 2017 came in at Rs4.8807 per unit of electricity compared to the reference fuel price of Rs6.7764 per unit, showing a difference of Rs1.8957 per unit.

In May, total power generation was estimated at 11,024 gigawatt-hours (GWh) and the CPPA-G delivered 10,888 GWh, which constituted 98.70% of total production.

The total cost of net electricity supply to the distribution companies stood at Rs53.105 billion. Consequently, the impact of refund to the consumers is expected to be Rs20 billion.

Power transmission losses were calculated at 122.8 GWh, which comprised 1.11% of total generation and substantially less than the ceiling of 3% set by the regulator.

"The actual power generation cost stood lower, hence, extra money collected from the consumers need to be refunded through adjustment in the next billing month under the automatic fuel pass-through mechanism," the CPPA said. In May, hydroelectric power generation contributed 3,326 GWh, which constituted 30.17% of total generation and had no fuel cost.

It was followed by 30% share for electricity produced through residual fuel oil at a price of Rs9.4 per unit. The total cost of electricity generated from this source came in at Rs31 billion.

Natural gas-fired power generation contributed 1,944 GWh or 17.64% of total generation at a cost of Rs8.630 billion or Rs4.4378 per unit.

High-speed diesel-based power projects generated 406.5 GWh or 3.69% of total production at a cost of Rs5.981 billion or Rs14.7 per unit.

Coal-fired power plants produced 237 GWh, which constituted 2.15% of total generation and its cost was calculated at Rs26.13 million or Rs0.1102 per unit.

Power generation from re-gasified liquefied natural gas (RLNG) plants was estimated at 857.3 GWh at a cost of Rs7.11 per unit. Total cost amounted to Rs6 billion. Nuclear power cost Rs1.04 per unit, electricity import from Iran cost Rs10.6 per unit and bagasse-based power cost Rs5.98 per unit.

https://tribune.com.pk/story/1440746/power-tariff-comes-rs1-9-per-unit/

FIRST PAKISTAN-OWNED WIND POWER PROJECT STARTS OPERATION
The Express Tribune, June 24th, 2017.

BEIJING: The first Pakistan-owned early-harvest wind power project constructed under the China-Pakistan Economic Corridor (CPEC) framework has started commercial operation after passing required assesments.

The 49.5MW facility developed by Sachal Energy Development (Private) Limited over 680 acres of land in the Jhimpir Wind Corridor in Sindh province was wholly financed by the Industrial and Commercial Bank of China.

The success of the project sets a good example for the construction of CPEC and the “Belt and Road” initiative, according to Global Times. Sachal Energy is a wholly owned subsidiary of Arif Habib Corporation Limited, one of the largest private sector conglomerates in Pakistan.

It has received formal notification from the Central Power Purchasing Agency (Guarantee) Limited. The company is committed to supplying electricity to the national grid through the National Transmission and Dispatch Company for 20 years under an energy purchase agreement.

The project comprises 33 wind turbine generators manufactured by Goldwind of China whereas HydroChina is the engineering, procurement and construction (EPC) as well as operation and maintenance (O&M) contractor of the project.

It is the first project that has received Sinosure-backed financing and has been 100% financed by the Industrial and Commercial Bank of China.

Pakistan and China have signed $57-billion worth of energy and infrastructure projects under the CPEC framework. The bulk of the investment is going to the energy projects, including renewable and clean energy to bridge the energy shortfall.

https://tribune.com.pk/story/1443537/first-pakistan-owned-wind-power-project-starts-operation

NEWS COVERAGE PERIOD FROM JUNE 12TH TO JUNE 18 TH 2017
SNGPL, OGRA UNDER PRESSURE TO ALLOW NEW GAS CONNECTIONS
Dawn, June 12th, 2017

Khaleeq Kiani

ISLAMABAD: Despite acute gas shortages, the Sui Northern Gas Pipelines Limited (SNGPL) and the Oil & Gas Regulatory Authority (Ogra) are under extreme pressure to allow launching new gas connection schemes in various constituencies across Punjab and Khyber Pakhtunkhwa.

Sources told Dawn that the cost of these schemes being initiated on political grounds would ultimately be charged to the consumers as a return on asset base of the gas company through its annual revenue requirement.

The company has already filed a request before the regulator as a supplementary case under section 13 of the Ogra Ordinance which has conducted a closed door hearing on the matter for grant of an additional amount of Rs10 billion last week. An official said the original request was for Rs5bn additional funds that was doubled to Rs10bn at the last moment to accommodate greater number of schemes.

“The budget approved for new schemes has been exhausted whereas the Honourable Parliamentarians are pressing hard for initiation of work on the approved schemes immediately,” according to a communication to Ogra. On top of that, the company also pleaded that “keeping in view the urgent nature of the issue, immediate relief may be allowed on said matter…enabling the petitioner to sanction the approved budget and implement socio-economic agenda of the GOP”.

“The company is under severe financial and political pressure,” said a senior official at the ministry of petroleum and natural resources. He said the government was not allowing increase in gas tariff and yet seeking increased expenditures on new gas schemes — both on political grounds.

The SNGPL has filed the review petition under section 13 of the Ogra Ordinance. The SNGPL reported to Ogra that Rs12bn had been sanctioned for laying about 5,200km of main supply lines and network expansion and Rs24bn was yet to be sanctioned for remaining 8,000km of network expansion.

The remaining funds have to be provided before the fiscal year ends on June 30, 2017. The company had requested the board of directors of the SNGPL for the schemes during the remaining period of the current fiscal year. The board in its meeting on May 26 approved Rs5bn and subsequently increased it to Rs10bn early this month under “Work under GOP Directives”.

On board’s approval, the SNGPL has asked Ogra to approve the funds. An official explained that section 13 of the Ogra Ordinance was being over-stretched for political reasons as Ogra had already determined revenue requirements of the gas utility more than six months ago and the government had not allowed passing on its impact to the consumers.

Section 13 said Ogra may review or change any decision or rehear an application in the event of change of circumstances or the discovery of evidence which in its opinion could not have been discovered at the time of the original decision could have materially altered the decision.

Under the practice in vogue, the prime minister secretariat approves gas connections for new localities on the recommendations of the parliamentarians and also provides funds out of the Public Sector Development Programme (PSDP) through prime minister’s discretionary block allocations.

This is on top of two separate tariff petitions filed by the SNGPL and Sui Southern Gas Company Limited for at least 20 per cent increase in gas tariff for the fiscal year 2017-18. The SNGPL has sought Rs96.38

per million British Thermal Unit (MMBTU) increase in its gas tariff to Rs577 per unit and Rs66 per unit increase for LNG rates. It has claimed 9pc losses in tariff.

Separately, the SSGCL has demanded Rs115 per unit increase in its natural gas tariff for the fiscal year 2017-18 and demanded that 11pc system losses should be built in the tariff for recovery from consumers instead of its previous rate of 7pc losses.

https://www.dawn.com/news/1339002/sngpl-ogra-under-pressure-to-allow-new-gas-connections

SINDH GOVT HIRES CONSULTANT FIRM FOR KETI BANDAR POWER PLANT
Dawn, June 18th, 2017

Hasan Mansoor

KARACHI: Sindh Chief Minister Syed Murad Ali Shah on Saturday said his government had finally got engaged an international consortium of consultants to carry out a study for the much-anticipated Keti Bandar power project, which was a dream of his slain leader and former prime minister Benazir Bhutto.

"Our government has taken a vital step towards realising the dream of Shaheed Mohtarma Benazir Bhutto to establish the Keti Bandar project. The consortium of consultants will conduct a study for laying a railway line, installation of a power plant and construction of a jetty to transport equipment and machinery at Keti Bandar," said Mr Shah while presiding over a meeting focusing on the Keti Bandar project at CM House.

He said his government's highly anticipated project was conceived by Benazir Bhutto, but it could not be realised because of certain political reasons.

"Now, her government in Sindh is going to make Keti Bandar mega project a reality," CM Shah said. "We have made it a part of the projects approved for the China-Pakistan Economic Corridor [CPEC]."

Briefing the chief minister, energy secretary Agha Wasif said M/s Bridge Factor Consortium had been engaged for the project study.

The firm would carry out its feasibility study, which included laying of 450 kilometres railway line from Thar coalfield to Keti Bandar, installation of a 1,320 megawatts (MW) power plant extendable up to 10,000MW at the Keti Bandar and development of a jetty for transportation of machinery and equipment for the powerhouse.

He added that strategic environmental assessment would also be an integral part of the study.

The energy secretary said the chief minister had entrusted upon his ministry to pursue development of Keti Bandar and allowed utilisation of project development fund for the study.

The study would cost Rs326.44 million, which would cover all aspects of development.

"The consultants will also prepare a business plan and assist the government up to financial close," he said, adding, the feasibility would be completed within 10 months and the project being part of the CEPC was expected to bring Chinese financing.

Khurshed Anwar Jamali, chairman of board of directors, Sindh Engro Coal Mining Company, emphasised on the need for preparing a comprehensive master plan, special economic zone and future expansion provisions in the area.

Earlier, Waseem Ahmed, chairman of planning and development board said the development of Keti Bandar was an important part of the Sindh government's strategy for energy development.

https://www.dawn.com/news/1340162

NEWS COVERAGE PERIOD FROM JUNE 5TH TO JUNE 11 TH 2017
PM TO ORDER MORE FUNDS FOR POWER GENERATION
Dawn, June 6th, 2017

Khaleeq Kiani

ISLAMABAD: As new signature power projects undertaken by the Pakistan Muslim League-Nawaz (PML-N) government suffer technical problems, Prime Minister Nawaz Sharif has called a special meeting of the Cabinet Committee on Energy (CCE) on Tuesday to find out why he was led to conduct early inauguration of the 1,200MW Bhikki Power Project in Punjab.

The prime minister is also expected to order release of more funds to existing power houses for sustaining their maximum generation capacity till the end of summer.

In the last CCE meeting, the prime minister had ordered the Ministries of Finance, Water and Power and Petroleum and Natural Resources to reconcile circular debt claims as the power sector had put total bills at Rs401 billion.

The above-mentioned ministries have hobbled around paying Rs50-70bn to the power sector out of the budget in view of 'previously unseen payments' made to Punjab and Khyber Pakhtunkhwa against net hydel profits.

The Pakistan State Oil had told the government that its operations were threatened by record Rs301bn receivables, mostly by the power sector.

The ministers for power, petroleum and finance continued their deliberations for a third time on Monday after the May 30 meeting of the CCE to fine tune project completion timelines and needed finances for the remaining few months of summer.

Informed sources said it would be for the second time that Punjab Chief Minister Shahbaz Sharif would be questioned for repeating the mistakes of controversial Nandipur Power Project – rushing processes through a non-technical team to complete projects and luring the prime minister into ribbon-cutting in haste at the cost of public money.

The premier had inaugurated the 717MW open cycle operations of 1,200MW LNG-based Bhikki Power Plant on April 19 with fanfare when it was put to initial test run – much before the formal Commercial Operation Date (COD).

Soon after, the plant struggled due to mechanical faults in the turbine and the Engineering, Procurement and Construction (EPC) contractor could not sustain its generation. It is completely out of order for almost 20 days now.

The EPC contractor was required to open-cycle commercial operation in March 2017 followed by combined cycle operations by August. The indicative tariff at about 6.5244 cents per unit was secured at the time of bidding that also included 5,000 hours of open-cycle de-rated capacity when LNG price was based on oil price of $37 per barrel compared to $60 per barrel now, with a proportionate increase in base tariff to about 9.3 cents per unit.

Bhikki Power Plant – a flagship project of the Punjab government – involved previously untested 9HA machines of General Electric (GE). The machines were also inducted in two other LNG power projects of the Ministry of Water and Power that were put on hold as a ‘precaution’.

A top government official confirmed to Dawn that a team comprising representatives of the EPC contractors led by Harbin Electric of China and Chief Executive of the Bhikki Power Project Ahad Cheema have rushed to France to convince GE to send its experts to fix the turbines on which the PML-N’s political future crucially depends.

Interestingly, Bhikki project is also led by a non-technical officer of the powerful Pakistan Administrative Service at a multiplied package of over Rs2 million a month.

Under the standard operating procedures (SOP), power plants are run for alternate two hours for few days and then subjected to reliability run test (TRT) on a continuous basis to qualify for COD, a stage when the power plant is formally linked to the grid and payment mechanism.

None of these steps could be followed as the Punjab government rushed into inaugurating the project.

Under the rules, no machine, equipment or turbine could not be procured in the public sector unless a minimum of 3-year of proven tests into commercial operations and certificates. In case of the three LNG projects, the government had agreed to an untested turbine that was on the drawing board at the time, even though objections were raised at the time of bidding.

The three plants – Bhikki of Punjab government and Balloki and Haveli Bahadur Shah of the federal government – with a total capacity of 3,600MW were considered crucial to end load shedding during the 5-year tenure of the current government.

Led by Harbin, the project consortium also involved AEPL, General Electric and their construction contractor Tianjin Electric. At the time of contract, the 9HA gas turbines did not exist and could not be field-tested for proven efficiency levels. The machines were designed and developed by the manufacturer later.

https://www.dawn.com/news/1337625

MOF EARMARKS 6PC LOWER SUBSIDY FOR POWER SECTOR
Business Recorder, June 6, 2017

Mushtaq Ghumman

ISLAMABAD: The Finance Ministry has earmarked 6 percent lower subsidy for the power sector for 2017-18 vis-à-vis demand of the Ministry of Water and Power, which is unable to meet contractual obligations with the Independent Power Producers (IPPs) and Pakistan State Oil (PSO).

One of the officials of Water and Power told Business Reorder that Ministry of Water and Power had sought subsidy of Rs 125 billion for power sector in 2017-18 but Finance Ministry earmarked Rs 118 billion which is Rs 7 billion or 6 per cent less than its demand.

Of this, Rs 65 billion has been allocated to equalize inter-Disco tariff differential which according to power sector analysts is massively under budgeted. The budget documents show that the government had earmarked Rs 60 billion for inter-Disco tariff differential in 2016-17 but revised estimates show Rs 91 billion allocation which is 51.6 per cent higher than what was budgeted. This trend will continue in the next fiscal year and the government has to raise TDS amount to Rs 95 billion or so, sector experts maintained.

The Finance Ministry, however, has reduced KE’s tariff differential subsidy by 32 per cent to Rs 15 billion in 2017-18 as compared to Rs 22 billion but released only Rs 10.165 billion. If the released amount is taken into account vis-à-vis allocation for 2017-18, allocation has increased by 47.5 per cent.

According to sources, since the Ministry of Water and Power has waived off Rs 47 billion of Sindh government with special effort of former Secretary Water and Power, Younas Dagha, Finance Ministry has demanded that the subsidy be returned by Sindh-based Discos, ie, Hyderabad Electric Supply Company (Hesco) and Sukkur Electric Supply Company (Sepco) claimed against the billing of Rs 47 billion.

Finance Ministry earmarked Rs 15 billion in the budget 2017-18 for power sector PSEs reforms which is a new heading in budget documents. Most of the officials of Water and Power Ministry are unaware of this new item. However, Joint Secretary Water and Power (Power Finance), Zargham Eshaq Khan told this scribe that there is no such program for power sector, adding that this amount may have been allocated to clear the stock of dues of AJ&K.

"Finance Ministry may have changed the title but the amount is meant to pick up Wapda/Pepco receivables from AJK," he added.

The government had allocated only Rs 4 billion to pick up receivables from AJK during 2016-17 but the actual amount has reached Rs 80 billion and Water and Power Ministry is taking this issue at different forums.

http://epaper.brecorder.com/2017/06/06/3-page/880005-news.html

PPIB APPROVES TIME FRAMES FOR THAR COAL POWER PROJECTS
The Express Tribune, June 8th, 2017.

Islamabad: The Private Power and Infrastructure Board (PPIB), while keeping in view coal supply from Sindh Engro Coal Mining Company, has approved time frames for the financial close and commercial operation of Thar coal-based power generation projects in a bid to ensure their smooth implementation.

The projects included 330-megawatt Thar Energy Limited, 330MW ThalNova Power Thar Limited, 660MW Lucky Electric Power Company Limited and 330MW Siddiqsons Energy Limited.

The board, in its 110th meeting held on Wednesday and presided over by Water and Power Minister Khawaja Muhammad Asif, also appreciated the initiative of China Power Hub Generation Company Limited for starting the construction of two 660MW units of its imported coal-based project at Hub from its own equity to meet the commercial operation date of August 2019.

Karot hydroelectric power project of 720MW has also achieved financial close and its construction has begun. The first unit of two 660MW units of Port Qasim power project will start generation in November this year while commercial operation will begin in May 2018.

The board also discussed the ongoing power projects in the context of overall electricity supply and demand situation in the country. Speaking in the meeting, the water and power minister said timely completion of upcoming power projects was very important for bringing an end to electricity outages in the country.

To achieve this, he said the government desired the PPIB to provide maximum facilitation in removing bottlenecks to avoid any hurdles or delays during the implementation of the projects.

The minister emphasised that the government was seriously working to bridge the gap between demand and supply of electricity to accelerate socio-economic growth and bring relief to the people.

PPIB Managing Director Shah Jahan Mirza briefed the board on various power generation projects being handled by the board.

https://tribune.com.pk/story/1430055/ppib-approves-time-frames-thar-coal-power-projects/

K-P DEMANDS 390% INCREASE IN PROFIT FOR POWER SUPPLY
The Express Tribune, June 9th, 2017.

Zafar Bhutta

ISLAMABAD: The government of Khyber-Pakhtunkhwa (K-P) has sought a 390% increase in net hydel profit to Rs5.38 per unit compared to the existing Rs1.10 per unit.

Separately, in order to meet financial obligations and other expenses, the Water and Power Development Authority (Wapda) has demanded an increase of 98% or Rs3.61 in hydel tariff per unit for fiscal year 2017-18.

These demands were presented at a public hearing held by the National Electric Power Regulatory Authority (Nepra) under the chairmanship of Vice Chairman Saifullah Chattha on a tariff petition of Wapda for bulk hydroelectric power supply.

Wapda's case was presented by its Chief Financial Officer Anwarul Haq whereas K-P Legal Adviser Shumail Butt gave the viewpoint of the provincial government.

K-P Chief Minister Pervez Khattak, along with cabinet members, government allies and representatives of opposition parties, was present at the hearing.

Speaking on the occasion, Khattak accused the federal government of tampering with minutes of meetings of the Council of Common Interests (CCI) and stated he had taken up the issue in the previous meeting.

He said the CCI decision had already been given on the net hydel profit and the presidential order was also in place, adding now Nepra should announce its decision in accordance with the constitution. He insisted that the Rs1.10 per unit net hydel profit was only temporary.

He also criticised the low capacity of the power transmission system, saying if the system did not improve, how the government would sell electricity in coming months. “K-P is not being given its 14% share,” he said.

“We are just being given 8-10%, which is unfair. If one part is unable to utilise it, then give it to that part of the province where the system is better,” he added.

After the hearing, Khattak told the media that if Nepra accepted its request, the province would receive Rs91 billion per annum in accordance with the net hydel profit formula of 1991.

At present, power projects of 4,000-megawatt capacity are being constructed in K-P.

In reply to a question, the chief minister said power distribution companies were involved in corruption and theft and he was ready to extend all possible policy support to eliminate the stealing of electricity.

Nepra's acting chairman told Khattak that a team of the regulatory authority, headed by K-P member Hamayat Ali Khan, would visit the province to familiarise itself with the electricity issues. He said smooth supply of electricity was the constitutional right of the province.

K-P representative Shumail Butt pointed out that according to the constitution, net hydel profit was the right of the province concerned, but Wapda was giving only Rs1.10 per unit whereas the remaining amount was being spent on expensive power projects in Punjab.

Appearing on behalf of the consumers, Barrister Asghar Khan argued during the hearing that Wapda could not operate under one bulk generation licence. Under the Nepra Act, he said, each generation facility had to be separately licensed and it was mandatory for Wapda to provide duly audited accounts for public and regulatory scrutiny.

He stated that the consumers of electricity could not be burdened retrospectively with the arrears of net hydel profit, which was against the law, constitutional provisions and fundamental rights.

Khan said net hydel profit should be calculated in accordance with the express and mandatory provisions of Article 161(2) of the Constitution, which provides for methodology for the determination of net hydel profit.

He advocated the case of consumers, stating that once the tariff was paid by them, they should not be burdened again with net hydel profit, which was not a pass through, otherwise it would result in unjust enrichment of public sector entities at the cost of consumers.

https://tribune.com.pk/story/1430970/k-p-demands-390-increase-profit-power-supply/

PAKISTAN TO CONTINUE IMPORT OF LNG FROM QATAR
Dawn, Jun 08, 2017

Federal minister for Petroleum and Natural Resources says that Islamabad will continue to import liquefied natural gas (LNG) from Qatar under a 15-year agreement, despite the severing of diplomatic ties with Qatar by Saudi Arabia and some other countries.

Shahid Khaqan Abbasi, said Qatar and Pakistan last year signed a $1 billion agreement, under which Qatar's Liquefied Gas Company Limited will sell LNG from 2016 to year 2031 to state-run Pakistan State Oil.

He said since no sanctions have been imposed on Qatar by the United Nations, Pakistan and Qatar were bound to abide by the agreement.

Qatar has released an initial report into the alleged hack of its state-run news agency, an incident which helped spark a diplomatic crisis between the energy-rich country and Arab nations.

The Qatari Interior Ministry said late Wednesday that the website of the Qatar News Agency was initially hacked in April with “high techniques and innovative methods.”

It said hackers installed a file and then published a fake news item attributed to Qatar’s emir, Sheikh Tamim bin Hamad Al Thani, just after midnight May 24.

The ministry did not say who it suspected carried out the attack. It also thanked the FBI and the British National Commission for Combating Crime for assisting it in its investigation.

The alleged fake news item, which had Sheikh Tamim making controversial comments on Iran and Israel, immediately was picked up by Saudi and Emirati media, laying the groundwork for the crisis that began Monday.

Kuwait’s emir has traveled to Qatar and met that country’s leader as part of his efforts to mediate an end to a crisis that’s seen Arab nations cut ties to the energy-rich country and attempt to isolate it.

Kuwait’s Sheikh Sabah Al Ahmad Al Sabah was met planeside by Qatar’s emir, Sheikh Tamim bin Hamad Al Thani, when he arrived on Wednesday night.

The two held talks, though details of their discussions were not released. Sheikh Sabah earlier Wednesday traveled to Dubai where he met with Abu Dhabi’s Crown Prince Sheikh Mohammed bin Zayed Al Nahyan and Dubai’s ruler Sheikh Mohammed bin Rashid Al Maktoum, who also serves as prime minister and vice president of the UAE.

Sheikh Sabah also has traveled to Saudi Arabia in his efforts.

https://www.dawn.com/news/1338261

July 2017

NEWS COVERAGE PERIOD FROM JULY 24TH TO JULY 31ST 2017

PAKISTAN’S ENERGY DILEMMA

Nimra Naeem

The Express Tribune, July 26th, 2017.

As a country deprived of energy, Pakistan has had to make some tough decisions. The energy demand is growing and energy shortage is one of the largest concerns that the present government aims to resolve in its tenure. It seemed like a daunting task some years ago, but now with huge investments in the energy sector under the China-Pakistan Economic Corridor (CPEC), the country may resolve its energy crisis in the next few years. However, this comes with high environmental costs since the leading energy projects taken up by CPEC are coal-based power plants.

Currently, the share of coal in Pakistan's energy mix is negligible (0.04%) compared to neighbouring India, but this is about to change with the setting up of coal power plants. The Sahiwal power plant is based on supercritical technology (subbituminous coal) generating 1320MW electricity.

Around 4.48 million tonnes of coal is required by the plant per annum, which is imported from Indonesia. Pakistan has little choice other than taking up higher import costs for coal plants in order to incur less environmental costs. The cheapest option for Pakistan would have been to use local coal, which is in abundance in Pakistan.

But now that coal is being imported, the economic justification to produce cheap electricity for a country with growing energy needs is no longer viable. Environmental degradation, albeit lessened through the new technology, would still remain.

With the world rapidly switching towards renewable energy in order to lower the carbon footprint, there is a huge chance that coal plants would have to be retired early. This would only add to the costs as the plants would not be utilised to their full capacity. This does not take into account the environmental costs which are often downplayed by players in the coal industry.

This coal power plant is based on clean coal technology which aims at reducing CO2 emissions through carbon capture. But carbon capture and storage is a very expensive process since it requires setting up of pipelines and compressors on a massive scale. This is not viable for a country like Pakistan.

Besides, clean coal can only slow down the emissions, but is not a solution to global warming. Pakistan is already dealing with large number of harmful pollutants, and is one of the countries most vulnerable to climate change, largely in part due to emissions generated by large industrialised countries. Scientists have already warned that implications for the planet would be disastrous if the temperature exceeds by more than two degrees Celsius.

According to some experts, in order to not exceed the temperature, the same amount of emissions need to be captured underground as the amount of oil extracted from underground which doesn't seem possible in the current scenario, considering the massive costs included.

Pakistan has been on the right track by using very little coal in its energy mix and incentivising the renewables sector through net-metering and alternative energy mapping. It has set up an alternative energy development board which has also laid out the framework for power and cogeneration through Bagasse (biomass) which has a huge potential in Pakistan.

Sugar mills can set up high-pressure boilers which can supply excess power to the national grid and can be an alternative answer to the country's looming energy crisis. Meanwhile, more small business owners are opting for solar power to meet their energy needs as it is proving to be less costly for them. Now with coal power plants backed by Chinese investments, Pakistan is treading on dangerous waters.

Isn't it better, if instead of incurring huge costs setting up coal power plants, Pakistan invests in the renewable sector? With the prices of renewables coming down worldwide, it is a good opportunity for Pakistan to tap into. If more incentives are provided to the sector, the prices of renewables would come down further and be market competitive. In this way, more consumers would opt for renewables, which have already helped many rural communities in Pakistan that previously did not have access to the national grid. This is the most effective way to bring down Pakistan's emission levels as pledged in the Paris Climate Treaty.

https://tribune.com.pk/story/1466510/pakistans-energy-dilemma/

PPDWP OKAYS RENEWABLE ENERGY PROGRAMME WORTH RS10.8BN
Business Recorder, 26 July 2017

M Rafique Goraya

LAHORE: The Punjab Provincial Development Working Party (PPDWP) approved revised Renewable Energy Development Sector Investment Programme (REDSIP) at the cost of Rs 10.879 billion for construction of a number of hydel and other power projects in the province, here on Tuesday.

It is worth mentioning that Punjab with 68 percent consumption of generated power and gas, is worst affected and has to endure both power and gas load shedding with adverse social and economic consequences.

Under the Annual Development Programme 2017–18, the government plans to complete the already under construction Asian Development Bank (ADB) assisted REDSIP five hydropower projects at Marala (Sialkot), Chianwali (Gujranwala), Deg Out Fall (Sheikhupura), Pakpattan (Pakpattan) and Ranolia.

The PDWP also approved three other development schemes which included:

1. Establishment of 60 bedded THQ Hospital at Raiwind Lahore (Revised) at the cost of Rs 531.624 million.

2. Expansion Plan of Elite Police Training School, Bedian Road, Lahore at the cost of Rs 717.946 million and ;

3. Provision of Clean Drinking Water, Sewerage System, PCC and Allied Facilities in Chohan Colony Singhpura and Adjoining Abadies, Lahore at the cost of Rs 500.000 million.

These schemes were approved in the 6th meeting of Provincial Development Working Party (PDWP) of current fiscal year 2017-18 presided over the Chairman P&D Muhammad Jahanzeb Khan.

All Members of the Planning & Development Board, Provincial Secretaries concerned and other senior representatives of the relevant Provincial Departments also attended the meeting.

http://epaper.brecorder.com/2017/07/26/13-page/892894-news.html

NEELUM-JHELUM PROJECT: FIRST UNIT TO START POWER PRODUCTION BY FEB 2018
The Express Tribune, July 29th, 2017.

LAHORE: The strategically important Neelum-Jhelum hydroelectric power project is fast heading towards completion and is scheduled to start electricity generation with the commissioning of the first production unit by February 2018.

The project's board of management briefed Water and Power Development Authority (Wapda) Chairman Lieutenant General (Retired) Muzammil Hussain about the progress during a meeting. Board Chairman Peter Mason and its members attended the meeting, says a statement issued on Friday.

Speaking on the occasion, the Wapda chairman expressed satisfaction over the progress on the hydroelectric power project, adding despite the delay of years and cost overrun, the project would finally see the light of the day because of extraordinary commitment and professional excellence on the part of Wapda and project team members.

He directed the project management that the pace of work should continue with the same zeal in order to complete the project in accordance with the timeline.

Earlier, the meeting was briefed that the filling of water in the project reservoir would start in October, the waterway system under which tunnels would divert water from the dam to the power house would be completed by the end of December, pressurising of the waterway system would start in January 2018 while wet testing and commissioning of power generating units would commence in February 2018.

The Neelum-Jhelum hydroelectric power project comprises four generating units with a cumulative capacity of 969 megawatts.

The first unit will start electricity generation by February 2018, the second unit in mid-March 2018 whereas the third and fourth units will be completed in April 2018.

On its completion, the project will contribute about five billion units of electricity to the national grid every year. Annual revenue from the project is estimated at Rs45 billion.

https://tribune.com.pk/story/1469098/neelum-jhelum-project-first-unit-start-power-production-feb-2018/

PUNJAB PLANS TO SET UP 1200 MEGAWATT GAS POWER PLANT

Business Recorder, July 29th, 2017

LAHORE: The Punjab government has decided to establish a new gas power plant of 1200-megawatt capacity to meet future energy needs. A high-level meeting was held here on Saturday with Punjab Chief

Minister Muhammad Shehbaz Sharif in the chair. During the meeting, various matters pertaining to the new gas project of 1200-megawatt came under discussion. German experts assured to provide technical cooperation for new gas power project.

Speaking on the occasion, Shehbaz Sharif said that this energy project has been devised keeping in view emerging energy challenges and requirements of the country. Expressing satisfaction that numerous energy projects have been completed in a record period of time while other projects are being carried out at great pace, Shehbaz said that load shedding has sufficiently decreased due to completion of energy projects and a new history of hard work, honesty and struggle has been written with regard to work on the energy projects.

http://fp.brecorder.com/2017/07/20170729202871/

SOLAR POWER FOR HEALTH CENTRES ON THE CARDS
Ashfaq Yusufzai

Dawn, July 30, 2017

PESHAWAR: The Khyber Pakhtunkhwa health department has sent a summary to the Chief Minister's Secretariat seeking approval of the plan to install solar energy systems at basic health units and rural health centres across the province to ensure smooth electric supply and thus, improving patient care.

In the summary titled 'solarisation of healthcare facilities in KP', the department insisted that the prolonged power breakdowns had been the main cause of the disruption of patient care at health centres and therefore, solar energy systems would ensure their smooth functioning.

It said it had conducted a survey of the category A, B, C and D hospitals providing round-the-clock services to patients at the district level, which showed that the shortage of electricity was major impediment in the way of patient care.

According to it, the survey done through the Independent Monitoring Unit was aimed at identifying facilities facing the shortage of electricity and knowing about their energy needs for conversion to solar system.

Health dept puts up Rs360m plan for CM Secretariat's nod

"A total of 1,258 facilities surveyed from March 28 to April 4 showed that 60 of them had no electricity, 121 faced 10 hours loadshedding daily and one had 'nonfunctional electricity' due to the reasons other than loadshedding."

The department said the survey had focused on 221 rural health centres and found that 14 per cent of them had either no electricity or 'nonfunctional' electricity.

It added that of the identified health facilities with electricity issues, 23 per cent had no electric supply, whereas 77 per cent had ‘nonfunctional electricity’ due to loadshedding or low voltage.

According to the survey, at the identified facilities with electricity problems, the percentage of facilities with ‘nonfunctional electricity’ is higher than those with no electricity except civil hospitals and mother and child health centres.

Two-thirds of the facilities having no electricity are located in Kohistan and Mansehra, whereas Shangla and Swat have the second highest number of such facilities.

Battagram district has the highest number of facilities with nonfunctional electricity followed by Abbottabad, Lower Dir, Upper Dir and Peshawar.

The duration of loadshedding ranges from 10 hours to 22 hours daily at the health facilities with ‘nonfunctional electricity’ caused by loadshedding.

There are 25 healthcare facilities, mostly in Battagram, which face 20 hours loadshedding daily.

The summary said the maximum power load for 221 health facilities was 3311 kilowatts for which the rough estimate was Rs14.8 million if the plan was for patient care, including diagnostics and treatment, while it was 4500 kilowatts if the power was made available for all residences at the facilities, which would cost Rs26.5 million.

It however said other factors, including a three-year after-sales service warranty period and fast changing technology might influence the overall cost of the project.

The summary said annually, the health department paid Rs344 million for electricity every year, while the solarisation of health facilities would cost Rs360 million, a one-time investment.

If the plan is materialised, it will save electricity for general consumption of the people, industries and will boost up economic activities as well.

“The solarisation of health facilities will ensure the continued provision of services, including diagnostics, surgeries and OPDs, to the people and will save money for the health department, which can be diverted to clinical activities,” the summary said.

It added that the supply of clean and green energy was another advantage of the plan.

The summary said the investment in solarisation of health facilities would pay back the actual financial cost within two to three years besides offering socioeconomic benefits.

https://www.dawn.com/news/1348551/solar-power-for-health-centres-on-the-cards

NEWS COVERAGE PERIOD FROM JULY 17TH TO JULY 23RD 2017

IMF ASSESSMENT
Dawn , June 18, 2017

In one of the bleakest assessments of Pakistan's economy, the IMF has warned that the "moment of opportunity" earned through macroeconomic stabilisation over the past few years is now at risk of unravelling. A short note issued at the conclusion of its last Article IV consultation — a regular exercise that the Fund carries out with all its member countries — warns of renewed pressures building on the fiscal and external accounts, as well as the re-emergence of the circular debt.

This year's fiscal deficit target of 4.2pc is "likely to be exceeded" and next year's budget "will likely require additional revenue measures", the Fund warns. On the external front, it notes the widening of the current account deficit which will reach 3pc of GDP by year's end, a near tripling in three years. In a somewhat cryptic line, it says "[f]oreign exchange reserves have declined in the context of a stable rupee/dollar exchange rate", suggesting that the government is providing administrated support to the rupee; it calls on the government to "allow for greater exchange rate flexibility".

On the structural side, the report points to continued bleeding of the public-sector enterprises as well as "renewed accumulation of arrears in the power sector" as serious impediments to the sustainability of growth. Although it hails investments under CPEC as growth drivers, it also highlights a possible "failure to generate sufficient exports to meet rising external obligations from large-scale foreign-financed investments" as a key external risk facing the economy. It also appears to frown upon recent moves to water down the powers of Nepra by specifically calling for "maintaining a strong regulatory framework in the energy sector".

As is customary for Fund pronouncements, the latest release also begins on a positive note by saying that the outlook on growth is favourable as the growth rate is expected to rise to 6pc by next year. But the warnings that follow are enough of a reminder that there is more to managing an economy than the growth rate.

The complete and detailed Article IV report will be released soon now that it has been approved by the board, and if the early statement following its approval is anything to go by, the government's narrative of having turned the economy around is likely to be challenged by its contents. Given this is an election year, it is improbable that any of the warnings being sounded will find a receptive ear.

https://www.dawn.com/news/1340225

ANOTHER IMPORTED COAL-BASED PLANT IN PUNJAB

The Express Tribune, July 17th, 2017.

Syed Akhtar Ali

ISLAMABAD: According to an advertisement of the Energy Department (Government of Punjab), yet another power plant based on imported coal has been approved.

A contractual instrument has been signed with a Chinese company. Many people in this country have raised eyebrows on it, to say the least. In my opinion it is a bad decision which will hurt them and hurt us all. Let me tell you why.

Siting power plants based on imported coal have been generally criticized for several reasons; imported coal will be transported from Karachi which would strain our Railway network, cause pollution and unseemly sights throughout its passage and will affect health and agricultural productivity. There is almost a consensus among experts that imported coal based power plants should be installed on sea coast and electricity be transported from Karachi rather than coal, which would be cleaner and possibly cheaper.

The counter argument popular in Punjab is that demand is high and growing. Hence, power plants should be situated near the load center to avoid congestion and investment in electricity transmission. Also, Punjab would like to be self-sufficient in energy production. The system has tried to meet and satisfy the demand of the Punjab government by approving several RLNG power plants, one after the other.

Recently, yet another RLNG based power plant has been approved, possibly (and vainly as has been proved by the approval of Rahim Yar Khan plant) to meet their requirements and assuage their worries. But nothing seems to have worked.

Interestingly enough, Rahim Yar Khan is a better site than Sahiwal where a coal power plant has been installed and is working already. And perhaps, if at all, coal power plant should have been located at Rahim Yar Khan first in the first place, as it is closer to Karachi and it would have been far less costly in financial, environmental, and railway congestion terms.

Another issue is that are we going to forget our Thar coal resources which most people have been craving for. Two coal power plants, one in Sahiwal and the other in Karachi, each of 1,320MW, should have been enough to meet the emergency. Further coal plants should have been planned and installed in Thar. It costs 4 US cents to produce one unit of electricity on imported coal and thus, one coal plant would be loading an annual import bill of $400 million.

Admittedly, this article and other efforts of this nature may not be successful in dissuading the government in going ahead with this project, although I would sincerely request them and urge them to reconsider it. I propose a compromise solution which is of changing the coal power plant design on the following lines.

The Rahim Yar Khan coal plant, others in Punjab and elsewhere should be CFBC based power plants ala Engro’s Thar coal power plants instead of Pulverized (PC) coal power plants that have been installed for imported coal.

This would enable them to use local Thar coal as well or a mixture of local and imported coal. The damage would thus be minimized.

Rahim Yar Khan, being on Sindh border, is close to Thar than any other site that is being considered in Punjab.

One could contemplate a direct road or rail link between Thar and Rahim Yar Khan and then onwards to Sahiwal. From Islamkot in Thar to Rahim Yar Khan, there is a distance of 700kms by car and 500kms in crow flight (point to point straight).

A special road link can be built or preferably a rail track. The same route can be used for taking the Thar coal to Sahiwal, in case Sahiwal coal power plant can be converted to Thar coal or a mix of imported and local. In some hard days when there would be foreign exchange problem, this solution can be handy. But solutions take time.

I started with opposing the Rahim Yar Khan coal power plant proposal or decision and have ended up proposing compromise solutions reducing the pain and cost of swallowing this bitter decision of the relevant authorities. What can I do; justifying the mistake or reducing the potential cost of the mistake?

Unfortunately, Thar coal is fast losing ground soon after its inception. On the one hand, there is pressure from climate change and environmental consideration and there is competition from falling prices of Renewable Energy, and on the other hand there is the unfortunate role of the two provincial governments.

Punjab government is pursuing energy autonomy objectives almost like a separate country without realising its implications on foreign exchange. Sindh government continues to behave as a resource monopolist, little realising that times have changed.

They should in these circumstances act as resource marketers offering better terms and prices. Instead they keep insisting on Higher Returns such as IRR of 20% which reduces Thar coal competitiveness. Also, they are awarding one mining license after other without regard to market conditions. They should have waited till existing Engro mine is booked up to the optimum required capacity resulting in cost reduction.

Finally, a number of issues would have to be resolved before going ahead with such projects. There should be no hurry, already 10,000MW is in the pipeline and some pause can be taken without causing any short supply.

Some time can be spent for studies and sober thinking and evaluation. The Ministry of Water and Power has been opposing imported coal power plants, tooth and nail; reportedly, its secretary had been de-seated due to his opposition and the latest martyr is the NTDC managing director.

Secondly, there is confusion and controversy on the demand projections; there are views ranging from 4% RoG of pessimists to the 10% or even more being pushed by super-enthusiasts who foresee Pakistan becoming an ‘Asian Tiger’ very soon. The issue has to be resolved through genuine technical studies.

The Planning Commission had started some work on this issue and a few high level visits were made by the US Energy Information Administration. A PC-1 had also been approved, although after much delay and procrastination. The Commission is in some kind of limbo and dysfunction these days .They don't manage to get the right persons despite several advertisements. They must put their act together and commission the proposed study.

Alternatively, a committee should be formed of governmental and non-governmental experts who should be able to develop some recommendations and projections in a period of three months. The committee may also examine the issue of debt servicing and paying capacity in order to recommend a viable programme resolving the current confusion and controversy.

Current imported coal tariff is due for reexamination (for new projects), as it had a life of two years. It is quite high in comparison to tariffs in the region(around 5 cents).

It is about 8.5 cents plus rail transportation cost to site which would make it 9.5 cents. In my opinion, separate determinations should have been made for CPEC projects. In CPEC projects, there is no competition and thus CAPEX is naturally overstated (in the instant case by 30-40%). It should have been accompanied by lower ROEs as compared to the competitive bidding projects.

Instead, NEPRA raised the RoE to 16% instead of the normal 15%. IDC (interest during Construction) provisions can also be brought down due to smaller construction period of 24-30 months than provided in the upfront tariff. If the needed adjustments are made, imported coal power tariff can be brought down by 25%. In the new relaxed situation, there is scope for hard negotiations with Chinese in this respect and carve out special terms suiting the situation. NEPRA has to show some spine and shun relying on vendor supplied data.

Concluding, the Rahim Yar Khan power plant is a big mistake. Apparently, this is a victory of government of Punjab vis-à-vis federal institutions. But this victory would be an ultimate defeat as it would hurt them and hurt us all eventually. Would they desist from it, reading the afore-mentioned? I am not sure.

The writer has been member energy at the Planning Commission until recently

https://tribune.com.pk/story/1459595/another-imported-coal-based-plant-punjab/

POWER SECTOR'S WOES: MINISTRY PLANS TO RAISE RS 185 BILLION LOANS TO PAY OFF LOANS

Mushtaq Ghumman

Business Recorder, July 21st, 2017

Ministry of Water and Power has reportedly planned to raise around Rs 185 billion loans from private banks afresh to pay existing loans as power Distribution Companies (Discos) have expressed their inability to pay loans due to financial constraints, well-informed sources told Business Recorder . Ministry of Water and Power, sources said, has submitted four or five similar summaries to the Economic

Co-ordination Committee (ECC) of the Cabinet. These summaries were part of the agenda of the ECC held on July 18, 2017 but did not come under consideration.

Ministry of Water and Power, in its summaries, has claimed that the power sector has shown marked improvement in its performance in the past two years. The recoveries which remained in the range of 88%-89%, have now crossed 93% in 2015 and 2016, the highest in the history of the sector. Similarly, the T&D losses which were around 19% in 2014 came down to 17.8% in December 2016. These two accounts by themselves have provided positive cash flows to the power sector totaling Rs 116 billion in the past two years. Gencos were making a cumulative loss of Rs 7.785 billion in 2013-14, and not only overcame their losses but reported a profit of Rs 5.772 billion in 2015-16.

All these achievements as well as historic drop in oil prices helped to keep the power sector's circular debt within the range of 320-330 billion from December 2014 till June, 2016. These two years (2014-15 and 201 5-16) were the only fiscal years in the past more than a decade, when no losses of the power sector were paid out of the federal budget which on average used to be around Rs, 200 billion annually in the past. This brought down power sector's burden on national budget from 2.4% of GDP in 2012-13 to around 0.7% of the GDP in 2014-1 5, (only subsidy allocations).

The other stream of cash flow into the power sector are the subsidies payments out of federal budget, which are announced by the government from time to time, with an aim to provide relief to low income groups, less developed regions and to allow competitive cost of production to industries and agriculture. A large part of subsidies payment is through imposition of Tariff Rationalization Surcharge (TRS) on high end consumers. A reconciliation process is going on between the Ministry of Water and Power and the Ministry of Finance over some subsidy claims and arrears which are expected to be settled in the coming months.

