January 2018

NEWS COVERAGE PERIOD FROM JANUARY 29TH TO FEBRUARY 4TH 2017

PAKISTAN, EU AGREE TO COOPERATE IN ENERGY CONSERVATION

Business Recorder, February 1, 2018

ISLAMABAD: Pakistan and European Union have agreed for cooperation in energy conservation and energy efficiency and in this regard the Power Division will send a high-level delegation, comprising government officials and private sector experts, to the EU to participate in a workshop with European experts and professionals.

The decision was made on Wednesday in a meeting between Federal Minister for Power Division, Sardar Awais Ahmed Khan Leghari and EU Ambassador Jean Fancois Cautain.

It was further agreed upon that the European Investment Bank will be invited to the subject workshop to explore different options relating to financing the energy related projects in Pakistan.

Sardar Awais Ahmed Khan Leghari while thanking the EU ambassador for hosting the workshop on promotion of energy efficiency and energy conservation said that after having successfully bridging the demand and supply gape, now it is of utmost importance that the consumers should be educated on usage of electricity. The education will not only save money for the consumers but also help in efficient utilization of the existing generation capacity as one megawatt saved is far better than one megawatt generated, he added.

The federal minister also invited the European Investment Bank and other EU potential assistance partners for assistance in establishment of Pakistan's First Renewable Energy Institute. He said that he will meet the chairman Higher Education Commission for identification of suitable university in Pakistan for establishment of the institute.

He also proposed which was agreed upon by the EU ambassador that both the Power Division and EU Embassy will appoint focal persons to frequently interact on matters relating to the energy cooperation between the two sides.

The federal minister highlighted salient features of the government's plan to solarize some 30,000 tube wells in Balochistan and also invited the EU to take part in the process.

The European Union ambassador said that the European investment Bank is keenly observing the fast expanding power sector in Pakistan. He said that the Bank will for sure be considering option of assistance in solarization of tube wells in Balochistan. He said that EU is already working closely with the government of KPK on a number of renewable energy projects, most of which are hydel. The ambassador assured the minister that the EU will continue to provide assistance to Pakistan in the energy sector.

https://epaper.brecorder.com/2018/02/01/3-page/697274-news.html

WITH NOD FROM SINDH, GAS SECTOR REFORMS CROSS HURDLE

Dawn, February 3rd, 2018

Khaleeq Kiani

ISLAMABAD: Sindh government has given its conditional approval for reforms in the downstream gas sector proposed by the federal government, provided the provinces were given appropriate representation on the boards of directors of the successor companies of Sui Southern and Northern gas companies.

The government of Sindh has given up its objections over “the unbundling of Sui gas utilities as proposed by the federal government on the condition that provinces will be represented on the board of Sui successor companies”, according to the minutes of a recent meeting on the subject.

The record showed the Sindh government had submitted detailed proposals for provincial participation in the gas sector regulators for the downstream and upstream sectors and wanted the provinces to have representation beyond only in the Directorate General of Exploration and Production (DG E&P) and Pakistan Petroleum Exploration and Production Regulatory Authority (PPEPRA).

The government of Khyber Pakhtunkhwa is still opposed to the structure of reforms proposed by the federal government.

The policy positions of the provincial governments are expected to be taken up before the next meeting of the Council of Common Interests (CCI).

Under the gas sector reforms proposed by the World Bank, the federal government wants to divide two gas utilities – SSGCL and SNGPL — into at least five public-sector companies and to ultimately allow some private operators to enter the distribution sector.

This also creates two different tiers of gas consumers — one based on local natural gas and the other on imported liquefied natural gas (LNG) — at two different prices.

Tier-one will comprise domestic gas delivered on an as-and-when-available basis, based at regulated prices set by the government like current practice. Tier-two will comprise imported gas delivered on a firm basis at market price with all costs of delivering LNG.

Private consultants have concluded that the separate tiers would ultimately need to be merged in four to five years owing to declining local gas supplies and to ensure full gas cost recovery from consumers.

On behalf of the KP government, chief executive officer of the Khyber Pakhtunkhwa Oil and Gas Company Mr Raziuddin advocated that an important pre-requisite to the gas sector reforms was fast track resolution of the relevant constitutional provisions.

He proposed integrated gas distribution and transmission companies on the provincial basis and one National Transmission and Despatch Company. The structure was proposed in the light of KP’s concern that the province could lose control to the National Gas Transmission Company (NGTS) over the gas produced in the provinces and such a company may not build or expand gas lines that may be a priority for the provincial government.

The federal government, however, did not give consideration to the idea of multiple transmission companies, say at the provincial level as proposed by the KP on the ground that such companies would kill the purpose of efficient use of transmission infrastructure to serve all provinces and make the cross provincial border movements cumbersome to serve all the provinces.