Pursuant to the approval of the Economic Co-ordination Committee (ECC) of May 16, 2014 syndicated term finance facility for Rs 30.95 billion was executed between Power Holding (Private) Limited and consortium of local commercial banks for the purposes of funding the repayment liabilities of the Discos on the terms and conditions approved by the Finance Division.

The major terms and conditions of Rs 30.95 billion financing facility was disbursement of 25.70 billion on May 21, 2014 and Rs 5.25 billion on June 6, 2014. The tenor was up to five years, inclusive of grace period of twenty four months from the first disbursement date with grace period applicable to principal repayments only.

The loan was obtained at 6 month KIBOR (base rate) + 2.00% per annum (spread). However, there was one percent rebate/reduction in spread, in case installment payments are made within 30 days of the due date. Mark-up loans had to be paid in installments on a semi-annual basis whereas principal had to paid in 6 equal semi-annual installments after completion of grace period.

The sources said, Ministry of Water and Power has imposed Debt Service Surcharge (DSS) on electricity consumers for the purposes of payments on account of mark-up, to the syndicate as and when due, in respect of the PHPL financing facilities including Rs 30.95 billion syndicated term finance facility.

However, due to limited available fiscal space and liquidity, power sector does not have the capacity to pay principal installments. Ministry of Water and Power and Ministry of Finance are working on a settlement plan for the PHPL financing facilities. The grace period of twenty four months of Rs 30.95 billion syndicated term finance facility has been completed and payment of semi-annual installments on account of principal portion amounting to Rs 5,158,333,333 has become payable semi-annually.

The Distribution Companies (Discos) / power sector will have to arrange funds through borrowings from local commercial banks in order to discharge their liability towards syndicate on account of principal installments in respect of Rs 30.95 billion syndicated term finance facility. The proposed loan will be arranged on behalf of power distribution companies by Power Holding (Pvt.) Limited through a syndicated term finance facility and this will be cash neutral transaction. The consortium of local banks comprising Meezan Bank Limited, Allied Bank Limited & Bank of Khyber has agreed to provide fresh financing facility of Rs 30.95 billion and in this regard draft term sheet received from the syndicate.

Power Holding (Private) Limited is a public sector entity without assets and will be responsible for arranging loans amounting to Rs 30.95 billion for power sector companies for the purposes of adjusting the existing facility of Rs 30.95 billion executed pursuance to the Economic Co-ordination Committee (ECC) of the Cabinet. In the other four summaries, with similar wording, Water and Power Ministry has sought permission to get Rs 40 billion, Rs 25 billion, Rs 7 billion and Rs 82 billion totaling it to Rs 154 billion from other consortium of banks. The ECC is expected to consider these summaries during its next meeting. The sources said Finance Ministry has agreed only to summary of Rs 30.95 billion and asked Water and Power Ministry to share terms and conditions of remaining loans.

http://fp.brecorder.com/2017/07/20170721200085/

UJALA PROGRAMME: CRITICS TAKE A DIM VIEW OF ‘DISPROPORTIONATE’ COST RISE
Dawn, July 22nd, 2017

Ahmad Fraz Khan

LAHORE: The scope of Khadim-i-Punjab Ujala programme has been widened (4,321 to 20,000 schools) in the last one year but the cost of the project has disproportionately gone up 15 times – from Rs1.3 billion in the last bid to an estimated Rs17 billion now.

The Energy Department justifies the price escalation, saying the complexity of the plan has grown phenomenally, with stringent deadlines. Each increasing component – remote monitoring, specialised wiring, designated gadgets and security of equipment – has added to the cost of the project.

The critics, however, question the ‘complexity’ of the project with the claim that it is simple provision of solar systems to schools. The technology is now so simple that people have it on their rooftops, they say. The cost has increased either because of some mala fide intention or sheer incompetence which is something intolerable, goes the argument.

What makes the matter worse is similar increase in the consultancy cost, that is, from Rs15 million to Rs500 million though the consultant is same in both bids.

This increase did catch attention of the Planning and Development (P&D) department, which asked the Energy Department to come up with a justification for increase. The Energy Department, on its part, says consultancy cost is within the permissible limit of three per cent of the project cost.

The Punjab government, encouraged by the Asian Development Bank which had spared some money under the clean energy head, conceived the plan to solar-energise 4,321 off-grid schools last year. It hired a consultant and floated tenders. The winning contractor quoted a price of Rs1.3 billion. The bidding process was later challenged in court for contractual hiccups and it did not materialise.

The Energy Department, meanwhile, increased the numbers and rewrote the entire bidding process with the help of the same consultant and came up with new targets and cost estimates. However, things got complicated when the P&D department started the scrutiny and pointed out some glaring mistakes such as missing feasibility report, massive increase in cost of project and consultancy, its commercial value and even basic energy generation potential. It wrote that at least three different peak generation figures (31MW, 45MW and 50MW) were quoted in the pre-feasibility report, indicating that consultant was not clear about the yield of the project.

Similarly, contradictory number of schools and rooms to be put on solar systems were also found in the reports.

The P&D also pointed out that payback period of 10 years also did not correspond to other calculations, which indicate it at 16 years. “However, if the calculations are based on reality of the project, the payback period is 50 years. This project at this cost is not viable.”

As for the payback time controversy, the Energy Department says it should be taken as a social, not a commercial, project. Thus payback time should not matter.

In its observations, the P&D department also pointed out the cost factor and asked the Energy Department to justify it. According to it, the price of a school’s solarisation has increased by 2.5 times – from Rs311,039 in the previous bid to current Rs765,710. Similarly, per room cost has gone up by 210 per cent – from Rs127,526 to Rs265,681. The consultancy cost, it says, has gone up by 6.1 times – from Rs4,397 to Rs26,909 per school.

“One must keep in mind that cost in the previous bid included all taxes, whereas the new estimates exclude taxes. If these taxes are included, the new price would skyrocket to over Rs20 billion putting even bigger question mark on the feasibility of the project,” explained an official of the P&D Department who spoke on the request of anonymity.

Besides, the consultant was hired allegedly by skipping a transparent process and bending the PPRA rules (a charge the Energy Department denies) and the department is pushing for approval of the PC-I without any conclusive feasibility study. This year, funds for half of the schools (10,000) are to be released.

“If the government goes ahead, as the case is up for consideration of the Provincial Development Working Party (PDWP), things may go haywire,” warned the official.

https://www.dawn.com/news/1346843

NEWS COVERAGE PERIOD FROM JULY 10TH TO JULY 16TH 2017

ROOFTOP SOLAR DIMS UNDER PRESSURE FROM UTILITY LOBBYISTS
Hiroko Tabuchi

International New York Times, July 10, 2017

Over the past six years, rooftop solar panel installations have seen explosive growth — as much as 900 percent by one estimate.

That growth has come to a shuddering stop this year, with a projected decline in new installations of 2 percent, according to projections from Bloomberg New Energy Finance.

A number of factors are driving the reversal, from saturation in markets like California to financial woes at several top solar panel makers.

But the decline has also coincided with a concerted and well-funded lobbying campaign by traditional utilities, which have been working in state capitals across the country to reverse incentives for homeowners to install solar panels.

Utilities argue that rules allowing private solar customers to sell excess power back to the grid at the retail price — a practice known as net metering — can be unfair to homeowners who do not want or cannot afford their own solar installations.

Their effort has met with considerable success, dimming the prospects for renewable energy across the United States.

Prodded in part by the utilities’ campaign, nearly every state in the country is engaged in a review of its solar energy policies. Since 2013, Hawaii, Nevada, Arizona, Maine and Indiana have decided to phase out net metering, crippling programs that spurred explosive growth in the rooftop solar market. (Nevada recently reversed its decision.)

Many more states are considering new or higher fees on solar customers.

"We believe it is important to balance the needs of all customers," Jeffrey Ostermayer of the Edison Electric Institute, the most prominent utility lobbying group, said in a statement.

The same group of investor-owned utilities is now poised to sway solar policy at the federal level. Brian McCormack, a former top executive at the Edison institute, is Energy Secretary Rick Perry's chief of staff. The Energy Department did not make Mr. McCormack available for an interview.

In April, Mr. Perry ordered an examination of how renewable energy may be hurting conventional sources like coal, oil and natural gas, a study that environmentalists worry could upend federal policies that have fostered the rapid spread of solar and wind power.

Charged with spearheading the study, due this summer, is Mr. McCormack.

"There's no doubt these utilities are out to kill rooftop solar, and they're succeeding," said David Pomerantz, executive director of the Energy and Policy Institute, a renewable energy advocacy group. "They're now driving the agenda."

Early on a March morning in the Indiana State Capitol, under a mural of the Greek sun god Apollo, solar energy enthusiasts swarmed a committee hearing to defend the state's embattled solar policy.

A school superintendent said that his underfunded district needed solar power to reduce energy costs. A local farmer pleaded that his pine tree nursery depended on power from his solar panels. A Baptist pastor said he saw drawing energy from the sun as an "expression of our love of God's creation."

A week before the Indiana committee hearing, a group of utility lobbyists descended on the statehouse, handing out talking points that said credits for rooftop solar panels lead to higher rates for everyone else. They were there to support a bill, sponsored by Senator Brandt Hershman, that would roll back Indiana's net metering system by reducing the rate utilities paid to solar consumers for their excess electricity.

Homeowners with solar panels "avoid paying for use of the grid, even though they use it almost constantly to buy or sell electricity," read a talking point prepared by Indiana's local investor-led utilities group, the Indiana Energy Association, and circulated among Republican state legislators.

Indiana's five investor-owned utilities are among the biggest contributors to Indiana's elected officials, together giving at least $3 million to mostly Republican candidates over the past four election cycles, according to campaign finance filings. They are also known to play an outsize role in drafting energy-related bills.

Mr. Hershman said utility contributions had not swayed him against net metering. He said his bill, which was passed and signed into law this spring, protects current solar customers by locking in their rates for many years.

"I receive donations from a wide variety of groups across the ideological spectrum because I tackle tough issues fairly, listen to both sides and promote good policy," he said by email.

The pushback against renewable energy has been years in the making.

Four years ago, the Edison institute, an industry group made up of the country's largest investor-owned electric companies, declared that the business of generating electricity was in danger of being sucked into what has since become known as a "utility death spiral."

As more consumers switched to rooftop solar and bought less electricity from the grid, the trade group worried in a 2013 document, the costs of running conventional coal, oil, gas or nuclear power plants would be shared among an ever-smaller customer base. That could cause rates to spike, chasing even more customers away.

Brian McCormack, a former top executive at the Edison Energy Institute, a prominent utility lobbying group, is now chief of staff for Energy Secretary Rick Perry.

The prospect of more customers "fully exiting from the grid," the group said, "raises the potential for irreparable damages to revenues and growth."

Since then, the utilities have targeted state solar power incentives, particularly net metering, which credits solar customers for the electricity they generate but do not use and send back to the grid. That offsets the cost of electricity they may still buy from their local utility during cloudy days and at night, reducing or even eliminating their electricity bills.

Utilities argue that net metering, in place in over 40 states, turns many homeowners into free riders on the grid, giving them an unfair advantage over customers who do not want or cannot afford solar panels. The utilities say that means fewer ratepayers cover the huge costs of traditional power generation.

A study released this year by the federal Lawrence Berkeley National Laboratory, however, concluded that for the vast majority of states and utilities, the effects of rooftop solar credits on electricity rates for nonsolar customers would be negligible for the foreseeable future. The Edison institute disputes that study's findings.

To fashion a legislative response, utilities turned to the American Legislative Exchange Council, or ALEC, a conservative nonprofit that receives funding from the billionaire brothers Charles G. and David H. Koch.

In 2014, ALEC adopted model legislation to move away from net metering, which was then circulated among ALEC's network of state legislators. Mr. McCormack, then the Edison institute's vice president for political and external affairs, played a role in writing the model legislation.

Utilities found a receptive audience in many states.

Arizona legislators voted in December to move away from net metering, lowering the credit solar customers receive for the excess energy they generate and limiting how long customers keep their favorable rates.

In Florida last year, the utility industry contributed more than $21 million to an ultimately unsuccessful ballot initiative to ban third-party sales or leasing of rooftop solar panels. A leaked audio recording appeared to reveal that the utility campaign deliberately misled pro-solar voters into voting for an anti-solar policy, a tactic one consultant called “political jujitsu.”

The latest utility resistance to residential solar in places like Indiana is striking because those states do not yet have big rooftop solar markets, said Autumn Proudlove, an analyst at the N.C. Clean Energy Technology Center at North Carolina State University. Only about 1,100 of Indiana’s 2.5 million rate-paying households have signed up for net metering.

Driven by sharply falling costs, the United States last year added a record 15 gigawatts of solar capacity, enough to power around 2.8 million homes and more than any other source, including natural gas and coal. The bulk of that growth came from giant solar parks and other large projects run by solar producers and, in some cases, the utilities themselves. Large-scale wind projects have also grown rapidly, many in states carried by Donald J. Trump in the presidential election.

Some of the slowdown in smaller-scale rooftop solar has come in maturing markets in states like California, where rooftop solar companies are having trouble expanding their customer base beyond early adopters. Financial struggles at rooftop solar companies like SolarCity and Vivint have also weighed on growth.

Uncertainty over net metering in Indiana has slowed the market further. “It’s totally shut us down,” said Michael A. Mullett, a volunteer at Indiana’s Columbus Community Solar Initiative, who has helped two dozen households sign up for solar panels since 2014.

Still, at a January 2016 board meeting of the Edison institute, attended by chief executives of the country’s largest utilities, Thomas R. Kuhn, the group’s president, counseled against complacency.

“Years, ago, I think a lot of people said, ‘That’s not going to come to our area,’” he said, according to a recording of his remarks made available by a participant. “And now we see it in each and every state,” he said.

Installing solar panels atop a home in Goodyear, Ariz. In December, Arizona legislators voted to move away from net metering.

“E.E.I. is happy to come to any state at any time,” he added. “We have two dozen states we are working on.”

On March 14, the Edison institute hosted a fund-raising reception at the Mandarin Oriental Hotel in Washington for Senator Mitch McConnell, the majority leader. The cheapest tickets went for $5,000.

The reception underscored the utilities' attempt to cement ties with an administration that already appeared ambivalent toward any rapid shift to renewable energy.

The institute was still cheering the appointment of one from its ranks, Mr. McCormack, to a top job in the Energy Department. One of his first assignments is a study of how the changing electric generation mix, including renewables, is affecting the grid.

Proponents of renewable energy fear that the study could threaten policies at the federal level, like the renewables tax credits for businesses and homeowners, which have also spurred investment in wind and solar.

Shaylyn Hynes, a spokeswoman for the Energy Department, dismissed the environmentalists' concerns. "The department has no preconceived notions as to the findings and recommendations that will result from this review," she said.

Mr. McCormack has assigned Travis Fisher, a former economist at the Institute for Energy Research, a nonprofit funded by the Koch family foundations, to be principal author of the study.

Mr. Fisher did not respond to requests for comment. In a 2015 study, he called clean energy policies "the single greatest emerging threat" to the electric power grid. He called for canceling the Obama administration's Clean Power Plan, federal tax credits for solar and wind, state renewable energy targets and net metering.

"For those who want to ensure that Americans have access to reliable electricity long into the future," Mr. Fisher said in the study, "the time has come to push back."

https://www.nytimes.com/2017/07/08/climate/rooftop-solar-panels-tax-credits-utility-companies-lobbying.html

HIGH COURT STRIKES DOWN CM'S NOD TO FIVE MEGA PROJECTS
Waseem Ahmad Shah

Dawn,July 13, 2017

PESHAWAR: A Peshawar High Court bench on Wednesday set aside the provincial chief minister's approval to the award of the contracts of five mega projects in Peshawar and Mardan districts to the National Logistic Cell by declaring it against the provisions of the KP Public Procurement Authority Act.

Chief Justice Yahya Afridi and Justice Abdul Shakoor ruled, "The sanction accorded to the impugned five projects by the worthy Chief Minister of Khyber Pakhtunkhwa is against the clear provisions of the KAPPRA Act and the settled principles of law and are devoid of legal force, and thus set aside."

It added that the mode and manner in which the approval of the five projects had been granted to the NLC by the provincial government through direct sourcing was in complete violation of the spirit of the KAPPRA Act and KAPPRA rules.

The development came as the bench disposed of a petition filed by the KP Contractors Association challenging the relevant rules allowing the direct award of contracts of major development projects to government organisations, including NLC and Frontier Works Organisation (FWO).

The petitioner had requested the court to declare illegal and without lawful authority the awarding of the contract through direct contracting to NLC in respect of the projects, including flyover at the Warsak Road-Ring Road intersection; Level-II flyover at GT Road and Ring Road intersection (Pir Zakoori flyover), Peshawar; road rehabilitation in Peshawar city; Peshawar uplift programme; and flyovers at Jawad Chowk and Katlang Chowk, Mardan.

Few days ago, the bench had reserved its judgment after completion of arguments and pronounced the verdict on Wednesday.

Following filing of the petition early this year, the court had stayed the awarding of work order in relation to the said projects.

In its detailed judgment, the bench turned down the petitioner's prayer of declaring the rulerelated to direct sourcing of contracts to government organisations unlawful.

The bench ruled that the provisions contained in Rule 3(2)(C) of the KP Public Procurement of Goods, Works and services Rules, 2014, were in accordance with the KPPRA Act 2012.

"The direct sourcing of public procurements of works is permissible under sections 14 and 33 of the KAPPRA Act, read with Rule-3 of the KAPPRA Rules. However, the direct sourcing of public procurements of works being an exception to the general rule of open bidding, the conditions enumerated for the same under the KAPPRA Act and KAPPRA Rules are to be strictly followed."

The bench also declared that the Peshawar Development Authority could not be a procuring entity for a project in Mardan district.

It further ruled that the 'government' envisaged under Section 14 of the KAPPRA Act meant the cabinet of the province.

The court ruled that in case the Government intends to grant the five projects through direct sourcing, the objecting note of the Secretary Finance duly endorsed by the chief secretary of the province, both dated Nov 16, 2016, have to be placed before the cabinet, while deliberating upon its approval under the enabling provisions of the KAPPRA Act.

Furthermore, the bench directed that in case the provincial cabinet agrees to grant direct sourcing, the reasons for the same are to be published in print media, as per requirements of Sub-section-2 of Section-14 of the KAPPRA Act.

The bench declared the honoraria of Rs1 million each granted to the local government secretary and the PDA director general in a previous project beyond the terms of their appointments and rules and thus, illegal.

It added that in case the same had been disbursed, it should be returned to the exchequer.

The bench observed that despite the initiation of the approval for the projects by the Secretary C&W, the PDA was made the procuring entity and the PDA was also made the procuring entity for projects outside the territorial limits of Peshawar and in the instant case for a project in District Mardan.

It added that the sanction of the five projects by the provincial cabinet was obtained after the chief minister approved them and that, too, during the pendency of the petition in question.

"The negotiated rates approved for the five projects awarded to NLC were beyond the governmental approved Market Rate Schedule (MRS) of 2016. The rates for the five projects approved by the worthy Chief Minister, does not justifiably reason the objecting note of the worthy Secretary Finance duly endorsed by the worthy Chief Secretary both dated 16.11.2016 regarding the exemption from the Finance Department Notification dated 10.04.2016."

The bench added that the reasons for the direct sourcing of the five projects to the NLC required to be published under Sub-Section (2) of Section 14 of the KAPPRA Act had not been complied with.

It observed that when the KP advocate-general was confronted with the said noted manner in which the approval was granted by the provincial government to the impugned five projects, he undertook to ensure that the provincial government would consider the impugned contracts afresh strictly in accordance with the law and in particular the provisions provided for direct sourcing in the KPPRA Act and rules.

Advocate-general Abdul Lateef Yousafzai further said the respective departments would the procuring entity in seeking the said public procurements.

https://www.dawn.com/news/1345030

NEWS COVERAGE PERIOD FROM JULY 2ND TO JULY 9TH 2017
THE ARRIVAL OF CLEAN ENERGY IN PAKISTAN
Dawn, The Business and Finance Weekly, July 3rd, 2017

Khurram Lalani

Clean energy is ramping up in Pakistan. Solar PV and LED lighting solutions are fast becoming pervasive in both rural and urban areas with thousands of small businesses signing up for clean energy.

For consumers, it is only logical to move beyond intermittent grid electricity which has proven to be both expensive and unreliable.

As per the latest International Energy Agency Report for 2016, clean energy accounted for 70pc of total electricity generation investment, sidelining investments in fossil-fuel based generation by a wide margin.

Clean energy investments are led by wind power (37pc), solar PV (34pc) and hydropower (20pc).

Amongst countries, China leads the global investment in clean energy generation and continues to invest roughly more than double its investment in clean energy as compared to fossil fuel generation, followed by the European Union, the United States and Japan.

Pakistan has taken a different approach towards energy security. The CPEC has shifted the bulk of the new additions to coal and nuclear. Despite this, solar, wind and micro hydro have all taken off.

What is really encouraging is the use of solar PV by small and medium businesses amid unreliable and expensive grid electricity.

The electricity regular, Nepra, must be given full credit for setting the right sectoral tone by introducing Wheeling, Net Metering and Distributive Generation regulations, all in a short span of time.

Consumers have realised that it is grid energy which is intermittent and expensive and not clean energy.

At the grid level, consumers are unnecessarily penalised with surcharges and taxes which include tariff rationalisation surcharge, debt servicing surcharge, Neelum Jhelum surcharge, FED, sales tax and other fees.

Through all this, the cost of grid electricity is being pushed much higher despite low crude oil prices.

Circular debt, as per media reports, is once again hovering in the range of Rs450 billion and the only plausible way to pay it off is via levy of another surcharge. It has become a norm in the sector that those who pay are only asked to pay more for those who don’t pay at all.

Pakistan needs to understand the business case for clean energy — primarily the impact on jobs and increase in business productivity.

As a country, we too will be adding roughly 1,000MW of clean energy (wind, solar and bagasse) in the next two years but will be adding substantially more from coal and nuclear power.

The government needs to realise that the tide has shifted. The old notions that clean energy is expensive and intermittent no longer holds true.

With changing times, incentives must be provided to help scale clean energy, provide it with the right eco-system, along with regulations to help consumers shift to improved technologies.

Now is the time for Pakistan to truly embrace its clean energy potential, make an early transition and reap the benefits of higher business productivity and increased job creation.

https://www.dawn.com/news/1342916

FUEL IN PAKISTAN IS CHEAP, BUT FOR HOW LONG?
The Express Tribune, July 3rd, 2017.

KARACHI: It is a simple economic rule. If you want a product of higher quality, then you will have to pay a higher price, otherwise known as a premium.

This doesn't appear to be the case here.

In the last few years, Pakistan has introduced an improved quality of fuel, but still sells it at cheap rates, one of the lowest in the region.

The upcoming general elections need to be credited as the PML-N finds it favourable to keep prices low, which in turn helps it not only retain its vote bank, but also keep inflationary numbers in check. Thus, interest rates have remained at a historic low, incentivising private sector credit offtake to spur economic growth. It has all worked too well.

Nevertheless, it has come at a hefty cost.

"Pakistan ranks 32 out of 170 countries (1 being the lowest) in terms of gasoline prices," the central bank said in its latest report on the 'State of the Economy'.

"Lately, the government has started passing on some of the impact, but this has a political economy dimension: with general elections in 2018," the State Bank of Pakistan (SBP) added.

There is no doubt that crude oil prices have collapsed in the last few years and it went in the favour of countries that were net importers. Pakistan is one of them.

But prices hiked 64% during February 2016 to March 2017 in the international market, but Pakistan only saw a 2.3% increase during the period, suggesting one of two scenarios; either the country did not decrease them as much as it should have earlier, or that the government absorbed the price increase and caused a loss to the national exchequer.

To be fair, it is a bit of both.

According to the SBP report, Pakistan underwent the lowest price increase during the period.

Meanwhile, India increased the price by 22.7%, while other oil importing nations hiked the price in the range of 9.4% to 40.1%, the report added.

Oil is not an ordinary commodity for Pakistan. It is the lifeline for all industries, commercial hubs and the public.

The country has a history of having a hefty import bill when it comes to oil.

Around three-fourths of the country's needs are met through imports. Dependence on imported fuel has only increased in recent months following the introduction of better quality motor gasoline (RON 92 replaced RON 87) in November 2016 and diesel (of low sulphur content of 500ppm from 5,000ppm) in January 2017. Most local refineries did not produce such high quality fuels until recently and needed heavy investment for the upgrade.

Coming back to details; import of fuel made up one-fourth of the country's total import bill in the outgoing fiscal year. Hence, a slight up and down in prices has a major trickledown effect on the economy.

This has helped the government temper inflationary numbers as well.

"While the motor fuel index carries a relatively small weight of 3.03% in the country's CPI basket [inflation index], its actual impact on inflation is larger due to second-round impacts [like the cost of goods transportation]," the central bank said in the report.

Therefore, maintaining low oil prices has kept the inflation at 4.18% in the first 11 months of the fiscal year.

Had the government passed on a larger increase, inflation would have been much higher as well. Electricity tariff would then have increased as well.

But if oil prices had been higher, the government would have collected higher tax revenues and come closer to meeting its tax collection target for fiscal year 2016-17.

The new government (provided that a new one comes into power) is likely to increase petrol prices in a bid to correct economic numbers and, more importantly, to criticise the previous political party.

"In the bigger picture, it appears that the impact of quality upgrades on domestic prices is yet to materialise," the SBP said.

While consumers will derive benefits from this upgrade – including better engine performance of vehicles and reduced 'knocking' – the shift also entails a higher cost, which may ultimately put upward pressure on prices, it said.

The government has passed on the increase in global oil prices only gradually (and partially) from January 2017 onwards, which has been helpful in diluting the second-round impact of rising fuel prices and taming inflation expectations of domestic consumers. “However, going forward, recent regulatory changes in the motor fuel industry may lead to important adjustments in retail prices,” it said.

The PML-N may very well keep petrol prices tamed for the time being, but low tax collection will tempt it to increase rates soon. But with general elections around the corner and political pressure piling up, it has chosen to ignore market dynamics.

For now, Pakistan can reap the benefits of low oil prices. But it will all come at a cost.

https://tribune.com.pk/story/1448849/fuel-pakistan-cheap-long/

OUTAGE AT ENGRO LNG TERMINAL DISRUPTS GAS SUPPLY TO PUNJAB
Dawn, July 5th, 2017

Khalid Hasnain

LAHORE: Gas supply to Punjab’s industrial units, compressed natural gas (CNG) stations and four power plants was temporarily suspended on Tuesday after a liquefied natural gas (LNG) terminal owned by Engro Corporation encountered a technical fault.

The outage resulted in gas supply suspension to 412-megawatt Rousch and 157MW Fauji Kabirwala power plants in Khanewal, and two state-owned plants in Faisalabad having a combined production capacity of 241MW. As a result, the country’s power shortfall soared by nearly 800MW, to 4,500MW.

The terminal, operated by Engro’s Elengy Terminal Pakistan Ltd (ETPL) at Port Qasim, has the capacity to re-gasify 600 million cubic feet per day (mmcfd) of LNG.

The situation worsened after the shortfall in the country’s biggest distribution company, the Lahore Electric Supply Company (Lesco), crossed 1,400MW after its demand surged to 4,632MW. This forced officials to observe load-shedding for four to six hours in urban and eight to 10 hours in rural areas in addition to the shutdowns caused by system constraints.

Jahangir Piracha, CEO of ETPL and Engro Vopak Terminal Ltd, told Dawn the outage occurred when the terminal was being restarted after going through a routine monthly check-up. “As we were ramping up [the system], one of the pumps had a very abnormal sort of sound…so we ramped it up to half capacity to 300 [mmcfd],” he said over the phone, adding that the decision was taken to avert the risk of a potentially catastrophic fault.

He hoped the terminal would be back to normal capacity by 10am on Wednesday.

The fault partially affected the regasified liquefied natural gas (RLNG) supply to Sui Northern Gas Pipelines Ltd (SNGPL), a senior official of the company told Dawn requesting anonymity. The gas utility was receiving only 300 mmcfd of the total 650 mmcfd of RLNG due to the fault, he said.

“We had no option but to suspend the gas supply to the entire industrial and CNG sectors in Punjab,” he said.

The SNGPL’s managing director clarified that the company was receiving 400 mmcfd of RLNG. “Due to the problem at Elengy terminal, we are facing a shortfall of 250 mmcfd. Besides, 150 mmcfd of indigenous gas has also been cut to our system due to maintenance. So the total shortfall is 400 mmcfd,” he explained.

“But we have not suspended the gas supply to the industry as we have requested them to minimise the gas usage,” he said.

The managing director said the gas supply to Bhikki, Haveli Bahadur Shah, Nandipur and other power plants was going on as usual.

On the other hand, a spokesman for the SNGPL confirmed that the gas supply to the entire industry and the CNG sector has been suspended.

“Consequent upon disruption of RLNG supplies due to technical problems at Engro LNG terminal and annual turnaround of MOL plant, we are facing severe shortfall and low pressures on our system,” read a text message sent by the spokesman to Dawn. “So in order to ensure smooth operation of the system, gas supply to CNG and industrial sectors in Punjab has been suspended.”

Later, he told Dawn the gas supply to some RLNG-based power plants was also curtailed.

Ilays Ahmad, general manager of the National Transmission and Despatch Company’s National Power Control Centre, said the technical fault at the LNG terminal squeezed the country’s total power generation to around 17,500MW. The total demand recorded on Tuesday ranged between 21,000MW and 22,000MW.

A Lesco official said the company’s demand crossed 4,600MW on Tuesday against the supply of 3,200MW. He said the reason behind the increase in demand was the use of electricity by industrial consumers, who switched to this mode after the gas supply was curtailed.

https://www.dawn.com/news/1343218

85PC OF OIL TANKERS DON’T MEET STANDARDS: OGRA
Dawn, July 6th, 2017

Khaleeq Kiani

SLAMABAD: Estimating up to 85pc of all tanker lorries transporting oil products are not complying with prescribed standards, the Oil and Gas Regulatory Authority (Ogra) will ask the oil market company (OMC) concerned to pay Rs10 million in fines and compensation to the families affected by recent oil spill and subsequent inferno in Ahmedpur East.

Sources told Dawn that Ogra had hired the services of two separate third-party inspection companies to ascertain whether the OMC had complied with the 2009 Ogra technical standards for the transportation of petrol, and to identify the reasons for the tragic accident of June 25. With the death of three more victims on Wednesday, the toll in the tragedy rose to 214.

Besides the multitudes of casualties, the inferno also gutted 75 bikes and three cars.

OMCs have been similarly fined in at least two cases in the recent past: accidents in Nankana Sahib and Multan in 2016. In both cases, the companies were fined and made to pay for the compensation, which was given to families of victims by the government.

Ogra — consisting of its chairperson and two members — is expected to immediately take up reports from both third-party inspectors, along with the recommendations of a two-member Ogra technical committee, which will be submitted today (Thursday).

Documents suggest the OMC in question did not comply with Ogra’s orders for submission of an initial incident report within 48 hours, as required. Sources said the ill-fated tanker did not even meet safety and transportation standards of the company itself, let alone Ogra’s 2009 technical standards for road transport vehicles.

“Shell Pakistan Limited did not comply” with directives to immediately furnish an accident report, an Ogra order said, asking the company to “explain its position for not adhering to the authority’s directive”.

Sources said the company’s response to the accident was also found wanting under the domestic and international standards for such contingencies, adding that Ogra and the provincial government were collecting evidence.

The standards required OMCs to cordon off an accident area with the help of the nearest emergency response team, and an oil spill is considered a serious offence under international standards.

According to an official, it had also come to light that the tanker operator had already offloaded about half of his 50,000 litre cargo before the incident.

Ogra spokesperson Imran Ghaznavi told Dawn the regulator had constituted a two-member team of executive directors to examine reports from third-party inspectors. The team will submit a report to the authority, on which it will proceed further.

While he declined to go into detail, he confirmed that some specific information and documents had been sought from the OMC in question.

An official said Ogra was considering taking a harsh stance, not only against the OMC, but was also planning actions against all other non-compliant companies.

The oil industry, on the other hand, has started lobbying against any punitive action in view of bleak compliance standards. The industry is pushing for a grace period of up to two years to allow tanker lorries and OMCs to comply with regulatory standards and is sending out signals suggesting that extreme steps like a ban on non-compliant tankers would lead to product dry-outs.

Ogra has asked the OMC to provide details of whether the tanker in question was owned by it or outsourced through contractors, along with proofs of agreement, compliance with safety standards and evidence of clearance by the chief inspector of explosives and compliance with road, axle load and tyre standards of the National Highway Authority (NHA).

A report on motor vehicle fitness certificate and minimum standards of the OMC for its private lorries and the check lists for dispatch of products have also been summoned. Specifically, the company has been asked to explain its standard operating procedures (SOPs) for an emergency and why the spill could not be prevented or contained.

Sources in the oil industry concede there were serious shortfalls on the part of the companies and their transportation contractors, but maintained that these could not be overcome overnight.

Shell Pakistan has reported that the tanker belonged to a private contractor, Marwat Enterprises, and contained 50,000 litres of petrol when it met with an accident near Safeerwala village, 6km from Ahmedpur East.

https://www.dawn.com/news/1343582

CONSTRUCTION OF 4,320MW DASU DAM TO BEGIN SHORTLY
Dawn, July 06, 2017

LAHORE: In a significant development regarding hydel resources in the country, construction work on the 4,320-megawatt Dasu hydropower project will commence within a week, as civil works contractor has been mobilised for the purpose.

During his visit to the project site on Wednesday, Chairman of the Water and Power Development Authority (Wapda) retired Lt Gen Syed Muzammil Hussain said: “Commencement of the Dasu project’s construction is going to be a good omen for development of hydropower potential in the country, as the mega-scheme is being constructed by leveraging Wapda’s financial strength.”

According to a press release issued by the authority, Mr Hussain visited the site to review progress made regarding infrastructure development and resettlement activities leading to socio-economic uplift of the population concerned.

The Wapda chairman said that of the $4.2 billion required for completion of the first phase of the project, the World Bank's International Development Association (IDA) was providing a credit of $824 million, while the rest of the amount was being arranged by the authority from various commercial sources.

Expressing satisfaction over the financial arrangement for construction of the project, he said that Wapda ventured into the international financial market last week to secure $350m at a very competitive rate as it staggered draw down to suit the project's financing requirements.

The amount was raised with partial guarantee of the World Bank (IDA) and the rest with the sovereign guarantee of the government.

"The successful financing is a testament to the confidence reposed by the international financial institutions in the credit worthiness of Wapda. Apart from this [financing], Wapda has already arranged local financing for the project worth Rs144bn from a consortium of local banks," said Mr Hussain.

The 4,320MW Dasu hydropower project is being built by Wapda on the Indus, upstream of Dasu town, in Kohistan district of Khyber Pakhtunkhwa.

The project will be completed in two phases — each stage having a power generation capacity of 2,160MW.

https://www.dawn.com/news/1343578

GOVT WANTS TO RETAIN DISQUALIFIED ENERGY ORGANISATION CHIEF
Dawn, July 08, 2017

Manzoor Ali

PESHAWAR: The Khyber Pakhtunkhwa government has decided to amend the Pakhtunkhwa Energy Development Organisation (Pedo) Act, 1993, to evade a recent Peshawar High Court decision, which declared the appointment of the organisation's current chief executive officer illegal.

On June 7, the court had struck down the Feb 18, 2015, notification of Akbar Ayub's appointment as the Pedo CEO declaring the post vacant and directing the government to fill it strictly in accordance with the law.

The sources told Dawn that Mr Ayub's disqualification was taken up by the Pedo's board of directors during a meeting on June 9.

An official requesting anonymity said board chairman Sahibzada Saeed Ahmad told members that he would take up the issue with Chief Minister Pervez Khattak.

A board member however insisted that the decision to amend the Pedo Act 1993 was not made during that meeting.

The draft amendment, a copy of which is available with Dawn, proposes to substitute Section 5(1) of the Pedo Act in order to broaden the appointment criteria so that Mr Ayub's selection could be legalised with retrospective effect from Jan 1, 2014.

Section 5(1) of the Pedo Act reads that the government shall appoint the CEO of the organisation from amongst the persons having expertise in the field of energy and power sector on such terms and conditions as the government may determine.

The same clause led to the disqualification of Mr Ayub as he lacked experience of energy and power sector and his only expertise was in finance.

The draft amendment reads, "Government shall appoint CEO of the organisation from amongst the person of known integrity and competence, with minimum of 12 years of experience in the field of law, business, engineering, finance, accounts, economics, or power industry on such terms and conditions as the government may determine."

On June 15, the KP energy and power department, which oversees administrative issues of the Pedo, shared the draft amendment with the law department for vetting.

The law department in its reply filed the same day advised the energy and power department to examine the vetted draft minutely and ensure that it is in order and may not be in contradiction to the order passed by PHC on June 7.

The law department also asked the energy and power department to fulfil the requirement of Rule 19 of the KP Rules of Business 1985, which calls for placing proposals for legislations, promulgation and revocation of amendments before the provincial cabinet.

However, sources told Dawn that the energy and power department was not happy with the law department's advice and forwarded the case to it with a plea to review its opinion.

"What the energy department is planning to enact was in total disregard and contradiction of the PHC judgment," a source said.

He said the energy department wanted to make the amendment through an ordinance.

A relevant senior government official confirmed the proposed amendment.

"We are currently discussing whether amendment should be retrospective or prospective," he said requesting anonymity.

The official said a meeting on the matter was scheduled to take place next week and that the draft amendment would be put up to the provincial cabinet once deliberations on it were complete.

He said the broadening of the eligibility criteria for the Pedo CEO's appointment was aimed at ensuring that a person of diverse capabilities is selected as the head of the organisation.

"The criterion the KP government is going to introduce has already been followed by the federal government for appointments to similar positions," he said.

Fazal Rahim, an accountant of Pedo, had filed a petition with the high court challenging the appointment of Mr Ayub as the Pedo CEO insisting the respondent was not qualified to occupy the post.

On June 15, the court granted 60 days stay to Mr Ayub asking him to file an appeal against its decision with the Supreme Court.

Despite repeated attempts, energy and power minister Atif Khan wasn't available for comments.

https://www.dawn.com/news/1343926

August 2017

NEWS COVERAGE PERIOD FROM AUGUST 28TH TO AUGUST 31 ST 2017

PM DESCRIBES LNG AS 'ONLY SOLUTION'

Business Recorder, August 28, 2017

KARACHI: Prime Minister ShahidKhaqanAbbasi inaugurated Liquefied Natural Gas (LNG) terminal at the Port Qasim, here on Sunday.

It was Pakistan's first LNG terminal established by the Engro Terminal Limited within record 330 days and with a capacity to re-gasify up to 600 mmscfd.

"Our government brought this inexpensive source of energy to the country in record time, Abbasi said speaking at the ceremony, adding that the previous three governments made several attempts to introduce LNG source of energy but failed.

He said that within eleven months since the contract was signed, the terminal began functioning which was an example of cooperation between the government and the private sector.

The prime minister said other source of energy such as oil, hydel and nuclear were considered as expensive means as the country required an integrated and efficient source to overcome its crippling energy needs.

“The bids for the whole process were completely transparent and world acknowledged government’s efforts in this regard,” he said, adding that the world was thinking that the project would take several years but the government succeeded by introducing the LNG-based energy.

The prime minister said the completion of terminals was necessary for supply of energy and thanked the concerned authorities for making the task possible.

He said that no terminal in the world had been completed in the shortest time with full re-gasification facility. He said the terminal has so far handled 100 LNG cargo ships with 6.1 million tons of LNG.

“It will benefit power, fertilizer, textile and other industries from huge supplies of regasified Liquefied Natural Gas (RLNG), he said, adding that with capacity to inject 600 mmscfd RLNG in the system, Engro terminal emerged as the single largest gas source in Pakistan.

He said that with the supply of RLNG, the country was saving about $1.5 billion each year as compared to other expensive energy resources such as diesel or furnace oil.

The prime minister said with supply of RNLNG, the CNG sector had been revived with ample supply of power for the fertilizer industry. He said the second terminal would begin functioning in November this year followed by at least two other terminals in the private sector. He said that it was a good step for the private sector to participate and build their own terminals keeping in view the largest demand and market.

Expressing his confidence, the prime minister said Pakistan energy issues would be resolved soon and termed the inauguration of the terminal a great success in the right direction.

Abbasi said that it was Pakistan-led and owned project for energy solution which was made possible within shortest time when compared with other countries of the region including Bangladesh.

Later, speaking at another briefing ceremony of PGP’s LNG project terminal, Abbasi said that it would be inaugurated in November this year.

He said the government was fixing the power crises of the country and soon the load-shedding would be a thing of the past. He said it was all possible due to the huge contribution by LNG sector and referred to Engro terminal with re-gasify capacity of 600mmscf and 100 per cent capacity by utilizing 4.5 million tons of LNG.

The prime minister expressed his confidence that in 2018, the terminals in the country would be able to begin utilizing 9 million tons of LNG for the next five year.

He said it was all possible due to synergy of these terminals, great efficiency and the cheapest lowest gas term contract in the world. The prime minister said the LNG market was much larger and competition was hard so it was a ‘win-win situation’ for the private sector, government and the people.

“The private sector would be bringing in their own LNG, regasifying it and delivering it to customers through third party access regime which had already been put in place,” he said, adding that there would be a system in which customers would be free to opt for purchase of LNG on their own.

The prime minister said the government would stay out of buying LNG and building terminals as it would be done by the private sector. He said that the government would step in only when the private sector failed to meet the demand. He said the LNG community in the world had already appreciated government’s efforts in this regard.

He said that the government’s vision was to deliver LNG in any quantity to any customer in any part of the country and eyeing complete replacement of furnace-based energy plants in 2019. He termed LNG import a game changer for

Pakistan as the fifty per cent primary supply for energy was being made from gas.

“Nawaz Sharif had decided not to go for groundbreaking of the projects but for completion of projects,” he said citing the long-awaited completion of Lowari Tunnel.

Abbasi further said that the PML-N government was for completion of projects despite the political upheavals. He said the second LNG project was an equity based project with no debt on the project, reflecting confidence of the investors.

He said that the government did not invest a penny in these projects and it by the private parties. He said the government had only leveraged their demands and ensured transparent bids. He said that the investing companies would not get a penny unless they began delivering gas.

“The asset value for the second LNG project must be over $300 million and that too for the fifteen years as projects spoke for themselves,” he said.—APP

http://epaper.brecorder.com/2017/08/27/1-page/902135-news.html

ENERGY SOURCE: PM INAUGRATES LNG TERMINAL AT PORT QASIM
The Express Tribune, August 28, 2017

KARACHI: Firing a broadside, Prime Minister ShahidKhaqanAbbasi has said that the previous three governments failed to introduce Liquefied Natural Gas (LNG) as a source of energy in the country, while the PML-N government succeeded and that too within a short period of time.

“The PML-N government has brought LNG to the country in a record time of less than 14 months,” premier Abbasi said while inaugurating the first-ever LNG Terminal at the Port Qasim on Sunday.

The terminal has been established by the Engro Terminal Limited with an estimated cost of $300 million within a record time of 330 days and a capacity to re-gasify up to 600 mmscfd of LNG.

The prime minister said that other sources of energy like oil and nuclear were considered expensive as the country required an integrated and efficient source to overcome its crippling energy needs.

The bids for the whole process were completely transparent and the world acknowledged the government's efforts in this regard, he said, adding that the world was thinking that the project would take several years to complete, but the government succeeded in the shortest time possible.

He said, "No terminal in the world had been completed in such a short time period with full re-gasifying facility."

About the operational capabilities, the prime minister said the terminal had so far handled 100 cargo ships carrying 6.1 million tons of LNG. It would benefit power, fertiliser, textile and other industries with huge supplies of Re-gasified LNG (RLNG), he added.

He said with a capacity to inject 600 mmscfd RLNG into the system, the Engro LNG Terminal emerged as the single largest gas source in Pakistan.

With the supply of RLNG, the country would save about $1.5 billion each year in fuel savings when compared with other expensive energy resources like diesel or furnace oil, he added.

Abbasi said with the supply of RLNG, the CNG sector has been revived with ample supply of power for the fertiliser industry.

Acknowledging that the completion of the terminal was necessary for supply of energy, the prime minister thanked the authorities concerned for making the task possible.

Later, while speaking at another ceremony of Pakistan Gas Port's LNG Terminal project, the prime minister said that it would be inaugurated in November this year.

He said the government was fixing power crisis in the country and soon load-shedding would "be a thing of the past", adding that it was all possible due to the huge LNG contribution, referring to the newly inaugurated Engro Terminal.

The prime minister said, "Soon in 2018, the terminals in the country would be able to utilise 9.0 million tons of LNG for the next five years."

The premier said, "With the LNG market much larger and competition hard, it is a win-win situation for the private sector, government and the people."

The private sector would be bringing in their own LNG, re-gasifying it as well as delivering it to customers through third party access regime already put in place, he said, adding that through the procedure there would be a system through which customers could purchase LNG on their own.

The prime minister said, “The government will stay out of buying LNG and building terminals as it will be done by the private sector. It [government] will only step in if the private sector fails to meet the demand.”

The government’s vision was to deliver LNG in any quantity to any customer in any part of the country, he added, eyeing complete replacement of furnace-based energy plants by 2019.

Govt plans to strike LNG deals with big African producers

The prime minister termed LNG import ‘a game changer for Pakistan’ as 50 per cent primary supply for energy was being made from gas.

Deposed prime minister Nawaz Sharif had decided not to go for groundbreaking of the projects, instead only at the completion of projects, he said, referring to the long-awaited completion of the Lowari Tunnel.

The prime minister said the PML-N government was for completion of projects despite political upheavals.

He said the second LNG project was equity based with no debt, which reflects the confidence of investors.

The prime minister announced that the government had not invested a single penny in the project rather it was up to the private parties. It had only leveraged their demands and ensured transparent bids, he added.

“The investing companies will not get a penny unless they start delivering gas,” he cautioned.

https://tribune.com.pk/story/1492449/pm-inaugurates-lng-terminal-karachi/

GAS SUPPLY DEMANDED IN ALL DISTRICTS OF BALOCHISTAN
Dawn, August 29, 2017

SaleemShahid

QUETTA: The Balochistan Assembly was informed on Monday that of the 33 districts of the province 23 had no natural gas though it was discovered in Sui area in early 1950s.

Minister for Education Rahim Ziaratwal told the house that natural gas had been found in Harnai area and the government should provide gas to local residents on a priority basis.

But all members and ministers present in the house demanded that all the districts of Balochistan should be given natural gas as a matter of right.

MrZiaratwal, who is the parliamentary leader of the Pakhtunkhwa MilliAwami Party, informed the house that gas and oil were found in six or seven wells in and around Harnai.

In order to preserve the environment, he said, the government should provide natural gas to local residents as good quality gas was found in commercial quantity in Harnai.

He said people were cutting trees to meet their energy needs.

Syed Liaquat Agha of the PkMAP told the house that there was an official ban on buying and selling of dynamites generally used in blowing up mines, mainly chromites, in Muslim Bagh and some other adjoining areas.

He informed the house that the officials concerned had not renewed the licence of the dynamite dealers and most shops dealing in dynamites had been closed.

Mr Agha said the mining operations had come to a complete halt in northern parts of Balochistan, causing unemployment at a massive level. He said he suffered a loss of more than Rs3.5 million for being a modest mine owner.

He demanded an early solution to this problem.

Speaker RaheelaDurrani presided over the session.

MNA and Chairman of the PkMAPMehmood Khan Achakzai witnessed the proceedings along with Abdul Qahar Khan Wadan, MNA.

https://www.dawn.com/news/1354660

$400M PROJECT FACES TWO-YEAR DELAY AS DISPUTE, COMPLEXITIES TAKE OVER
The Express Tribune, August 29, 2017

ShahbazRana

ISLAMABAD: The Asian Development Bank has lost its love for the $400-million smart meters' installation project after initially pushing Pakistan to take the loan, as the scheme faces a delay of around two years due to dispute over technology and complex bidding processes.

Since the Manila-based lending agency is said to be mainly responsible for the delay, it has not placed the Second Power Distribution Enhancement Programme of $400 million on the list of problematic projects.

In its recent review of Pakistan's portfolio, the ADB has declared half of the total projects worth $3.4 billion either problematic or put on a 'watch list' due to implementation delays. The smart meters project is not among these problematic schemes.

The ADB had approved the loan in November 2015 and, according to the recent review of the ADB-funded portfolio, there was no physical and financial progress on the project as of June 2017, said the sources. The entire amount of $400 million remained undisbursed and not even a single contract was awarded till June 2017, they added.

Both parties, the ADB and government of Pakistan, took exactly one year to sign the loan document and another six months to make the loan effective. The loan became effective in May this year.

Pakistani authorities also wasted significant time in giving requisite approvals for the project. From the beginning, Pakistan was not ready to contract the loan due to its differences over the use of imported technology and the plan to privatise all power distribution companies under the $6.2 billion International Monetary Fund programme.

The Planning Commission of Pakistan had also opposed loan-taking, stating that the project was technically unfeasible. The Commission also wanted that the ADB should instead fund transmission expansion projects.

But in May 2015, ADB's visiting Vice President Wencai Zhang had urged Pakistani authorities to obtain the loan for the installation of smart meters.

The imported technology will be used for the project, which may also unnerve the local manufacturers of smart meters.

The stated objective of the project is to introduce advanced metering infrastructure (AMI) in Pakistan's different distribution companies (DISCOs). There are nine DISCOs in Pakistan and the ADB plans to introduce advanced meters in these DISCOs in phases. In the first phase, under the $400 million tranche, the ADB picked Lahore Electricity Supply Company and Islamabad Electricity Supply Company.

The concept is that pre-paid electricity meters will be installed that will control the flow of electricity and ensure 100% collection of bills. The main goal of the project was installation of 2 million smart meters and communication equipment in these two power distribution companies by 2019. About 800,000 are to be installed in the jurisdiction of IESCO and 1.2 million in LESCO.

The ADB approved the Master Bidding Document for the Project on 19 July this year, which is also subject to incorporation of minor comments.

The recovery of the bills that was 94.6% by June 2016 has again dropped to 92.2% by December 2016, according to Ministry of Water and Power's latest report. The second important goal of the project was to set up data management system in IESCO and LESCO jurisdictions and to train the officers to operate them. No progress has been made yet on this account as well.

The third key target was to update the operation manuals and improve monitoring procedures for theft detection by 2017. The ADB is still in the process of hiring a consultant and is now expecting to complete the task by the end of September.

The fourth target was introducing new billing systems in the targeted regions by 2017. For that it is required to train 700 personnel on Billing System and CIS by 2019. However, the ADB approved the Master Bidding Document for the Project on 19 July.

https://tribune.com.pk/story/1493518/400m-project-faces-two-year-delay-dispute-complexities-take/

ADB APPROVES TECHNICAL ASSISTANCE FOR PAKISTAN'S ENERGY SECTOR
Dawn, August 31, 2017

Amin Ahmed

ISLAMABAD: The Asian Development Bank (ADB) has agreed to assist Pakistan in formulation of a new energy policy for the medium-term covering 2018-23, it was learnt on Wednesday.

In this regard, ADB has approved 'knowledge and support' technical assistance worth $5 million to carry out key energy sector analyses and an assessment of the progress made during 2010-16, the findings of which will provide options for the policy for the next six years.

The new ADB assistance had been recommended by the Integrated Energy Sector Recovery Report of the 'Friends of Democratic Pakistan' (FODP) to analyse lessons learned from the changing global realities, and propose recommendations as inputs for a new energy policy for the medium-term covering 2018-2023 period.

ADB is the lead and anchor development partner of the government in the energy sector with an ongoing portfolio of $2.8 billion in investments in energy generation, transmission, distribution, energy efficiency, renewable energy development, and analytical and advisory assistance.

The technical assistance, worth $5 million, is consistent with ADB''s country partnership strategy for Pakistan, 2015-19 and is included in ADB's current country operations business plan, 2018-20 for Pakistan.

A reliable and sustainable energy sector is essential to Pakistan's economic growth and sustainability. Economic growth improved between fiscal years 2010 and 2016, but was still lower than in the preceding decade. A major hurdle in achieving further growth is the intense energy shortage.

An ADB report says although Pakistan has abundant renewable and sizable conventional energy resources, public and private investment in energy infrastructure has not been sufficient to meet demand. Electricity supply must be further improved by stepping up efficiency, and operation and maintenance of generation, transmission, and distribution networks.

Although electricity outages have declined and become more predictable since 2010, the 5-gigawatt demand-supply gap combined with the stressed transmission and distribution system continues to result in significant load shedding – 10 hours per day in rural areas and 5 hours in urban areas. The national electrification rate remains low at around 67 per cent, and is even lower (57pc) in rural areas.

Some improvements in sector efficiency, low fuel prices since 2014, and introduction of surcharges have contributed to managing financial challenges in the sector. However, continued reliance on imported fuel-based generation and high consumer receivables, accentuated by insufficient tariffs, has resulted in a persistent circular debt, the report says.

The power subsector relies heavily on government support direct subsidies amounted to about 1.5pc of Gross Domestic Product (GDP) in fiscal year 2016. Costs that cannot be recovered from consumers or the government accumulate on books of the public electricity distribution companies. The distribution companies in turn fail to pay fully for goods and services they receive, especially electricity, thus spreading the shortfall throughout the supply chain.

Commonly called the circular debt, these accumulated arrears amounted to about 4pc of GDP in fiscal year 2013. Actions are required to remove two main distortions that are long-standing gap between the cost of service and revenues gained either from tariffs or subsidies; and the unusually high cost of providing that service. At the same time, inequities caused by poorly targeted subsidies must be rectified to ensure that the sector develops in a socially and environmentally sustainable way, report says.

In 2009, the FODP, recognising the impact of persistent energy shortages on the economy and livelihoods, solicited the preparation of a sustainable and integrated energy plan for Pakistan.

The government and ADB led the effort by creating the Pakistan Energy Sector Task Force to prepare an energy sector recovery report with a comprehensive road map for mobilising international assistance and a recommended action plan to solve energy security problems.

The governments of the US, Japan, and Germany, among other development partners, formed the core team with the chairs and finalised the report in October 2010, which was presented to the ministerial meeting of the FODP comprising 24 countries and institutions.

The recommendations of the report were subsequently fed into the Petroleum Exploration and Production Policy 2012 and the National Power Policy 2013.

https://www.dawn.com/news/1355043

NEWS COVERAGE PERIOD FROM AUGUST 21ST TO AUGUST 27 Th 2017
CABINET DISCUSSES PROVISION OF GAS, LIFE-SAVING DRUGS PRICES
Dawn, August 23, 2017

ISLAMABAD: Prime Minister ShahidKhaqanAbbasi presided over a meeting of his cabinet on Tuesday, which made decisions related to provision of gas to people, fixing of maximum price of life-saving drugs, relaxation of duties and taxes on international funds for eradication of fatal diseases, and broadening of the tax net.

According to the Prime Minister's Office, Foreign Minister Khawaja Mohammad Asif briefed the cabinet on US President Donald Trump's address to his nation, and Finance Minister Ishaq Dar gave a briefing on broadening of the tax base.

The meeting exempted from payment of taxes, duties and levies etc grants received from the Global Fund to Fight AIDS, Tuberculosis and Malaria, and approved maximum retail prices of life-saving drugs. The health ministry was tasked with ensuring availability of quality life-saving drugs at reasonable rates in line with the National Drug Policy.

The cabinet decided to launch projects for providing gas to far flung areas, subject to availability of funds.

The cabinet ratified the appointment of the chief executive officer of Pakistan International Airlines Company Limited for a probationary period of 90 days with a two-year contract, and directed the Aviation Division secretary to ensure the submission of a business plan for profitability of the national flag carrier within 60 days of the appointment of new chief executive officer.

Furthermore, the cabinet also approved the initiation of negotiations on an inter-governmental agreement between the Ministry of Petroleum and Natural Resources and the government of Nigeria on cooperation in the field of oil and gas.

The cabinet also decided to increase the number of members of the Security Exchange Commission of Pakistan from five to seven.

https://www.dawn.com/news/1353290

PM ASSURES SINDH GOVT OF KCR APPROVAL

Dawn, August 23, 2017

KARACHI: Prime Minister ShahidKhaganAbbasi has assured Sindh Chief Minister Syed Murad All Shah that he would ensure approval of the Karachi Circular Railway (KCR) project by the Executive Committee of the National Economic Council (Ecnec) as it has already been included in the ChinaPakistan Economic Corridor (CPEC) projects.
The prime minister gave this assurance when the chief minister drew his attention towards the KCR which,`despite being cleared by the Central Development Working Party (CDWP), has been facing red tape during the process of approval by Ecnec as its file is shuttled from the federal to the provincial government`.

`This is purely a waste of time,`Mr Shah said. `I want to launch the KCR project by the end of December; therefore, it needs to be approved at the earliest and may also be sent to the Chinese authorities for its formal inclusion in the CPEC.

The chief minister, who called on the prime minister in Islamabad on Tuesday to seek his intervention on different pressing issues being faced by the people of Sindh, also pointed out the attitude of the National

Electric Power Regulatory Authority (Nepra), which had backed out from its commitment about tariff of small power plants. `After Neprabacke d out, the private companies abandoned their plans; as a result Sindh continues to suffer from prolonged outages,` he said.

Talking about abandoned small power plants installed in different districts of the province, the CM said Nepra had decided their tariff when they were being installed but later it backed out from its earlier decision. Therefore, the private companies, which had installed small power plants, have abandoned them.

Chief Minister Shah requested Prime Minister Abbasi to intervene in the matter personally and get the tariff decided.

This would help reduce loadshedding locally, he said.

MrÄbbasi assured the CM of his support to resolve the issue.

The meeting between PM Abbasi and CM Shah was held in a cordial atmosphere in which various issues of Sindh with the Center were discussed threadbare, says an official handout released from the CM House.

The chief minister also asked MrAbbasi for allocation of gas quota for installing a 12MW LNG-based power plant in Karachi, which his government has worl(ed out. `I would be thankful if you [PM] issue necessary instructions to the energy ministry to approve LNG quota for the project. This would help to get the project approved by the CDWP and fixation of tariff for it,` he said and added that the Sindh government would be in need of the prime minister`s support and help for no objection certificate and fixation of tariff by Nepra.

The prime minister said he would encourage installation of power plants. Terming outages a national problem, MrAbbasi said he would help the provinces to install their power plants.

The chief minister also urged the prime minister to resolve the natural gas issue in the province.

http://epaper.dawn.com/DetailImage.php?StoryImage=23_08_2017_005_008

AGP FINDS RS1.3TR IRREGULARITIES IN POWER SECTOR
Dawn, August 23, 2017

KhaleeqKiani

ISLAMABAD: The auditor general of Pakistan (AGP) is reported to have found more than Rs1.32 trillion worth of embezzlement, irregularities, recoveries and overpayments by companies and organisations under the Water and Power Ministry during 2016-17.

Submitted to the president and laid before parliament, the AGP report put on record that findings were based on the scrutiny of public funds not below the amount of Rs1 million spent or received by these companies and entities on a “test-check basis” and were in no way a complete audit. The audit covered only 191 of 263 formations of the Water and Power Development Authority (Wapda) and power-sector companies.

This appears to be the biggest mismanagement of public funds by one sector that has virtually affected every individual besides pulling down the national economic growth rate by more than two per cent annually for almost a decade. This also explains why chronic circular debt has been rising despite repeated tariff increases and budgetary injections.

The audit observations pertained to Rs957 billion on account weak financial management, Rs103bn worth of weak internal controls, Rs259bn of other losses and Rs945 million of unsound asset management.

The 400-page report summarised the key findings of five different kinds. These include 147 cases of irregular expenditure or unjustified payments and violation of rules amounting to Rs171bn and 68 cases pertaining to weaknesses of internal control systems amounting to Rs103bn.

Another 82 cases pertained to recoveries and overpayments amounting to Rs786bn, 35 cases pertaining to negligence and accidents worth Rs259bn and 14 cases of embezzlement of public money, theft and misuse of funds worth Rs946m.

Says cost overruns caused by poor management are a major issue

This was despite the fact, the AGP lamented, there was a permanent internal audit system within the water and power sector for 100pc audit of public funds under Wapda, Wapda Hydro, Pakistan Electric Power Company (Pepco) and 18 other distribution, generation and transmission companies besides the Private Power and Infrastructure Board (PPIB).

The AGP observed that one of the major issues was the non-recovery of subsidies pertaining to the tariff differential and agriculture from the federal and provincial governments and the refund of general sales tax was also not being made.

Power distribution companies could not collect Rs233bn from defaulters during the year while procurement and consultancy services at various Wapda/Pepco formations involved a violation of procurement rules, provision of PC-1 and contract clauses, competitive bidding and illegal extension of load.

The audit report highlighted that internal control by audit departments of power-sector companies was weak, ineffective and deteriorating by the day as the external audit identified various control lapses. “There was a poor monitoring of the collection of revenue, misappropriation and theft of material and public funds, incorrect billing, non-implementation of commercial procedure and non-adherence to provisions of power policy.”

The audit pointed out Rs39bn worth of the irregular award of contract to the non-responsive bidder for NaiGaj Dam, Rs20bn for Naulong Dam, Rs13bn loss in DuberKhwar Hydropower project and Rs10bn loss in Winder Dam besides irregular expenditures in Mangla watershed project and GomalZam Dam.

The AGP noted that cost overruns were one of the major issues caused by poor management in water and power companies. Wapda needs to adhere to timelines for the construction of major hydropower projects for cost controls, the report said. Pepco also needs to improve the generation capacity.

The principal accounting officer – the federal secretary for water and power – should take steps to stop recurrence of similar irregularities year after year by investigating and fixing responsibility besides improving systems and internal control mechanisms, it said.

Companies should be made to purchase material according to inventory demand. Many distribution companies were found procuring materials not utilised for years. Moreover, managerial capabilities were weak and required strengthening of financial management, budgetary and accounting controls.

"Management must place maximum emphasis upon the recovery of outstanding amount at all stages of supply chain of the power sector so that circular debt doesn't accumulate to an unmanageable level."

https://www.dawn.com/news/1353238

FPCCI asks govt to cut energy costs
Dawn, August 23, 2017

ISLAMABAD: Business community on Tuesday urged the government to reduce gas and electricity tariff for the export-oriented industry to make local goods competitive on the world markets.

Speaking at a seminar on export competitiveness, Federation of Pakistan Chambers of Commerce and Industry President ZubairTufail said regional countries were providing incentives to their export sector.

The price of gas and electricity is about 50 per cent less in other countries of the region, besides their labour is also cheap, and due to these inputs, their exports had witnessed significant increase, he observed.

The FPCCI president urged the government to reduce the price of gas, besides slashing the power tariff to give a boost to the industrial sector.

He said these measures would help in reviving the exports sector by rapid industrial growth, which would also absorb the growing labour force.

Addressing the participants, DrIshrat Husain, a former governor of the State Bank of Pakistan, said that exports play a very important role in keeping the economy stable and stressed the need to facilitate the sector.

He said the high cost of doing business is the main cause of loss of competitiveness and retreat in the international market for Pakistani exporters.

Reasons behind decrease in exports include the high cost and unreliable availability of energy, want of skilled labour and lack of interest in imparting training to the staff on part of the exports industries, he said.

https://www.dawn.com/news/1353235

REDUCED ENERGY TARIFF DEMANDED FOR EXPORT-ORIENTED INDUSTRY
Business Recorder ,August 25th, 2017

President of Korangi Association of Trade and Industry (KATI) Masood Naqi has urged the government to reduce gas and electricity tariff for the export-oriented industry. He mentioned that low-cost energy has now become the prerequisite to make local goods competitive in the world markets. He said that regional countries were providing incentives to their export sector.

“The price of gas and electricity is about 50 per cent less in other countries of the region, cheap labor is available there and due to these reasons their exports have witnessed substantial increase,” Masood Naqi said, adding that these measures would be helpful in reviving the exports sector by rapid industrial growth, which would also create employment opportunities on large scale.

KAT’s senior vice president Ghazanfar Ali Khan said that exports play a vital role in keeping economy stable therefore it was an urgent need to facilitate the export sector. He further said that Prime Minister Shahid Khaqan Abbasi took important decisions immediate basis. He said that industrialists were hopeful that their concerns would be resolved at the same pace.

http://fp.brecorder.com/2017/08/20170825212262/

WAPDA CHIEF REVIEWS BALOCHISTAN’S WATER PROJECTS
Business Recorder, August 25th, 2017

LAHORE: Pakistan Water and Power Development Authority (WAPDA) Chairman, Lieutenant General Muzammil Hussain (retd) on Thursday reviewed progress on water sector projects of WAPDA in Balochistan province in a meeting held at Quetta. During briefing about the projects, the chairman said that in view of water requirements in the province, WAPDA is making utmost efforts to initiate construction work on a number of dams in Balochistan in the shortest possible time. These projects included Naulong Dam, Hingol Dam, Badinzai Dam, and Sukliji Dam.

While briefing the chairman, WAPDA chief engineer (West) said that Naulong Dam is ready for construction and its financing is being negotiated with the Asian Development Bank through Economic Affairs Division, Government of Pakistan, whereas Hingol Dam, Badinzai Dam and Sukliji Dam are at planning stage and PC-II of the three projects had been forwarded to the Planning Commission for approval.

The issue relating to handing over of Mirani Dam to Balochistan government for its operation and maintenance was also discussed during the meeting. Mirani Dam was completed by WAPDA about 10 years ago.

The WAPDA chairman also visited Quetta Electric Supply Company (QESCO) and WAPDA Hospital Quetta. During his visit to QESCO Headquarters, the chairman was briefed by the QESCO Chief Engineer (Planning) about QESCO's performance, its power system, development schemes, and projects being implemented by the company for improvement of power distribution system across the province. The chairman was also briefed that subsidy on agriculture tube wells in Balochistan was withdrawn in December 2016. Since then, the arrears payable by the agriculture tube wells consumers have swelled to Rs 31 billion, inflicting adverse impact on financial health of QESCO.

Later, during his visit to WADPA Hospital Quetta, the chairman had a detailed round to observe the healthcare facilities being provided at the hospital to the employees of WAPDA and power sector entities including QESCO, National Transmission & Dispatch Company (NTDC) and power Generation Company (GENCO)-II.

Speaking on the occasion, the chairman said that WAPDA is committed to providing latest treatment facilities to WAPDA and power sector employees through its own healthcare system which exists throughout the country. Though WAPDA has already developed a good healthcare system, the incumbent Authority has decided to upgrade these facilities for benefit of the employees. In addition, WAPDA is also in the process to establish a medical college to further strengthen its healthcare system, he added.

It is worth mentioning here that WAPDA has a full-fledged healthcare system across the country. It comprises 12 hospitals, 13 fortified dispensaries and 17 basic dispensaries to serve the employees of WAPDA and power sector companies. A sum of Rs 3.61 billion was spent during the last fiscal year to provide treatment facilities to WAPDA and power sector employees through WAPDA healthcare system.

http://fp.brecorder.com/2017/08/20170825212284/

NEWS COVERAGE PERIOD FROM AUGUST 14TH TO AUGUST 20 Th 2017
GOVT PLANS TO STRIKE LNG DEALS WITH BIG AFRICAN PRODUCERS

The Express Tribune, August 18, 2017

Zafar Bhutta

ISLAMABAD:

With an ambitious plan to double the volume of liquefied natural gas (LNG) imports this year, the government intends to ink multibillion-dollar state-to-state gas supply contracts with big African producers – Nigeria and Algeria, sources say.

Pakistan is currently importing 4.5 million tons of LNG per annum and the volume will shoot up to 9 million tons before the end of this year. Projections show that Pakistan will annually need 20 million tons of LNG within three years and 30 million tons in five years.

According to sources, a draft agreement will be presented in the cabinet for ratification before clinching deals with Nigeria and Algeria for LNG imports. This will be followed by the inking of commercial contracts for implementation of the proposed plan.

Although Nigeria LNG's production dropped 1.8 million tons in 2016, the company still kept its position as one of the top five LNG exporters in the world.

According to the International Gas Union's World LNG 2017 report, Nigeria was one of the top five LNG exporters by share between 2015 and 2016. The order of top five exporters by share is Qatar, Australia, Malaysia, Nigeria and Indonesia.

Algeria's gas output in 2016 stood at 132.2 billion cubic metres (bcm), up from 128.3 bcm in 2015. Algeria, which is competing with LNG production by the US and others, is ramping up output in an attempt to defend its market share in Europe.

Japan annually imports 80 million tons of LNG whereas India buys 15 million tons because of the commodity's lower price and efficiency compared to other fuels.

Around eight months ago, Pakistan signed a 15-year agreement with Qatar for annual imports of 3.75 million tons to meet its growing energy needs as existing natural gas reserves of Pakistan appeared insufficient to bridge the widening demand-supply gap.

The import of LNG has given a new lease of life to some industrial sectors, compressed natural gas (CNG) filling stations, fertiliser plants and power producers, which were earlier sitting idle or limping along in the absence of gas supplies.

Officials said Pakistan had two options for gas imports – either through LNG supplies or pipeline projects. LNG imports have proved to be a game changer as increased energy inflows have contributed to the growth of national economy, which had weakened due to power and gas shortages. The gap between supply and demand of gas has swelled to 4 billion cubic feet per day (bcfd) with demand rising to 8 bcfd and supply remaining restricted to 4 bcfd. Needless to say, consumption of the country rises rapidly in winter.

LNG is being provided to consumers at a price lower than liquefied petroleum gas (LPG) rates. LNG costs consumers Rs850 per million British thermal units (mmbtu) compared to LPG's price at around Rs2,000 per mmbtu.

Locally produced natural gas, however, is priced up to Rs700 per unit.

At present, 600 mmcfd of LNG is being imported. With its help, all gas-based power generation plants are now fully functional, over 1,200 CNG stations have restarted operations, industrial and fertiliser plants are receiving uninterrupted supplies.

https://tribune.com.pk/story/1484289/govt-plans-strike-lng-deals-big-african-producers/

GOVT PLANS TO WAIVE BILLIONS OF RUPEES IN CESS PAYMENT
The Express Tribune, August 19, 2017

Zafar Bhutta

ISLAMABAD: The government has planned to introduce a bill in parliament for making amendments to the Gas Infrastructure Development Cess (GIDC) Act 2015 in an attempt to waive half of the cess arrears worth billions of rupees from the compressed natural gas (CNG) filling stations.

Before tabling the bill in parliament, the cabinet is likely to give the go-ahead for the proposed concession in its upcoming meeting next week.

“CNG industry will pay Rs12 billion, which is half the amount they are required to pay for gas supply to their outlets,” said a senior official of the Oil and Gas Regulatory Authority (Ogra) while talking to The Express Tribune.

The Ministry of Finance, Ministry of Petroleum and Natural Resources and CNG industry have agreed on this formula for half payment covering the period January 1, 2012 to May 22, 2015.

“We have agreed to pay Rs12 billion on account of GIDC and the finance ministry, petroleum ministry and Ogra have given their consent to the proposed formula,” All Pakistan CNG Association Chairman Ghiyas Abdullah Paracha said.

The National Assembly passed the GIDC Act 2011 to pave the way for the imposition of gas surcharge aimed at generating funds for building gas pipelines. However, the levy was challenged in courts due to various reasons including the argument that GIDC could not be imposed on gas consumers through a money bill.

The GIDC ordinance was promulgated during the tenure of the current government to give legal cover to the levy following amendments through Finance Act 2014.

The Senate chairman constituted a special committee for monitoring the implementation of GIDC Act 2015 and making recommendations to remove anomalies.

A report prepared by the committee was presented in parliament on December 21, 2015 and adopted on March 10, 2016.

The committee recommended that the CNG sector may pay Rs12 billion as the full and final settlement of GIDC and late payment surcharge should not be collected from them.

CNG filling stations, however, had been collecting the cess in the gas sale price in accordance with a notification issued by Ogra. But a major share of the collection was not deposited with Sui Northern Gas Pipelines and Sui Southern Gas Company for onward payment to the federal government following stay orders from different courts.

During negotiations with the government, the CNG industry called unreasonable the gas price for CNG stations notified during the previous Pakistan Peoples Party (PPP) government.

Industry sources said the government accepted the CNG sector's argument and agreed on a formula under which filling stations would pay half the amount of required cess.

They said the CNG industry had already paid Rs19 billion in GIDC and would pay Rs12 billion more for the period running from January 1, 2012 to May 22, 2015.

https://tribune.com.pk/story/1485218/govt-plans-waive-billions-rupees-cess-payment/

WIND ENERGY BLOWS UP STORM OF CONTROVERSY IN MEXICO
Dawn, August 20, 2017

LA VENTOSA: Cain Lopez looks tiny standing near the seven enormous wind turbines that tower over his farm in the Mexican village of La Ventosa.

In this gusty rural region near the Pacific coast, the wind is so strong it sometimes flips over cars and even trailer trucks.

Lopez always considered it a curse, until an international energy company came along and said it wanted to build these 40 metre wind turbines on his land, offering him a small fortune by local standards.

Some villagers in the southern state of Oaxaca accuse the multi-national energy firms that operate here of breaking promises, tricking them into unfair contracts and failing to consult them sufficiently.

Last month, 15 people were arrested when the authorities broke up a protest in the town of Juchitan by residents demanding more money for their land.

And this month, residents of Union Hidalgo filed a court case seeking to rescind French energy company EDF's permit to build nearly 100 new wind turbines there, saying it failed to properly consult the Zapotec indigenous community.

Now, some locals are threatening to shut the wind projects down completely.

“If we work together, we can close every single wind farm,” says Porfirio Montero, president of a local landowners’ association.

The landscape of this windswept isthmus has been transformed by the wind turbines, which look like gleaming white forests of stylized trees.

Some 2,000 turbines have been built in Oaxaca since 1994, generating 2,347 megawatts – enough to power half of Mexico City, the sprawling capital located some 700 kilometres away.

They are the drivers of a budding green revolution in Mexico, a country that has emerged as a leader on renewable energy.

Last year, green energy made up 28 per cent of its energy mix, according to the government.

Mexico is now the world’s 18th largest producer of wind energy, with 3,709 megawatts, and second only to Brazil in Latin America, according to the World Wind Energy Association.

But Porfirio Montero, head of the landowners’ association, says the energy companies have worsened inequality in the region, one of Mexico’s poorest.

“Some people earn just $1,700 a month for the same wind turbines” that Lopez has, he said. “There are differences of 25 to 30pc.”

And yet, he added, “The air is the air. There’s only one.”

According to Montero, one wind turbine generates electricity worth about $112,000 a day.

Non-landholders often get nothing at all.

Some companies are accused of breaking promises to fund infrastructure projects to benefit the community. The wind farms create jobs when they are built, but they disappear just as quickly when the projects are done.

EDF did not respond to AFP’s requests for comment.

https://www.dawn.com/news/1352612

ENERGY POLICY SEEKS TO FOCUS ON BALANCED MIX

Aug 21st, 2017

Mushtaq Ghumman

ISLAMABAD: Reducing the use of thermal power sources aimed at achieving a balanced mix for the country's energy requirements is the objective of the currently under-preparation energy policy by the newly-created Ministry of Energy headed by Prime Minister ShahidKhaqanAbbasi. The policy is expected to be finalized within the next two weeks, well informed sources told Business Recorder .

On August 8, 2017, Prime Minister while presiding over his maiden meeting on energy sector directed a roadmap be prepared focusing on natural gas and domestic coal for energy production. The purpose of this roadmap would be to shift from expensive thermal power plants to gas by 2019.

When contacted Secretary Ministry of Water Resources and Power Division, YousafNaseemKhokhar told this scribe that the day the Prime Minister gave these instructions, a Working Group comprising officials from Power Division and Petroleum Division was constituted to commence work on the preparation of the new plan expeditiously. "We are already moving on fast track basis on the new plan as the Working Group has held three or four meetings in this regard. The execution of the plan depends on the availability of gas and if gas is made available, we have no other better proposition than this," he added.

If the roadmap is implemented as conceived by the Prime Minister, electricity prices in Pakistan will be reduced considerably, said another official. In reply to another question, Secretary Water Resources and Power Division said: "We are moving quickly but we have to prepare a policy which requires careful deliberation. However, I don't think it will take more than a couple of weeks,"

Prime Minister Abbasi maintains that the government is striving to achieve a balanced mix to meet the country's energy requirements. Maximum utilization of Thar coal reserves should be ensured to provide affordable energy for consumers. He further stated that it was necessary to remove firewalls between the Petroleum and Power sectors which are otherwise linked to a common objective of energy security in Pakistan.

An official who was part of the meetings being held with the incumbent Prime Minister said that there is no change in policy with the advent of the Abbasi administration. "ShahidKhaqanAbbasi, has presided over just one meeting on energy issues which was a continuation of previous spadework. He might give further instruction in the next meeting," he added.

The main focus of the Prime Minister, sources said, was to expedite ongoing energy sector projects aimed at eliminating electricity load shedding prior to the next general elections expected to be held in 2018. According to Economic Survey 2016-17, the energy imports of liquefied natural gas (LNG) and coal along with utilization of domestic resources like Thar coal mines, hydro power stations, nuclear power plants, as well as several solar and wind farms will significantly reduce the country's reliance on oil in the medium term and improve the energy mix.

Prime Minister, during the meeting on energy sector had also stated that water security is an important concern for the government and people of Pakistan. The government has given priority to the industrial sector and there is uninterrupted power supply to that sector; albeit a small decline in the share of industry in electricity consumption is due to the use of captive power plants run on LNG by large industrial units. When Yousaf NaseemKhokhar was asked when the new Water Policy will be ready for approval, he said that it was on the agenda of the last meeting of the Council of Common Interests (CCI) but was not taken up due to paucity of time, adding that now it will be presented in the forthcoming CCI meeting as Ministry of Water Resources is ready to present it.

http://fp.brecorder.com/2017/08/20170821211105/

LPG SUBSIDY FOR THE POOR TO HELP AVERT DEFORESTATION
The Express Tribune, August 21, 2017

Akhtar Ali

Empty Liquefied Petroleum Gas (LPG) cylinders are seen at a gas distribution centre. PHOTO: REUTERS

ISLAMABAD: The government has launched a programme for laying off-grid distribution networks of liquefied petroleum gas (LPG).

Some 24 schemes are being planned. The idea and intention is good and is to be appreciated, however, the approach and methodology does not appear to be attractive and viable.

In an earlier article, I examined an alternative approach to distributing truck-transported LNG and opting for off-grid networks, which are used in many countries. In this space, I will explore another option ie LPG cylinder distribution under a subsidy scheme.

Only 20% of households in Pakistan have access to a clean and convenient cooking fuel like piped natural gas. Another 1.5 million households have access to LPG cylinders, which leaves most of the country unsupplied, except for the major urban areas.

Thus, the idea of supplying some kind of clean fuel at affordable prices should be received with sympathy and affection.

There are two types of LPG subsidies involved in the proposed scheme. First, LPG priced at $9 per million British thermal units (mmbtu, free on board Saudi Arabia) and the other at $13 per mmbtu at site, which would be supplied to consumers at a tariff of about $2.8 per unit. The latter is the most widely applied tariff for small domestic users which are in the majority.

The deficit would be covered through cross-subsidies, meaning that other category of natural gas consumers would be charged higher to make up for this shortfall. Industry may not like it, but they should understand that it would ultimately benefit them if the workforce is able to cook its food without polluting his home and endangering his and his family’s health. Industries do not grow in a vacuum on the back of half-fed populace.

Those industries and societies whose competitiveness is built and based on inhuman living conditions do not last or prosper very long and perish.

LPG is more efficiently distributed in cylinders worldwide. I do not know of a country where schemes of LPG distribution through pipes are in place as proposed and being implemented by the government.

There are apartment complexes and gated societies where such contrivance is used. But it is rare that LPG is distributed through piped networks to whole towns having several thousand customers.

Costs should be presumably higher and more safety risks are involved. One usually finds leaking gas outside and inside houses. But it is natural gas which being lighter goes up and is diluted to safe levels in the atmosphere.

LPG has heavier molecules and tends to reside and flow close to the ground after it has the opportunity to leak. Thus, it is more susceptible to combustion and explosion. The proposed scheme tends to cater to the elite who in their big houses would like to have piped gas and not cylinders. The poor may still be outside the periphery in which the LPG distribution network would be laid. The poor is spread out much more widely. Look at Balochistan, where population dispersion is so wide that it may not be even possible to take electric wires, not to talk of LPG pipe which is even more difficult.

However, I am a bigger supporter of supplying LPG to as many people and localities and to the poor at a subsidised rate. India spends $2 per capita on LPG subsidies. Here one cylinder per month per household is supplied under subsidy schemes. The subsidy depending on poverty levels could vary from 50% to 100%, meaning that some eligible users may get one cylinder per month literally free.

I would propose an LPG subsidy scheme of $100 million per year to be partly financed out of budget and partly out of cross-subsidy with the natural gas sector.

Government companies such as PSO and PPL may import LPG under this scheme, which would enable them to import something like 250,000 tons in a year at the prevailing rate of around $400 per ton. This would mean about 21 million cylinders per year or 1.75 million cylinders per month.

In comparison, it has been estimated that there is a current demand for 90,000 tons per month in summer and 115,000 tons in winter, out of which 40% goes to domestic consumers.

PPL and PSO would get it free under the $100 million per year subsidy and would receive filling, transportation and handling charges. Eligible poor households will have to get registered with an exclusive distributor appointed by PSO and PPL, possibly to be centrally computerisedutilising the NADRA system.

There is always a possibility of misuse and abuse as has happened in India. Some misuse is to be tolerated.

However, there are other ways of passing on this targeted subsidy, which included directly transferring a monthly amount of subsidy to the accounts of registered users, but on the placement of order to the local distributor, so that the targeted subsidy is utilised for the purpose it is meant for.

The system is reporting well in India. We can adopt variants that are suited to our conditions. It is expected that one would be able to supply one LPG cylinder at a subsidised price of Rs300-400 and provincial and federal governments may be required to share subsidies under some formula. The current unsubsidised price is around Rs1,000 per cylinder (0.531 mmbtu or 11.8kg, $18.83 per mmbtu).

Initially, the target should be the northern areas including rural parts of Balochistan, Khyber-Pakhtunkhwa, Fata, Azad Jammu and Kashmir, Gilgit-Baltistan and Chitral.

LPG for heating and cooking is a necessity in those parts of the country, although the cold is so much in those regions that no amount of subsidised LPG may be enough.

However, cooking needs can be covered under the scheme by providing one cylinder per month. The public benefit of this subsidy in addition to the improvement in living conditions of people would be lesser tree-cutting.

LPG supplies under the proposed subsidy scheme will reduce deforestation, which has been fast eroding forest cover in the country. Current deforestation rate is 1.63-2.1% per year which is the highest in Asia.

As per erstwhile Millennium Development Goal, Pakistan was required to increase forest cover from 2.5% to 6% by the year 2015. It may be possible to attract international funding towards the proposed LPG subsidy scheme focussed on reducing deforestation (REDD). It would be relevant to quote from a kfW study.

“In studies of villages in the Himalayan region of India carried out among communities where LPG use had been encouraged by government action, fuel wood use decreased from 475 kg per capita per year in 1980-85 to 46 kg per capita per year in 2000-05, suggesting that LPG can play a very significant role in forest preservation in a low-income environment.

“Energy savings from total fuel wood requirements for cooking in these villages were estimated to be as high as 70% in lower level Himalayan altitudes, but considerably less in the higher altitude regions with considerably less LPG usage and greater heating needs.”

Concluding, it may be worth re-examining the existing LPG scheme of piped networks and substitute it by the proposed subsidised LPG distribution in cylinders.

https://tribune.com.pk/story/1486804/lpg-subsidy-poor-help-avert-deforestation/

NEWS COVERAGE PERIOD FROM AUGUST 7TH TO AUGUST 13 Th 2017
$10BN FOREIGN INVESTMENT IN PETROLEUM SECTOR
Dawn, August 8th, 2017

ISLAMABAD: The petroleum sector attracted over $10 billion foreign investment despite low oil price scenario in international market during the last four years.

“Besides, world’s major players are showing interest to invest in LNG sector of Pakistan after seeing immense business potential of the commodity here,” official sources told APP.

Sources said international companies were aspiring to set up their own terminals and develop transmission networks to supply the commodity to consumers, adding, “There will be good news in the coming weeks in this regard.”

The officials said PGNiG, a Polish company, has planned to step up its exploration and production (E&P) activities and take the business volume to Rs100bn per year.

“The company has the intention to take its production to $100 million per year in the coming days,” they said.

Besides, the company is considering to set- up its LNG trading office in Pakistan.

Currently, the sources said, 600 million cubic feet per day (mmcfd) LNG was being imported from Qatar, which greatly helped in meeting the country’s energy requirements as all gas-based power generation plants are now functioning fully; 1,200 CNG stations have restarted their operations and industrial and fertiliser sectors are getting uninterrupted supply.

Before LNG import, Pakistan was importing 1m tonnes of fertiliser per year and now it was exporting 6m tonnes of fertiliser, adding entire power generation sector was getting smooth gas supply, besides Nandipur power plant had also been converted on LNG, the sources said.

Answering a question, the sources said that Pakistan was already negotiating LNG import deals with countries including China, Turkey, Russia, Malaysia and Oman, adding “Pakistan will strike LNG deals with potential exporters”.

Rs4.7bn recovered from E&P companies: Meanwhile, the Ministry of Petroleum and Natural Resources has recovered outstanding payments amounting to Rs4.7bn from different oil and gas exploration and production companies on account of production bonus, social welfare funds and marine research fee during the last four years.

In a bid to restore confidence of locals in exploration activities, the ministry recovered a Rs1,639.23m production bonus, Rs1,988.25m social welfare funds and Rs1,100.51m marine research fee from the E&P companies, official sources told APP.

“An amount of Rs4,727.99m has been recovered and deposited in accounts of concerned DCOs of oil and gas producing districts for carrying out welfare schemes for locals,” they said.

Facilities like health, education, water supply, improved drainage and sewerage system are provided to locals in oil and gas producing Tehsils and Districts across the country, the sources said.

The ministry has also recently revised the social welfare guidelines, under which welfare schemes would be based on the requirement of areas and identified by concerned MNAs of districts in consultation with representatives of local bodies or local administration.

They informed that E&P companies would open a joint bank account with the concerned District Coordination Officers (DCOs) and Deputy Commissioners (DCs) and deposit the social welfare contribution fund within one month of signing a Petroleum Concession Agreement (PCA) and subsequently by January 31 every year.

"DCOs/DCs and E&P companies will sign cheques within a week after receiving complete requisitions from the concerned agency," they said, adding that MNAs and concerned authorities would get input of the locals in welfare schemes, make publicity of development projects and ensure their timely completion besides holding public hearings in project areas.

They said the companies would provide audit certificate annually from their statutory auditors that the due amount of social welfare obligation had been discharged by transferring to the joint account as per their PCA and social welfare guidelines.

Sources said the provincial governments would send a report regarding completed schemes to the federal and provincial ombudsmen and Human Rights Cell of the Supreme Court twice a year by the end of July and January.

On completion of works, a prescribed 'completion certificate' would be issued by the concerned DCOs/DCs within 30 days, while annual progress report of the previous calendar would be forwarded to the ministry by March 31.

https://www.dawn.com/news/1350239

PM ADVOCATES BALANCED ENERGY MIX
Business Recorder, 9 August 2017
Zaheer Abbasi

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi has directed Power Division and Petroleum Division to formulate a roadmap to reduce usage of thermal power sources and promote use of natural gas and domestic coal for energy production.

While chairing the first meeting of the Cabinet Committee on Energy, the Prime Minister not only received a briefing but also underlined the need for achieving a balanced energy mix. "Our government is striving to achieve a balanced mix for the country's energy requirements," he said and directed that maximum utilization of Thar coal reserves must be ensured to provide affordable energy to consumers.