It also contended that the NGTC will not take title to the gas and under no circumstances will any new gas discovery leave the province in which it is produced without the consent of the provincial distribution company and without agreed terms.

This will be made possible by making a provincial distribution company the nominated buyer of any gas found in the province in accordance with article 158 of the constitution, the Petroleum Division argued.

On top of that, the centre has suggested that provincial government representatives would be members of the NGTC board under nomination of the federal government.

Regarding building of gas transmission lines, the centre has proposed that in addition to provincial representation on the NGTC, the province itself will be free to secure a transmission licence from the regulator to build any line it considered necessary.

The centre also did not agree to give shareholding to provinces in successor gas distribution and transmission companies on the ground that Sui companies were public listed companies and entitlement to seat on the board was based on equity ownership. However, it agreed to the Sindh government’s proposal that the centre should nominate provincial government officials from its entitlement of board seats in successor companies without disturbing the decision making as required under the Securities and Exchange Commission of Pakistan’s code of corporate governance.

https://www.dawn.com/news/1386927

‘THAR COAL POWER PLANT TO START PRODUCING 660MW BY DEC’
Dawn, February 4th, 2018

Hanif Samoon

MITHI: Seventy per cent work on both mining and power projects have been completed ahead of schedule and the first electron from Thar Coal Block-II will start generating power by the end of this year, according to Sindh Engro Coal Mining Company (SECMC) chief executive officer.

SECMC CEO Shamsuddin Shaikh informed a delegation of members of Sindh Assembly, civil society representatives, senior journalists and corporate executives who visited Thar Coal Block-II on Saturday that the power to be generated from Thar coal would be the cheapest in Pakistan.

Mr Shaikh said while briefing the delegation on the progress achieved so far in the mining and the power plant construction that they were just 20 meters away from the first steam coal to supply coal to 660MW mine-mouth power plant.

SECMC, a joint venture between Sindh government and Engro Powergen Ltd, was all set to start generating power to supply to the national grid from early next year, he said.

About the community development projects undertaken by the SECMC's Thar Foundation, he said that different schemes in education, healthcare, safe drinking water, women empowerment and skill development had been initiated at a total cost of Rs4.5 billion.

Engro Powergen Limited CEO Ahsan Zafar Syed briefed the delegation about the power plant and said that imported technology was being used to protect local environment. The power plant would hopefully complete six months ahead of schedule, he said.

Senator Taj Haider of PPP said: "We are now very close to achieving success, the foundation of which was laid by Mohtarma Benazir Bhutto." Thar coal project would make paradigm shift in the economy of Sindh but all its benefits should go first to the people of Thar and then to others, he said.

Pak Sarzameen Party head Mustafa Kamal said that Thar coal project was a model project which was bringing positive change to locals' life. "Another positive change we have witnessed here is that the corporate sector is giving people priority over profit, which is seldom seen anywhere," he added.

Pakistan Muslim League-Functional MPA Nusrat Sehar Abbasi said that the Thar coal project was among the few success stories of the government but she added at the same time that the government needed to put in more efforts to exploit the coal reserves in the rest of the blocks as well for the prosperity of Thar, Sindh and the entire Pakistan.

MQM-Pakistan MPA Heer Soho said that social uplift schemes initiated by Thar Foundation would improve human development in the area. Thar coal would not only meet the country's energy needs but it had also triggered economic activity on a massive scale in the area, which would surely have positive impact on locals' life, she said.

MPAs Naheed Begum, Naila Munir, Naheed Shaukat Mirza, Karachi Arts Council president Ahmed Shah, BISP secretary Saleem Ranjha and senior journalists were also part of the delegation.

The delegation also visited the mining project, power plant, biosaline agriculture initiatives, Green Thar program, resettlement village, healthcare facilities, schools and skill development centers.

https://www.dawn.com/news/1387081

NEWS COVERAGE PERIOD FROM JANUARY 22ND TO JANUARY 28TH 2018
RENEWABLE ENERGY CAN BE DELAYED, BUT IT CAN'T BE STOPPED
The Express Tribune, January 22nd, 2018.

The Ministry of Energy (Power Division) has issued a policy order recently which has drawn severe criticism from some renewable energy stakeholders as well as Sindh and Khyber-Pakhtunkhwa.

The policy order is based on decisions of the Cabinet Committee on Energy. Following are the main points carried in a circular issued on January 5.

Competitive bidding will be held for solar, wind, hydro and bagasse projects irrespective of the location or status.
All resource risks (wind speed, hydro, etc) have been shifted to the developer/seller.
The project life for renewables has been reduced to 15 years instead of the existing 25 years.
There is a considerable consensus, in particular among end-users and buyers as well as the regulator Nepra, that competitive bidding should take place in renewable energy as it has proved successful in bringing down energy prices.