Abbasi also directed the Water Resource Division to work on planning for water storage projects on fast track. “There is no room for non-optimal solution in our energy framework,” he said.

An official said that establishment of Energy Ministry was a reflection that the Prime Minister wants to have full control over decision-making in power sector to deal with the challenge of load-shedding. The new Prime Minister’s priority would be to do away with the load-shedding well before the end of 2017.

Minister of State for Power Abid Sher Ali, Minister of State for Petroleum Jam Kamal Khan and senior officials attended the meeting.

Secretary Power Division and secretary Petroleum Division briefed the Prime Minister on energy sector projects and load management plan.

The Prime Minister said that the sole objective of distribution of work among ministries is that water security is an important concern and a dedicated ministry for water resources was required to handle these issues and cater for improved management of water resources. He further said that “a separate ministry was essential.”

About creation of Ministry of Energy, Abbasi stated that it was necessary to remove firewalls between the petroleum and power sectors which are otherwise linked to a common objective of energy security in Pakistan.

http://epaper.brecorder.com/2017/08/09/1-page/897238-news.html

VULNERABLE POWER SECTOR
Dawn, August 10, 2017

WITH the spotlight on the political theatre under way on GT Road, there is a growing danger that the more mundane matter of running the affairs of state will be left to drift. Given the intense passions these days, this might come across as a trite observation to most, yet it could have far graver implications than any of the showmanship on display. Already the signs are that the power sector is accumulating circular debt faster than at any time in the previous three years.

Figures reported recently suggest it could have touched Rs800bn, with the bulk of the accumulation coming in the last seven to eight months alone. To some extent, the timeline coincides with the start of the ruling party’s court-related troubles, but there are other events within the water and power sector that could have played an equally significant role.

Beyond this, the fiscal framework and the external sector are showing growing vulnerabilities that could send consequences cascading through the economy precisely at a time when the planned handover of power to an interim government is supposed to take place.

The vulnerabilities in question are not minor ones. Taken together, they could choke the power system, cause a disorderly plunge in the exchange rate, aggravate inflation and destabilise financial markets. The second round of consequences could spark a large-scale dollarisation of savings as well as capital flight. All of these have happened in the past as the incumbent government neared the end of its term and those at the helm lost their focus in the midst of the political storms. In each case, we saw large-scale load-shedding and rapid depletion of the reserves, followed by the authorities approaching the IMF and the onset of years of adjustment. That story is now set to repeat itself, and its basic elements are already beginning to appear.

It is imperative at this time that the focus on governance is not lost, and that the cabinet lets the party deal with the political storms. The prime minister has kept the crucial power ministry as well as planning — charged with CPEC coordination — under his control. This places a heavy burden on him to ensure that the crucial power system remains operational in spite of stresses on the fiscal framework and the reserves.

If he and his cabinet are sucked too deep into the politics of the moment, it will raise the likelihood of the system being left to its own devices and allowed to drift in a dangerous direction. For the ruling party, this carries the additional danger of impacting its electoral chances once polling gets under way. If once again the elections are held amidst massive load-shedding and rapidly depleting reserves, it could well impact the choices made by the electorate at the polls.

https://www.dawn.com/news/1350648

CHINESE FIRM TO INVEST $1.5BN IN WIND ENERGY

Dawn, 12, August ,2017

LAHORE: One of China's top heavy machinery manufacturer plans to invest US $1.5bn in development of wind energy in Punjab. In collaboration with the Punjab Board of Investment and Trade (PBIT), the company's representatives are visiting various sites for wind farms these days, according to a press release issued here on Friday.
"Our company continues to make sustainable efforts to develop business in Punjab's emerging economy," Ryan Zhao, a top representative of Sany Group, said after visiting the PBIT to discuss his organisation's plans and further procedure to initiate projects with the Punjab Power Development Board (PPDB).

The PBIT has shared renewable energy mapping report, prepared by the World Bank, with the group to identify sites for wind energy projects. The group has already selected two sites for wind mast installation and submitted land application letter with the geographical coordinators of selected sites.

The Sany Group is the fifth largest construction machinery producer in the world and number one in China.

http://epaper.dawn.com/DetailImage.php?StoryImage=12_08_2017_002_006

WIND POWER PROJECT INSTALLATION: CHINESE GROUP TO INVEST $1.5BN IN PUNJAB

Business Recorder, 12 August 2017
LAHORE: SANY Group, one of the China's top construction machinery manufacturers, plans to invest $1.5 billion in the development of wind energy in Punjab. SANY Group together with the Punjab Board of Investment and Trade, is looking for the suitable sites for establishing wind energy farms.

Ryan Zhao, a top representative of SANY Group said that SANY Group continues to make sustainable efforts to develop business in Punjab's emerging economy.

He visited Punjab Board of Investment and Trade on Friday to discuss SANY Group's plans and to supplement the status of proposed sites and the further procedure to initiate their projects with Punjab Power Development Board (PPDB).

According to the spokesperson, PBIT has shared renewable energy mapping report with SANY Group prepared by the World Bank to identify sites for wind projects. SANY Group has already selected two sites for wind mast installation in Punjab and submitted land application letter with the geographical coordinators of selected sites. PPDB has asked them to go through the process of registration so that Letter of Intent can be issued for further progress.

PPDB has been established as "one window facilitator" to promote and encourage private sector on behalf of Punjab government.

SANY Group is the fifth largest construction machinery producer in the world and number one in China. It is a global manufacturer of industry-leading construction and mining equipment, port and oil drilling machinery, and renewable wind-energy systems. It has signed an MOU with Punjab Power Development Board earlier in May to install 1000 MW wind power projects in Punjab over a period of five years and has also signed an MOU with PBIT for facilitation purpose.

http://epaper.brecorder.com/2017/08/12/9-page/898290-news.html

NEWS COVERAGE PERIOD FROM AUGUST 1ST TO AUGUST 6TH 2017

GERMAN FIRMS EVINCE INTEREST IN WIND POWER SECTOR
Business Recorder, 2 August 2017

HYDERABAD: The Consulate General Federal Republic of Germany at Karachi Rainer Schmiedchen has said that German companies have shown keen interest to make investment in wind power sector of Pakistan with objective to provide assistance to Pakistan Government to overcome the energy crisis.

He expressed these remarks while addressing the business community at Hyderabad Chamber of Commerce and Industry and the media persons at Hyderabad Press Club on Tuesday.

He said that German made turbines for power generations are already functioning in the power projects of Pakistan and now the German investors desired to make their investment in wind power sector. The German companies wanted to work in Pakistan at the pattern of the companies of UDA, UK and France, he added.

The German companies are also making their investment in different sectors including Chemical sector in different countries of the world. In this regard, the German Government had established a separate department for South Asia to provide all kinds of assistance to investors.

The German Government has started visa facility to business community of South Asia and establishing vocational training institutions in order to facilitate them to carry out business activities in smooth direction. The government is ready to impart vocational training on the recommendation of Hyderabad Chamber of Commerce and Industry, he added.

Earlier, the President HCCI Goharullah in his welcome address emphasized the need of enhancement of trade volume between the two countries adding that the Germany is the biggest European trade partner which are making investment in Pakistan.

He informed that Hyderabad has the great potential of industrial growth as it successfully managing the agro-based industries as well as playing key role in automobile assembling sector. The German investors can found opportunities of making their investments in different industrial sectors as well as coalmine sector in Hyderabad, he added.

Among others, the Senior Vice President HCCI Turab Ali Khoja, Vice President Ziauddin and the members HCCI executive committee were also present on the occasion.

http://epaper.brecorder.com/2017/08/02/8-page/894700-news.html

BOOSTING CLEAN ENERGY
Syeda Hadika Jamshaid

The Express Tribune, August 5, 2017

Developing countries like Pakistan are least responsible for greenhouse gas emissions, but due to their geographical location and socioeconomic fragility, most of these countries are extremely vulnerable to the threats posed by climate change. Pakistan is no exception and ranks seventh in the 10 countries that are worst affected by climate change.

During the past two decades, Pakistan has suffered over 130 events including floods, droughts and heatwaves in various parts, with losses costing up to approximately $4 billion. One of the ways Pakistan can contribute towards mitigation of greenhouse gases is through adaptation of clean and renewable energy sources, through its resources like solar, wind, hydro and biomass.

Although the government realises the use of clean energy, the implementation has been limited due to high upfront capital expenditure involved, limited access to practical knowledge and expertise, and operational demands and constraints. There is a need to ensure rigorous efforts at local, provincial and federal levels to encourage the concept of clean energy through public-private partnership. This may require policy interventions to reduce the existing fossil fuel-based energy mix and switchover to a renewable energy-dominated mix to ensure cost effectiveness, availability, stability and sustainability in Pakistan's energy sector.

The energy mix in Pakistan is sourced majorly by thermal fuels, which are expensive and have high maintenance cost. The potential of hydropower reported by Nepra is about 41.7GW whereas only about 6GW is being harnessed. In comparison, India has constructed more than 3,200 small, medium and large dams since 2012. By building these, it not only produces electricity but also impacts the agriculture sector by reducing the risk of floods.

There is approximately 50BW of wind energy potential only in the Sindh corridor, of which Pakistan uses about 600MW only. One of the major issues Pakistan faces is a high volume of fine dust accumulation which effects UV factor in trapping solar energy. These problems can be sorted by anti-dust and high-temperature versions of solar and wind power equipment. The solar and wind energy power plants will cater to the non-grid areas of Balochistan and Sindh.

Moreover, local industry should be promoted to manufacture the clean energy equipment and made a part of government policy. These actions will help in reducing capital cost, increase foreign investment, build the capacity of local workforce and consequently, reduce the cost of energy.

Currently, Pakistan faces significant energy deficits. It is producing 23,000MW of power, but due to increasing population, there is a high gap between supply and demand. To bridge this gap, the government is planning construction and installation of approximately a dozen coal-based power plants over the coming years under CPEC.

The major investments are being made in coal-fired power plants, expected to be fuelled primarily by imported coal. Due to the low calorific value of Thar coal, it seems that its use may not prove to be efficient. Furthermore, it requires a process that is water intensive which degrades local soil quality. However, a detailed feasibility study of the Balochistan coal reserve may yield a better quality local coal option with more cost-effective results.

The estimated budget for these energy and infrastructure projects amounts to around $57 billion, which is expected to help end Pakistan's energy crisis. The government is not only filling the deficit but plans to generate excess energy to export electricity and deal with any future energy crisis caused due to economic development. A policy intervention to make this process sustainable is required.

In addition to this, CPEC also contains some renewable energy projects which are expected to generate over 1,000MW. Through these projects, around 10,000MW of energy is planned to be added to the Pakistan electricity grid by 2020. These energy projects will, of course, aid in addressing one of Pakistan's major issues but the fact that it will have serious repercussions on the environment cannot be ignored. The world is moving towards decreasing carbon footprint, while Pakistan is talking about increasing it.

It is commendable that some of the projects under CPEC are focused on clean energy. However, Pakistan needs to have a strategic plan regarding its energy emissions and sources, like the UK which has announced that coal-powered plants will close between 2023 and 2025. Investments should be made in promoting clean energy in the long run, and coal-powered plants should not be used beyond the need to meet immediate energy deficit.

Pakistan has geophysical prospects favouring the solar and wind power based energy. Having a better return on investment, wind energy is more suited for the private sector through effective government facilitation. More than 600MW of energy is being provided to the national grid via the Gharo-Jhimpir wind corridor, and according to experts, it has the potential to generate more than 50,000MW of electricity through wind power.

Since Balochistan covers more than 70% of the coastal belt of Pakistan, it is expected to have more wind power potential than Sindh. Therefore, the government should install wind masts at potential locations and carry out a wind energy assessment of the regions.

The private sector has a lot of potential regarding investment in clean energy in Pakistan. World Bank Group member International Finance Corporation (IFC) has initiated provision of funds amounting to $238 million to help build wind power projects in Jhimpir, Sindh. Tricon Boston Pvt initiated this project and is a perfect blend of the public-private-donor triangle required for implementation of such projects.

Although solar energy has great potential in Pakistan and recently there has been a rise in the use of Solar Photovoltaics (PV) and LED-based lighting solutions, not only in the urban centres but also in the rural non-grid areas, average consumers are facing major power shortages, and solar panels provide an easy solution to individual households. A policy level focus on on-grid wind power and off-grid solar power initiatives may help improve the energy sector crisis and mitigate the environmental risks.

In 2006, the first-ever renewable energy policy was formulated, under the ministry of water and power. The policy comprised three phases: short, medium and long term. The short-term policy covered a period up to June 2008 and focused on attracting private sector investments for power projects. Currently, National Power Policy of 2013 is in effect, devised by the PML-N government. It focuses on efficiency, sustainability and competition. Furthermore, it highlights the wind and hydro projects that the government aims to complete in the coming years.

Fossil fuel industry is endangering our society in countless ways. Some of the externalities are easier to observe like pollution and land degradation and more often than not the consequences are less obvious like increasing cases of cancer, respiratory diseases, loss of agricultural productivity and livelihoods are neglected. Unfortunately, the fallout of these policies is borne by the population that is not aware of these issues and therefore, unable to voice their concerns. There is also a cost accrued at every point of fossil fuel supply/value chain and even the waste material is hazardous to society.

Hence, Pakistan needs to make clean energy a priority. Well-researched, strategic and implementable policies and measures are required which focus not only on enhancing clean energy emissions but also side by side take steps to decrease the use of fossil fuel.

https://tribune.com.pk/story/1474146/boosting-clean-energy/

RS5BN BEING SPENT ON SOLAR VILLAGE ELECTRIFICATION: CM
Dawn, August 6th, 2017

KARACHI: Sindh Chief Minister Syed Murad Ali Shah on Saturday said his government was focusing on alternative energy schemes in the province as Rs5 billion had been invested in solar village electrification schemes, which were in progress in rural areas.

Mr Shah said public health engineering (PHE) and rural development department (RDD) were playing main role in the development of rural areas, but it became ultimate responsibility of the local people to look after their own schemes regarding supply of water, drainage and solar energy.

The chief minister was presiding over a meeting of the PHE and RDD at CM House.

The meeting was attended by Minister for PHE and RDD Fayaz Butt, chairman planning and development Mohammed Waseem, principal secretary to the CM Sohail Rajput, secretary public health Tamizuddin Khero, member P&D Khalid Mahmood, chief engineer of Hyderabad Nafees Shaikh, director (tech P&D) Abdul Sattar Qureshi and others.

Minister Butt said the PHE had launched Rs4.11bn 231 water supply and drainage schemes, and 165 of them were ongoing, while the remaining 76 were new.

The meeting participants were informed about the allocation of Rs4.11bn and that the government had released Rs4bn and the overall work on those schemes was completed by 88 per cent.

Giving the details of the schemes, the meeting participants were told that 70 water supply and 115 drainage schemes were ongoing against a cost of Rs3.8bn.

The secretary of PHE told the meeting that 40 reverse osmosis (RO) plants were installed in 13 districts and 35 of them were functional.

On this the chief minister directed him to take necessary measures to make functional all inoperative RO plants located in Tando Allahyar (three units), Naushehro Feroze (one unit), and Mirpurkhas (three units). He also directed the minister concerned to visit those RO plants and review the functional plants as well so that necessary measures could be taken to keep them running.

Minister Butt said the RDD had launched a programme to install 14,222 LED lights on the roads of rural districts. He added that so far 8,376 LED lights had been installed. The details show that 3,080 such lights have been installed in villages of Hyderabad district, 1,579 in Benazirabad, 868 in Mirpurkhas, 1,774 in Larkana and 1,075 in Sukkur villages.

During 2017-18 fiscal, the meeting was told, the RDD had launched 63 schemes of Rs4.9bn involving water supply and drainage. An allocation for those schemes during current financial year was Rs3bn and so far Rs122 million had been released.

The chief minister said a scheme of Rs68m had been launched to install solar tube wells for supplying water to various villages of Thano Bulla Khan. Similar schemes have been launched for villages of Mehar and Khairpur Nathan Shah costing Rs28m.

Similarly, the villages of Tangwani in Kandhkot district, and taluka Daur of Benazirabad had also been included in a similar project. He directed the chairman of the P&D to work out a plan to hand over the completed schemes to village communities who would look after them.

“This is highly important,” said Mr Shah, “otherwise it would be hard to ensure their proper functioning.”

The chief minister added that the RDD had also been assigned to install solar lights in rural area for Rs3bn. It had also been given a Rs2bn project for electrification of the off-grid areas through solar technology under which schools and villages would be electrified. A similar phase-II of Rs80bn would be launched. “I urge you (PHE & RDD) to be more effective and efficient to achieve the assigned task,” he said.

https://www.dawn.com/news/1349780

September 2017

NEWS COVERAGE PERIOD FROM SEPTEMBER 25 TH TO SEPTEMBER 30 Th 2017

NO CONSENSUS ON LPG PRODUCE PRICE

Dawn, September 29, 2017

Khaleeq Kiani

ISLAMABAD: The representatives of the liquefied natural gas (LPG) stakeholders and the government failed to reach agreement on the product price for consumers as the private sector blamed the government side for not addressing the root causes of shortages and price hikes.

Informed sources said the government side led by Hassan Nasir Jami, additional secretary Petroleum Division of the Ministry of Energy proposed a formula under which it believed the LPG price should be set around Rs895 for 11kg domestic cylinders.

However, the LPG companies and distributors did not agree to the government’s proposed price for domestic consumers saying that it was not a reasonable price. LPG dealers association has said that the proposed price was not feasible for LPG imports and demanded to take weighted average of locally produced and imported gas to determine price.

Talking to Dawn a senior representative of LPG Distributors Association Ali Haider said the government was told that without doing away with signature bonus charged by the public sector companies and rationalising margins for marketing and distribution margins, the prices could not be made affordable.

He said the government companies were charging around Rs7,000 per tonne of signature bonus on domestic production.

He said the government side argued that signature bonus was charged to ensure transparent bidding of local production. The distributors, however, believed such a bidding encouraged monopolistic tendencies because the most powerful company would be able to take away the local supply and manipulate prices. They recommended that transparency could be ensured by allocating equal quota of 5-10 tonnes to smaller companies.

The distributors also demanded a quality check for imports and creation of a laboratory to ensure right price for the imported product. They also proposed that imports should also be done by public sector companies like OGDC, SSGCL, SNGPL and PPL etc who were also local producers on the basis of their local production and estimates for the shortage to be bridged through imports and setting of price on a combined value of imports and local production.

The government side agreed to consider these proposals as the stakeholders also proposed enabling policy for increased production at home for which substantial potential was available but was not being produced due to lack of incentives.

After the meeting, LPG Distribution Association Chairman Irfan Khokhar told the media persons that the proposed consumer price was unrealistic as current price of domestic cylinder was ranging from Rs1,200 to Rs1,400 depending on regions.

He said that LPG stakeholders suggested a formula in the meeting to calculate the actual LPG price for consumers. The price should be based on weighted average of locally produced LPG and its import price.

He further said that the government proposed a profit of Rs24,000 per tonne for LPG distribution and marketing companies. However, the LPG marketing companied have sought Rs29,000 per tonne, which included margins of distributors. However, Mr Khokhar suggested separate profit of dealers at 15 per cent on sale price of LPG.

He said that imports should be made feasible for smooth supply of LPG to avoid the demand supply issue.

“If imports are reduced, there would be demand supply issue in winter season causing shortage and black marketing of the fuel, he said, adding that there was 5.5 per cent advance tax on imports of LPG and demanded to impose 10 per cent petroleum levy on locally produced LPG to end disparity in prices of local and imported LPG. He said that share of imported LPG was 40 to 50 per cent at present that would rise in winter season. He said that import of LPG was contributing to meet local demand of consumers.

https://www.dawn.com/news/1360640

PETROL SHORTAGE AFFECTING PARTS OF PUNJAB RECEDES
Dawn, September 25th, 2017

Khaleeq Kiani

ISLAMABAD: The shortage of petrol affecting parts of Punjab slightly receded on Sunday after some private oil marketing companies (OMCs) were compelled to release their stocks or face penalties and cancellation of their licences. It is, however, feared that the shortage may surface over the next few days.

A senior official in the petroleum division of the Ministry of Energy told Dawn that private companies were holding back their stocks to secure inventory gains in anticipation of an increase in the prices of petroleum products due on Sept 30. The problem was compounded by an ongoing low stock position averaging 6-7 day coverage for almost two weeks that led to a crisis-like situation in many parts of the country, including Lahore, between Friday and Sunday.

Most of the OMCs had stopped product sales, diverting motorists to the state-run Pakistan State Oil (PSO) where long queues were seen on Saturday. Sources said that while Shell Pakistan had become cautious in its imports, supplies and sales following the tragic tanker accident of Ahmadpur East, other firms stopped sales to earn windfall profits by keeping low-priced stocks for a few days and then selling it at higher rate after Oct 1.

The sources said that Shell was required to import about 90,000 tonnes of petrol this month, but it imported 50,000 tonnes. Attock Oil was required to import 30,000 tonnes, but it was able to import around 10,000 tonnes. Almost similar trend was noted in respect of other OMCs, despite their commitments with the government under a monthly product review.

As a consequence, the entire supply pressure shifted to the PSO that struggled to cope with the situation despite 20-25 per cent higher imports this month and higher sales than its market. The company had its own financial limitations while sitting on a receivable stock of around Rs295 billion, sale quota and logistic constraints.

In Lahore alone, PSO’s petrol sales are reported to have touched 1.1 million tonnes over the past few days against its average normal sales of 500,000 tonnes per day.

The sources said the PSO had warned the federal government of looming shortages in the last week of the current month that could spill over to the first week of next month owing to a supply quota imposed by the erstwhile Ministry of Petroleum. The PSO has been asking the government to lift this sale-capping.

In a letter to the petroleum secretary, the PSO is reported to have said that it would not be able to sell product beyond a certain level unless the government lifted sale-capping, but the petroleum division has been sitting on the request for almost a week.

Under the sale-capping enforced by the petroleum ministry, the oil marketing companies were required to maintain a fair sale quota throughout the month to ensure there was no blackout or oversupply of any product. The plan meant the sales of first three weeks of a month would be maintained in the fourth week by all OMCs, irrespective of international prices going up or down.

“If the sale-capping is not lifted by Monday, there could be serious problems in terms of product shortages,” said an executive at the PSO, requesting anonymity.

The sources said the petroleum division and the Oil and Gas Regulatory Authority (Ogra) at a weekend meeting on the shortage situation considered imposing heavy penalties on non-compliant firms for slowing down sales or lower than committed imports, but Ogra took the stance that product coordination was still a responsibility of the petroleum division which called product review meetings, even though the government had decided to transfer the responsibility to the regulator about two months ago.

It was informed that procedural and legal requirements had not yet been completed to transfer the responsibility to Ogra. Nevertheless, both Ogra and the directorate general of oil swung into action and warned the smaller companies to release their stocks to the market in line with their sales ratio in the first three weeks or they would be proceeded against.

But all this exposed the inability of the authorities to ensure reasonable stocks as they struggled with consumption spike, fewer imports and transportation challenges amid chronic circular debt.

Petrol stocks have remained between six and nine days for almost two months as the supply chain struggled to build stocks amid rising demand and logistical constraints, starting from ports to crucial distribution points. Furnace oil stocks were also on the lower side but enough for 11-14 days of coverage for power plants. Kerosene stocks were even lower but involve little concern because of its very limited usage.

The stocks of all the products were significantly less than mandatory minimum 21-day consumption coverage. There was no apparent problem with high speed diesel, the most strategic product for heavy transportation, as its stocks were in safe zone.

This was despite the fact that the country had faced a historic supply chain disruption of petrol in January 2015, causing transportation problems to the public and came amid low international oil prices.

The law required OMCs to have a minimum of 21-day coverage of all products at all times, in addition to strategic reserves for the armed forces, under the law, and the petroleum division and Ogra were responsible to ensure compliance.

The petrol consumption in August this year surged to 680,000 tonnes against last year's 548,000 tonnes, showing an increase of 24 per cent.

https://www.dawn.com/news/1359908

LNG DEAL WITH QATAR HAS PLACED PAKISTAN IN UNFAVOURABLE POSITION
Business Recorder, 25, September, 2017

Anjum Ibrahim

ISLAMABAD: The Price Review Notice to renegotiate the contract price cannot be earlier than 2026 according to the LNG agreement signed on 10 February 2016 between Pakistan State Oil (PSO) and Qatargas.

This was revealed in documents available with Business Recorder not been shared with the media, the parliament, or the senate standing committee in spite of repeated requests.

Large portions of the 89-page LNG contract uploaded on the PSO website are blacked out due to a confidentiality clause (25.1) including the contract price (though this information was shared by the then Minister for Petroleum and Natural Resources Shahid Khaqan Abbassi), the adjusted annual contract quantity, annual upward flexibility quantity, downward flexibility quantity, annual make good quantity, buyers obligation to take or pay, net proceeds, take or pay or make up LNG by buyer, and payment schedule.

The agreed contract price is 13.37 percent of Brent which is to be calculated as the arithmetic mean for a given month of the three values of BRICE (US$bbl) for three months immediately preceding (and not including) the month in which the commencement of unloading of relevant cargo falls, while BRICE is defined as the average of all settlement prices (US$/bbd) for each quoted day of the month as published by the International Exchange of the first line ICE Brent futures contract.

The LNG price for September 2017 to the consumer as per Oil and Gas Regulatory Authority notification for September 2017 is 9.2 dollars per mmbtu while the spot rate (Japan) for LNG was much lower at 5.8 dollars per mmbtu.

The following critical clauses have not been shared with the public in the document uploaded on the PSO website:

Clause 15.2.4: "if within a period of six months after the Price Review Notice was issued the Parties have not agreed upon a price adjustment either party may terminate this agreement upon giving notice to the other party and such notice shall come into effect at the end of the Contract Year during which it is served."

Clause 17.4.1 "Payment: The Buyer shall pay the amount payable under an invoice issued pursuant to Clause 17.2.1 (b) and/or clause 17.3.1 {neither is blocked in the uploaded PSO document} on or before the date which is the later of (a) the 15th day after completion of unloading; and (b) the 10th banking day after receipt of invoice by the buyer.

Clause 17.4.2 "Except where otherwise stated in this agreement payment of all other invoices including those issued pursuant to Clauses 8.3.1, 17.2.2., 17.2.3, 17.3.2, 17.4.4, 17.5.1 and/or 17.6 shall be made on or before 5 banking days after receipt of invoice.

Clause 17.8.1: "Standby L/Cs would cover 105 percent of the sellers estimated value of "(a) three cargoes(based on the average Standard Cargo Content – SCC- for the prevailing contract year, if the ACQ (Annual Contract Quantity) is equal to or less than 117 million mmbtu (or approximately 2.25 million metric tons and (b) 6 cargoes (based on the average SCC for the prevailing contract year if the ACQ for the following contract year is equal to or greater than 195 million mmbtu (or approximately 3.75 million metric tons) of LNG provided that in respect of the 2017 contract year the buyers obligation to increase the value of the standby letters of credit to 105 percent of the sellers estimated value of 6 cargoes does not commence either on (i) the date which is 30 days prior to the start of the month which the buyer nominates as being the month in which it wishes to receive an increased volume of LNG in accordance with Clause 6.1.3 or (ii) failing receipt of such a notice the date which is 30 days prior to 1 June 2017.

Clause 17.8.5 notes that if the credit rating of a confirming bank deteriorates below the acceptable credit rating the buyer shall provide a replacement standby letter of credit within 7 banking days from the notice by the seller of such credit rating deterioration (which would be as per Standard and Poor or Moody's).

http://epaper.brecorder.com/2017/09/25/1-page/672715-news.html

NEWS COVERAGE PERIOD FROM SEPTEMBER 18 TH TO SEPTEMBER 24 Th 2017

OIL, GAS FINDINGS: COMMITTEE ENDORSES PRODUCER PROVINCE'S FIRST RIGHT

Dawn, September 20th, 2017

Khaleeq Kiani

ISLAMABAD: The Inter-Provincial Coordination Committee (IPCC) on Tuesday recommended with a majority vote to give rights over all future oil and gas findings to the respective producer provinces so that Article 158 of the Constitution is implemented in its true spirit.

The IPCC meeting was presided over by Federal Minister for Inter-Provincial Coordination Riaz Hussain Pirzada. Chief minister of Sindh Murad Ali Shah and Khyber Pakhtunkhwa Pervez Khattak and representatives of Punjab and Balochistan attended the meeting.

Mr Shah told journalists after the meeting that KP, Balochistan, Sindh and IPCC chairman endorsed the view that Article 158 of the constitution should be implemented in its true spirit by giving the priority of use to the producer provinces of the reserves.

Article 158 allows a province precedence in meeting its requirements from a natural gas well-head over other parts of Pakistan if it is situated in its territory.

He said the federal ministry of petroleum had attempted to confuse the situation by linking Article 158 with some other clauses which was unfair. He said Punjab did not oppose this majority view but suggested that legal opinion should be obtained on the interpretation of the said article. Mr Shah contended that Article 158 was very clear and a part of the 1973 constitution and hence there was no justification for the legal opinion. He said the IPCC would submit a report to the Council of Common Interests (CCI) in its forthcoming meeting based on Tuesday's discussions.

Minister for Power Division Abid Sher Ali said the provinces had some reservations over net hydel profit arrears and the federal government assured them to address their concerns and firmed up a formula for the recovery of net hydel profit and power sector arrears.

He said the government would facilitate the provinces to the maximum level and the meeting decided to hold another round of discussions to be attended by officials of KP and Punjab and other stakeholders on the specific subject the coming Friday for monthly reconciliation of receivables and payables.

He said the provinces and the energy sector organisations had different claims on payments and hence it would be inappropriate to discuss numbers which would be finalised after the meeting on Friday. He said the Sindh government had some issues with power purchase agreements for small power plants and it was decided to move forward on these projects on a case-to-case-basis and settle all of them by October 15.

Mr Shah said he has also demanded the federal government to share census data with the provinces on an urgent basis so that brewing objections could be looked into and settled. He said the provinces had set up technical committees to examine the census data.

Responding to a question regarding LNG policy, the chief minister said it was a settled matter that LNG policy would be discussed at the CCI level and the provinces had already submitted their reservations to the federal government.

Responding to another question, he said there was no confusion in the constitution that gas and natural resources belonged to the provinces where they are produced and some provinces had demanded that exploration rights should also rest with the producer provinces.

He said a serious issue on this subject is the ineffectiveness of the Directorate General of the Petroleum Concessions (DGPC) at the federal level. He said the centre and the provinces had previously agreed to have provincial members in the DGPC which needs to be activated and made operational for result oriented progress.

https://www.dawn.com/news/1358739

NEWS COVERAGE PERIOD FROM SEPTEMBER 11 TH TO SEPTEMBER 17 Th 2017

REFORMS IN GAS SECTOR
Dawn, September 11th, 2017

AT long last we are hearing of an initiative to bring about deeper structural reforms in the gas sector which is in dire need of them for many years now. The prime minister is pushing a plan to unbundle the gas distribution companies into multiple entities, presumably in an attempt to debottleneck transmission and distribution, and bring down gas losses.

The move may go some way towards achieving its goals, but in the absence of wider reforms, particularly in pricing, it will be little more than cosmetic. The gas sector needs price reforms on a priority basis — for too long have we been squandering this precious and scarce resource under the illusion that its abundant endowment will last forever. From 2010 onwards, that illusion has begun to fade with growing intensity, and unless our consumption patterns change, debottlenecking the supply chain will not help.

Pricing reform in gas is becoming even more urgent given the country's growing reliance on imported LNG. The price difference between imported and domestic gas is now turning into a reality that will further unbalance our industry as it proceeds. Our economy has five main sectors that are the largest claimants of natural gas: domestic consumers, fertiliser, vehicular, textiles and other industry, and power generation. One of these sectors — vehicular — was told a few years ago to arrange all its supplies through imported LNG, and the result was the near total closure of the entire sector due to the large price differential between domestic and imported gas.

The time is approaching when other sectors will also need to be told to arrange their own supplies from imported LNG; the effects will be similarly devastating. The power sector is best suited to absorb the incremental cost of imported gas because fuel cost is a pass-through item in its pricing structure. But textiles and fertiliser will be devastated if shifted to imported gas for their feedstock and captive power plants.

Our fertiliser industry is competitive only because of the low price at which it gets domestic gas for feedstock; it will become uncompetitive compared to imported fertiliser if this changes. Getting gas to consumers is an area where reforms are needed, but the government needs to focus on pricing reforms too so that industry doesn't have to absorb the coming shock in one sudden move.

https://www.dawn.com/news/1356912

PAKISTAN MUST SHIFT TO INDIGENOUS ENERGY RESOURCES: SARTAJ
Dawn, September 13th, 2017

ISLAMABAD: Minister for Planning and Development Sartaj Aziz on Tuesday said Pakistan's heavy dependence on imported energy was the main cause of circular debt, and the country needs a decisive shift to indigenous resources to reduce dependence on imported fuels.

Addressing the two-day International Conference on Sustainable Energy Technologies, Mr Aziz said that an optimum sustainable energy mix has to be evolved with reference to indigenous resources, economic feasibility and environmental impact.

Dasu and Daimer Bhasha hydropower projects will help improve the energy mix to a considerable extent while import of LNG has also helped to alleviate the shortage of gas in the country, Mr Aziz said.

The minister said energy efficiency and conservation through larger investment and improved technologies remains a major challenge.

Simple and sensible steps to ensure energy efficiency and conservation will save money, reduce energy demand and curb CO2 emissions, he stressed.

Mr Aziz said Pakistan has been suffering from a multi-dimensional energy crisis in the past decade. “But in the past three years, a successful effort has been underway to address the energy crisis on a war footings and Pakistan is now emerging from this crisis,” he said.

“The most important thrust of this effort was the China-Pakistan Economic Corridor’s (CPEC) energy package to add 17,000MW to the existing installed capacity of about 20000MW. Of this, about half is the ‘early harvest’ portfolio which will become operational before the end of 2018,” he added.

The two-day conference has been organised by the US-Pakistan Centre for Advanced Studies in Energy — a USAID-funded project implemented in partnership with the University of Engineering and Technology, Peshawar.

Speaking at the inaugural ceremony, US Deputy Chief of Mission to Pakistan, John Hoover said, “Our collaboration with the Higher Education Commission and the University of Engineering and Technology, Peshawar to advance higher education is guided by a shared conviction that a well-informed and educated Pakistani workforce can better address these challenges and opportunities in Pakistan and in a globalised world.”

As part of USAID’s $127 million US-Pakistan Centres for Advanced Studies Programme, about 100 graduate students and faculty members from UET Peshawar will conduct applied research on energy at Arizona State University by 2019.

The conference brings together energy professionals and policymakers from academia, government, electric power companies, and manufacturing industries to exchange information and share ideas related to sustainable energy technologies.

https://www.dawn.com/news/1357257

NEWS COVERAGE PERIOD FROM SEPTEMBER 1 ST TO SEPTEMBER 7 Th 2017
US KEEN TO EXPLORE LNG EXPORT TO PAKISTAN
The Express Tribune, September 7th, 2017.

ISLAMABAD: The United States is keen to cooperate with Pakistan in the energy sector, said Counsellor for Economic Affairs at the US Embassy in Islamabad William (Chip) Laitinen.

Addressing the business community during his visit to the Islamabad Chamber of Commerce and Industry (ICCI), he said that many US companies were interested to explore Pakistan for the export of LNG, adding that the country could overcome its energy shortages by developing close ties with the US.

He said that US was one of the largest export destinations for Pakistan and bilateral trade between the two countries was improving.

“USAID is working in Pakistan to contribute for improving its economy,” said Laitinen, adding that Pakistan has taken advantages of US’s GSP scheme as its exports to US were improving.

Laitinen said that US wanted continuous engagement with Pakistan for economic benefit of both countries and added that people to people contacts were important to realise these objectives. Also speaking on the occasion, ICCI President Khalid Iqbal Malik said that Pakistan and the US have a broad and multi-faceted partnership in areas ranging from education to energy to trade and investment.

“However, bilateral trade between the two countries was still not up to its real potential.”

Malik stressed that private sectors of both countries should be given enhanced role to improve trade relations. He said GSP scheme of US should be further extended for Pakistan and more Pakistani products should be given easy market access in US.

The ICCI president said that Pakistan was an agricultural country and US should cooperate with it in upgrading its agriculture sector on modern lines.

https://tribune.com.pk/story/1499640/us-keen-explore-lng-export-pakistan/

PM CALLS FOR EARLY COMPLETION OF POWER PROJECTS
Dawn, September 7th, 2017

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi reviewed on Wednesday the power situation in the country.

The water and power secretary gave a detailed briefing on the demand and supply situation in the power sector at a meeting of the Cabinet Committee on Energy presided over by Mr Abbasi at PM Office.

He also presented projected figures for the power sector up to year 2023.

The prime minister reviewed various outstanding issues regarding upcoming power plants and gave instructions for expeditious completion of the ongoing power generation and transmission system in the country.

He was informed that the 500kV Neelum-Jhelum transmission line would be completed by the end of this month. Transmission lines of the same capacity in Port Qasim and Thar Matiari would be completed by October 2017 and June 2018, respectively.

The meeting was informed that the 220kV Jhimpir-TM Road transmission line had been energised, while 220kV Gharo-Jhimpir, 132kV Patrind-Mansehra and 500kV Baloki transmission lines would be completed next year.

While reviewing the current distribution system, the prime minister ordered the water and power ministry to work out a comprehensive plan, in coordination with stakeholders, for reducing technical and commercial losses and making power distribution a viable sector.

He observed that as a result of concerted efforts by the present government, the power situation in the country had improved significantly, thus saving the people from the inconvenience of unscheduled and forced loadshedding.

Prime Minister Abbasi also chaired a meeting to review the performance of the information and broadcasting division.

Minister of State for Information Marriyum Aurangzeb briefed the prime minister on the working of the ministry and its attached departments, including the Press Information Department, External Publicity Wing and other organisations. A special focus was afforded to the initiatives regarding electronic and digital media.

The meeting also discussed matters pertaining to the Pakistan Television Corporation and Films and Broadcasting Policy.

Mr Abbasi directed the information ministry to adopt innovative and modern approach towards generation and dissemination of information. He emphasised the need for adopting a proactive approach towards projecting the positive image of the country and countering negative propaganda locally and internationally.

The prime minster observed that the information ministry and its attached departments should be more responsive, vibrant and catering to the needs of the people.

https://www.dawn.com/news/1356159

October 2017

NEWS COVERAGE PERIOD FROM OCTOBER 23rd TO OCTOBER 29th 2017

WINDS OF CHANGE IN PAKISTAN

Dawn, The Business and Finance Weekly, October 23rd, 2017

Khalid Hasan Khan

With the increase in economic activity, the need for energy has increased and a balance between energy sustainability and economic growth is the need of the day.

The exploitation of appropriate energy sources, keeping in view future energy need, is the key towards energy sustainability.

With the increase in utilisation of conventional energy sources such as coal, gas and hydro for power generation, clean energy resources which do not pollute the environment should be utilised.

Power generation from wind is one such resource which is not only environmentally friendly but which also replenishes with time and thus is virtually inexhaustible.

Amongst others, Climate Change is one of the biggest global challenges. The uncontrolled burning of fossil fuels for power generation is one of the main reasons behind the phenomenon. Contrary to this, wind power generation does not pose any danger to the environment.

The exploitation of appropriate energy sources, keeping in view future energy need is the key to energy sustainability

Not only is wind energy environmentally friendly, it is also not affected by any external factors and geo-political scenarios as it is an indigenous resource. With no use of imported fuel, the variation in global prices of fuel does not impact wind power generation thus providing stability in electricity prices as well as energy security for the country.

The price of wind power generation has also seen a steady decline in the last few years due to a decrease in costs and advancements in wind power technology. Wind energy has achieved grid parity in many parts of the world and is now considered an economical and viable source of power generation.

This decrease in tariffs for wind energy is evident from the Upfront Tariffs determined by Nepra from time to time. It is envisaged that this trend of decline in wind energy prices will continue making it more economical.

The exploitation of alternative and renewable sources of energy has been a prime focus of the current government. While new corridors with wind energy potential are being identified through surveys and wind mapping, the development of wind power projects is simultaneously being undertaken.

In order to assess the potential of wind power generation in Pakistan, the Alternative Energy Development Board (AEDB) has carried out satellite based wind mapping of Pakistan with the assistance of National Renewable Energy Laboratories of US.

In the recent past AEDB, with the assistance of the World Bank, has installed wind masts in different parts of the country in order to gather ground based bankable wind data.

The southern parts of Sindh such as Jhampir and Gharo in Thatta District are worth mentioning when talking about wind potential in the country. This wind corridor is spread over an area of 6,700 square kilometres and has abundant wind energy resource.

The federal and provincial government have together completed 13 wind power projects of 630MW that are supplying electricity to the national grid. Out of these 13 projects, eight have been completed in the current year. More than 350 wind turbines have been installed in these projects.

Estimates indicate that Sindh alone has a wind power generation potential of more than 35,000MW which can play a vital role in overcoming the existing energy crisis and help achieve sustainable economic growth.

https://www.dawn.com/news/1365683/winds-of-change-in-pakistan

ABBASI DEFENDS LNG CONTRACT WITH QATAR
Dawn, October 27, 2017

Iftikhar A. Khan

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi has justified the LNG contract with Qatar, claiming that Pakistan had settled for the cheapest price among all 15-year term contracts in the world.

Responding to a calling attention notice in the Senate on Thursday, he described the agreement negotiated for about 14 months as a big achievement. Pointing out that Pakistan was purchasing LNG at 13.3 per cent of Brent while Japan — the largest importer of LNG — was buying it at 14.5-15pc of Brent.

He said the slope enhances due to uncertainty factor when it comes to a stretched contract for procurement of LNG.

He said successive governments had been trying to ink agreements for purchase of gas since the days of General Pervez Musharraf in power, but to no avail. He said the previous PPP government had also tried to do it through a memorandum of understanding but the move could not materialise, and Pakistan continued to face an energy crisis. “The prices of that time are also part of the record,” he remarked. He said efforts had been made one after the other, but yielded no positive results.

Mr Abbasi said it was the first contract with a price renegotiation clause under which Pakistan can terminate the contract after 10 years if it so desires. Taking full responsibility of the deal, he said it was signed under his personal supervision and he was ready for a debate on it anytime.

Highlighting the benefits derived from the LNG flow to Pakistan, he said in 2013, the fertiliser and power plants and CNG stations were shut down while there was a shortage of gas for the industry and domestic consumers. “When we started work, LNG-based gas flow started in 20 months and now gas is available to each and every consumer all the time. It is for you to judge if it helped the country’s economy,” he remarked.

The prime minister said there was a time when Pakistan was importing around a million tonnes of fertiliser. “This year, we have exported 0.7m tonnes of fertiliser after meeting domestic requirements.” He said all the CNG stations were open and there was room for establishment of new ones. He said new and most efficient power plants of the world were operational and providing cheapest power to the country.

He dispelled the perception that everything concerning the LNG agreement was in the veil of secrecy and said the agreement was available on the PSO’s website and the price was available on record of both houses of parliament. He said some information was missing from the PSO’s website due to a commercial confidentiality clause.

Earlier, Senator Sherry Rehman in her calling attention notice claimed that as per her information the contract price of LNG set between the Pakistan State Oil and Qatar on Feb 10 last year could not be renegotiated earlier than 2026. She said agreement should be presented before parliament.

Leader of the Opposition in the Senate Aitzaz Ahsan rose in his seat after the prime minister’s remarks, but Chairman Raza Rabbani told him that under the rules, he could not speak on the calling attention notice.

Mr Ahsan staged a walkout in protest, which was joined by other opposition parties, excluding the MQM. Earlier during the question hour, Minister for Parliamentary Affairs Shaikh Aftab Ahmad said he did not know who owned the Askari Airlines but assured the house that he would inform it after finding out who the owner of the private airline was.

In reply to a question asked by PPP’s Dr Karim Khawaja, the minister said that Askari Air Pakistan, United Airways Pakistan Ltd, Liberty Air and Afeef Zara Airways had applied for licences to operate in the country.

On a supplementary question, PPP’s Farhatullah Babar asked whether the Askari Air Pakistan was owned by the same outfit about which the Senate had been informed last year that it owned over 50 industrial, commercial, business and real estate enterprises throughout the country.

Minister for Parliamentary Affairs Shaikh Aftab, who was replying on behalf of the minister for aviation, said he did not know but promised to find out and inform the house.

The minister, however, said that licences were processed in accordance with the Civil Aviation rules and the National Aviation Policy and that it had given a licence to Air Sial Limited last month to start operations in Pakistan.

The opposition members told reporters that they were not satisfied with the prime minister’s reply and said the contract should be presented before parliament.

Earlier, the leader of the opposition presented a report of a special committee that examined non-implementation of decisions taken by the house recommending that the standing committees of the house should have contempt powers to get their decisions implemented.

Raza Rabbani directed the government to bring the legislation within two months, otherwise, the Senate would move on its own.

https://www.dawn.com/news/1366550

COAL, POWER AND THAR

The Express Tribune, 27 october, 2017

Pakistan is a country that is rich in many valuable natural resources which are often to be found

beneath the lands lived on by the poorest and least developed communities. This is true of Sindh and specifically the coal deposits in the Thar region. Like Balochistan, much has been promised in the near and far past to the people of Thar but little actually delivered.

The coal mining project is one of the largest of its type in the country and there are fears that it is going to have an impact on the life of local people — inevitably so given that Thari women are to be found driving vast dumper trucks — their livelihoods and culture as well as the ecology of the region to say nothing of the vast flocks that are the primary source of income for many if not most.

All these concerns got an airing at a programme organised by the National Commission for Human Rights (NCHR), and some were immediate and serious. The mining is going to displace people from 52 villages and people of the area have long campaigned against the building of the Gorano reservoir — an essential infrastructure adjunct to the mine.

Questions were asked as to what would happen and who might be responsible if populations and livestock were poisoned by polluted water — a real possibility — or herds were depleted by loss of grazing and habitat. Is compensation fair and timely and what is going to happen to displaced communities which cannot simply be relocated elsewhere without the provision of services and infrastructure?

These are complex issues with no single answer or plug-and-play solution. Complex but not impossible to effectively address, and it is now for all the players at every level to do what has so often not been done in the past — create a holistic picture of needs and solutions and then implement an action plan that gets the best out of Thar's coal for everybody, not just a powerful few. Realistically this is unlikely to happen and the people of Thar are likely to be as poor tomorrow as they are today.

https://tribune.com.pk/story/1542235/6-coal-power-thar/

PM FOR OPTIMAL USE OF GAS IN POWER GENERATION

Business Recorder, 28, October, 2017

Zaheer Abbasi

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi has directed for greater coordination among Central Power Purchasing Agency (CPPA), Private Power & Infrastructure Board (PPIB) and Pakistan LNG Terminals Limited (PLTL) to ensure availability and maximum utilization of gas for the power sector.

The directives came from him here on Friday at a meeting held to review power generation and demand supply situation in the country, projected estimates of power generation and the expected demand in the coming four months starting from November 2017 to February 2018.

The Prime Minister was informed that average demand for the next four months, calculated on the basis of data received from various Discos stands at around 14,452MW while the average net firm generation after deducting any unforeseen outages from IPPs and GENCOS would remain at 16,865MW approximately.

The meeting was informed that the projected power surplus for the next four months has been estimated to range between 2,400MW to 3,400MW approximately.

Taking into account the projected figures, the Prime Minister directed that less-efficient power plants should be closed in a phased manner and every effort should be made to convert oil-based plants into gas-based plants in the shortest possible time in view of availability of ample gas for the power sector.

The conversion of oil-based plants into gas-based plants and maximizing the efficiency of the existing power plants would not only reduce oil import bill of the country but would also ensure maximum availability of power, observed the Prime Minister.

Abbasi also directed all relevant stakeholders to increase coordination among themselves for optimum utilization of the available resources and ensuring maximum efficiency in the power sector. Decisions on policy matters, said the Prime Minister, should not be kept lingering as such type of ambivalence creates uncertainty and negative sentiments for the investors.

The Prime Minister also emphasized timely completion of the ongoing projects and directed the heads of the relevant organizations to come up with timelines for completion of the ongoing power sector projects.

http://epaper.brecorder.com/2017/10/28/1-page/678773-news.html

NEWS COVERAGE PERIOD FROM OCTOBER 16 Th TO OCTOBER 22nd 2017
OUTAGES RESUME AFTER DROP IN HYDEL SUPPLY
Dawn, October 20th, 2017

Khalid Hasnain

LAHORE: Scheduled and forced loadshedding has resumed across the country after the hydel generation dropped to 2,700MW [on average] from 6,000MW due to reduction in water discharge by the Indus River System Authority (Irsa).

Though the power distribution companies (Discos) claim to have observed a scheduled loadshedding of two hours in urban and four hours in rural areas, consumers say they are witnessing four hours [suspension] in cities and up to eight hours in villages.

“After a considerable relief, the loadshedding has started again. At present we are witnessing loadshedding for about four hours for the last three days,” said Saeed Ahmad, a resident of a housing society located on Raiwind Road.

“The residents in the area where I own a piece of agriculture land in Kasur are facing about eight hours loadshedding these days,” he added.

The hydel generation, which was over 6,000MW sometime ago, now ranges between 2,700MW and 3,000MW on average. “During the last 24 hours, the hydel peak generation touched the figure of 4,200MW. But on average, it remained at 2,700MW. So we can say it has reduced by 3,000MW,” said an official source in the ministry of energy (water division).

According to an official of the ministry of energy (power division), the country faces a shortfall of 2,500MW to 3,000MW. “On Thursday, the supply [generation] and demand stood 14,000MW and 17,000MW, respectively.” said the official who preferred anonymity.

“The 1,200MW Bhikki power plant is also closed these days as the routine maintenance is under way,” he added. However, an official of the Quaid-i-Azam Thermal Power Company – a Punjab government’s firm which deals with the affairs of the plant – said the plant would resume operation from today (Oct 20).

On the other hand, the national power control centre also reduced the electricity quota of all Discos.

“The power withdrawal quota of all Discos has been reduced following cut in hydel supply. Lesco is being supplied 2,500 to 2,600MW against 3,000MW demand,” said an official.

“At present we are observing loadshedding for two hours in urban and four hours in rural areas in Lahore, Okara, Kasur, Nankana and Sheikhupura,” the official claimed.

Talking to Dawn, Federal Secretary (Power Division) Yousuf Naseem Khokhar confirmed reduction in hydel generation, but claimed that loadshedding had been reduced.

“We have been facing reduction in hydel generation for the last 15 days as compared to last year. Though loadshedding is going on, we have reduced it to a minimum level. The situation will improve in November,” he said.

https://www.dawn.com/news/1364981

NEWS COVERAGE PERIOD FROM OCTOBER 9 Th TO OCTOBER 15 Th 2017
LNG REVOLUTIONISING PAKISTAN'S ENERGY SECTOR
Dr Manzoor Ahmad

The Express Tribune, October 9, 2017

Some four centuries ago, French philosopher Jean de La Bruyère remarked: "The pleasure of criticism takes away from us the pleasure of being deeply moved by very fine things."

If one looks at Pakistan's print and electronic media, it would appear that nothing has gone right for the liquefied natural gas (LNG) projects in the country. However, the rest of the world has a completely different view of the matter.

They marvel as to how quickly the government of Pakistan was able to sign contracts at the most economical prices, build LNG terminals and other infrastructure, and actually begin using the gas to alleviate severe energy shortages.

Natural gas has always been a great blessing for Pakistan. The year 1952 was a difficult one as the country was facing serious challenges such as drought, locust attack, balance of payments problems and settlement of millions of refugees.

Then fortunately, a major discovery of natural gas was made at Sui. Over the next six decades, Sui and other subsequently discovered gas fields played a major role in the economic development of the country.

The development of infrastructure to transport gas to the entire country has been quite a success story. Pakistan now has the world's most extensive inland natural gas supply system with around 140,000km-long pipelines.

Over the years, there has been a phenomenal increase in the demand for gas. This has been caused by several-fold increase in population and growth in the economy which has been on average over 5%. This has caused the demand to outstrip production.

In 1996, Inter State Gas Systems was established with the initial mandate to import natural gas through a proposed Iran-Pakistan-India (IPI) pipeline project, which was later renamed as Iran-Pakistan (IP) pipeline after the withdrawal of India from the project. Despite various political commitments for its early completion, the situation is unclear.

Another project was envisaged to bring gas from Turkmenistan to Pakistan via Afghanistan and onwards to India. Work on this project has started and is scheduled to be completed in 2020.

There being no certainty about piped gas from the neighbouring countries and the energy crisis getting serious, the government looked at alternatives and concluded that LNG was the most economical and feasible option.

In 2005, the first LNG policy was announced. This was later revised in 2011. However, not much progress could be made to actualise these policies.

When the PML-N assumed power in June 2013, it started working at a swift pace. The government entered into direct negotiations for LNG purchase from the government of Qatar, the world’s largest producer and exporter.

At the same time, it awarded a contract to Engro to set up an LNG regasification terminal at Port Qasim. In a record time of about one year, all the work including dredging at the port, setting up the complex infrastructure and building the regasification plant was completed.

Imported LNG is now being sold to power plants and other sectors. Another processing plant with the same capacity as the first one (600 million cubic feet per day) is expected to be commissioned in November 2017.

Two more plants are under process. When all the LNG terminals are completed, it would revolutionise the energy sector with the availability of abundant low-priced LNG.

Already some results are becoming evident. The most obvious effect has been on the use of compressed natural gas (CNG) in automobiles. Almost 75% of around 3,200 CNG pumping stations operating in 2012 have restarted their operations, according to the All Pakistan Compressed Natural Gas Association.

Pakistan was amongst the top CNG-user countries with 3.7 million CNG-run vehicles before 2012. Since LNG is at least 30% more economical to use, its availability to automobiles will result in considerable savings for consumers as well as the government. The other advantage is that CNG is a cleaner fuel.

It is not just transport and power sectors that are the major beneficiaries, other sectors benefit as well. Gas is used as raw material in the manufacture of fertilisers and this year Pakistan has become a net exporter rather than an importer of the commodity.

It is time other sectors such as Railways start planning to switch from diesel-run locomotives to LNG. This would save 40-60% of fuel cost.

Our obsolete furnace-oil based power plants should be replaced by more energy-efficient LNG-based plants as is already being done in India. This is expected to save $1.5-2 billion in foreign exchange annually.

With the availability of cheaper fuel, Pakistan’s competitiveness will increase, resulting in revival of exports and the overall economy.

With the completion of the China-Pakistan Economic Corridor (CPEC) early harvest projects, and no energy worries, the incoming government in 2018 would inherit a Pakistan different than what it was only four years ago.

The writer served as Pakistan's ambassador to the WTO from 2002 to 2008

https://tribune.com.pk/story/1526272/bridging-energy-shortfall-lng-revolutionising-pakistans-energy-sector/

NEPRA GRANTS KE 70 PAISA TARIFF INCREASE AFTER REVIEW
Dawn, October 11th, 2017

Khaleeq Kiani

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) on Tuesday allowed 70 paisa per unit increase in the proposed seven-year tariff it had determined for K-Electric in March this year, apparently to facilitate the sale of majority stakes from Abraaj Capital to Shanghai Electric of China.

In its determination released on Tuesday, the regulator determined average tariff for KE at Rs12.77 per unit, up from Rs12.07 it allowed in March this year. Once notified by the government, the tariff will remain valid until 2023.

In other words, the regulator cut the average tariff for KE by Rs3.50 per unit for the next seven years. The cut has now been contained to Rs2.80 per unit. The existing base tariff would remain unchanged at the existing level under the government's uniform countrywide tariff, involving subsidies and cross-subsidies.

The regulator said it allowed 36 paisa to KE for its plans to set up a new 900MW Bin Qasim Power Station by taking total seven year investment at Rs300 billion instead of Rs237bn previously allowed. Another 8 paisa was allowed on account of transmission and distribution (T&D) losses and about 25 paisa per unit as incentive to reduce loadshedding.

An official said the existing tariff envisaged an incentive for the utility to apply loadshedding in lower revenue areas, reduce power outages and earn windfalls. It has been given targets to expand zero loadshedding areas in Karachi to 80 per cent by 2020 from 65pc at present.

The regulator noted that a major Rs117bn transmission enhancement project (TP-1) earlier scheduled for completion in 2019 had not yet been launched and was unlikely to be started in the near future.

KE sought an increase in tariff to Rs15.57 per unit for sustainability of its operations. However, Nepra turned down this request and granted a tariff of Rs12.07 per unit in its decision in March 2017. KE then filed a review motion seeking further increase in the tariff. The latest decision comes at the conclusion of that review.

In its decision, Nepra said that KE must arrange heat rate tests by an independent engineer within a period of six months from the date of notification of the tariff determination. The selection process and appointment of an independent engineer shall be approved by Nepra, whereas, the tests shall be conducted in the presence of Nepra professionals as observers. The adjustment in heat rates will be made based on the results of the performance (heat rate) test.

KE has not been allowed any provision on account of the doubtful debts in the tariff, however, bad debts written off at the rate of 1.69pc of KE's assessed sales revenue has been allowed in the base case. For the purpose of actual write offs in future, KE shall complete the set procedures by the regulator.

The tariff will be eligible for a midterm review after four years, subject to realization of the allowed investments, and in case of under investment and performance by KE, the base rate adjustment component will be adjusted accordingly.

The authority has also allowed T&D losses in tariff control period. In first year, KE has been allowed 20.90pc loss, 19.80pc in second year, 18.75pc third year, 17.76pc fourth year, 16.80pc fifth year, 15.95pc sixth year and 15.36pc in seventh year.

KE's previous tariff, announced originally in 2002, became effective in 2009 due to delayed sale of Karachi's integrated utility and then its resale to Abraaj Group. It expired on June 30, 2016. The new tariff now becomes effective from the date of its notification by the federal government, legally required within 15 days unless challenged for review or reconsideration.

https://www.dawn.com/news/1362978

ENERGY SECURITY IN PAKISTAN
The Express Tribune, October 13th, 2017.

Pakistan has been in the throes of a severe energy crisis for a decade now. The problem is not just about electricity outages, as is often portrayed by policymakers, but it is actually far more complex and costly as the country experiences an acute level of energy insecurity.

Energy security is the main foundational block of the national and international energy frameworks across the world. From the geostrategic perspective, energy security is also deemed critical for national and international sovereignties.

Historically, the importance of energy security was realised for the first time during the First World War in terms of access to advanced energy resources. Pursuit for energy resources led to several battles both during the First World War and World War-II. Energy embargoes were also used to cripple the opponents as early as 1940s. Not only that, robust utilisation of advanced energy resources played a decisive role in the outcome of the battles.

The leveraging role of oil in the Second World War, for example, has been appreciated not only by countries on both sides that fought it but also by independent analysts. Germany suffered heavily from the shortage of oil in the later years of the war and Adolf Hitler had to admit: “To fight, we must have oil for our machine”.

Highlighting the decisive factors in the outcome of the war, Winston Churchill stated: ‘Above all, petrol governed every movement’. The Soviet leader, Joseph Stalin, expressed the importance of oil as: “The war was decided by engines and octane”. One of the most interesting comments was made during a post-war interrogation by Prof Wakimura of Tokyo Imperial University as: “God was on the side of the nation that had the oil.”

In recent decades, the concept of energy security has significantly evolved and has become broader and more meaningful. The traditional idea of energy security has been refined that the needed energy resources should not exist outside the geographic boarders; in other words a country should not be relying on energy imports. On top of this, the modern philosophy of energy security demands the energy supply to have three key dimensions; adequacy, consistency and affordability.

Firstly, a society should have sufficient amount of energy to meet all its requirements; secondly, the energy supply should be reliable and disruption free; thirdly, the supplied energy should be economically affordable. Through this approach energy security also advocates for sustainable development and human security in a society.

Energy security with these three tentacles is at the heart of modern energy policies across the world. In fact, the energy policies of advanced countries have three essential pillars: ensuring energy security, promoting energy conservation and enhancing the share of environmentally-friendly renewable energy.

Pakistan’s energy security situation on any of the above scales is far from being satisfactory. To begin with, there is huge dependence upon imports especially in terms of oil and gas. With nearly 90% of the countries in the world in need of importing fossil fuels to meet their requirements, in times of peace it is generally an acceptable condition as long as appropriate levels of strategic petroleum reserves (SPR) are maintained.

Nevertheless, Pakistan should have vigorously exploited its indigenous oil, gas and coal reserves to curtail dependence on imports. Furthermore, over the last three decades attention has not been paid to boost the water storage capacity by building reservoirs to support the energy and agriculture needs.

The state of affairs with the three modern dimensions of energy security is truly unenviable. Looking at the two interlinked aspects of energy security, adequacy and reliability, it is obvious that while over a third of the population lacks access to grid, the connected ones have been facing ferocious power cuts thanks to the huge gap between demand and supply. Considering the key role of energy in socio-economic development, the situation is nothing less than a nightmare. Coming to the third aspect of energy security, affordability, the picture is not very bright either. Energy prices, be it for utilities tariff or transportation fuel, take a hefty toll on the monthly income of middle class families.

While affordability of energy is an issue for most of the societies in the world, including the advanced countries, the situation in Pakistan is quite acute. For example, fuel poverty — that deals with the thermal comfort inside buildings — can be affecting more than 10% of the population in several European countries. The same yardstick would reveal that well over 95% of Pakistanis live in fuel-poverty.

It is time that Pakistan realised the importance of energy security and developed its energy policy framework and implementation road map around it. Capitalisation of indigenous resources, both conventional and unconventional, and energy conservation and management would have to be at its heart. Solutions to problems must be holistic rather than unwarranted and makeshift. For example, setting up new power plants will not help much if they cannot deliver electricity at a price affordable by the common people.

Lessons need to be learnt from the reckless episodes of the 1990s independent power producers (IPP) and the recent rental power plant (RPP) sagas. Energy should be seen not in isolation but in conjunction with economic, environmental and social development. A close partnership with Foreign Office taking care of regional and larger international geo-political landscapes is always helpful. Technological self-reliance and human resource development should also be an integral part of Pakistan's energy security doctrine.

https://tribune.com.pk/story/1529621/energy-security-pakistan/

NEWS COVERAGE PERIOD FROM OCTOBER 1ST TO OCTOBER 8Th 2017
PUNJAB SEEKS RS7.10 REFERENCE TARIFF FOR LNG POWER PLANT
Dawn, October 6th, 2017

ISLAMABAD: The Punjab government has sought reference tariff for another 1,240-megawatt LNG-based fast tracked power project at an average unit cost of Rs7.10 (6.72 cents) for 30 years with generation expected to begin in December 2018.

The provincial government is already developing two LNG-based mega projects currently in completion phase and was given permission to set up another by the Cabinet Committee on Energy (CCE) on June 6. The new plant will be named Punjab Power Plant Jhang.

The project was opposed by former secretary water and power Younas Dagha and former head of National Transmission and Despatch Company Dr Fiaz Chaudhry for being against the restriction on imported fuel based and outside the demand forecast scenario. Both were removed subsequently.

The plant is being handled by Punjab Thermal Power Limited (PTPL), a wholly owned company of the provincial government to act as an independent power producer. The project will be located near Haveli Bahadur Shah and close to Trimmu Barrage Jhang.

The PTPL had field the original petition on July 27, estimating to achieve financial close by mid-October. The petition had assumed reference charges and costs approved by the National Electric Power Regulatory Authority (Nepra) for other LNG-based projects, but was returned by the regulator. The company now expects financial close in December this year.

The petitioner has now reported that it had secured unprecedented lowest bid prices for engineering, procurement and construction (EPC) and Long Term Service Agreement (LTSA) prices through international competitive bidding from China Machinery Engineering Corporation (CMEC) with Siemens as original engineering manufacturers of H-class combined cycle gas turbines.

The machine is targeted to deliver 61.16 per cent combined cycle efficiency on LNG and 56pc on diesel and 39pc on simple cycle. The project is to ensure annual plant availability of 92pc.

The total project cost has been set at $802 million including EPC bid price of $520 million. It is expected to start simple cycle operations by December 2018 at Rs9 per unit (kWh). It will shift to combined cycle operations by February 2020 and deliver electricity at a 30-year levelised tariff of 6.72 cents (Rs7.10) per unit.

The company seeks more than 41-paisa per unit as return on equity based on 16pc Internal Rate of Return (IRR). The company has sought special treatment for its initial 15-month operations on simple cycle (about half the capacity) to generate five billion units to "help address the growing electricity requirements on account of higher GDP growth".

But this would mean the project will deliver 39.2pc efficiency which "will still be better than many plants currently in operation and thus feasible for the power purchase in merit order".

It said the anticipated power generation under simple cycle operations cannot be achieved under a conventional pre-commercial operation date sale arrangement as 10-12 months power generation of the plan will produce electricity worth Rs45mi and hence huge quantum cannot be equated with the concept of pre-COD electricity sale.

The plant will face degradation of efficiency and power output during simple cycle operation which will not be protected if only combined cycle COD was envisaged, said the PTPL saying the simple cycle operations was being requested on unit delivered basis without any guaranteed offtake requirements from the power purchaser.

Former member Energy Planning Commission Dr Syed Akhtar Ali said the return on equity (ROE) should be brought down to 15pc in line with downward trend in the market and Thar coal and Chinese Zurlu voluntarily reducing ROE to 12pc for its renewable energy plant.

He said the debt servicing cost appeared to be on the higher side because Kibor plus 3pc interest for a long term debt was high and should be procured through competitive bidding. Similarly, the bidding should also be held for insurance cost with a view to reducing electricity costs now when there was no emergency situation to secure hurried generation capacity.

https://www.dawn.com/news/1361962

NEPRA ACCUSED OF DELAYING POWER SECTOR REFORM BILL

Dawn, October 6th, 2017

Kalbe Ali

ISLAMABAD: The top management of Nepra is deliberately delaying ‘The Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Bill, 2017’ as it would reform the power sector, National Assembly Standing Committee on Energy observed on Thursday.

At the committee meeting, MNA Shehryar Afridi of Pakistan Tehrik-i-Insaaf (PTI) alleged that the chairman of the National Electric Power Regulatory Authority (Nepra) Brig (retired) Tariq Sadozai was harassing him.

“Tariq Sadozai conveyed threats to me through someone. This is unfair and I want to raise this matter in the committee,” Mr Afridi claimed.

Committee Chairman Chaudhary Bilal Ahmad Virk also observed that Mr Sadozai was using unethical pressure tactics to block the bill.

“I would request all members to concentrate on the bill as it is needed for reforms in the power sector,” Mr Virk stressed.

Though the committee was set to approve the bill but confusion and misunderstanding within the ranks of PTI delayed the matter by another week.

At the start of the session, PTI MNAs Mr Afridi and Dr Imran Khattak took an aggressive stance and said the ‘rights and concerns’ of Khyber Pakhtunkhwa were not being considered by the federal government.

“We had given these 12 queries related to the bill which the Power Division was not addressing,” Mr Afridi said.

However, Power Division’s Joint Secretary Mr Zargham Khan and legal advisor Ms Natasha Jehangir presented records of various meetings of the Council of Common Interest (CCI) and said that none of these questions were forwarded by the KP government.

“These are not new queries and many were cleared earlier but we can respond to these at anytime,” Mr Khan said.

After discussions with other PTI MNAs, Mr Afridi said, “I understand that Tariq Sadozai had informed the KP government KP that the concerns of the province were raised over this bill in the committee. However, we are not supporting Mr Sadozai.”

The PTI MNAs requested the chairman of the committee to delay the matter by three days so that confusion could be resolved.

Mr Virk said the committee would approve the bill on Tuesday next week. “You people, the members of this committee, Nepra officials and officials of KP energy may meet the officials in energy ministry on Friday or Monday and resolve the matter,” he added.

Later talking to media, Mr Virk said there is a serious need to introduce structural reforms in the power sector including Nepra, Alternate Energy Board and even the Private Power Infrastructure Board.

“What have these entities done to meet the challenges of electricity crises in the country? This is why they all fear that reforms will end the status quo and make them work,” he added.

Meanwhile, the Power Division officials said the regulator’s main objection to the bill was reduction in experience of Nepra members and establishment of a tribunal to file appeals against its decisions.

“Currently there are 1,438 cases in high courts against Nepra’s decisions, but these cases would be decided in a very short time if there is a dedicated tribunal for power sector,” the official said.

“Nepra is afraid that such a scenario will compel them to make sensible rulings,” the official added.

Regarding, the other objection by Nepra, the official said, “There is a need to reduce the experience of members in Nepra as there are many highly educated and capable young Pakistanis working abroad who are willing to serve regulatory bodies which have become parking spots for retired bureaucrats who resist change.”

The NA body also approved the change of nomenclature of Private Power Infrastructure Board (PPIB) to Pakistan Power Infrastructure Board.

https://www.dawn.com/news/1361952/nepra-accused-of-delaying-power-sector-reform-bill

PUNJAB SEEKS TARIFF FOR LNG POWER PROJECT
The Express Tribune, October 6th, 2017.

Salman Siddiqui

The Punjab government has kick-started the process for construction of the fourth liquefied natural gas (LNG)-fired power project of 1,263 megawatts at an estimated cost of over $800 million.

Despite expectations of surplus electricity next year, the provincial government has asked the power regulator to award sales tariff to the project, which will be built on a fast track so that local financial institutions can be convinced to provide financing.

The provincial government is the sole sponsor of the project being constructed at Jhang by its wholly owned company – Punjab Thermal Power (Private) Limited, according to the National Electric Power Regulatory Authority (Nepra).

The government will inject equity equivalent to 25% of the total cost and the remaining 75% will be met through borrowing from local financial institutions.

It would soon release the first instalment of Rs10 billion for construction of the project. Besides, it would be a major beneficiary as well as it is entitled to a guaranteed return of 16% on equity injection.

The Punjab government took special permission for building the project from the Cabinet Committee on Energy in June 2017 as the central government had banned new projects on imported fuels to save foreign exchange keeping in view availability of surplus power in the near future.

Nepra reported that Punjab Thermal Power (Private) Limited was targeting to arrange full financing for the project by the end of current calendar year. “Financial close is targeted for December 2017.”

The project is to start commercial production in 30 months or by January-February 2020.

Lead arrangers and the petitioner (government of Punjab) are currently negotiating terms and conditions for the financing facility.

“Finalisation of the financing terms is subject to determination of a viable tariff by Nepra,” the project owner said in an application seeking the award of tariff.

Punjab Thermal Power (Private) Limited has worked out a levelised tariff of Rs7.0947 per unit on re-gasified LNG for 30 years and Rs12.78 per unit if the plant is run on high-speed diesel in the absence of LNG. The company has asked Nepra to approve the proposed tariffs.

The project sponsor is also exploring the possibility of availing supplier credit for equipment and plant through credit agencies. If it succeeds, the expected additional financing cost will be adjusted accordingly. Project costs also include spur gas pipeline cost of 92 km from the off-take point at Kabirwala to the power plant site near Haveli Bahadur Shah/Trimmu Barrage, Jhang over an area of 170 acres.

The proposed net production capacity after auxiliary consumption is 1,242.7MW on re-gasified LNG and 1,081.8MW on diesel.

Punjab has established a Special Protection Unit (SPU) for providing security to the foreign nationals, especially the Chinese, working on different development projects in Pakistan.

Although the project is not part of the China-Pakistan Economic Corridor (CPEC), the level of security being provided to the Chinese and other foreign workers matches that in CPEC projects.

SPU not only provides security to the foreign nationals at the work site, but also at their residences, offices and during their movement.

SPU’s cost for the project is estimated at $8.257 million in line with the previous LNG power projects.

https://tribune.com.pk/story/1523887/punjab-seeks-tariff-lng-power-project/

POWER GENERATION: OFFICIAL IRKED OVER DELAY IN SWAT PROJECT
The Express Tribune, October 6th, 2017

Energy and Power Secretary Naeem Khan has expressed annoyance over undue delay in the completion of 36.6-megawatt Daral Khawar Hydroelectric Power Project in Swat district. Presiding over a meeting on Thursday, the secretary constituted a committee to look into the issues that were causing the delay. He also gave a deadline of October 31 to the Chinese company that was working on the project.

Khan said the government would not tolerate any further delay in the project as it intended to add maximum power to the national grid by completing all projects on time. Chairman of the Chinese company informed the meeting that due to an uncertain security situation, the project was being delayed. However, despite that his team was working day and night to complete the project within the stipulated time.

https://tribune.com.pk/story/1523905/power-generation-official-irked-delay-swat-project/
COUNTRY TO HAVE SURPLUS POWER AFTER NOVEMBER: SUN
Tahir Amin

Business Recorder, October, 7th, 2017

ISLAMABAD: The outgoing Chinese Ambassador to Pakistan, Sun Weidong, on Friday enlisted major outcomes of China-Pakistan Economic Corridor (CPEC), saying that Pakistan will have surplus electricity after November 2017. According to him, the CPEC has already created 60,000 job opportunities.

The ambassador stated this while briefing the Parliamentary Committee meeting on CPEC held here on Friday, which honoured Sun Weidong with a presentation of a special plaque in recognition of his services to the CPEC and strengthening ”all weather” Pakistan-China friendship.

The Parliamentary Committee on CPEC met with Senator Mushahid Hussain Sayed in the chair where the Chinese ambassador was specially invited. The ambassador gave an in-camera briefing to the committee on the progress review of the project.

The ambassador referred to the 19 Early Harvest Projects, particularly those in the energy sector, which have contributed 1820MW of electricity to the national grid, and after November 2017, he added, surplus power would be produced. So one result of CPEC already evident is that it has helped resolve Pakistan”s chronic energy crisis. He said that plans are afoot for the convening of the 7th Joint Cooperation Committee (JCC), which is the apex decision-making body on the CPEC.

Another result of CPEC mentioned by Sun Weidong was that prior to CPEC, Pakistan”s annual growth rate was 3.6% but now with CPEC under way, it has gone up to 5.3% despite many challenges. As many as 60,000 new job opportunities have also been created by Chinese companies for Pakistanis. Sun said that Pakistan-China people-to-people exchanges are already being broadened and 200,000 visitors from both countries visited each other in 2016, while there are 22,000 Pakistan students studying in China, including 5,000 on official scholarships.

Among the projects would be metro bus projects in all provincial capitals, construction of Gwadar international airport, up-gradation of Pakistan Railway line between Karachi and Peshawar and the building of 9 industrial parks.

Responding to a question of Mehmood Khan Achakzai about the leadership role of China in the Asian century as a peacemaker in the region, Ambassador Sun said that peace is like oxygen and fresh air for development and that is why China believes in partnership, dialogue and co-operation in promoting connectivity among countries and all issues left over by history, like Kashmir, need to be resolved through dialogue and negotiations.

He added, “Terrorism is the common enemy of humanity and we must confront this menace collectively.” Sun was quoted as saying that a Chinese team is arriving in Balochistan next month to finalize a feasibility study and construction plan of Gwadar international airport which would be built under a Chinese grant of $220 million.

Parliamentary Secretary for Finance, Revenue and Economic Affairs Rana Mohammad Afzal Khan said this while talking to Business Recorder after an in-camera meeting of the parliamentary committee.

Afzal said the ambassador informed the committee that early harvest projects under the CPEC are in completion phases which added 1820MW to the system so far while 11,110MW would be added in total. The ambassador, according to Afzal, produced a copy of a newspaper while saying that there was a 13-hour load-shedding in the country in 2014. Now Pakistan is going to have surplus electricity, he added.

During the meeting, the parliamentary secretary said that China should relocate labour intensive industry to Pakistan to produce such products which are more in demand in China. The Chinese ambassador stated that the CPEC would help in increasing Pakistan”s exports.

Earlier, Mushahid Hussain Sayed, eulogized the services and contributions of Ambassador Sun Weidong during his 4-year tenure, marked by the launch of CPEC.

Mushahid also referred to the contribution of Ambassador Sun Weidong”s father, who served in the Chinese Embassy in Pakistan from 1952-58. He said the family had served Pakistan-China friendship from ”generation to generation.”

Mushahid said that there was a complete national consensus on the CPEC amongst all the political forces and provinces of Pakistan because it benefits Pakistan and its people who have now taken ownership of it as a guarantor of their better tomorrow.

The meeting was attended by MNAs Rana Muhammad Afzal, Isphanyar Bhandara, Ghous Bux Mahar and Mehmood Khan Achakzai, and Senators Lieutenant General (retd) Salahuddin Tirmizi, Shibli Faraz, Talha Mehmood and Mir Kabeer Ahmed, besides senior officials from the ministries of railway, energy, communications and planning, development and reforms.

http://fp.brecorder.com/2017/10/20171007224183/

KP OFFERS INCENTIVES FOR INVESTMENT IN HYDROPOWER SECTOR
Business Recorder, October 8th, 2017

PESHAWAR: The provincial government of Khyber Pakhtunkhwa is offering attractive incentives to domestic and foreign investors for increasing the production of hydel power sector to another 5000 megawatt in next five years. According to draft Khyber Pakhtunkhwa Investment Policy 2017-25, the total installed hydro power generation capacity in Pakistan was 6556 MW in 2015 of which a total of 3,849 MW of hydro capacity is installed in Khyber Pakhtunkhwa, which is 59 percent of hydro capacity of Pakistan.

Khyber Pakhtunkhwa and FATA regions are gifted with immense potential of hydro power. Pakistan's hydro power generation potential as on June 2010 as around 59,796 MW, while 25,000 MW (almost 41 percent of total potential) lies in Khyber Pakhtunkhwa.

The province is offering investment opportunities including increase in the production to another 5,000 MW in next five years. The province is offering power and energy sites including alternate resources of energy explored, developed and improved, improvement in transmission and distribution and demand side management and enhanced revenues from services.

For attracting local and foreign investors, the provincial government is offering attractive incentives increasing permission for power generation companies to issue corporate registered bonds, issuance of shares at discounted prices to enable venture capitalists to be provided higher rates of return proportionate to the risk.

It is also offering permission for foreign banks to underwrite the issue of shares and bonds by the private power companies to the extent allowed under the laws of Pakistan and allowing the non-residents to purchase securities issued by Pakistan companies without the State Bank of Pakistan's permission and subject to the prescribed rules and regulations.

Similarly, independent rating agencies are operating to facilitate investors in making informed decisions about the risk and profitability of the project company's Bonds/TFCs and investment of equity in associated undertakings without any limits.

Under the draft investment policy, the provincial government is allowing 100 percent foreign ownership and equity of companies while Pakhtunkhwa Energy Development Organization (PEDO) will provide full support and facilitation to project sponsors in acquisition of land through local government of project area or PEDO may acquire land for the project concerned and lease the project company on mutually agreed terms and conditions for the term of the project.

Similarly, PEDO will provide full support and facilitation to project sponsors in approvals of environmental and social economic studies and assessments and through the government of Khyber Pakhtunkhwa and law-enforcement agencies will facilitate provision of adequate external security for project and its personnel in the province on mutually agreed terms.

Besides, official facilitation, the provincial government in its fiscal incentives is allowing an attractive return on equity/IPR in the tariff by NEPRA or Provincial Regulator; exemption from income tax under clause 132 of Part-1 of the Second Schedule to the Income Tax Ordinance, 2001 shall also be available to the new IPPs and PPP projects; exemption of sales tax on plant, machinery and equipment used for production of taxable electricity, exemption of provincial sales tax on power projects and generation and sales of electricity and exemptions from requirements under the Provincial Electricity Act 1910 or subsequent enactment for the generation, sale and supply of electricity.

Furthermore, the sponsors of the power project will be allowed to import plants and equipment not manufactured locally at a concessionary rate of 5 percent Customs Duty. The EDB will notify in advance list of locally manufactured goods in relations to power generation projects; companies will be completely exempted from the payment of income tax, including Turnover Tax and Withholding Tax on imports and repatriation of equity along with dividends is freely allowed, subject to the prescribed rules and regulations.

The parties may raise local and foreign finance in accordance with regulations applicable to industry in general and approval from Government of Pakistan may be required in accordance with such regulations while non-Muslims and non-residents will be exempted from payment of Zakat on dividends paid by the company and maximum indigenization will be promoted.

Pakhtunkhwa Energy Development Organization (PEDO) will provide one-window facility to the investors and sponsors in setting up hydropower projects in the province under the power policy. It will provide support to investors and sponsors in dealing with various provincial and federal government entities.

PEDO will carry out functions including preparing of draft standardized pre-qualification & bidding documents; standardized security package documents; pre-qualify the sponsors, evaluate bids and award projects; assist and facilitate sponsors and project companies in seeking necessary consents and permissions from various public sector entities.

The provincial energy organization will issue LOI, LOS and enter into security package documents where required; arrange guarantees for securing the contractual obligations of provincial or federal government entities as specified in security package documents.

PEDO will also be facilitate the private sponsors in settlement of environmental, security and land acquisition issues during implementation of projects; coordinate with the sponsors and the government of KP and other public sector departments, ministries and their entities for the timely implementation of the power projects. However, for this purpose, PEDO may prescribe fee and charges structure for processing and providing facilitation under the power policy.

http://fp.brecorder.com/2017/10/20171008224527/

KP BUSINESS COMMUNITY DEMANDS INCENTIVES TO MEET CPEC'S CHALLENGES

Business Recorder, July 29TH, 2017

Amjad Ali Shah

Members of business community in Khyber Pakhtunkhwa have sought the level playing field and equal incentives to harvest the benefits of the China-Pakistan Economic Corridor. They also called to formulate a solid strategy to protect indigenous industry and compete with the Chinese investors. They expressed their concerns during a consultative session titled 'CPEC Challenges and Opportunities' organized jointly by Federal Board of Investment (BoI) and Ministry of Planning and Development (P&D) in collaboration with Sarhad Chamber of Commerce and Industry (SCCI) at the chamber house here on Friday.

Mr Jiang Han, Deputy Consul General of Chinese Embassy in Islamabad, was chief guest on the occasion. Notable speakers included Director General BoI, Riffat Pervez; Deputy Director Media from Ministry of Planning and Development, Shaukat Khattak; a representative of think-tank, Ahsan; chief strategist of KPEZDMC, Hassan Ansari; President of SCCI, Haji Mohammad Afzal and others. Besides, office bearers of chambers from Swabi, Charsadda, Swat, Dir and Peshawar, Director General BoI Riffat Pervez, and other higher officials, as well as members of SCCI executive committee and former presidents were present on the occasion.

Zahid Shinwari, ex-president SCCI, said that the industry and the people are still in dark regarding the terms of the deals signed almost two years back. He said that they neither consult nor share plan before the execution of the development projects under the CPEC, which had generated a number of apprehensions and doubts about the multi-billion dollars project. "We demand a level playing field and equal incentives, besides protection of local industries, Mr Shinwari said. He said the export of local manufacturing have already plunged to optimal level, while he said it would further go down with advent of Chinese investors due to lack of competition mechanism in the country.

The former president said the Free Trade Agreement and Preferential Trade Agreements with other countries have affected the local industries, while the market will be flooded with Chinese products as Pakistan has not prepared any policy and grounds to protect the local industries, he noted. "Is there any existing policy to facilitate the industrial units and Small and Medium Enterprise (SMEs) in the China Pakistan Economic Corridor?" said Babar Hamayun a vice president of Swabi Chamber of Commerce and Industry. He stressed the need for finding solutions of negative impacts of CPEC and suggested to constitute a committee to put forward the reservations of business community to federal government on the CPEC.

Malik Awan Ishaq said that China government offered zero per cent loan to companies, but local industries are paying about 8 to 9 per cent markup on loans. Whether we can compete with Chinese companies in the present circumstances, he asked. Therefore, the industrialists have asked the federal government to take practical measures for the protection of local industries, instead of verbal assurances.

Earlier, addressing the participants, Chinese Diplomat Jiang Han said that the CPEC will further boost economic and trade relations between China and Pakistan. He informed that about 18-20 projects have been successfully executed which would bring economic prosperity and development in Pakistan.

The Chinese diplomat said that Pakistan is important destination for Chinese investments. He urged Pakistani investors to take full benefits from the CPEC. He expressed the hope that the CPEC will help in the growth of local economy and create job opportunities for the people of Pakistan. He also mentioned that the CPEC has widely expanded by inclusion of more projects during last Joint Cooperation Meeting on CPEC in Beijing, China.

In his multi-media presentation, Director General BoI, Riffat Pervez said that the industries can only flourish with electricity and infrastructure development, which are the key components of the China-Pakistan Economic Corridor project. He informed that forty six potential sites have been identified for Special Economic Zones (SEZs) alongside CPEC in consultation with provincial governments, including AJK, Gilgit Baltistan, and Fata.

Furthermore, he informed that Board of Investment had so far notified seven SEZs across the country including 3 each in Sindh, Punjab, and one in Khyber Pakhtunkhwa province. He added that nine sites have been prioritized during last JCC meeting in Beijing.

Under the relocation policy, the official said that both new and existing industrial estates would have to avail up-grade to SEZ status. He commented that the Foreign Direct Investment in Pakistan would further boost by 30 per cent with execution of CPEC related projects in coming days. He said that China's upgrading to higher industries will leave a huge space for Pakistan.

Regarding the research-based outcome, Pervez said that CPEC is dynamic project and its portfolio reaching at USD 59 billion from initial estimated USD 43 billion. He stressed that private sector's interest and ownership would lead to the success of CPEC projects. Hassan Ansari, the Chief Strategist from KPEZDMC through his multi-media presentation briefed the participants about the actual situation and the number of projects KP is given under the CPEC. He said that the company had planned to develop more than 18 Economic Zones across the province, which later would gradually get the status of Special Economic Zones (SEZs). He informed that KP government had so far signed deals with Government of China for development of five economic zones under CPEC.

Shaukat Khattak, Deputy Director Media (P&D) also explained the factual position of CPEC through his multi-media presentation on the occasion, and said that Ministry of Planning and Development is holding awareness and consultative meetings with members of business community and other relevant stakeholders to hear their grievances on the CPEC.

He said that the Pakistan-China relations have now converted from Geo-politics to Geo-Economics with the advent of CPEC. He said that the CPEC is lifeline for Pakistan, which would bring economic prosperity and development in the country. Earlier, the Sarhad chamber president, Haji Mohammad Afzal also spoke on the occasion.

http://fp.brecorder.com/2017/07/20170729202876/

ABBASI OUSTS LONG-TIME AIDE IN ROW OVER FUNDS FOR LNG
Khaleeq Kiani

ISLAMABAD: The government has replaced a long-time aide of Prime Minister Shahid Khaqan Abbasi with another contractual executive on additional charge basis.

An informed source said the government has removed Shahid-ul-Islam as managing director of the Government Holdings (Pvt) Limited (GHPL) — a company under the petroleum division — for his refusal to divert company funds to another subsidiary dealing with Liquefied Natural Gas (LNG) namely Pakistan LNG Limited (PLL) because of legal and constitutional limitations.

The assignment was given to Mobeen Solat on additional charge basis who is already holding the charge of two other subsidiaries of the GHPL namely Interstate Gas Company Ltd (ISGCL) and the PLL.

The GHPL was created more than a decade ago to control a minimum of five to ten per cent shareholding in oil and gas exploration wells and fields in all the four provinces, which the public and private local and international companies were bound to transfer to the government free of cost. The government has the rights to increase this shareholding in case of commercially viable oil and gas discoveries.

The funds are meant under the constitutional requirements to be spent on development of exploration and development activities in the high risk and high cost areas. For example, part of its funds was used for the development of Thar coal in the past.

However, the ministry of energy wanted the diversion of GHPL funds to LNG related activities, which the provinces cite as a reason for lack of focus on fresh oil and gas exploration and production activities. The sources said the GHPL was also asked to arrange more than Rs2 billion worth of standby letter of credit (SBLC) to an upcoming LNG terminal besides continuously financing three other subsidiaries of the petroleum division i.e. Pakistan LNG Ltd, Pakistan LNG Terminal Ltd and ISGCL.

The sources said Mr Islam had declined to fund the cost for PLL and PLTL out of GHPL funds since the money belonged to provincial divisible pool. Mr Islam had also declined to give several billion rupees of SBLC to an upcoming terminal operator on behalf of PLTL quoting the same reason.

The sources said the provinces had already complained that PLL and PLTL had been illegally put under GHPL along ISGSL, claiming that it was infringing upon the provincial divisible pool money.

Mr Islam has been a very close aide to Prime Minister Abbasi when he was chairman of the Pakistan International Airlines (PIA) and spent time together in jail in the plane hijacking case. He was also the director finance of PIA and brought back from London after 10 years of retirement while being based in the UK and made head of GHPL.

In between, Mr Islam was also given charge as managing director of Pakistan State Oil on a temporary basis during which the LNG import deals were finalised a couple of years ago.

Mr Solat as managing director of the ISGSL was instrumental in the award of LNG regasification project to Engro Elengy on behalf of the Sui Southern Gas Company on a single bid basis. The second bidder Pakistan GasPort was disqualified on technical grounds when the project was given at significantly higher processing charge to Engro.

Interestingly, Pakistan GasPort had earlier been technically qualified by petroleum ministry prior to Engro bid in the previous regime. Mr Solat was removed as permanent managing director of ISGSL when its former chairman board of directors Shahzad Ali Khan complained to then PM about manipulation of board minutes. Mr Khan was also removed from the board and the former prime minister Nawaz Sharif instituted a high level inquiry headed by a secretary. The inquiry still remains inconclusive.

https://www.dawn.com/news/1362750

NEWS COVERAGE PERIOD FROM OCTOBER 1ST TO OCTOBER 8 Th 2017
PUNJAB SEEKS RS7.10 REFERENCE TARIFF FOR LNG POWER PLANT
Dawn, October 6th, 2017

ISLAMABAD: The Punjab government has sought reference tariff for another 1,240-megawatt LNG-based fast tracked power project at an average unit cost of Rs7.10 (6.72 cents) for 30 years with generation expected to begin in December 2018.

The provincial government is already developing two LNG-based mega projects currently in completion phase and was given permission to set up another by the Cabinet Committee on Energy (CCE) on June 6. The new plant will be named Punjab Power Plant Jhang.

The project was opposed by former secretary water and power Younas Dagha and former head of National Transmission and Despatch Company Dr Fiaz Chaudhry for being against the restriction on imported fuel based and outside the demand forecast scenario. Both were removed subsequently.

The plant is being handled by Punjab Thermal Power Limited (PTPL), a wholly owned company of the provincial government to act as an independent power producer. The project will be located near Haveli Bahadur Shah and close to Trimmu Barrage Jhang.

The PTPL had field the original petition on July 27, estimating to achieve financial close by mid-October. The petition had assumed reference charges and costs approved by the National Electric Power

Regulatory Authority (Nepra) for other LNG-based projects, but was returned by the regulator. The company now expects financial close in December this year.

The petitioner has now reported that it had secured unprecedented lowest bid prices for engineering, procurement and construction (EPC) and Long Term Service Agreement (LTSA) prices through international competitive bidding from China Machinery Engineering Corporation (CMEC) with Siemens as original engineering manufacturers of H-class combined cycle gas turbines.

The machine is targeted to deliver 61.16 per cent combined cycle efficiency on LNG and 56pc on diesel and 39pc on simple cycle. The project is to ensure annual plant availability of 92pc.

The total project cost has been set at $802 million including EPC bid price of $520 million. It is expected to start simple cycle operations by December 2018 at Rs9 per unit (kWh). It will shift to combined cycle operations by February 2020 and deliver electricity at a 30-year levelised tariff of 6.72 cents (Rs7.10) per unit.

The company seeks more than 41-paisa per unit as return on equity based on 16pc Internal Rate of Return (IRR). The company has sought special treatment for its initial 15-month operations on simple cycle (about half the capacity) to generate five billion units to "help address the growing electricity requirements on account of higher GDP growth".

But this would mean the project will deliver 39.2pc efficiency which "will still be better than many plants currently in operation and thus feasible for the power purchase in merit order".

It said the anticipated power generation under simple cycle operations cannot be achieved under a conventional pre-commercial operation date sale arrangement as 10-12 months power generation of the plan will produce electricity worth Rs45mi and hence huge quantum cannot be equated with the concept of pre-COD electricity sale.

The plant will face degradation of efficiency and power output during simple cycle operation which will not be protected if only combined cycle COD was envisaged, said the PTPL saying the simple cycle operations was being requested on unit delivered basis without any guaranteed offtake requirements from the power purchaser.

Former member Energy Planning Commission Dr Syed Akhtar Ali said the return on equity (ROE) should be brought down to 15pc in line with downward trend in the market and Thar coal and Chinese Zurlu voluntarily reducing ROE to 12pc for its renewable energy plant.

He said the debt servicing cost appeared to be on the higher side because Kibor plus 3pc interest for a long term debt was high and should be procured through competitive bidding. Similarly, the bidding should also be held for insurance cost with a view to reducing electricity costs now when there was no emergency situation to secure hurried generation capacity.

https://www.dawn.com/news/1361962

NEPRA ACCUSED OF DELAYING POWER SECTOR REFORM BILL

Dawn, October 6th, 2017

Kalbe Ali

ISLAMABAD: The top management of Nepra is deliberately delaying 'The Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Bill, 2017' as it would reform the power sector, National Assembly Standing Committee on Energy observed on Thursday.

At the committee meeting, MNA Shehryar Afridi of Pakistan Tehrik-i-Insaaf (PTI) alleged that the chairman of the National Electric Power Regulatory Authority (Nepra) Brig (retired) Tariq Sadozai was harassing him.

"Tariq Sadozai conveyed threats to me through someone. This is unfair and I want to raise this matter in the committee," Mr Afridi claimed.

Committee Chairman Chaudhary Bilal Ahmad Virk also observed that Mr Sadozai was using unethical pressure tactics to block the bill.

"I would request all members to concentrate on the bill as it is needed for reforms in the power sector," Mr Virk stressed.

Though the committee was set to approve the bill but confusion and misunderstanding within the ranks of PTI delayed the matter by another week.

At the start of the session, PTI MNAs Mr Afridi and Dr Imran Khattak took an aggressive stance and said the 'rights and concerns' of Khyber Pakhtunkhwa were not being considered by the federal government.

"We had given these 12 queries related to the bill which the Power Division was not addressing," Mr Afridi said.

However, Power Division's Joint Secretary Mr Zargham Khan and legal advisor Ms Natasha Jehangir presented records of various meetings of the Council of Common Interest (CCI) and said that none of these questions were forwarded by the KP government.

"These are not new queries and many were cleared earlier but we can respond to these at anytime," Mr Khan said.

After discussions with other PTI MNAs, Mr Afridi said, "I understand that Tariq Sadozai had informed the KP government KP that the concerns of the province were raised over this bill in the committee. However, we are not supporting Mr Sadozai."

The PTI MNAs requested the chairman of the committee to delay the matter by three days so that confusion could be resolved.

Mr Virk said the committee would approve the bill on Tuesday next week. “You people, the members of this committee, Nepra officials and officials of KP energy may meet the officials in energy ministry on Friday or Monday and resolve the matter,” he added.

Later talking to media, Mr Virk said there is a serious need to introduce structural reforms in the power sector including Nepra, Alternate Energy Board and even the Private Power Infrastructure Board.

“What have these entities done to meet the challenges of electricity crises in the country? This is why they all fear that reforms will end the status quo and make them work,” he added.

Meanwhile, the Power Division officials said the regulator’s main objection to the bill was reduction in experience of Nepra members and establishment of a tribunal to file appeals against its decisions.

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“Nepra is afraid that such a scenario will compel them to make sensible rulings,” the official added.

Regarding, the other objection by Nepra, the official said, “There is a need to reduce the experience of members in Nepra as there are many highly educated and capable young Pakistanis working abroad who are willing to serve regulatory bodies which have become parking spots for retired bureaucrats who resist change.”

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Salman Siddiqui

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Punjab has established a Special Protection Unit (SPU) for providing security to the foreign nationals, especially the Chinese, working on different development projects in Pakistan.

Although the project is not part of the China-Pakistan Economic Corridor (CPEC), the level of security being provided to the Chinese and other foreign workers matches that in CPEC projects.

SPU not only provides security to the foreign nationals at the work site, but also at their residences, offices and during their movement.

SPU's cost for the project is estimated at $8.257 million in line with the previous LNG power projects.

https://tribune.com.pk/story/1523887/punjab-seeks-tariff-lng-power-project/

POWER GENERATION: OFFICIAL IRKED OVER DELAY IN SWAT PROJECT
The Express Tribune, October 6th, 2017

Energy and Power Secretary Naeem Khan has expressed annoyance over undue delay in the completion of 36.6-megawatt Daral Khawar Hydroelectric Power Project in Swat district. Presiding over a meeting on Thursday, the secretary constituted a committee to look into the issues that were causing the delay. He also gave a deadline of October 31 to the Chinese company that was working on the project.

Khan said the government would not tolerate any further delay in the project as it intended to add maximum power to the national grid by completing all projects on time. Chairman of the Chinese company informed the meeting that due to an uncertain security situation, the project was being delayed. However, despite that his team was working day and night to complete the project within the stipulated time.

https://tribune.com.pk/story/1523905/power-generation-official-irked-delay-swat-project/

COUNTRY TO HAVE SURPLUS POWER AFTER NOVEMBER: SUN
Tahir Amin

Business Recorder, October, 7th, 2017

ISLAMABAD: The outgoing Chinese Ambassador to Pakistan, Sun Weidong, on Friday enlisted major outcomes of China-Pakistan Economic Corridor (CPEC), saying that Pakistan will have surplus electricity after November 2017. According to him, the CPEC has already created 60,000 job opportunities.

The ambassador stated this while briefing the Parliamentary Committee meeting on CPEC held here on Friday, which honoured Sun Weidong with a presentation of a special plaque in recognition of his services to the CPEC and strengthening "all weather" Pakistan-China friendship.

The Parliamentary Committee on CPEC met with Senator Mushahid Hussain Sayed in the chair where the Chinese ambassador was specially invited. The ambassador gave an in-camera briefing to the committee on the progress review of the project.

The ambassador referred to the 19 Early Harvest Projects, particularly those in the energy sector, which have contributed 1820MW of electricity to the national grid, and after November 2017, he added, surplus power would be produced. So one result of CPEC already evident is that it has helped resolve Pakistan"s chronic energy crisis. He said that plans are afoot for the convening of the 7th Joint Cooperation Committee (JCC), which is the apex decision-making body on the CPEC.

Another result of CPEC mentioned by Sun Weidong was that prior to CPEC, Pakistan"s annual growth rate was 3.6% but now with CPEC under way, it has gone up to 5.3% despite many challenges. As many as 60,000 new job opportunities have also been created by Chinese companies for Pakistanis. Sun said that Pakistan-China people-to-people exchanges are already being broadened and 200,000 visitors from both countries visited each other in 2016, while there are 22,000 Pakistan students studying in China, including 5,000 on official scholarships.

Among the projects would be metro bus projects in all provincial capitals, construction of Gwadar international airport, up-gradation of Pakistan Railway line between Karachi and Peshawar and the building of 9 industrial parks.

Responding to a question of Mehmood Khan Achakzai about the leadership role of China in the Asian century as a peacemaker in the region, Ambassador Sun said that peace is like oxygen and fresh air for development and that is why China believes in partnership, dialogue and co-operation in promoting connectivity among countries and all issues left over by history, like Kashmir, need to be resolved through dialogue and negotiations. He added, "Terrorism is the common enemy of humanity and we must confront this menace collectively." Sun was quoted as saying that a Chinese team is arriving in Balochistan next month to finalize a feasibility study and construction plan of Gwadar international airport which would be built under a Chinese grant of $220 million.

Parliamentary Secretary for Finance, Revenue and Economic Affairs Rana Mohammad Afzal Khan said this while talking to Business Recorder after an in-camera meeting of the parliamentary committee.

Afzal said the ambassador informed the committee that early harvest projects under the CPEC are in completion phases which added 1820MW to the system so far while 11,110MW would be added in total. The ambassador, according to Afzal, produced a copy of a newspaper while saying that there was a 13-hour load-shedding in the country in 2014. Now Pakistan is going to have surplus electricity, he added.

During the meeting, the parliamentary secretary said that China should relocate labour intensive industry to Pakistan to produce such products which are more in demand in China. The Chinese ambassador stated that the CPEC would help in increasing Pakistan"s exports.

Earlier, Mushahid Hussain Sayed, eulogized the services and contributions of Ambassador Sun Weidong during his 4-year tenure, marked by the launch of CPEC.

Mushahid also referred to the contribution of Ambassador Sun Weidong"s father, who served in the Chinese Embassy in Pakistan from 1952-58. He said the family had served Pakistan-China friendship from "generation to generation."

Mushahid said that there was a complete national consensus on the CPEC amongst all the political forces and provinces of Pakistan because it benefits Pakistan and its people who have now taken ownership of it as a guarantor of their better tomorrow.

The meeting was attended by MNAs Rana Muhammad Afzal, Isphanyar Bhandara, Ghous Bux Mahar and Mehmood Khan Achakzai, and Senators Lieutenant General (retd) Salahuddin Tirmizi, Shibli Faraz, Talha Mehmood and Mir Kabeer Ahmed, besides senior officials from the ministries of railway, energy, communications and planning, development and reforms.

http://fp.brecorder.com/2017/10/20171007224183/

KP OFFERS INCENTIVES FOR INVESTMENT IN HYDROPOWER SECTOR
Business Recorder, October 8th, 2017

PESHAWAR: The provincial government of Khyber Pakhtunkhwa is offering attractive incentives to domestic and foreign investors for increasing the production of hydel power sector to another 5000 megawatt in next five years. According to draft Khyber Pakhtunkhwa Investment Policy 2017-25, the total installed hydro power generation capacity in Pakistan was 6556 MW in 2015 of which a total of 3,849 MW of hydro capacity is installed in Khyber Pakhtunkhwa, which is 59 percent of hydro capacity of Pakistan.

Khyber Pakhtunkhwa and FATA regions are gifted with immense potential of hydro power. Pakistan’s hydro power generation potential as on June 2010 as around 59,796 MW, while 25,000 MW (almost 41 percent of total potential) lies in Khyber Pakhtunkhwa.

The province is offering investment opportunities including increase in the production to another 5,000 MW in next five years. The province is offering power and energy sites including alternate resources of energy explored, developed and improved, improvement in transmission and distribution and demand side management and enhanced revenues from services.

For attracting local and foreign investors, the provincial government is offering attractive incentives increasing permission for power generation companies to issue corporate registered bonds, issuance of shares at discounted prices to enable venture capitalists to be provided higher rates of return proportionate to the risk.

It is also offering permission for foreign banks to underwrite the issue of shares and bonds by the private power companies to the extent allowed under the laws of Pakistan and allowing the non-residents to purchase securities issued by Pakistan companies without the State Bank of Pakistan’s permission and subject to the prescribed rules and regulations.

Similarly, independent rating agencies are operating to facilitate investors in making informed decisions about the risk and profitability of the project company’s Bonds/TFCs and investment of equity in associated undertakings without any limits.

Under the draft investment policy, the provincial government is allowing 100 percent foreign ownership and equity of companies while Pakhtunkhwa Energy Development Organization (PEDO) will provide full support and facilitation to project sponsors in acquisition of land through local government of project area or PEDO may acquire land for the project concerned and lease the project company on mutually agreed terms and conditions for the term of the project.

Similarly, PEDO will provide full support and facilitation to project sponsors in approvals of environmental and social economic studies and assessments and through the government of Khyber Pakhtunkhwa and law-enforcement agencies will facilitate provision of adequate external security for project and its personnel in the province on mutually agreed terms.

Besides, official facilitation, the provincial government in its fiscal incentives is allowing an attractive return on equity/IPR in the tariff by NEPRA or Provincial Regulator; exemption from income tax under clause 132 of Part-1 of the Second Schedule to the Income Tax Ordinance, 2001 shall also be available to the new IPPs and PPP projects; exemption of sales tax on plant, machinery and equipment used for production of taxable electricity, exemption of provincial sales tax on power projects and generation and sales of electricity and exemptions from requirements under the Provincial Electricity Act 1910 or subsequent enactment for the generation, sale and supply of electricity.

Furthermore, the sponsors of the power project will be allowed to import plants and equipment not manufactured locally at a concessionary rate of 5 percent Customs Duty. The EDB will notify in advance list of locally manufactured goods in relations to power generation projects; companies will be completely exempted from the payment of income tax, including Turnover Tax and Withholding Tax on imports and repatriation of equity along with dividends is freely allowed, subject to the prescribed rules and regulations.

The parties may raise local and foreign finance in accordance with regulations applicable to industry in general and approval from Government of Pakistan may be required in accordance with such regulations while non-Muslims and non-residents will be exempted from payment of Zakat on dividends paid by the company and maximum indigenization will be promoted.

Pakhtunkhwa Energy Development Organization (PEDO) will provide one-window facility to the investors and sponsors in setting up hydropower projects in the province under the power policy. It will provide support to investors and sponsors in dealing with various provincial and federal government entities.

PEDO will carry out functions including preparing of draft standardized pre-qualification & bidding documents; standardized security package documents; pre-qualify the sponsors, evaluate bids and award projects; assist and facilitate sponsors and project companies in seeking necessary consents and permissions from various public sector entities.

The provincial energy organization will issue LOI, LOS and enter into security package documents where required; arrange guarantees for securing the contractual obligations of provincial or federal government entities as specified in security package documents.

PEDO will also be facilitate the private sponsors in settlement of environmental, security and land acquisition issues during implementation of projects; coordinate with the sponsors and the government of KP and other public sector departments, ministries and their entities for the timely implementation of the power projects. However, for this purpose, PEDO may prescribe fee and charges structure for processing and providing facilitation under the power policy.

http://fp.brecorder.com/2017/10/20171008224527/
KP BUSINESS COMMUNITY DEMANDS INCENTIVES TO MEET CPEC'S CHALLENGES
Business Recorder, July 29TH, 2017

Amjad Ali Shah

Members of business community in Khyber Pakhtunkhwa have sought the level playing field and equal incentives to harvest the benefits of the China-Pakistan Economic Corridor. They also called to formulate a solid strategy to protect indigenous industry and compete with the Chinese investors. They expressed their concerns during a consultative session titled 'CPEC Challenges and Opportunities' organized jointly by Federal Board of Investment (BoI) and Ministry of Planning and Development (P&D) in collaboration with Sarhad Chamber of Commerce and Industry (SCCI) at the chamber house here on Friday.

Mr Jiang Han, Deputy Consul General of Chinese Embassy in Islamabad, was chief guest on the occasion. Notable speakers included Director General BoI, Riffat Pervez; Deputy Director Media from Ministry of Planning and Development, Shaukat Khattak; a representative of think-tank, Ahsan; chief strategist of KPEZDMC, Hassan Ansari; President of SCCI, Haji Mohammad Afzal and others. Besides, office bearers of chambers from Swabi, Charsadda, Swat, Dir and Peshawar, Director General BoI Riffat Pervez, and other higher officials, as well as members of SCCI executive committee and former presidents were present on the occasion.

Zahid Shinwari, ex-president SCCI, said that the industry and the people are still in dark regarding the terms of the deals signed almost two years back. He said that they neither consult nor share plan before the execution of the development projects under the CPEC, which had generated a number of apprehensions and doubts about the multi-billion dollars project. "We demand a level playing field and equal incentives, besides protection of local industries, Mr Shinwari said. He said the export of local manufacturing have already plunged to optimal level, while he said it would further go down with advent of Chinese investors due to lack of competition mechanism in the country.

The former president said the Free Trade Agreement and Preferential Trade Agreements with other countries have affected the local industries, while the market will be flooded with Chinese products as Pakistan has not prepared any policy and grounds to protect the local industries, he noted. "Is there any existing policy to facilitate the industrial units and Small and Medium Enterprise (SMEs) in the China Pakistan Economic Corridor?" said Babar Hamayun a vice president of Swabi Chamber of Commerce and Industry. He stressed the need for finding solutions of negative impacts of CPEC and suggested to constitute a committee to put forward the reservations of business community to federal government on the CPEC.

Malik Awan Ishaq said that China government offered zero per cent loan to companies, but local industries are paying about 8 to 9 per cent markup on loans. Whether we can compete with Chinese companies in the present circumstances, he asked. Therefore, the industrialists have asked the federal government to take practical measures for the protection of local industries, instead of verbal assurances.

Earlier, addressing the participants, Chinese Diplomat Jiang Han said that the CPEC will further boost economic and trade relations between China and Pakistan. He informed that about 18-20 projects have been successfully executed which would bring economic prosperity and development in Pakistan.

The Chinese diplomat said that Pakistan is important destination for Chinese investments. He urged Pakistani investors to take full benefits from the CPEC. He expressed the hope that the CPEC will help in the growth of local economy and create job opportunities for the people of Pakistan. He also mentioned that the CPEC has widely expanded by inclusion of more projects during last Joint Cooperation Meeting on CPEC in Beijing, China.

In his multi-media presentation, Director General BoI, Riffat Pervez said that the industries can only flourish with electricity and infrastructure development, which are the key components of the China-Pakistan Economic Corridor project. He informed that forty six potential sites have been identified for Special Economic Zones (SEZs) alongside CPEC in consultation with provincial governments, including AJK, Gilgit Baltistan, and Fata.

Furthermore, he informed that Board of Investment had so far notified seven SEZs across the country including 3 each in Sindh, Punjab, and one in Khyber Pakhtunkhwa province. He added that nine sites have been prioritized during last JCC meeting in Beijing.

Under the relocation policy, the official said that both new and existing industrial estates would have to avail up-grade to SEZ status. He commented that the Foreign Direct Investment in Pakistan would further boost by 30 per cent with execution of CPEC related projects in coming days. He said that China's upgrading to higher industries will leave a huge space for Pakistan.

Regarding the research-based outcome, Pervez said that CPEC is dynamic project and its portfolio reaching at USD 59 billion from initial estimated USD 43 billion. He stressed that private sector's interest and ownership would lead to the success of CPEC projects. Hassan Ansari, the Chief Strategist from KPEZDMC through his multi-media presentation briefed the participants about the actual situation and the number of projects KP is given under the CPEC.

He said that the company had planned to develop more than 18 Economic Zones across the province, which later would gradually get the status of Special Economic Zones (SEZs). He informed that KP government had so far signed deals with Government of China for development of five economic zones under CPEC.

Shaukat Khattak, Deputy Director Media (P&D) also explained the factual position of CPEC through his multi-media presentation on the occasion, and said that Ministry of Planning and Development is holding awareness and consultative meetings with members of business community and other relevant stakeholders to hear their grievances on the CPEC. He said that the Pakistan-China relations have now converted from Geo-politics to Geo-Economics with the advent of CPEC. He said that the CPEC is lifeline for Pakistan, which would bring economic prosperity and development in the country. Earlier, the Sarhad chamber president, Haji Mohammad Afzal also spoke on the occasion.

http://fp.brecorder.com/2017/07/20170729202876/

November 2017

NEWS COVERAGE PERIOD FROM NOVEMBER 27 Th TO DECEMBER 3RD 2017

BALOCHISTAN DEMANDS 2.5% SHARE IN SUI GAS FIELD

The Express Tribune, November 28th, 2017.

ISLAMABAD: The central and Balochistan governments have differed over the grant of fresh development and production lease for Sui field as being the producing province the latter wants a share in the field as well as allocation of gas.

According to a senior government official, the Balochistan government is seeking 2.5% share in the Sui field for a provincial holding company and allocation of gas for its consumers in line with Article 158 of the Constitution which gives first right of use to the province where energy has been discovered.

Pakistan Petroleum Limited (PPL), the operator of the Sui field, has prepared a field development plan and draft concession agreement as well as submitted an application for the development and production lease which will come into effect retrospectively from June 1, 2015.

The documents, prepared by PPL, were reviewed by a team of the Director General Petroleum Concessions (DGPC) in consultation with the provincial director of Balochistan. They agreed on making some changes to the draft petroleum concession agreement in line with the Memorandum of Agreement.

However, the provincial director expressed his inability to come up with any arguments without approval of the energy secretary of Balochistan, said the government official.

The provincial director then sent the documents to the energy secretary for approval.

However, the energy secretary expressed reservations about participation of the provincial holding company in exploration efforts and the right of petroleum acquisition under Article 158 of the Constitution. These issues were discussed between the provincial director of Balochistan and the DGPC team, where the former argued that in accordance with para 4.1.3 (6) of the 2012 petroleum policy, the provincial holding company was entitled to a 2.5% share in each licence and lease.

The second issue pertained to Article 158 of the Constitution for the allocation of gas in the Memorandum of Agreement and its exclusion from the draft petroleum concession agreement. Under this article, the producing province has the first right over gas under the 18th Constitutional Amendment.

Dismissing the observations, the DGPC team argued that the working interest was related to full participation in the exploration phase. If the provincial holding company opts for 2.5% working interest with full participation in the exploration phase, it would become eligible for similar working interest in the lease to be granted for new discoveries.

Accordingly, it said, the assertion of 2.5% working interest in Sui could not be agreed. However, the holding company may be offered 2.5% working interest in new exploratory efforts to be undertaken within the Sui lease.

The DGPC team also pointed out that the article did not pertain to the exploration and production companies, which had to offer gas supply to the government that, in turn, allocated gas to the designated buyers. In the case of Sui field, the designated buyers were Sui Northern Gas Pipelines and Sui Southern Gas Company.

As PPL had no control over the distribution of Sui gas downstream, the aspect was not required to be incorporated into the petroleum concession agreement, the DGPC team said.

Sui field’s lease expired on May 31, 2015, prompting the need for putting in place an arrangement for continuing gas production from the field.

Citing national interest, the then Ministry of Petroleum extended the Sui lease on the same terms and conditions for one year as an interim arrangement, which was further extended from time to time. However, the government of Balochistan raised concern over the grant of extension without its involvement.

Consequently, the provincial government was invited to the discussions in a bid to reach an understanding on the Memorandum of Agreement. Its objective was to recognise and set forth responsibilities of the parties and define procedures for collaboration in order to extend the Sui gas lease.

https://tribune.com.pk/story/1570336/2-balochistan-demands-2-5-share-sui-gas-field/

RLNG-FIRED POWER PROJECT TO BE SET UP IN SINDH
The Express Tribune, November 30, 2017

The Sindh government is in talks with the federal government to establish its first-ever regasified liquefied natural gas (RLNG)-based power plant to produce 1,200 megawatt electricity to achieve energy autarky.

Prime Minister Shahid Khaqan Abbasi on Wednesday backed the project, stressing that the federal government was now fully focused on resolving the issues in the energy sector, including power transmission and distribution, power theft and circular debt.

“We fully support the Sindh government to set up the 1,200MW power project,” the prime minister said while speaking at the inaugural ceremony of a 600MW coal-fired unit at Port Qasim. He said the new imported gas-based project would enable the province to produce surplus electricity.

The PM inaugurated first of two units of the project set by China’s Powerchina Resources and Qatar’s Al Mirqab Capital under a joint venture with the Port Qasim Electric Power Company (PQEPC). The second unit of the total 1,320MW is expected to come online by February 2018.

The $2.08 billion project is completed in record time of 30 months and ahead of its scheduled time, Abbasi said. The project with 25% equity and 75% debt has been financed by the Export-Import Bank of China.

Karachi, the city of ports and the commercial hub of Pakistan, imports around 650MW from the national grid station but it still faces a shortage of around 400-500MW, especially during the peak summer.

Though the RLNG-fired power is costlier because the price of imported gas is higher than the locally-produced natural gas, the government has added some 3,600MW from RLNG-fired plants in Punjab. Another 1,200MW RLNG-based project is under construction by the Punjab government.

Abbasi said the country faced electricity shortfall for 14 years but the present government made it power-surplus. “Pakistan has surplus power production,” Abbasi said, adding that the government was now focused on resolving other issues in the energy sector.

He said the Port Qasim Electric Power Company (PQEPC) is the second largest project under the multibillion dollar China-Pakistan Economic Corridor (CPEC) project. “This project (PQEPC) reflects the vision of President Xi and (former) Prime Minister Nawaz Sharif,” he added.

He said it was his government that delivered to the masses, especially in the energy sector. Otherwise, the previous four governments failed to bring online the 400MW Nandipur Power Project in 10 years.

He said the cost of engineering, procurement, and construction of new power projects had dropped by 50% in the last three years, which would help bring new projects at lower cost.

The PM said the next election would be held in August 2018. “Our future lies in democracy. There are no other options,” he said. “We may have (political) differences and we may have dharnas (sit-ins). However, democracy remains the only option to go with.”

Speaking on the occasion, Al-Mirqab Group Chairman Sheikh Jassim bin Hamad Al Thani said they were keen to invest more in projects in Pakistan and China.

Powerchina Resources Chairman Sheng Yuming said the average annual energy output from the Port Qasim project would be around 9,000 gigawatt hour after the coming online of the second unit in February. The project would meet the day-to-day energy needs of 3-4 million families.

Power Construction Corporation of China Chairman Yan Zhiyong said the government had eliminated terrorism and improved economic fundamentals, leading to a significant inflow of foreign investment in Pakistan.

https://tribune.com.pk/story/1572266/1-rlng-fired-power-project-set-sindh/

PAKISTAN IS NOW ENERGY SURPLUS, SAYS PM ABBASI
Dawn, November 30th, 2017

Parvaiz Ishfaq Rana

KARACHI: Prime Minister Shahid Khaqan Abbasi said on Wednesday that the country had become surplus in energy in a short period of four years starting from 2013 when the nation used to face up to 16 hours of loadshedding a day.

Speaking as the chief guest at the inauguration ceremony of unit one of the 1,320MW (2x660MW) Port Qasim coal-fired power plant, the prime minister said it was the second largest project under the China-Pakistan Economic Corridor (CPEC).

He said the completion of the power plant in a record period of 30 months at a cost of $2.8 billion was a great achievement on the part of the Port Qasim Electric Power Company Ltd and Private Power and Infrastructure Board.

Mr Abbasi said the plant was a symbol of Pakistan-China friendship and a milestone in the CPEC and Al-Mirqab Capital, Qatar. He praised Al-Mirqab Capital chairman Sheikh Jassim bin Hamad bin Jassim bin Jaber Al-Thani for his cooperation and financial support for the project.

The prime minister said that the coal-fired power plant was most environmental friendly and currently producing the cheapest electricity in the country. He said the governments often failed to complete projects within their respective tenures, but the Pakistan Muslim League-Nawaz government had completed a number of mega projects since it came to power in 2013.

This had been possible under the leadership and vision of former prime minister Nawaz Sharif and Chinese Premier Xi Jinping, he added. He said Port Qasim Electric Power Company Chairman Sheng Yuming had informed him that the second unit of the coal-fired power plant would start producing electricity from February next year.

The prime minister said the country was producing surplus power in 1999 and also planning to export electricity to neighbouring countries, but by 2013 it became energy deficient resulting in prolonged power outages.

He said the long delay in completion of the 400MW Nandipur power plant had resulted in cost escalation and made the nation suffer, but it was the PML-N government which managed and completed the project.

He said his government was not only working on increasing power generation but also exploring other sources of energy such as solar, wind-power and liquefied natural gas (LNG).

In order to meet the gas shortage, he added, two LNG terminals had already started functioning and another three were in the pipeline. Besides, the prime minister said, the National Electric Power Regulatory Authority had already reduced electricity tariff by Rs2 per unit which indicated that the government was equally safeguarding consumers' interest.

Mr Abbasi listed a number of power plants being undertaken by the provinces, including those of 3,600MW by Punjab and 1,200MW by Sindh. The federal government is also undertaking a 2,000MW renewable energy plant.

The prime minister said that for the first time Thar coal development had become a reality, while massive investment was being made in transmission lines. This was possible because the government had managed to remove bureaucratic hurdles and defeated vested interest, he claimed.

He said the required infrastructure was being developed on a fast track basis for industrial development that would create more jobs in the country.

Two more coal-fired power plants are in the pipeline at Port Qasim and besides three more LNG terminals, the government is also working on an LPG terminal.

Among the dignitaries present on the occasion were Sindh Governor Mohammad Zubair, Minister for Maritime Affairs Mir Hasil Benzjo, Minister for Energy and Power Awais Ahmed Khan Leghari, the Chinese ambassador to Pakistan, the corps commander and Rangers director general.

https://www.dawn.com/news/1373777

COAL-FIRED POWER PROJECT AT PQ: PM INAUGURATES FIRST UNIT
Business Recorder

Business Recorder, Nov 30th, 2017

Reiterating the PML-N government"s unwavering resolve towards strengthening and taking forward democracy in the country, Prime Minister Shahid Khaqan Abbasi Wednesday said Pakistan"s future lied in democracy and there were no choices. "Elections will be held in August next year… Our future lies in democracy. There are no choices here," the PM emphatically stated this while addressing the inauguration ceremony of the first unit of 1320MW coal-fired power project here at Port Qasim. The first unit will produce 660MW of electricity.

PM Abbasi said, “We have a vibrant democracy; we have freedom of expression; we have free media; and together the institutions of state have delivered for the people of Pakistan.” “We may have difference of opinion; we may have Dharnas (sit-ins); we may have differences; but the institutions of state have stood together to defeat terrorism and reject extremism,” he maintained.

He said 1320MW coal-fired power project, worth $2 billion, initiated under the China Pakistan Economic Corridor (CPEC), reflected the vision of Chinese President Xi Jinping and former prime minister Nawaz Sharif. He said the first unit of the project of 660MW had been completed in 30 months – ahead of schedule – and he had been assured that the second unit of 660MW would also be completed ahead of the schedule and to be inaugurated in February 2018.

The PM said the 1320MW coal power project, jointly developed by Power China Resources Limited and Al Mirqab Capital of Qatar, was not only producing the cheapest power, but also was an environment-friendly. He said the completion of the first unit of coal-fired power project was a significant milestone in CPEC, and for that both Power China Resources Limited and Al Mirqab Capital should be congratulated.

The PM said Pakistan was fully committed to CPEC, which was bound not only to push economic growth and prosperity in the country but was also creating job opportunities for the youth. Highlighting the government”s performance during the last over four years, Shahid Khaqan Abbasi said when the PML-N government came into power in 2013, the country was facing severe power shortages and there were blackouts of up to 16 hours daily. “Now I can say with full confidence that Pakistan has surplus power generation,” he added.

He said the PML-N government launched various power projects and completed them, adding, even the 400MW Nandi Pur power project, which was lingering on over the last 10 years, was completed by the present government. “This is the reality of PML-N government,” he remarked. The PM said the government had also brought about diversity in energy fuel-mix and reduced the cost of production. Last month, NEPRA (National Power Regulatory Authority) reduced the electricity price for consumers by Rs 2 per KW, he added.

He also mentioned various power projects, including coal-fired, gas-fired and hydel-based which had added thousands of mega watts of power to the national grid over the last four and a half years as well as the measures that attracted foreign investment in the energy sector. The PM said the main objective and purpose of the development projects, including the power projects, was to achieve high economic growth, generate job opportunities for the youth and bring prosperity for the people of Pakistan.

Besides, he said, the PML-N government intended to provide resources and was committed to supporting the provincial governments in achieving 100 percent literacy rate, with target for 100 percent enrolment, 100 percent retention and 100 percent graduation. PM Abbasi said the elections would be held in August next year, and whichever government came into power would have to continue with the same pace and the same purpose to achieve economic growth and deliver for the people of Pakistan.

Earlier, the prime minister on arrival at the Karachi Airport, was received by Sindh Governor Muhammad Zubair, Chief Minister Syed Murad Ali Shah and senior officials.

https://fp.brecorder.com/2017/11/20171130323039/

GOVT IN LNG TALKS WITH FRANCE, ITALY AND SPAIN
Drazen Jorgic

ISLAMABAD: Government is in liquefied natural gas (LNG) supply talks with France, Italy and Spain, a senior Pakistani source said, which could lead to contracts for Engie, Eni and Gas Natural Fenosa.

Intergovernment agreements (IGAs) could help Pakistan speed up its ambitious plans to bolster LNG imports as it aims to end the country's chronic energy shortages.

Pakistan opened its second LNG import terminal in Karachi last week and Prime Minister Shahid Khaqan Abbasi said up to five more terminals are in the works.

Islamabad aims to source about 3 million tonnes of LNG per year for the new terminal through intergovernment deals, or about four cargoes per month, a senior Pakistani energy official told Reuters.

Abbasi said he expects Pakistan's demand to grow to 30 million tonnes in three years, which would make it a major LNG buyer.

It is already one of the fastest-growing LNG markets, attracting interest from producers such as Shell and ExxonMobil and from traders such as Trafigura and Gunvor.

Pakistan last year agreed a deal with Qatar to supply 3.75 million tonnes per year for its first LNG terminal and this year in an open tender it awarded Eni a 15-year supply contract.

But progress on further European contracts has been slower than expected as governments look to ensure deals do not violate European Union (EU) regulations, some officials said. "The Europeans were first to begin discussions but they were delayed because of their regulations," the Pakistani official said.

He said that once intergovernment deals are signed with France, Italy and Spain, Engie, Eni and Gas Natural Fenosa could begin commercial negotiations with state-owned Pakistan LNG.

A second senior government official confirmed Pakistan was in discussions with Italy.

Eni is also in discussion with at least one consortium looking to build an LNG terminal in Pakistan, two other sources familiar with the discussions said.

The three European governments and companies all declined to comment.

https://epaper.brecorder.com/2017/12/01/1-page/685237-news.html

INVESTORS QUESTION GOVT ENERGY POLICY OF CONTINUING WITH IMPORTED FUELS
Faiza Ilyas

Dawn, November 23, 2017

KARACHI: A number of private investors participating in an international wind energy summit at a hotel here on Wednesday questioned the federal government's policy of heavy reliance on imported fuels, though global and regional trends had shown a major uptake in various forms of renewable energy as a commercial alternative to fossil-fuel based energy generation.

Growth in the wind energy sector, they said, had been halted owing to tariff-related issues, cumbersome procedures for project approvals and lack of infrastructural development in grid connectivity.

The programme was organised by Energy Update, a monthly magazine, in collaboration with the provincial Alternative Energy Development Board (AEDB).

The event's highlight was the speech by Rolf Michael Hay Pereira Holmboe, the Danish Ambassador to Pakistan, who spoke about his country's experience with renewable energy.

"If a small country [like] Denmark can achieve up to 56 per cent of its power generation through renewable resources and emerge as a world leader in wind power energy, Pakistan can also do so provided that there is a strong political will," he said.

Recalling how his country made a policy decision on renewable energy, he told the audience that it happened in the 1970s when the country was facing an oil crisis. With consistent government policies over the years, Denmark now planned to achieve the target of making its entire energy consumption carbon-free by 2050.

"We are actively pursuing renewable means and using hybrid methods to maximise energy generation through wind, solar power and waste-to-energy methods," he said.

He regretted that Pakistan, despite having huge potential in renewable energy, particularly in Sindh and Balochistan, had made little progress.

"I have learnt that Pakistan is currently producing just 1.5 per cent of its total generated electricity through renewable means. It's quite a dismal figure given the favourable conditions the country has," he said.

The Pakistani government, he said, had to make a choice whether to continue using expensive conventional fuels for power generation or switch to cheaper, cleaner and sustainable means for energy generation.

Citing examples of countries such as India and China making huge progress in renewable energy, he said: “The future growth of economy lies in renewable energy, which is not only environmentally safe but reliable, cheaper and competitive.”

Answering a question about Pakistan’s investment in coal-based projects, he said he felt that the reliance should be on renewable energy as much as possible while filling the gaps in production through other means.

Suggesting installation of offshore wind power projects near the Karachi coast similar to experiments currently being done by many northern European countries, he said Denmark was willing to assist Pakistan to more effectively explore and utilise its potential for power generation through renewable means.

On Sindh government’s efforts, Rashid Hussain Kazi, special secretary of the Sindh government’s energy department, said the Gharo-Jhimpir wind corridor was at present producing 788MW while a matching volume of renewable energy production would be achieved by next year on the basis of new projects being installed in the same wind corridor.

“The government has been pursuing a balanced energy policy in order to utilise both conventional and alternative sources of power production,” he said.

Zafar Sobani, a senior energy sector expert, said it was high time that Pakistan achieved a minimum of five per cent of its power generation on the basis of alternative means of electricity that had been the target set in the renewable energy policy adopted by the government more than a decade back.

During the question-answer session, a number of participants expressed their disappointment over delays new projects had to face due to abrupt changes in traffic policy and other formalities. Some of them accused the government of having vested interests as, they pointed out, was demonstrated by its preference of LNG and coal projects over renewable energy initiatives.

Replying to some of these concerns, Sajjad M. Qureshi, senior adviser to the National Electric Power Regulatory Authority on tariff, tried to justify the introduction of competitive bidding in determining tariff three years back but criticised the provincial governments and other related departments for the delay in processing project documents.

Sindh Information Minister Syed Nasir Hussain Shah highlighted the challenges the provincial government was facing in making renewable power projects operational.

“Provinces should be free to handle affairs related to tariff, transmission and distribution of electricity being generated by projects developed in their respective jurisdictions,” he said.

https://www.dawn.com/news/1372216

SOLAR-POWERED NET METERING AEDB ACCORDS APPROVAL TO REGULATIONS
Business Recorder, 24 November, 2017

ISLAMABAD: The Board of Directors (BoD) of Alternative Energy Development Board (AEDB) has accorded approval to certification regulations for solar powered net metering in the country to facilitate consumers to install solar powered electricity generation and sell the same to national grid.

The BoD gave its approval in its 41st meeting held here under the chairmanship of Federal Minister for Power Division, Sardar Awais Ahmed Leghari. Secretary Power Division and other members of the BoD participated in the meeting.

The Minister said effort must be made to bring green energy and biggest renewable electricity source of around 5000 to 7000 MW can be exploited.

The Minister said that consumers desiring to install solar system associated with net meters up to 25KV shall be facilitated to install their system within days as compared to present cumbersome licensing process spanning months. “We are actually bringing at the door step the profitable business of electricity generation for everyone,” the Minister asserted.

The Board discussed matters relating to renewable energy projects and initiatives of the Government and AEDB for promotion of RE technologies in the country with special emphasis on promoting RE based net-metering. Among the major decisions taken during the meeting, the Board approved AEDB (Certification) Regulations, 2017 prepared by AEDB for certification of installers / vendors for net-metering based installations and other off-gird RE installations.

It was noted by the BoD that net metering based applications not only lessen the burden on the national grid but also support increasing overall generation capacity, reducing fuel import bill, decreasing emissions of greenhouse gases and strengthening the national grid by minimizing line losses as well as increasing major deployment of solar applications. The BoD directed to initiate a well planned public awareness campaign so that maximum number of people many benefit from the scheme.

The Board also approved initiation of scheme for conversion of all electricity operated tube-wells in Balochistan to solar power. Currently, more than 30,000 electricity operated tube-wells with a sanctioned load of more than 480 MW are running in Balochistan province on which the Government is providing subsidy of more than Rs. 21 billion annually. The BoD constituted two members committee to finalize the PC1 already prepared by the AEDB for conversion of the solar tube wells in Balochistan. The committee is tasked to present its final report in the next BoD meeting.

This subsidy constitutes a major portion of the circular debt. By converting the electricity operated tube wells to solar power, the load on the national grid will be relieved and the subsidy given on these electricity operated will be phased out thus significantly reducing the circular debt. In the first phase of the project, 10,000 solar water pumps will be installed to replace the existing electricity operated tube wells.

The Board resolved to take proactive steps in consultation with all concerned stakeholders for promotion and development of alternative and renewable energy technologies in the country to meet the energy requirements and ensuring energy security.

https://epaper.brecorder.com/2017/11/23/9-page/683757-news.html

PM EXPECTS FOREIGN FIRMS TO INVEST IN PAKISTAN'S ENERGY MARKET
The Express Tribune, November 24th, 2017.

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi has stressed that Pakistan has become a growing energy market and voiced hope that foreign companies will capitalise on the opportunities for investment partnerships in the country.

Addressing the concluding ceremony of the two-day Annual Technical Conference on Oil and Gas on Thursday, the premier said the government had diversified the energy mix by adding Thar coal, liquefied natural gas and renewable energy in a bid to tackle the prevailing outages.

He highlighted that Pakistan had achieved a higher 5.3% economic growth in 2016-17, which increased energy demand, and the government was taking several steps to overcome the challenge.

Saying that the country had made around 100 hydrocarbon discoveries in the past four and a half years, he called it a big milestone in the energy sector of Pakistan. Still, "a lot has to be done to meet energy needs to achieve the growth targets," he said.

Abbasi expressed the hope that the conference would help participating companies to explore opportunities and cope with challenges in hydrocarbon exploration and production in Pakistan.

"Pakistan has become a growing energy market due to attractive policies of the government and the world has acknowledged this," he remarked. The premier emphasised that Pakistan was looking forward to greater efforts in the exploration and production sector as more discoveries would reduce imports of the country.

He also visited the pavilions set up by the exhibitors to showcase their products as well as their achievements.

Conference Chairman Syed Wamiq Bukhari said the gathering had become a historic event with a record number of participants, including 20 first-time participants. Of these, two-thirds of the companies were multinational.

Praising government efforts to import LNG, he said the country was required to explore all avenues of energy supply.

He was of the view that almost 90% of the country's area had not yet been tapped, which required more efforts to explore opportunities in shale gas and other resources. The conference was organised by the

Society of Petroleum Engineers and Pakistan Association of Petroleum Geoscientists and attended by exploration and production companies, service companies, regulatory authorities and the academia.

As many as 35 exhibitors and 1,500 domestic and foreign oil and gas experts took part in the conference.

https://tribune.com.pk/story/1566801/2-pm-expects-foreign-firms-invest-pakistans-energy-market/

NEWS COVERAGE PERIOD FROM NOVEMBER 13Th TO NOVEMBER 19Th 2017
DOMESTIC OIL, GAS PRODUCTION NOT ENOUGH TO TACKLE DEMAND
The Express Tribune, November 13th, 2017.

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi has been doing well in all other energy areas except for domestic production of oil and gas.

Liquefied natural gas (LNG) infrastructure has been developed and supplies have been ensured and even more is in the pipeline while new oil and gas pipelines are being installed. This has already made an impact on energy supplies.

It is said that there is no gas load-shedding for industries these days and gas supply to the domestic sector will be better this winter due to the upcoming commissioning of second LNG terminal.

Foreign oil companies never had much interest in Pakistan, especially after the 1970s. Most of the oil and gas fields are owned by domestic public sector companies like Oil and Gas Development Company (OGDC) and Pakistan Petroleum Limited (PPL). This indicates they do not expect major oil discoveries in Pakistan compared to the Middle East.

However, most studies indicate the oil and gas potential that may be sufficient to cater to the needs of Pakistan. More of gas has been indicated than oil. More than 150 trillion cubic feet (tcf) of gas potential has been indicated against the demand for 8 billion cubic feet per day (bcfd), which may be enough for another 40 to 50 years.

While imported LNG is doing well in meeting immediate needs and solving the energy crisis, almost a continuous and permanent reliance on it will create problems of trade deficit and may be of foreign debt as well.

Take-or-pay liabilities can also be treated as debt or near debt as they will result in payments abroad irrespective of the level of production.

There is almost exclusive focus on LNG, so much so that organisations are being floated unnecessarily. While Pakistan LNG Limited should have been enough for handling the supply chain of LNG, like PSO that deals with oil, another company named Pakistan LNG Terminals Limited has been floated, causing nothing but confusion and expenditure. This reflects the state of mind, a mind fixated on LNG exclusively.

It would be unfair to say that nothing has been done to promote domestic oil and gas production. Some effort, more as inertia and momentum of the past, has been made. Over the past three years, 319 wells have been drilled with 91 new finds.

As compared to the past, this is a good record and performance, perhaps highest than ever before. But it is not enough compared to the demand challenge and supply potential that exists.

It does not match with progress in the power sector where installed capacity was 20,000 megawatts till 2013 and 10,000MW has been added after that. An initiative much larger in scope and strategy is required.

OGDC and PPL have been full of money all these years. They are making profit even now under $50 per barrel of crude oil, not to talk of the profit made in the days of over $100 per barrel and consequent gas prices, although gas prices are lower in Pakistan due to price ceiling, but there is no such ceiling on oil.

They have been so much flush with money that a separate company had to be made to park OGDC funds. The oil and gas sector has collected money under various heads such as Gas Development Surcharge and others.

Interestingly and amusingly, due to this money flush factor, the Ministry of Petroleum floated a proposal in 2014 to go into power production projects as well, a move that was rejected by all government institutions.

The solution lies in creating market and competition and resolving governance issues. Look at what wonders have been done and are being done in Khyber-Pakhtunkhwa by K-P Oil Company. It has come out of autonomy of action and creating a third actor, apart from selecting competent persons to man the organisation.

Half of the 21 active drilling rigs are reportedly working in K-P. The company is targeting 2 bcfd of gas production by 2025. This has happened by letting to create the third entity. Let there be more entities.

For example, the Ministry of Petroleum Division should actively consider creating one or two more companies like PPL and OGDC, an oil drilling company and a joint venture in oil service area. Investment by smaller private sector companies may be promoted.

In Pakistan, one discovery is made in every three wells, not a big risk. Unfortunately, service companies are leaving Pakistan as is evident from the recent exit of Baker Hughes. It may be due to overall restructuring and also because presence in the country is not considered necessary by service companies in the information age.

It costs $15-20 million to drill and complete an oil or gas well in Pakistan, which is on average three to four times more than elsewhere. It can be brought down by creating a market of supply chain in oil well construction and service industry.

Well construction costs will come down by creating the infrastructure and the market. Rigs can be partly produced locally except for the drilling bit and rotary equipment. Local supply of rigs and installation knowhow can be promoted.

With the help of these measures, existing companies can double their drilling output and possibly double discoveries.

Finally, the Ministry of Petroleum has to loosen its clutch on the sector. Provinces have demanded that they be allowed to have their own petroleum concession departments which, in their view, would promote efficiency and output and reduce time lapses in decision-making.

The demand has been met by only federalising the governance of the petroleum concession department inducting representatives from the provinces.

In my view, no harm would have been done by provincialising the petroleum concession department. Balochistan may have capacity issues which the Ministry of Petroleum can address by acting as a facilitator.

The ministry can keep policymaking with itself and pass on implementation ie actual award of concession to the provinces. It is about awarding concession to explore and develop. All policies are in place.

https://tribune.com.pk/story/1556742/2-needs-churned-domestic-oil-gas-production-not-enough-tackle-demand/

POWER, DESALINATION PLANTS FOR GWADAR FREE ECONOMIC ZONE
Dawn, November 14th, 2017

KARACHI: Federal Minister for Maritime Affairs Senator Mir Hasil Khan Bizenjo on Monday approved power and desalination plants for Gwadar Free Economic Zone (GFEZ).

The minister took the decision in a meeting with China Overseas Port Holding Company (COPHC) Chairman, Zhang Baozhong; and Gwadar Port Authority (GPA) Chairman Dost Khan Jamal Deni.

Under a plan prepared by the COPHC and GPA, a desalination plant with a capacity of five million gallons per day and a 30MW power plant would be set-up in Gwadar.

Giving his approval, the minister said that Gwadar city had been suffering badly due to acute shortage of potable water and power.

He hoped the desalination plant would improve the situation considerably once it is functional.

Mr Bizenjo further said that since concerned departments do not have any plans for overcoming the issues of water and power at Gwadar Port and within the city, GPA has been authorised by the Ministry of Maritime Affairs to take up these projects on an immediate basis.

He directed GPA to take up the desalination plant and power project at the earliest with the concerned provincial departments for onward distribution of water to Gwadar city and free zone.

He informed the participants that the power plant for Gwadar city would be completed in three years.

https://www.dawn.com/news/1370296/power-desalination-plants-for-gwadar-free-economic-zone

NATIONAL SECURITY COMMITTEE DECIDES TO BENEFIT FROM AVAILABLE ENERGY IMPORT OPTIONS
Dawn, November 16th, 2017

ISLAMABAD: The National Security Committee (NSC) on Wednesday affirmed that Pakistan would fulfil "bilateral commitments" with other countries and benefit from available energy import sources in the region for bolstering national energy security.

The major decision that reflected realignment of foreign policy interests and priorities has come in the midst of evolving regional situation that has brought Islamabad and Tehran closer after decades of lukewarm ties due to divergent worldviews.

"The meeting unanimously agreed that it was of critical importance for Pakistan to play a proactive role in the best interest of the Ummah, while firmly adhering to its bilateral commitments," a statement issued by the Prime Minister's Office said after the NSC meeting that was chaired by Prime Minister Shahid Khaqan Abbasi.

The meeting was attended, among others, by Interior Minister Ahsan Iqbal, Foreign Minister Khawaja Muhammad Asif, Chairman of the Joint Chiefs of Staff Committee Gen Zubair Mehmood Hayat, Army Chief Gen Qamar Javed Bajwa, Naval Chief Admiral Zafar Mahmood Abbasi and Chief of the Air Staff ACM Sohail Aman.

The NSC is the top civil-military coordination forum on security and foreign policy issues.

One implication of the decision taken after Foreign Secretary Tehmina Janjua briefed the meeting on developments taking place in the Middle East is that relations with countries in that region would be independent of each other and there would be no taking of sides. Analysts believe that NSC decision means the professed neutrality in the Middle East is about to become real.

In a related decision, the NSC after reviewing "regional gas and oil pipelines under consideration" decided that "Pakistan should take advantage of the opportunities available where they are in Pakistan's best economic and national interest".

The statement did not mention the regional energy pipelines the NSC considered, but the Iran-Pakistan Gas Pipeline is one such project that has been held up because of regional and global politics, although the Pakistani government has been claiming that the project is not progressing because of unavailability of finances due to sanctions against Iran. The gas pipeline is considered to be the easiest and most feasible route for importing natural gas.

Soon after coming to power in June 2013 former prime minister Nawaz Sharif had sent a non-paper to the US on the pipeline project asking if its implementation would attract sanctions. Mr Sharif's government had also spurned an Iranian offer for partially funding Pakistani part of the pipeline.

The groundbreaking of the pipeline project was performed in March 2013. While Iran has since then laid its side of the pipeline, Pakistan is yet to begin work on its side.

The NSC also deliberated on steps that are being taken to "improve border management" for preventing movement of miscreants and criminals into Balochistan. Security measures have been intensified on the Pak-Afghan border to prevent unauthorised cross-border movement. It is now being feared that terrorists may use the international borders in Balochistan for their movements.

It should be recalled that Army Chief Gen Bajwa during his recent visit to Tehran also warned Iran against the possibility of terrorists misusing the Pak-Iran border. "COAS highlighted that with improved special measures by Pakistan on Pak-Afghan border, terrorists are likely to exploit Pak-Iran friendly border and both countries need to put in efforts to deny its use by them," the Inter-Services Public Relations had said in a statement on Gen Bajwa's trip to Iran.

The committee called for greater collaboration between the federal and Balochistan governments for the development of the province and agreed to provide more development funds to it.

Setting up of an implementation mechanism for development projects was also agreed for what was described as ensuring "greater efficiency and transparency".

The participants of the meeting condemned the recent attacks on the Pakistan Army post in Bajaur Agency and police officials in Quetta, and expressed deep concern over the increasing activities of hostile intelligence agencies to destabilise Pakistan.

https://www.dawn.com/news/1370751/nsc-decides-to-benefit-from-available-energy-import-options

CENTRE REACHES ACCORD WITH PUNJAB, K-P
The Express Tribune, November 16, 2017

ISLAMABAD: Just two days after the Council of Common Interests (CCI) reached a consensus over fresh delimitation of constituencies, the federal government on Wednesday announced that the issue of net hydel profits with Punjab and Khyber-Pakhtunkhwa (K-P) had been resolved 'amicably'.

The decision was made during a high-level meeting chaired by Prime Minister Shahid Khaqan Abbasi which was attended by K-P Chief Minister Pervaiz Khattak, Punjab Finance Minister Dr Ayesha Ghous Pasha, secretaries of finance, water and power divisions, chief secretaries of the two provinces and other senior officials of the federal and provincial governments.

The PM Office where the meeting took place did not share any details with the media except that the meeting discussed the issue of net hydel profits which was 'resolved amicable'.

"The issue of net hydel profits is amicably resolved during the meeting after taking into account the claims of the two provincial governments and the modus operandi for the settlement of the amount involved," a statement from the PM Office said.

Sources said Punjab Chief Minister Shehbaz Sharif was scheduled to attend the meeting before he decided to send the provincial finance minister due to his hectic schedule in Lahore.

According to insiders, the Khyber-Pakhtunkhwa chief minister was assured by the prime minister that the province would get its due share in the profits from power generation in the province, including Tarbela from where electricity is generated and transmitted to the federal capital and other parts of the country.

Due to prolonged dry weather, the share of hydropower in the energy mix posted a considerable decline. However, with the onset of rains the situation is expected to improve in the coming days.

https://tribune.com.pk/story/1559605/1-centre-reaches-accord-punjab-k-p/

GOVT SEEKS PARTNERSHIP WITH FOREIGN ENERGY FIRMS
The Express Tribune, November 16th, 2017.

With economic growth anticipated to be more than 6% in the coming year, Pakistan has significant energy consumption, which is creating opportunities for new investors, said Minister of State for Petroleum Division Jam Kamal Khan.

Speaking at a ministerial session at the Abu Dhabi International Petroleum Exhibition and Conference 2017, one of the world's biggest energy events, Khan said Pakistan had already built robust infrastructure which included the first liquefied natural gas (LNG) terminal completed in a record time of 335 days at Port Qasim.

"Second terminal will also start operating soon and more will be built in the future," said the minister.

The session on the second day of the conference was titled "Ministerial Panel: Creating Energy Opportunity through Foresight, Vision, Inspiration and Innovation" and featured energy ministers from the UAE, Oman and Egypt, besides Pakistan.

The minister emphasised that a lot needed to be done in the energy sector as gas and power demand had yet to be met. Highlighting Pakistan's appetite to consume more energy, Khan suggested that the country needed to improve its upstream resources.

Inviting investors, he outlined Pakistan's potential in hydrocarbon exploration and production as the country was looking to increase its refining capacity. He painted a positive picture of the oil and gas sector, saying Pakistan was looking for partnerships and there were "opportunities in exploration and production, refining and LNG".

He talked about the importance of working with Egypt and Oman while emphasising the potential of LNG partnership with the latter.

Pakistan has a strong presence in the Abu Dhabi exhibition. Petroleum Institute of Pakistan has set up the country's pavilion that features prominent companies like Pakistan State Oil, Pakistan Petroleum Limited, Oil and Gas Development Company, Sui Southern Gas Company, Sui Northern Gas Pipelines, Mari Petroleum, Inter State Gas Systems, Government Holdings Private Limited, Khyber-Pakhtunkhwa Oil and Gas Development Company and Pakistan LNG Terminals Limited.

Speaking on the occasion, the UAE energy minister said Pakistan's refining industry had a huge potential for growth and expansion and the UAE was all set to invest more in the sector. Renewable energy too had a huge growth potential in Pakistan, he said.

https://tribune.com.pk/story/1559595/2-govt-seeks-partnership-foreign-energy-firms/

PAKISTAN WELL ON TRACK TO TAKE WIND POWER SHARE TO 5%
The Express Tribune, November 18, 2017

Salman Siddiqui

KARACHI: The share of wind power in the country's energy mix increased 0.46 percentage point to 1.23% in September 2017, which indicates the country is well on track to achieve the target of increased production from the renewable energy source in the long run.

In 2006, the then government had set the target of increasing the share of wind energy to 5% in the total energy mix by 2030, according to the Alternative Energy Development Board's (AEDB) website.

The National Electric Power Regulatory Authority (Nepra), the power sector regulator, recently reported that the country produced 141.6 gigawatt-hours (141,600MW) of wind energy in September 2017, which is 0.46 percentage point higher than 82.63 gigawatt-hours (82,630MW) in the same month of previous year.

The increase in clean renewable energy production is a must for protecting the environment, which is deteriorating fast due to carbon emissions from thermal power houses which run on fuels like furnace oil and coal.

Estimates suggest that every single dollar being spent on finding oil and gas deposits globally is contributing to deteriorating the environment.

According to the National Forum for Environment and Health (NFEH), Sindh, owing to the presence of a huge wind corridor in Gharo-Jhimpir area, has achieved installed capacity of 788.5MW of wind-based power from 15 projects that have entered the operational phase.

Moreover, nine more projects with cumulative generation capacity of 445MW have achieved financial close and are in various stages of construction at present.

“The AEDB is encouraging development of another 10 wind energy projects in the province (Sindh) having expected cumulative capacity of 1,200MW, which would be constructed by 2019-20 through competitive bidding of tariff after shifting from the current regime of upfront or cost-plus tariff,” it said.

Nepra has announced an upfront tariff of 13.52 US cents per kilowatt-hour (levelised) dated April 24, 2013 for wind power projects, according to the AEDB.

Pakistan’s big business houses are diversifying their investments into the renewable energy source due to the incentives being offered, including high and guaranteed rate of return in euro and dollar parity.

Nepra has allowed 17% rate of return on investments in wind power projects in the upfront tariff. Other incentives include protection against political risk, availability of carbon credits, duty-free import of equipment, exemption from income, withholding and sales tax, repatriation of equity along with dividends and permission to issue corporate registered bonds.

https://tribune.com.pk/story/1561483/2-pakistan-well-track-take-wind-power-share-5/

NEWS COVERAGE PERIOD FROM NOVEMBER 6Th   TO NOVEMBER 12 Th   2017

PAKISTAN OILFIELDS FINDS NEW DEPOSITS OF OIL, GAS IN K-P
The Express Tribune,November 7, 2017

KARACHI: Pakistan Oilfields Limited (POL) announced on Tuesday the discovery of additional deposits of oil and gas in a developing well located in the province of Khyber-Pakhtunkhwa (K-P).

“As per information received from MOL, the operator of TAL Block, hydrocarbons have been encountered in a development well in Makori East-06, which has been drilled and is currently under testing phase,” POL Company Secretary Syed Khalid Nafees said in a notification to the Pakistan Stock Exchange (PSX).

As a result of drill stem test (DST) conducted at the well to test the potential of Hungu and Lumshiwal formations, the well has tested 1,817 barrels per day of condensate [oil] and 4.63 MMscf (million standard cubic feet) of gas per day,” he said.

Production from the well is expected to start from February 2018, he added, with the pre-commerciality working interest of POL being 25%.

POL’s share price increased 1.14%, or Rs7.21, to Rs638.76 with a volume of 638,100 shares on Tuesday.

The share price-hike may partially be linked with an uptrend in oil prices at world markets amid ongoing political turbulence in Saudi Arabia.

IGI Securities said in a commentary that “gas production from the well will be priced under Petroleum Policy 2012 (PP12) as Tal block has been converted to PP12.”

It added that Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDC) hold 27.8% stake each, whereas MOL being the operator holds 8.4% in Tal Block.

PPL’s share price surged 0.88%, or Rs1.73, to Rs199.09 with a volume of 1.49 million shares. OGDC’s share price rose 0.35%, or Rs0.57, to Rs162.49 with a volume of 2.42 million shares.

“Based on our estimate, we expect annualised earnings impact of Rs0.09 per share (0.5% of FY18 earnings) for OGDC, Rs1.47 per share (2.4% of FY18 earnings) for POL and Rs0.20 per share (1.0% of FY18 earnings) for PPL, based on oil price assumption of %55 per barrel,” it said.

https://tribune.com.pk/story/1552393/2-pakistan-oilfields-finds-new-deposits-oil-gas/

430 KILOMETRES LAHORE-PESHAWAR OIL PIPELINE TO BE LAID
Business Recorder, Nov 8th, 2017

Mushtaq Ghumman

The government will lay 430km oil pipeline from Lahore to Peshawar at an estimated cost of Rs 56 billion to be completed within two years, well informed sources told Business Recorder. Presently, consumption of petroleum products in the country is around 26 million tons per annum. White oil products ie High-Speed Diesel (HSD) and Motor Spirit (MS) are the major transport fuels and, taken together, contribute around 59% share in the total consumption while Furnace Oil (FO), being used mainly for power generation, has 37% share in the consumption.

Existing logistic infrastructure comprises of a White Oil Pipeline (WOP) from Karachi to Mehmoodkot, Multan being run by Pak-Arab Pipeline Company (PAPCO) with maximum installed capacity of 12 million tons per annum. It is further extended by Pak-Arab Refinery Company (PARCO)”s Mehmoodkot-Faisalabad-Machike (MFM) pipeline with a maximum installed capacity of 7 million tons per annum.

Currently, entire up-country demand of HSD is being moved through these two pipelines. PAPCO/PARCO has now undertaken a project for converting these pipelines for multi-product movement. Accordingly, MS would also be moved through MFM pipeline by January, 2018 and through WOP by January, 2019.

The sources said, presently supply of white oil products beyond Machike (Sheikhupura) is done completely through tank lorries. This mode of transportation is far more expensive in comparison to the tariff being charged from Oil Marketing Companies (OMCs) for transportation through pipeline.

According to sources, road transport is relatively more expensive than transport through pipeline besides being a source of road congestion and safety threats. Thus, movement through pipeline has clear strategic and commercial advantage.

Keeping in view the future demand forecast and existing logistics, Ministry of Energy believes that there is substantial ground for initiating a pipeline project from Lahore to Peshawar by connecting Machike, Chakpirana (Kharian), Sihala (Rawalpindi) and TaruJabba (Peshawar) depots with initial capacity of 4 million tons extendable up to 7 million tons. However, the design capacity of the pipeline would be further reviewed in line with volume projections being worked out by the oil industry.

“The proposed project will complete the pipeline ”backbone” from Karachi to Peshawar and ensure unrestricted and uninterrupted supply through an economical, safe and environment-friendly mode of transportation,” the sources continued.

In this backdrop, a meeting was held on June 12, 2017 under the chair of then Minister for Petroleum & NR (now Prime Minister) attended by representatives from Inter State Gas Systems Limited (ISGS), Government Holdings Private Limited (GHPL), Directorate General (Oil) and Joint Secretary (I&JV).

During the meeting, ISGS shared a concept paper with the participants. The meeting decided that since PSO and PARCO/PAPCO were not interested in laying oil pipeline connecting Lahore and Peshawar, Ministry of Petroleum & Natural Resources may initiate construction of Machike-TaruJabba Oil Pipeline Project (MTOPP) under open competitive bidding process. The project was, therefore, proposed to be initiated on Build, Own, Operate and Transfer (BOOT) basis through ISGS under open tenders for following sections separately: (i) Section 1- Machike-Chakpirana (133 Km);(ii) Section 2- Chakpirana – Sihala (138 Km) and ;(iii) Section 3- Sihala – TaruJabba (159 Km).

The project is envisaged to be ready for operation during FY 2019-20. The estimated cost of the pipeline is Rs 56 billion however, it may vary as the bidding process will determine the cost for each section of the pipeline. The bidder will have choice to tender for any or all the sections. The ISGS will have option to take over the pipeline in 15 years. At the end of contract period, the facility is to be transferred to the ISGS in a maintained and operational condition, at no cost and with assurances of operability for next 25 years by certified authority. The pipeline system will be designed to meet a 40 year design life criteria which will be extended as needed through future maintenance.

The proposed pipeline system will provide following benefits: (i) completion of the pipeline backbone from Karachi to Peshawar to meet strategic needs of the country;(ii) quick and efficient movement of petroleum products (HSD & MS) and subsequent reduction in petroleum transportation costs for the consumer;(iii) quality of product maintained with no adulteration;(iv) increased safety by reducing congestion on roads and reduction in maintenance costs of roads;(v) improve the environment with lower emission levels from road transport;(vi) savings in foreign exchange with reduced requirement of import of transport vehicles; and (vii) net savings in freight charges of petroleum products over the period of project life of 40 years.

The sources said, Machike-TaruJabba Oil Pipeline Project is assigned to ISGS, being 100% GoP owned company. ISGS will be the owner of the project. The project ownership will be transferred to ISGS after 15 years or earlier as per the BOOT agreement. The ISGS will conduct a proper techno-economic feasibility study for undertaking the project before initiating tender process.

The project will be implemented on Build, Own, Operate and Transfer (BOOT) basis with 15 year term through open tenders for three (3) sections separately and the bidder will have the choice to bid for any or all sections. The GoP will provide throughput guarantee to the contractor. The volumes for three sections will be based on the techno-economic feasibility study. The tariff will be determined through bidding process. OGRA will ratify/approve the tariff as per policy guidelines issued by the ECC.

The sources said acquisition of land for the project will be ISGS"s responsibility. The equity on account of land acquisition will be recovered through tariff. NHA will facilitate ISGS in provision of Right of Way along its corridor. The detailed mechanism of tariff recovery will also be finalized in the techno-economic feasibility study.

Government Holding (Private) Limited (GHPL) will provide initial funding to hire the consultancy services and acquisition of land for the Project on loan basis, the sources concluded.

https://fp.brecorder.com/2017/11/20171108233106/

WORLD BANK URGES CAUTION AGAINST REGULATORY DUTIES
Dawn, November 10th, 2017

Kazim Alam

KARACHI: Pakistan should reduce average tariffs and minimise the use of para-tariffs, such as regulatory duties, World Bank Senior Economist Nadia Rocha said on Thursday.

Speaking at the launch of the Pakistan Development Update, a twice-a-year publication, the World Bank official said the country's current tariff policy is based on "revenue and protectionist considerations" instead of long-term competitiveness-enhancing measures.

Contrary to the World Bank's advice against the use of para-tariffs, Pakistan recently imposed regulatory duties on 731 items to control the burgeoning import bill.

Pakistan imposes import tariffs that are almost twice as high as the world average, and three times higher than those in Southeast Asia, according to the World Bank.

She said the country imposes high import duties on intermediate inputs and raw materials used by exporters, which hurt the competitiveness of its exports. Pakistan's exports grew only 27.3 per cent from

2005 to 2016 against an increase of 276pc, 445pc and 165pc in the exports of Bangladesh, Vietnam and India, respectively, over the same period.

"Pakistan's poor trade performance in recent years is an outcome of diminishing export competitiveness," the World Bank report said.

The country has lost 1.5pc annually in the export market share over the past decade while peer economies like Malaysia, Mexico and Thailand doubled their market share of global exports.

Exporters in Pakistan have difficulty retaining export relationships, it said, noting that they succeeded in retaining only 41.5pc of export relationships in 2010-15 as opposed to India and Vietnam that preserved 54.7pc and 66.4pc of their export relationships over the same period, respectively.

Speaking on the occasion, Sustainable Development Policy Institute Deputy Executive Director Vaqar Ahmed said the recent efforts to enhance the documentation of the economy have also led to increased compliance costs for businesses.

He called for a single tax collection body instead of 14 federal and provincial authorities that taxpayers currently deal with to pay as many as 47 different kinds of taxes. He said provinces currently collect over a dozen taxes separately. Revenue collection under some of these heads is minuscule, he said, adding that these should be consolidated into a single tax to facilitate taxpayers.

Mr Ahmed noted that Pakistan's exports to China declined even though it has a free trade agreement with it. World exports to China decreased 5.4pc in 2013-15 while the decline in Pakistan's exports to Beijing was almost 10pc over the same period.

Taking part in a panel discussion, cab-booking service Careem Pakistan Managing Director Junaid Iqbal urged the State Bank of Pakistan to allow fin-tech companies, like Easypaisa and JazzCash, to "pull money directly from bank accounts".

Currently, users of e-commerce platforms, like Careem, pay through either cash or online wallets. The regulator's view that allowing fin-techs to draw money from customers' conventional bank accounts would drain money out of the banking system is misplaced, he said. He also asked the central bank to do away with the upper limits on the value of daily transactions.

Urging conventional banks to jump on the bandwagon of e-commerce, he said they will become irrelevant if they stick to their current business model that revolves around taking deposits from the public to invest in riskless government securities.

https://www.dawn.com/news/1369529/world-bank-urges-caution-against-regulatory-duties

IA, SAI SIGNED FOR 330MW THAR COAL POWER PROJECT
Business Recorder, November11, 2017

ISLAMABAD: The Implementation Agreement (IA) and Supplemental Implementation Agreement (SIA) of 330 MW Thar Coal based power project by M/s Hub Power Company Limited (HUBCO) signed Friday at Private Power and Infrastructure Board for materializing the financing of around 500 Million US$ as Project cost. The documents have been executed by Shah Jahan Mirza, Managing Director PPIB and Ms. Fatima Maryam, Chief Financial Officer of HUBCO. The officials from Government of Pakistan (GoP), Private Power and Infrastructure Board (PPIB) and representatives of HUBCO and Project Company i.e. M/s Thar Energy Limited (TEL) witnessed the signings.

This project is being developed at Thar Block-II, and will utilize indigenous Thar Coal for power generation. Letter of Support has been issued to the project by PPIB and currently it is at advanced stages of achieving Financial Closure. In order to ensure timely completion of Project, the Sponsors have started construction activities prior to achieving Financial Close. The development pace on the project is satisfactory, hence it is anticipated that the project is likely to start generation by end 2020, said a press release.

This project is among the lot of 12 coal and hydro power projects of around 11000 MW being facilitated by the PPIB under the framework of China-Pakistan Economic Corridor (CPEC). A new + 660kV HVDC transmission line under CPEC is also being implemented by PPIB to evacuate electricity from new power generation units in the south and to transmit it to the load centres up north.

Shah Jahan Mirza, Managing Director PPIB stated that this latest development reaffirms GoP's commitment of making country self reliant in power generation and free of load-shedding.

He said the exploration of Thar Coal is opening a new chapter in the energy history of Pakistan and this dream has been realized through CPEC arrangement. CPEC is a real game changer in the field of energy because the prioritization of energy projects as part of the CPEC investments has enhanced the confidence of stakeholders in Pakistan's energy sufficiency. CPEC is covering the entire power sector value chain from fuel extraction (mining) to power generation and to end-user distribution.—PR

https://epaper.brecorder.com/2017/11/11/9-page/681467-news.html

OIL & GAS OUTPUT: MINISTRY UNABLE TO PROVIDE REAL-TIME DATA TO SINDH, KP
Business Recorder, NOV 12TH, 2017

WASIM IQBAL

The Ministry of Energy (Petroleum Division) has expressed its inability to provide real-time data on oil and gas to the provinces, subsequent to a request by Khyber Pakhtunkhwa (KP) and Sindh, on technical grounds, prompting the provinces to raise the matter in the Council of Common Interests (CCI) meeting scheduled to be held on Monday (tomorrow), sources revealed.

KPK and Sindh approached the federal government for access to real-time production data of oil and gas from well-heads and natural gas consumption in KP and Sindh with Sindh even suggesting that data be emailed to them and/or uploaded on the Ministry's website.

Inter Provincial Coordination Committee (IPCC) held on October 9 decided that a proper mechanism for sharing data of oil and gas may be formulated with the provinces after holding consultative meetings with provincial representatives within one week. However the said meeting with the provinces has yet to be convened.

The committee also directed the Petroleum Division to ensure uploading the data relating to oil and gas on their website on a weekly basis and simultaneously emailing the same to the Secretary Energy of the provinces.

Both the provinces are arguing that during the past four years, the federal government has not been able to award blocks which is hampering oil and gas activities and resulting in billions of rupees of loss to the provincial governments in the form of royalty and gas development surcharge, etc.

Mohammad Raziuddin, CEO Khyber Pakhtunkhwa Oil & Gas Company Limited (KPOGCL) said that (i) not a single block has been offered for bidding since 2014 out of 35 pending blocks, (ii) the leases awarded before 2012 have also expired and are not being renewed. This accounts for loss of more than Rs 20 billion to the federal government in terms of royalties whereas KP has lost Rs 5.8 billion in one year as royalty due to lower production.

The two provinces proposed devolution of regulatory functions to the provinces in light of Article 172 (3) of the constitution. The Article states, “Subject to the existing commitments and obligations, mineral oil and natural gas within the Province or the territorial waters adjacent thereto shall vest jointly and equally in that Province and the Federal Government.”

The Sindh government has asked the federal government to stop collection of royalty on crude oil and gas, allow provinces to collect the same under their own laws.

In its arguments, the provincial governments refer to Article 161 (1) of the Constitution, which recognizes the ownership rights of the provinces over mineral oil and natural gas by transferring to them all the monies collected on account of royalty and federal excise duty; and further stipulates that the net proceeds of royalty and federal excise duty are not part of the Federal Consolidated Fund and shall be paid to the province in which the well head of oil and gas is located.

https://fp.brecorder.com/2017/11/20171112234286/

NEWS COVERAGE PERIOD FROM OCTOBER 30TH TO NOVEMBER 5 Th 2017

EXXON WITHDRAWS FROM LNG PROJECT CONSORTIUM
Business Recorder, 31 October 2017

Drazen Jorgic & Oleg Vukmanovic

ISLAMABAD/LONDON: Exxon Mobil has pulled out of a major project in Pakistan, in a potential blow to plans to boost imports of liquefied natural gas (LNG) after years of winter shortages.

Differences among the six-member group behind the project in Port Qasim in Karachi mean French oil major Total and Japan’s Mitsubishi may also quit and join a rival scheme, government officials and industry sources told Reuters.

A senior Pakistani government official put the chances of success for the project, set to be Pakistan’s third and biggest by import capacity, at 10-20 percent due to the disagreements.

A highly-developed pipeline grid, extensive industrial demand and the biggest natural gas-powered vehicle fleet in Asia after China and Iran make Pakistan an easy fit for LNG and official estimates show imports could jump fivefold to 30 million tonnes per annum (mtpa) by 2022.

The new project would include a floating storage and regasification unit (FSRU), where LNG will be converted back into gas for feeding into the country’s grid.

Qatar Petroleum, the world’s biggest LNG producer, Turkish developer Global Energy Infrastructure Limited (GEIL) and Norway’s Hoegh LNG, which will provide the FSRU, are the other partners.

While Exxon has pulled out, the U.S. company was now negotiating to join a separate project, Hasil Bizenjo, Pakistan’s Maritime Affairs minister in charge of ports, said.

“They are thinking to build a new terminal in Port Qasim,” Bizenjo told Reuters in the Pakistan capital Islamabad, adding that Mitsubishi and Total were also in talks about taking stakes in another consortium.

Exxon was pulling out because it had “issues with partners”, particularly the developer, GEIL, one energy official said. Exxon’s move leaves in doubt a multi-billion dollar deal Qatar has already struck with GEIL for the sale of up to 2.3 million tonnes of LNG annually over 20-years.

Exxon Mobil, Total and GEIL declined to comment, while a Mitsubishi spokesman said that the Japanese company has been continuing its talks with partners over the project.

Qatar Petroleum did not respond to requests for comment.

NEW INVESTORS?

LNG imports have transformed Pakistan’s energy map since the country’s first import facility was introduced in 2015.

If the second LNG terminal proceeds without glitches the South Asian nation will not suffer winter gas shortages for the first time in more than 10 years, energy officials say, in a likely boost for Prime Minister Shahid Abbasi’s ruling party before the next general elections, due in mid-2018.

Government officials and industry sources said talks are underway to bring new players into the project, including Swiss trading house Vitol, which declined to comment.

Rival traders Trafigura and Gunvor are already developing LNG projects in Pakistan, betting the country will account for a rising share of future profits and LNG trade.

Pakistan plans to add its second LNG import terminal by the end of this year, but private companies have proposed building six more largely around Port Qasim.—Reuters

http://epaper.brecorder.com/2017/10/31/1-page/679351-news.html

COAL-FIRED POWER PLANTS INVITE IRE OF PAC
Business Recorder, 2 November 2017

Abdul Rasheed Azad

ISLAMABAD: The country is facing Rs216 billion financial loss per annum as a result of poor power distribution network and electricity theft while circular debt has reached Rs450 billion.

This was stated by Chairman Public Accounts Committee of the Parliament Syed Khursheed Ahmad Shah while heading a panel meeting here on Wednesday which met to discuss and review audit paras of the Ministry of Energy of 2016-17.

Secretary Power Division, Ministry of Energy, Nasim Khokhar told the panel said that Prime Minister Abbasi has recently approved establishment of Hazara Electricity Distribution Company (HESCO) while the remaining distribution companies would also be divided. He said that a sum of Rs440 million is spent on transformation of 220 KV grid station to 500 KV grid station. He admitted that performance was not satisfactory due to shortage of staff, adding that the ministry in collaboration with other departments is making all-out efforts to improve the performance of power distribution systems to minimize huge line losses.

The officials informed the panel that the country is facing huge line looses of which Rs160 billion are due to faulty grid stations and other distribution related problems while Rs56 billion on account of electricity theft by various consumers including industries, general consumers and commercial consumers.

The officials said line losses could significantly be reduced by installing 220KV grid stations and the ministry is working on the plan to replace old grid stations but it will take time as 70 years problems could not be solved within two to three years.

Syed Khursheed Ahmed Shah said the PML-N after forming the government in centre has cleared circular debt worth Rs480 billion to avert load-shedding but why once again it has reached the Rs450 billion mark. He said when the price of oil was $120 per barrel then the per unit price of electricity was Rs9 but now prices of oil have decreased rates of powers have been increased and now electricity is being sold at Rs16 per unit.

He sought details of oil purchase and per unit electricity price. He further said that details of grid stations across the country must be provided to the PAC. He observed that officers committing corruption do not note meter reading and also level allegations of meter theft. He underscored the need to investigate this issue.

He said that affluent class was involved in gas and power theft while the onus is shifted onto the poor.

Khursheed Shah further said that Parliament would not keep mum over the issue of power theft. He feared that people would quit purchasing electricity and shift to solar energy due to corruption.

He said that cost of a transformer is Rs150,000 while Rs250,000 are being received from the poor masses.

The chairman PAC said that as a result of installing coal-based power projects in Punjab, almost ten percent population of the province has become victims of tuberculosis (TB) while lung diseases are on the rise due to smog.

Showing grave concern over the installation of coal-based power plants in Sahiwal, he said that such plants would be a cause of extreme air pollution and will result in great harm to the residents of Punjab, adding that the coal-fired power plants are not environment-friendly and would turn half the population of Punjab province into TB patients.

During the PAC proceedings, the opposition leader also criticized the continued absence of Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan from National Assembly sessions and PAC meetings. Khursheed Shah described Imran Khan's absence from Parliament as a "reflection of his political immaturity".

Talking about recent increase in electricity rates, Khursheed attributed the energy woes of Pakistan to the unsatisfactory performance of gas and power distribution companies.

The chairman PAC said that the main reason behind the smog is that power projects are being run on coal. He underscored the need for shutting down these projects. He was of the view that cases must be registered against the government over the issue.

He said that the recent increase in oil prices is unfair, stating that such steps affect the poor strata of economy drastically. He demanded the government stop taking measures which stoke inflation.

Mehmood Khan Achakzai called for imposing a ban on producing electricity through coal. He cited that China has shut down its coal plants and giving coal projects to Pakistan. Shah proposed that such projects should be established only in deserts.

Raja Javed Ikhlas said let the government end the load-shedding as the elections are approaching fast. To this, Shah said that the issue is not being politicized but facts are being discussed. “We are not talking about the people of Sindh but Punjab,” he added.

The secretary power told the meeting that Port Qasim coal project would become functional from November 30. He said that 70 percent power projects are being run on coal in India. He said there was no coal project in the country before the incumbent government came to power. He said the incumbent government has installed power projects in Sahiwal and Port Qasim.

The meeting was also attended by Syed Naveed Qamar, Sherry Rehman, Mehmood Khan Achakzai, Raja Javed Ikhlas, Dr Azra Pacheho, Senator Hidaytullah, Senator Azam Swati, Shafqat Mehmood and Nazeer Sultan.

https://epaper.brecorder.com/2017/11/02/1-page/679731-news.html

December 2017

NEWS COVERAGE PERIOD FROM DECEMBER 25th   TO DECEMBER 31st   2017

PSO CONTRACTORS’ STRIKE CAUSES FUEL SHORTAGE IN CHITRAL

Dawn, December 26th, 2017

CHITRAL: The owners of petrol pumps have demanded of the federal petroleum minister to accept the demands of the carriage contractors of Pakistan State Oil to help end their strike which is continuing for last 10 days, causing shortage of diesel and petrol in Chitral.

Addressing a press conference here on Monday, the president of petrol pump owners association Liaquat Ali, secretary general Munir Ahmed and treasurer Qazi Zahir Mohammad said in the absence of replenishment due to the strike of contractors, the stock with them had almost finished.

Supporting the demand of the carriage contractors, they said the rates of carriage of petroleum had not been revised during last 10 years in hard areas like Chitral, Gilgit-Baltistan and Azad Kashmir.

They urged the federal ministry of petroleum and management of PSO to make the talks with carriage contractors scheduled to be held on Wednesday (Dec 27) result-oriented, leading to end of the strike.

The petrol pump owners also demanded of the provincial government to provide them with security as their safety was jeopardised by the people who were enraged due to acute shortage of petrol and diesel.

They said the daily consumption of petrol and diesel in the district was about 150,000 litres and the situation would turn to worse if the carriage contractors did not end their strike.

https://www.dawn.com/news/1378927

POWER GENERATION FROM THAR COAL TO BEGIN NEXT YEAR
Dawn, December 30, 2017

Parvaiz Ishfaq Rana

KARACHI: Sindh Governor Mohammad Zubair said on Friday that Pakistan for the first time is going to use Thar coal for power generation, as a single unit of 660 megawatts (2x330MW), expected to start supplying power to the national grid from next year.

Speaking at an interactive session held by the Sindh Engro Coal Mining Company (SECMC) at the Governor House, he said there is going to be a combined investment of $4.5 billion, which is not restricted to only coal mining, but about transforming the entire landscape of the area.

He said that Thar, being amongst the poorest and most neglected parts of the country, will hopefully be transformed through this economic activity.

Engro Powergen CEO Shamsuddin Ahmed Shaikh, speaking on the occasion said that Thar coal excavation work has been completed up to 114 metres, and the balance of 26 metres would be completed by October 2018. Thereafter, the first unit of 660MW will start generating power by December 2018. The original completion period of the project, he said, is 42 months, but it is hoped it would be completed in 38 months.

ADVERTISEMENT

Mr Shaikh said that the combined investment in coal mining and power projects stands at around $2bn, with $845 million for mining, and around $1.1bn for power project.

Thar coal’s feasibility report was approved, but when Engro took the project, there was a sudden fall in the world commodity prices including coal, owing to which, at one stage, Engro almost faced bankruptcy, Mr Shaikh recalled.

“However, after the ground-breaking in April 2016, there was no looking back. Work progressed ahead of schedules and today we proudly announce that the first-ever power generating unit fueled by indigenous coal of Thar will be operational next year,” he said.

He optimistically added that Thar has the potential to transform Pakistan in fulfilling its energy needs at a very cheap rate.

Mr Shaikh lauded the role and assistance extended by both provincial and federal governments in bringing their dream project to life.

Responding to a question, he said it is a China-Pakistan Economic Corridor project and has the potential to export energy to India, which has almost exhausted its coal reserves running in the same belt of Thar on their side.

In response to this, the governor said there is always economic loss for not doing business with our neighbours and the time is right to initiate talks with India for coal and power supply.

“All the industrial states of India, bordering Pakistan are energy-deficient and in bad need of cheap, sustainable power supply,” he added.

Shamsuddin Ahmed Sheikh said the Engro ensured to engage Thar’s local people, recognising the fact that first right over resources vests with indigenous people.

The company has also opened schools, health clinics and launched housing schemes in the area.

https://www.dawn.com/news/1379576/power-generation-from-thar-coal-to-begin-next-year

OGDCL FINDS NEW DEPOSITS OF OIL, GAS IN KHYBER-PAKHTUNKHWA
The Express Tribune, December 30th, 2017.

The Oil and Gas Development Company Limited (OGDCL) has found new deposits of oil and gas in Khyber-Pakhtunkhwa, according to a bourse filing on Friday.

OGDCL, the operator of the joint venture in Baratai Block in the province with 97.5% stake, has drilled down to a depth of 5,014 meters in the exploratory Dhok Hussain well # 01 and tested hydrocarbons. Khyber Pakhtunkhwa Oil and Gas Company Limited (KPOGCL) holds the remaining 2.5% stake in the joint venture.

“The well has tested 15.40 mmscfd (million standard cubic feet per day) of gas and 360 barrels per day of condensate (crude oil),” Company Secretary Ahmed Hayat Lak said in a notification to the Pakistan Stock Exchange (PSX).

OGDCL’s share price inched down 0.02%, or Rs0.04, to Rs162.79 with a volume of 1.21 million shares at the PSX on Friday.

The structure of the well was drilled and tested using OGDCL’s in-house expertise, the operator stated.

“The discovery of Dhok Hussain well # 01 is the result of an aggressive exploration strategy adopted by the company. It has opened new avenues and would add to the hydrocarbon reserves base of OGDC and the country,” he said.

Domestic production meets some 30% of the demand for oil and around 70% for gas in the country. The rest is met through imports.

OGDCL remains the country’s largest oil and gas exploration firm. “The new discovery would add Rs0.33 per share to the company’s bottom-line (net profit) on an annualised basis, assuming oil price remains at $55 per barrel and rupee-dollar parity at Rs110 for US dollar," Taurus Securities said in a note to clients.

https://tribune.com.pk/story/1596340/2-ogdcl-finds-new-deposits-oil-gas-khyber-pakhtunkhwa/

POWER SECTOR REFORMS
Dawn, December 31, 2017

IN the twilight of its term, the government appears to be taking notice of the need for further reforms in the power sector. In a recent announcement, the prime minister ordered the constitution of a committee, headed by the energy minister, to come up with a "permanent solution" to the circular debt, which has returned to almost the same levels it was at when this government took over in 2013.

Perhaps the move is necessitated by a recognition that the liquidity issues of the power sector could foil the plans of the PML-N to tout its achievements in bringing in large investments for power generation during its term. If these liquidity issues result in the closure of plants during the crucial weeks leading up to the polls, they could scuttle much of the PML-N's campaign plans built around the idea of having delivered on the party's promise to end load-shedding.

Once this committee gets to work, it will discover that resolving the payment issues of the power sector is far more complex than adding generation capacity. Without reforming the billing and recovery mechanisms of the distribution companies all other measures will be little more than cosmetic. According to one figure mentioned by the energy minister, the receivables of these companies now stand near Rs800bn from various customers, mostly in the private sector.

Aggressively pursuing these cases usually results in court battles that cause the matter to stall. The tough approach the minister has taken towards the management of these companies, by proposing legislation to penalise overbilling and the more recent announcement that "heads will roll" in January, is perhaps warranted but also insufficient.

The right investments to enable more accurate billing that eliminates the discretionary role of meter readers will be required, as well as reforms to incentivise performance. With all the new generation capacity that has been added to the system, resolving the liquidity issues of the sector has become even more urgent, because without plugging the leakages, the additional power that will be sent out through the grid will only result in a more rapid accumulation of outstanding receivables, powering the circular debt to new heights. It is good that the government is waking up to the larger problems of the power sector beyond raw megawatts, but with limited time left, achieving success is going to be a big challenge.

https://www.dawn.com/news/1379831

NEWS COVERAGE PERIOD FROM DECEMBER 11th TO DECEMBER 17th 2017
INDUSTRY RAISES RED FLAG OVER IMMINENT OIL CRISIS
Khaleeq Kiani

Dawn, December 11, 2017

ISLAMABAD: The oil industry has raised the red flag over imminent closure of local refineries and related inability of the oil companies to provide enough fuels for smooth operations of aviation and security aircraft.

In an “SOS-Rush to Desk” to the petroleum division, the Oil Companies Advisory Council (OCAC) — an umbrella body of around three dozen refineries and oil marketing companies — said the refineries had been forced to continuously scale down production now reaching a point of a complete shutdown and impacting jet fuels.

The oil industry has been struggling for a sixth week to cope with setback caused by closure of oil-based power plants in October.

The jet fuels at almost all the airports had reached critical stage. The throughput reduction was “severely impacting the supply of all other petroleum products. The impact is especially pronounced on the availability of JP-1 for the airports and of JP-8 to the Air Force”, wrote the OCAC to petroleum secretary Sultan Sikandar Raja, who is on an extended joyride trip to Singapore and Dubai to attend board meetings of an oil company and a refinery.

Informed sources said the largest fuel supplier and state-run PSO was already advising its clients of aircraft operators to fly in with additional fuel and keep reliance for refuelling in Pakistan to a bare minimum. It has ordered two additional vessels of jet fuels on an urgent basis, but their arrival would be due by this weekend.

On the weekend, the OCAC reported that Pakistan Refinery Limited (PRL) had been forced to “recycle” furnace oil to keep its machines functioning but would be forced to shut down on Monday and impact jet fuel to Karachi airport. The country’s largest refinery – Byco – remains closed for a third week.

The PSO had last week told the government that its upcountry airports – Lahore, Islamabad, Sialkot, Multan, Faisalabad and Peshawar – were on a dry-out position and the aviation authorities could be compelled to declare NOTAM – a situation where a Notice to Airmen – is issued to alert aircraft pilots of potential hazards along a flight route or at a location that could affect the safety of the flight.

A senior official at the petroleum division said that despite its sincere efforts in consultation with the oil industry, the power division was not forthcoming with furnace oil consumptions. A power division official said the electricity demand had gone down in winter and was being met by cheaper plants on the economic merit order – hydro, natural gas, imported re-gasified liquid natural gas (RLNG), nuclear and coal.

The petroleum division official said the problem of very low or zero usage of local furnace oil persisted and, unless addressed, would lead to product shortfalls to the market.

“When a Refinery operates, it produces the whole range of product, from LPG, petrol, kerosene, diesel, Jet Fuels (JP-1 and JP-8) and residual furnace oil (RFO). With RFO not being used, storages have filled up, forcing the refineries to reduce throughput to the bare minimum. Critically needed volumes of Jet Fuel (JP-1 for the airports and JP-8 for the Air Force) are already under threat,” he said.

The OCAC deplored that despite best efforts and a series of meetings with senior officials of the power division, no respite is forthcoming to the refineries to keep them operational. The PRL reported that this low rate of furnace oil lifting of around only 400-500 tonnes per day had forced it to recycle RFO to crude tanks.

“The other refineries also are looking at very low ullages in their RFO storages, and operating at sub-optimal throughput including NRL which, too, will not be able to meet its jet fuel commitments to both Karachi airport as well as to the Air Force. ARL too will not be able to supply the additional jet volumes demanded by the airports and the Air Force and Parco”, the OCAC noted.

It deplored that Prime Minister Shahid Khaqan Abbasi had ordered during a meeting on Wednesday for close coordination between power and petroleum divisions to find a solution. “Despite regular attempts and meetings with the power division by (OCAC and petroleum division), we see no understanding of the situation by the concerned nor an appreciation of the fact that shortage of petroleum supplies to the market are imminent.”

Officials explained that refineries together were responsible for 30 per cent of the furnace oil supplies or around 300,000 tonnes per month while PSO is responsible for around 66pc of the total furnace oil supplies, with other importers catering for the remainder.

The oil industry also advised creation of a proper forum for planning of energy supplies to the power sector given the fact that this was the second time this year that supply crisis had occurred “purely because of the lack of planning and coordination on the part of the national power control centre and the power sector” that put the entire country’s oil supply chain at risk.

The OCAC argued that the forum should comprise the representatives of the NPCC, Wapda, the ministry of energy, power division and petroleum division and PSO and be tasked with the planning for energy supply of the country for the next three months. “This will remove the ad hoc decision-making which is currently taking place and will protect the supply chain.

The permanent solution, said an official, lied with understanding of the problem by all concerned, including the ministries and divisions that could work out a proper plan for RFO use to ensure that the already imported RFO volumes were utilised along with production from local refineries for their optimal capacity utilisation.

The sources said the defence authorities had written a series of letters to the quarters concerned to keep a close watch on fuel supplies required for the Air Force in view of depleting stocks. Defence authorities are reported to have expressed serious concerns over the situation at a last week product review meeting and warned of serious consequences.

The problem emerged after the authorities concerned were directed by the prime minister office on Oct 27 to shut down furnace oil-based plants even though the power sector authorities had ordered fresh imports on Oct 25. As a result, the furnace oil storages were topped up, affecting production of other petroleum products.

https://www.dawn.com/news/1375912/industry-raises-red-flag-over-imminent-oil-crisis

RENEWABLE POWER PROJECTS FACE AXE AS LOADSHEDDING ENDS
Dawn, December 14th, 2017

Khaleeq Kiani

ISLAMABAD: The government would be under no obligation for any renewable project lacking firm contract by Dec 10 as era of loadshedding ends with surplus generation capacity, said Federal Minister for Power Awais Ahmad Khan Leghari.

Speaking at a news conference on Wednesday, the minister castigated critics challenging continuation of power shortages in many parts of the country saying they were only spreading propaganda.

"I humbly stated a few days ago that loadshedding has ended. Today, I am 10 times louder with that statement and tomorrow would repeat 20 times louder that there is no more loadshedding," he said, adding the government would launch within days a computer application that would help everyone anywhere on phone to check supply situation at any feeder.

The minister said the government would not provide 24/7 electricity where losses were high because that would increase the cost and put additional burden on the people and increase circular debt from Rs135 billion a year to Rs280bn.

He said there was no loadshedding on about 5,800 feeders having less than 10 per cent theft out of 8,600 feeders.

He said the government wanted to take benefit of the cushion in higher generation than demand to cut down on tariffs and provide relief to the people as promised by the PML-N. "We have now entered a new phase where we feel the need for revision in policies for the power producing companies based on two to three months of serious assessments and thought process," he said.

Mr Leghari said the Cabinet Committee on Energy (CCoE) led by Prime Minister Shahid Khaqan Abbasi had allowed the change in policy for all renewable and alternative energy sources including wind, solar, biomass, bagasse and small hydropower projects below 50MW capacity. Under the new policy, the existing upfront tariffs and those based on cost plus profit rates offered to attract private investors would be replaced with competitive bidding based tariff.

He said the government would announce a chunk of capacity in a specific year based on absorption capacity and seek bids. The government would purchase electricity from the bidder offering lowest tariff. He said the provincial governments would also be sensitised to promote renewables in proportion to their population and ensure that these generations are not concentrated in a specific area.

The minister sidestepped a question why the small hydropower investors and potential in Khyber Pakhtunkhwa and Azad Kashmir were being disadvantaged while the government was still committing mega projects on imported fuels like LNG and coal from Middle East and Australia, but said there was no legal obligation on the government on the basis of letters of interest (LoIs) and letters of support (LoSs) if small hydropower projects (SHPPs) had not signed implementation agreements. “These power plants entailed around Rs12 per unit tariff,” he added.

He said the National Policy for Power Co-Generation by Sugar Industry (Co-Gen Policy 2008) had been rescinded with immediate effect since this was already covered under Renewable Power Policy 2006 and amended in 2013 that specified mandatory purchase of electricity and hydrology risk for small hydropower projects was on the power purchaser (the government).

Likewise, the renewable policy required that wind speeds and solar risks be borne by power purchaser and tariffs. He said the upfront wind tariff had come down to Rs6.74 per unit from Rs17 per unit. Likewise, bagasse tariff was now down to Rs7.97 per unit from Rs10.73 per unit.

He said the change in policy was expected to bring tariffs further down through competitive bidding and more competitive electricity market would emerge. Under the revised policy, the risk of variability in speeds for wind power projects, solar irradiation for solar plants and hydrological risk for small hydro projects shall be borne by the power producer.

The minister said the government would within a few weeks offer 400MW capacity for wind projects at Jhimpir-Sindh and 600MW solar units at Quaid-i-Azam Solar Park in Punjab for open, transparent and competitive bidding so that a select group could not monopolise capacity.

Responding to a question, he said the power tariff should have been cheaper by Rs2.25 per unit by now if the government was not compelled under the law to offer higher net hydel profits to the provinces. He said the average tariff currently stood at Rs11.4 per unit excluding surcharges and taxes and should have been down to Rs9.2 per unit.

https://www.dawn.com/news/1376465/renewable-power-projects-face-axe-as-loadshedding-ends

WB TO BACK FIRST TARIFF-BASED AUCTION OF SOLAR POWER PROJECT
Business Recorder, 14 December 2017

TAHIR AMIN

ISLAMABAD: The World Bank (WB) has announced to support Pakistan’s first tariff-based 50 megawatt (MW) solar power project in Sindh.

The WB Country Director to Pakistan, Patchamuthu Illangovan in a tweet has stated that Pakistan's first tariff-based auction for solar power supported by World Bank, aims to attract private investments.

According to the WB, the estimated cost of the project is $300 million including $200 million by the International Bank for Reconstruction and Development (IBRD) and $100 million by Green Climate Fund.

The government of Sindh has announced its intention to launch a tariff-based auction to develop a 50 megawatt (MW) solar power project in the province. This will be the first project to implement the decision of the National Electric Power Regulatory Authority (NEPRA) on March 3, 2017 to enable tariff-based auctions for solar photovoltaic (PV) power projects, replacing the previous up-front tariff regime. Tariff-based auctions have been successful internationally in rapidly reducing the price of solar power and are the least-cost generation option in many countries.

The pilot solar auction is one component of a larger programme on solar and renewable energy being developed by the Energy Department, the Government of Sindh, with the support of the World Bank. The programme is currently under preparation, with plans to include development of utility-scale renewable energy projects, rooftop solar on public buildings, and support for off-grid electricity provision in rural areas. A key objective of the program is to attract private investment into solar power in Sindh, including foreign direct investment.

A statement issued by the Information Department states, "Speaking at the One Planet Summit in Paris, Agha Wasif Abbas, Energy Secretary, the Government of Sindh, said, "We are excited that Sindh is leading the way by introducing price discovery for solar power tariffs in Pakistan. This 50MW project is about demonstrating that solar power can be the least-cost generation option, and we look forward to welcoming qualified international and domestic solar power developers to bid on this project, and on subsequent renewable energy auctions."

The Energy Department has issued a Request for Information (RFI) to solar power developers and investors as a precursor to a formal procurement process that will take place during the second quarter of 2018. The tariff-based auction will follow international standards and procedures to ensure full transparency and ensure least-cost bids are obtained.

The 50MW project is for a site on government-owned land north-west of Hyderabad where there is excellent solar resource potential of over 2,200 kWh/square meter per year. This equates to estimated annual production of around 85,000 MWh of clean, domestic power from the sun per year, immune to the price volatility of fossil fuels.

The RFI will enable the government of Sindh to exchange information and carry out consultations with private sector developers interested in bidding for the project. Interested developers will be invited by the government of Sindh to a consultation workshop to take place in early 2018. This will be followed by a full procurement process in accordance with Sindh Public Procurement Rules and NEPRA Competitive Bidding Tariff Regulations 2017.

https://epaper.brecorder.com/2017/12/14/12-page/687633-news.html

US BACKS RUSSIAN INVESTMENT IN IRAN-PAKISTAN GAS PIPELINE
The Express Tribune, December 14th, 2017.

The United States supports infrastructure investment by Russia – an arch rival of America in global politics – in laying an offshore gas pipeline from Iran as it will give a boost to Pakistan's economy and improve people's lives, said US Agency for International Development (USAID) Mission Director Jerry Bisson.

"We can look at it (Russian plan to build the offshore gas pipeline); any donor investment in infrastructure either from Russia, China, the World Bank or the Asian Development Bank and any investment for the benefit of Pakistani people and economy, we support it," he said while talking to a group of journalists.

"We don't have any particular views about where the money comes from; we support the government of Pakistan in improving lives of the people."

Saying that Pakistan was a sovereign country, he emphasised that they backed the Iran-Pakistan gas pipeline project – an investment that was critical for Pakistani people and economy.

Responding to a question about the change in USAID investment priorities under the Trump administration, Bisson pointed to US Secretary of State Rex Tillerson's trip to Pakistan where he talked about education, health care and economy.

The US wanted to work together with Pakistan and strengthen people-to-people ties, he said while outlining the support extended to 30 universities in Pakistan, especially the provision of scholarships.

"We have supported over 18,000 students and it has a huge impact; we want to continue that support," he remarked.

About the export of liquefied natural gas (LNG) by US companies, Bisson explained that it depended on the market situation as American gas companies were looking for buyers around the world because they had surplus LNG.

"If you have good terminals and gas transportation infrastructure from the port to local markets, I guess they will be willing to sell," he said.

US oil and gas giant ExxonMobil had expressed interest in constructing an LNG terminal at Port Qasim, but it recently pulled out of the project.

Talking about cooperation in civil nuclear technology, Bisson said he was not aware of such an opportunity, but USAID had focused on renewable wind and solar energy as the technology was simple and could start electricity generation in 18 months.

“There are large dam projects which could take 10 to 15 years. If we look at clean solar and wind energy, it is very fast and can easily to attract private-sector investment,” he elaborated.

Bisson called Balochistan and Sindh very rich in renewable energy resources where USAID had recently been engaged in different projects.

“We have poured $1 billion into the energy sector in the form of grants, not loans, since 2010 and the production capacity has gone above 3,000 megawatts for the benefit of 36 million Pakistanis,” he said. He highlighted that General Electric had been injecting $240 million into 126 turbines in Sindh whereas USAID provided technical assistance to put in place infrastructure for power generation.

He recalled that the US was the first country to recognise Pakistan and it financed the country’s first two power projects – Tarbela and Mangla, which were the largest dams in the world with large-scale manufacturing and engineering works.

“We are still assisting Pakistan in upgrading some turbines; we have helped in increasing electricity supply,” he said.

When his attention was drawn towards lack of interest by the US in funding new hydroelectric power projects like Dasu and Diamer Bhasha dams, he argued that their budget was going down and there were funding limitations.

“We have … much more funding for technical advisory services and are looking how we can encourage the private sector to invest,” he said.

Speaking about cooperation in the field of agriculture, Bisson said USAID was looking at institutions as to how scientists and farmers could be trained and was working closely with provincial governments.

“We have a very interesting programme to help small women farmers to raise goats and improve their stock; the same approach will be adopted for the dairy sector in order to improve milk yield of cows to help farmers increase their income,” he said.

In an attempt to encourage more lending to enterprises, USAID provides $60 million of seed money to four banks.

“We will provide seed money to banks which will, in turn, increase their own capital and lend more to small and medium enterprises,” Bisson said.

https://tribune.com.pk/story/1583457/2-us-backs-russian-investment-iran-pakistan-gas-pipeline/

MORE JAPANESE COMPANIES HEADING TOWARDS PAKISTAN
The Express Tribune, December 14, 2017

Improving security condition has brought some new Japanese companies to Pakistan and it is expected that more companies will follow the path, said Consul General of Japan in Karachi Toshikazu Isumura.

“I am personally trying to bring Japanese companies to Pakistan,” he said while speaking at an event which was organised by the Pakistan Japan Business Forum (PJBF) on Tuesday night.

Isumura, who spoke in fluent Urdu, said that the current bilateral trade of $2 billion between Japan and Pakistan is too low. He said that companies from both countries should do more business with each other to increase opportunities for trade and investments.

The consul general said that Japan has been importing Pakistani mangoes for the last two to three years and the imports can be increased in coming years.

Due to the presence of about 100,000 members of South Asian communities in Japan, Pakistan can also increase its rice exports to Japan, Isumura highlighted.

Speaking on the Pakistani market, he said that Pakistan’s population of about 210 million is big enough to create more business opportunities for both countries.

“Despite all the political and economic challenges, Pakistan’s chances to achieve higher economic growth are bright,” commented PJBF Chairman Sohail P Ahmed. “Statistics show Pakistan is not a poor country.”

Inequality in Pakistan is 52.6% compared with 58% in Bangladesh and 83% in India, he said while quoting a report of Credit Suisse, a Swiss multinational financial services holding company.

According to the report, inequality in Sri Lanka is 66.5%, 67.3 in Nepal and 78.9% in China. Ahmed said that mobile phone penetration and overall internet speed in Pakistan are also better than in India.

“My point to mention all these statistics is to highlight that there is much to be done,” he added. Since Japan is the third biggest economy in the world, Pakistan and Japan need to collaborate more on economic fronts.

Pakistan-Japan trade is heavily in favour of Japan. Out of the $2 billion bilateral trade, Pakistan exports to Japan are just over $200 million while the rest are all imports from Japan.

https://tribune.com.pk/story/1583511/2-japanese-companies-heading-towards-pakistan/

AXING RENEWABLE POWER
Dawn, December 15, 2017

IT was almost inevitable, and now we have it from the horse's mouth. When the government announced that it was contracting surplus power-generation capacity so that it could close down inefficient, more expensive power plants currently supplying the grid, it was up for debate what fate would befall renewable power contracts that are either in the pipeline or aspiring to be.

Now the energy minister, Mr Awais Leghari, has confirmed that the government feels no obligation to consider any more expressions of interest for renewable power since "load-shedding has ended" and the goal presumably achieved. This is precisely the kind of thinking that the nascent revolution in renewable energy needed to be protected from, and it is precisely what has come to pass.

This is nothing short of tragic. The short-sightedness involved in this assessment — to see renewable energy as a short-term solution to load-shedding — is disastrous and will cut us out of a global revolution as prices of solar and wind power drop with almost every passing month.

More importantly, the renewable energy revolution renders the whole concept of 'load-shedding' obsolete. Pakistan needs to urgently accelerate its adoption of what is called 'point-of-consumption generation', where small wind and solar turbines installed on rooftops and vacant plots near factories supplement the power provided by the grid.

This model works best when there is concerted attention by the state to enable net metering, where surplus power generated through point-of-consumption renewable sources is sold back to the grid when it is not needed. The idea is not so crude as 'ending load-shedding'.

The idea is to put in place a model that enables the rapid spread of renewable energy technology, to the point where it eventually begins to replace grid-supplied electricity as the primary source. If our government, and its ministers, could see this far, they would not talk of axing renewable energy because "load-shedding has ended".

https://www.dawn.com/news/1376625

POWER PLANTS NOT PART OF CPEC INITIALLY, SAYS CHAIRMAN P&D
Business Recorder, 15 December, 2017

Hamid Waleed

LAHORE: Planning and Development (P&D) Department Chairman Jehanzaib Khan has said that setting up of power plants was not part of the China Pakistan Economic Corridor (CPEC) initially and China incorporated them in the project to ensure manufacturing needs in future.

"China had prepared a 30-page document on the energy needs of Pakistan and helped us to fix the problem out of their ability of implementation," he said.

He was addressing a consultative workshop organised by the Asian Development Bank (ADB) on supporting economic corridor development in Pakistan at a local hotel on Thursday.

Country Director ADB Ms Xiaohong Yang said that ADB has carried out a scoping study on the potential economic corridors in Pakistan, focusing on key aspects such as economics, institution and regulation, poverty and inclusivity, empirical data and diaspora role.

Findings from this study will contribute to the more comprehensive work under the proposed technical assistance on supporting economic corridors development (ECD) in Pakistan which is key for achieving Pakistan’s growth aspiration of seven percent per year and in the context of maximizing the benefits for CPEC. Chief Economist ADB Guntur Sugiyarto made a detailed presentation on the key findings from the scoping studies on ECD.

The Chairman P&D said the corridor is to connect the region to ensure regional economic development. He appreciated the Chinese leadership for sharing its prosperity with regional countries under the One Belt One Road Project. “The CPEC is one corridor of this project,” he added.

He said the CPEC would ensure economic cooperation, social and cultural collaboration and sustainability through motorways, railways, waterways, airways, pipelines and exchange of ideas.

He expressed the hope that physical connectivity in the region would create jobs and upgrade infrastructure facilities. He said a new industrial policy by the Punjab government was under preparation with the help of China. “ADB can also chip in,” he said.

Speaking on the occasion, former governor State Bank of Pakistan (SBP) Dr Ishrat Hussain said Pakistan has a unique geo-strategic location between two economic giants, China and India and a gateway to the Central Asia.

He said the ultimate objective of this physical connectivity is to maximize economic distribution through strong institutions, vibrant policies, regulations and incentives.

He pointed out that both Khyber Pakhtunkhwa and Balochistan needed to be integrated under the corridor to increase living standards there. He further added that due to extensive theft, leakage and corruption in irrigation, gas and electricity supplies Pakistan was losing one trillion rupees annually. It was equal to 3.5 percent GDP loss that leaves no room for Pakistan but to go to the IMF.

He said the factors like government failure, market failure and coordination failure has damaged institution building by and large. He stressed upon the policy clarity and a level-playing field for stakeholders to make the corridor a success story. “We should use the corridor as a prototype to change our institutions. Otherwise, it would be another white elephant in the country,” he said.

Dr Nasir Javed, Dr Salman Shah, Syed Yawar Ali and Dr Ejaz Nabi also spoke on the occasion and put forward suggestions on how to benefit from the Corridor while tapping indigenous resources in short- and long-term.

https://epaper.brecorder.com/2017/12/15/13-page/687846-news.html

WIND POWER PROJECTS 300MW SUPPLIED TO NATIONAL GRID: ADC-I
Business Recorder, Dawn, 16 December, 2017

HYDERABAD: Additional Deputy Commissioner-I Muhammad Usman Tanveer has said that there is a huge potential for wind power generation through wind power projects and more than 300 MW power is being supplied to the National grid from different wind power generating projects.

He said District Administration Thatta is endeavoring to provide adequate facilities in various sectors including municipal services, health, education, water supply, transportation, parks and recreational activities to the public in the district.

This he said while briefing about the developmental projects, history, culture, civilization and archeological sites of Thatta to the participants of PMS Probationer officers of grade 17 at Darbar Hall DC Office Thatta here on Friday.

ADC-I during his briefing to participants informed that Thatta district keeps a very rich historical and cultural importance in Sindh province and it is also known as gateway to Islam. District Thatta is comprised on 4 Tahseels, 40 Union Councils and an area of 3069 square miles, while 106 kilometers coastal belt is also included, he added. He added that Makli Necropolis is also located in the Thatta, which is known as the largest graveyard. “There are so many recreational, historical and archaeological sites like Shah Jahan Mosque, Bhambhore, Keenjhar Lake, Haleji Lake and Sonda graveyard, which causes great attraction of visitors to Thatta”, he added.

On this occasion District Information Officer Jaffar Hussain Panhwar and other relevant officers were also present. Meanwhile, the participants visited the historical Makli graveyard, Shah Jahan Mosque and other historical sites of the district.

https://epaper.brecorder.com/2017/12/16/3-page/687953-news.html

PROVINCES AIM TO CLAW BACK POWERS IN OIL AND GAS SECTOR
Dawn, December 16, 2017

Khaleeq Kiani

ISLAMABAD: The federal government has agreed to clearly bifurcate roles and powers of the Council of Common Interests (CCI) and the federal forums like Energy and Economic Committees of the Cabinet after the provinces surrendered their demand for re-opening of a series of energy related decisions taken by the centre since 2013.

The provinces have been criticising major decisions made by the Cabinet Committee on Energy (CCoE) and the Economic Coordination Committee (ECC) of the Cabinet under the PML-N government without provincial input. They have been demanding re-opening of all ‘unilateral’ energy-related decisions of the two forums.

The broad agreement was reached at a recent meeting of the CCI presided over by Prime Minister Shahid Khaqan Abbasi and attended by chief ministers of Sindh, Khyber Pakhtunkhwa and Balochistan and the Punjab's finance minister, a senior official told Dawn.

"It was agreed that without reopening the past decisions of the ECC, the Ministry of Energy would initiate a summary on oil, gas and power sectors to delineate "day-to-day" and "policy matters" of these sectors", he quoted minutes of the CCI meeting held on Nov 24.

Article 154 of the constitution stipulates that CCI is the competent forum to formulate and regulate policies in relation to matters in Part-II of the Federal Legislative List.

In the CCI meeting, Sindh Chief Minister Murad Ali Shah protested that ECC and CCoE by taking up matters listed in Part-II had been encroaching upon the domain of the CCI.

He said his province was cognizant of the fact that the CCI was not supposed to consider and decide day to day affairs related to oil and gas but certain decisions taken by the ECC indicated that matters submitted to it cannot be categorised as day to day affairs. "These decisions have directly affected the financial interests of the government of Sindh," he was quoted as saying.

The federal minister for law and justice contended that in pursuance of the Supreme Court's ruling, the ECC's decisions were invariably ratified by the federal cabinet and it was "difficult to re-open all the previous decisions of ECC," but the Sindh government could identify specific decisions that could be considered in the context of CCI jurisdiction on prospective basis.

The law minister believed the constitutional provisions were very clear in this regard and ECC did not appear to have transgressed the CCI domain.

The chief minister finally agreed that "reopening of ECC's past decisions was not warranted but in future such issues may not be placed before the ECC for any decision".

The prime minister opined that day to day affairs of oil, gas and electricity were submitted to the ECC and the cabinet for consideration and those did not fall within the purview of the CCI.

He advised that detailed discussions may be held to sort out the issue of categorising and differentiating the day-to-day affairs vis-à-vis the policy matters. This will be important to decide as to what level the ECC and CCI should function.

Mr Abbasi asked the all the provinces to formulate their views on the subject and submit to the CCI for consideration.

The governments of Sindh and Khyber Pakhtunkhwa had repeatedly moved formal summaries to the CCI to undo federal government's decisions on oil and gas claiming such decisions had allegedly encroached upon provincial powers and rights, in violation of the constitution.

The two provinces were particularly agitated by decisions of the CCoE and ECC under the PML-N leadership regarding the allocation of new oil and gas finds, pricing of natural gas and matters relating to liquefied natural gas (LNG) and for not calling regular meetings of the CCI in violation of the article 154 that required at least one meeting in 90 days.

Both provinces have argued that only the CCI had the power to formulate and regulate policies on matters pertaining to Part II of the Federal Legislative List and that they should supervise and control related institutions.

Sindh had moved a case under Article 154 of the constitution and demanded that all decisions taken by the CCE or ECC regarding electricity, gas and LNG after the 18th Amendment should be "declared null and void" because the province had not supported or had not been consulted at the constitutional forum.

The law ministry had ruled in its legal opinion that LNG was not produced in any province or territorial waters adjacent thereto as required under Article 172 (3) or in the Fourth Schedule of the constitution. Being an imported product, its allocation or any other matter had nothing to do with any province. "Even the Law Division has consented in its legal opinion that matters relating to natural gas should go to the CCI."

The two provinces have reportedly prepared their own gas allocation policies for upcoming gas fields by prioritising industrial units, power generation and fertiliser plants, residential areas and CNG stations, in that order.

The two provinces have also raised objections over policy guidelines issued by the ECC to two regulators – Oil and Gas Regulatory Authority (Ogra) and National Electric Power Regulatory Authority (Nepra) – regarding gas and electricity tariffs, saying that the two regulatory bodies themselves fell in the provincial domain through CCI.

The article 154 also requires that CCI decisions must be taken with an expressed majority and a dissatisfied party could refer the matter to a joint sitting of parliament for correction.

https://www.dawn.com/news/1376895

NEWS COVERAGE PERIOD FROM DECEMBER 4th TO DECEMBER 10th 2017
GOVT ANNOUNCES ZERO LOADSHEDDING IN PARTS OF COUNTRY
Dawn, December 4th, 2017

Syed Irfan Raza

ISLAMABAD: After being unable to fulfil its earlier promise of ridding the country of power outages by November 2017, the government announced on Sunday that it had managed to ensure "zero loadshedding" in some parts of the country.

Under the new arrangement, more than 15 million power consumers will not experience loadshedding in their respective areas.

“More than 5,000 feeders in the country will turn into ‘zero-loadshedding’ feeders from tonight,” Minister for Power Sardar Awais Ahmed Leghari told a press conference on Sunday.

“Presently, 236 feeders out of 8,600 feeders are observing zero-loadshedding, but from tonight 63pc will become loadshedding-free,” he added.

Minister for Power Sardar Awais Ahmed Leghari says over 60 per cent of all feeders will be free from power cuts, benefiting 15m consumers

He claimed that 5,297 feeders would become loadshedding-free in the first phase. “The Pakistan Muslim League-Nawaz (PML-N) is committed to fulfilling its election promise to end loadshedding in the country,” the minister said, indicating that the government intended to reap as much benefit from the recent cut in power outages ahead of the next general elections, scheduled for next year.

According to official documents shared with media personnel by the power ministry, loadshedding will continue in areas where line losses are over the 10pc mark.

Prime Minister Shahid Khaqan Abbasi recently claimed that Pakistan would be loadshedding-free by November, 2017. Even the government’s power policy, formulated in 2013, was also based on a commitment to make Pakistan loadshedding-free by December, 2017.

The second power generation policy, announced in 2015, envisioned power tariffs being reduced to a single digit, i.e. not more than Rs9 per unit, and the elimination of loadshedding in 2018. However, average electricity charges at present are said to be around Rs12.5 per unit.

Giving details of distribution companies (Discos) who would see zero loadshedding, the minister said that 1,227 feeders of the Lahore Electric Power Supply Company (Lesco), 748 of the Gujranwala Electric Power Company (Gepco), 896 of the Faisalabad Electric Supply Company (Fesco), 710 of the Islamabad Electric Supply Company (Iesco), 763 of Multan Electric Power Company (Mepco), 309 of the Peshawar Electric Supply Company (Pesco), 204 of the Hyderabad Electric Supply Company (Hesco), 61 of the Quetta Electric Supply Company (Qesco) and 29 feeders in the tribal areas would experience no power outages.

Mr Leghari said that zero-loadshedding would be ensured and progress would be continually monitored. He also announced that the urban-rural differentiation for loadshedding would be abolished to ensure the equal distribution of electricity among consumers.

The minister said 16,477 megawatts of electricity were being generated in the country on Sunday, with a 2,700MW surplus.

https://www.dawn.com/news/1374430

GOVT, EETPL REACH AGREEMENT ON 230 MMCFD LNG SUPPLY
Dawn, December 6th, 2017

Khaleeq Kiani

KARACHI: The government and Engro Elengy Terminal Pakistan Ltd (EETPL) have reached an agreement for the supply of about 230 million cubic feet per day (mmcfd) of additional liquefied natural gas (LNG) at a re-gasification tolling rate of 17 cents per million British thermal unit (mmBtu).

This brings down the average tolling tariff at 47 cents per unit for firm LNG supplies of 630mmcfd through Engro's floating storage and re-gasification unit (FSRU) that is now the largest source to the national transmission system, said EETPL Chief Executive Officer Jahangir Piracha on Tuesday.

He told an Asian Development Bank (ADB) press tour that Engro was partly compelled by public and media pressure to offer its spare re-gasification capacity at a significantly lower rate than its original tolling rate of 66 cents per unit and partly because of a clause in the agreement. The clause bound the LNG terminal operator to obtain government permission for the utilisation of this additional capacity. ADB provided a $30 million loan to EETPL.

He said the agreement had been finalised and was in the process of approval by respective boards of directors. Under the terms of long-term service agreement (LSA), the government had guaranteed processing of 400mmcfd of LNG against terminal's total capacity of about 630mmcfd for 15 years. He said the 17 cents per unit tolling tariff for additional LNG regasification was required for Engro's additional expenditures.

After commercial operations of Engro's FSRU, the government was able to secure a significantly lower bid of about 42 cents per unit from Pakistan Gas Port Limited (PGPL) for second LNG terminal now in final stages of commercial operations.

Mr Piracha said Pakistan was now saving around $1.5 billion per annum in fuel substitution through 630mmcfd of LNG instead of furnace oil even though the government was conservatively putting the furnace oil replacement saving at $1.2bn per year.

Responding to a question, he said the actual savings would be significantly higher when seen in the context of efficient LNG based plants now being lined up for commercial operations and would run at up to 62 per cent efficiency compared to a maximum of 45pc plant efficiency a few best maintained furnace oil-based projects could run at. "It is like shifting corroborator based car engines to EFI (efficient fuel injection) engines that make the big difference," he explained.

Responding to another query about Engro's plans for another terminal, Mr Piracha said the four member consortium was still working on the modalities but the project was moving ahead.

He said a consortium comprising oil major Shell, international fuel trader Gunvor, Fatima Group and Engro Corporation would be a totally private sector project and involve no government guarantee, financing, or support and would deal with private sector investors and businesses.

Head of EETPL Operations, Adil Mushtaq said the terminal had so far processed a total of 126 LNG cargos since its inception in March 2015 including six initial consignments supplied by the FSRU itself when Qatargas was working through the safety and security mechanism. All these shipments have together injected a total of 7.4m tonnes of LNG into the system.

He said Qatargas had been operating Q-Flex vessels – medium sized ships – at sub-par capacity because of port constraints. He explained the Q-Flex vessels were bringing 151,000 cubic meters per trip against its capacity of 210,000 cubic meters. The Port Qasim authorities need to improve the channel and create birthing pockets (space) for allowing crossing of multiple ships to ensure maximum capacity utilisation of 142,000 cubic metre per ship that would enhance supply from the FSRU to 690mmcfd.

The port operator is charging a fee to ship and terminal operators to raise funds for additional dredging which should take place at the earliest. Responding to a question, he said Qatargas has been supplying LNG through 74 conventional ships having lower capacity due to port constraints and inducted only 26 Q-Flex carriers, at sub-optimal capacity, after these constraints were party overcome early this year. The remaining 20 ships were arranged through spot purchases.

Talking about the terminal availability, Mr Mushtaq said EETPL operating the FSRU at 98.5pc availability factor against 95.5pc required under the agreement.

He said Engro was one of the top 15 global companies operating such an advanced FSRU developed in a record 330 days- five days ahead of schedule in a high risk sector despite security concerns.

LNG is a cleaner fuel substitute to the expensive alternates like diesel, furnace oil, LPG and kerosene. Recent domestic prices for different fuels, according to Engro executive stood at LPG $15.13 per mmbtu, HSD $17.7 per mmbtu, petrol $18.23 per mmbtu and RLNG $6.74 per mmbtu.

https://www.dawn.com/news/1374802

ENGINEERS URGED TO WORK ON ALTERNATIVE ENERGY PROJECTS
Dawn, December 7th, 2017

KHAIRPUR: Speakers at a conference held at the Mehran University of Engineering and Technology (MUET) Z.A. Bhutto campus on Wednesday urged engineers to conduct more research into generation of energy from natural resources like solar, wind, bio and hydro power with the help of latest sustainable methods of power generation.

MUET Vice Chancellor Prof Dr Mohammad Aslam Uqaili, who inaugurated the one-day conference on ‘Effective production and sustainable energy system’, said that a number of countries of the world had made themselves self-sufficient in power generation by producing energy from natural resources.

Pakistan, on the contrary, had lagged behind many countries in alternative energy generation and was now facing the worst energy crisis, he said.

He called upon engineers to conduct more and more research into generation of energy by using natural resources like solar, wind, bio and hydro power with the help of latest and sustainable methods of energy generation.

He said the university had assigned various projects to MUET students on alternative and sustainable generation of energy so that they could offer some valuable suggestions for the benefit of society as a whole.

He praised MUET Z.A Bhutto campus and particularly its mechanical department for holding the third consecutive annual conference despite having to face various problems.

Prof David G. Murray Smith of the University of Glasgow, Scotland, spoke at the moot through video link while research scholars from several universities of Pakistan read out their research papers at the conference.

A poster competition was held in which students presented their research through posters.

MUET Z.A. Bhutto campus pro VC Prof Dr Mukhtiar Ali Unnar said that students and teachers of the campus were making their mark in academics as well as research.

The students had also bagged positions in national competitions and efforts were being made to provide best quality facilities to students, he said.

Towards the conclusion of the moot, shields and appreciation certificates were distributed among students.

https://www.dawn.com/news/1374977/engineers-urged-to-work-on-alternative-energy-projects

GAS SHORTAGE AGGRAVATES IN PUNJAB AFTER FAULT IN LNG TERMINAL
Dawn, December 8th, 2017

Khalid Hasnain

LAHORE: Following a major technical fault of leakage during the newly-constructed LNG terminal’s commissioning phase at Port Qasim, the shortage in the province started worsening on Thursday, forcing the SNGPL to withdraw the indigenous gas from the industry and divert it to the domestic sector that has been facing extremely low pressure for the last many days.

The supply to some power plants in Punjab has also been curtailed to facilitate the domestic sector, according to official sources.

“Since the domestic sector demand is gradually growing due to winter and there is also no supply of the additional RLNG (600MMCFD), we finally withdrew the system gas [local gas] from the industry. But we will keep supplying Regasified Liquefied Natural Gas to the industry that is already using it,” SNGPL Managing Director Amjad Lateef told Dawn.

“We have also curtailed over 150MMCFD of RLNG supply to three major power plants in Punjab – Kapco, Rousch and Nandipur. We will not be able to give them gas till receipt of additional 600MMCFD of RLNG from the new terminal, which has developed a fault and that may take eight to 10 days for rectification,” he said.

The situation won’t improve until the company receives the 600MMCFD [of RLNG], he said.

According to Pakistan Gas Port Consortium Limited (PGPC), which built the new LNG terminal, the situation would improve soon, as supplies to the national system would recommence by Friday (Dec 8).

“Operations at the recently inaugurated terminal had been suspended for a few days after a leakage developed in an insulation joint connecting the PGPC system to the connecting pipeline infrastructure. The leak was promptly stopped, the joint replaced, and the system is being repressurised. There are no faults with the jetty and marine works or the Floating Storage and Regasification Unit (FSRU) or the sub-sea section of the pipeline and there has been no blast,” reads a statement issued by a spokesperson for the Lahore-based PGPC head office.

“The terminal represents an investment of about half a billion dollars by PGPC in the jetty and marine works, Norway’s BW Group in the brand new and state-of-the-art FSRU, and Fauji Oil Terminal & Distribution Company Limited (FOTCO) in the pipeline infrastructure from the jetty to the national gas grid. The terminal was inaugurated on Nov 20 and received its first LNG cargo on Nov 24,” he said.

On the other hand, Pakistan Textile Exporters Association (PTEA) has expressed concern over the suspension of system gas under quota regime and supply of [high-priced] RLNG to the export-oriented sector in Punjab. This would further add to the [high] cost of doing business and would hamper the export pace. “We express serious concern at switching of system gas to RLNG supply for textile industry in Punjab on a [lame] excuse of drop in mercury,” said PTEA Chairman PTEA Shaiq Jawed in a statement.

He condemned the government’s indifferent attitude towards the Punjab-based textile industry as “it is already facing a serious blow due to high cost of doing business.”

Meanwhile, many parts of Punjab, especially Lahore and adjoining districts, have been facing either low pressure or no gas for the last many days. In several [tail-end] localities, women and children continued holding protests in streets.

“Since the start of winter, we have almost no gas. We are using LPG cylinders to keep our kitchen and geysers operative. But we are worried as to why the bill is going up while there is no gas,” Shahzad, a resident of A-1 sector (Township, Lahore), told this reporter.

Talking to Dawn, SNGPL Lahore regional chief Mr Qaisar Masood said the department was promptly responding to complaints related to low gas pressure.

“But the shortage of gas is not the problem alone but also the compressors being used by the consumers. That is why we have launched a crackdown on consumers. And within last three days or so, we have captured 170 consumers [allegedly] involved in using compressors,” he said.

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