This has happened in a number countries such as India, Mexico, Brazil, USA, the UAE and Saudi Arabia. There was confusion, however, which emanated from the following:

Nepra continued to entertain tariff applications on cost-plus basis while having stopped processing upfront tariff cases. This had created an anomalous situation lacking rationale for allowing one mode and not allowing the other.
There were requests from the provincial governments to allow existing projects, especially on wind power in Sindh.
Zonergy of Quaid-e-Azam Solar Park went to court asking for the originally high tariff for the remaining 600 megawatts while solar prices came down very significantly in the meantime.
The common thread is that the investors (vested interest) would like to benefit from the high tariff for the one last time before competitive bidding, which will result in lesser prices, probably tightening profit margins. The view is short-sighted as the renewable energy market will expand under the lower tariff.

On the other hand, under the confusion and controversy of competitive bidding and also under the fear of an energy glut in the interim period with the induction of 10,000MW this year (2018), no renewable project could be inducted for almost two years and the industry is running in an unemployed status. This is probably a legitimate complaint of the investors. They also complain that every now and then a fossil fuel (LNG)-based project is approved and the renewable sector has received an unequal treatment. And the competitive bidding could have been organised much earlier without loss of a major chunk of time.

Easier said than done. Competitive bidding, technically called Reverse Auction Mechanism, has not been organised in Pakistan and there is no prior experience.

Power Minister Awais Ahmed Khan Leghari has announced competitive bidding in the next two months, of which one month has already passed. There is a strong case for expediting the process with a package of 1,000MW of renewable portfolio.

It is obvious that the time for renewables, especially of solar and wind, has arrived. One may delay it for a while but cannot stop it. Fossil-based energy is costing in the region of Rs8.5 to 10.5 per unit as opposed to the expected wind and solar tariff of below Rs5.

Solar appears to have more potential and attractiveness as it is available in all parts of the country, while wind is restricted to only Sindh. However, wind’s hybridising potential with solar gives it a unique comparative advantage, offering higher availability and cost advantages of a common infrastructure.

Hybridisation is getting increasingly popular. Recently, solar-hydro hybrid power plants have been built in China and Australia. A lot of unutilised land is usually available within and around hydroelectric power plants which can be amply utilised by solar power plants, offering comparable advantages as may be available in other hybrid plants such as solar-wind.

Regulated rates have been high due to a high rate of return of 17% in foreign currency which in terms of local currency turns out to be 22%, something unheard of in any part of the world. Similarly, under the regulated tariff system, debt terms also remained high, without differentiation of a weak or strong borrower. Under competitive bidding, the market would price these parameters.

An unintended victim of competitive bidding would be the local companies whose credibility and books would result in higher rates of lending than their foreign competitors. Something may have to be done about it.

Local investors should come up with reasonable concessions in this respect without affecting the prices significantly.

Another important issue which should have been debated before issuing a policy order is of reducing the tariff/PPA (power purchase agreement) period to 15 years.

An important point worth considering is that the tariff model is cash flow-based and not cost-based. What would be done with the residual assets which would still have a working life of 5 to 10 years?

If equity is to be redeemed in 15 years, tariff would be high. Who would manage the project/company? Do we intend to accumulate public sector interests from the back door?

If the IPP is supposed to fend for itself for the period after 15 years, there is to be some market mechanism. Hopefully, electricity exchanges may come about in the time horizon of 15 years.

These details have to be worked out including the associated tariff methodology before such a policy order is issued. This would particularly hurt competitive bidding and may fail the entire initiative. It would be highly recommended that this policy proposal be withdrawn from consideration.

Similarly, the proposal of introducing take-and-pay contracts is in circulation. Such a proposal may be introduced for captive power or when the electricity market/exchange starts working so that the IPPs may be able to unload the capacity into the open market.

Without such an arrangement, this would result in a higher tariff due to higher risk and lower capacity utilisation assumptions based on which risk assessments would be carried out by potential investors and IPPs.

Fortunately, a power policy committee has been formed which may be able to consider these issues and forward suitable recommendations. Demand and supply issues may be sorted out due to the receipt of a consultant’s report, depending on its quality.

https://tribune.com.pk/story/1614610/2-renewable-energy-can-delayed-cant-stopped/

GORANO CONTROVERSY DOMINATES THAR COAL PROJECT SESSION ON LAST DAY OF HLF
Dawn, January 22nd, 2018

HYDERABAD: The controversial issue of Gorano effluent reservoir in Tharparkar echoed at one of the sessions on the concluding day at the three-day Hyderabad Literature Festival (HLF) that drew to an end on Sunday evening.

Apparently, the controversial issue came to light at the final day's programme when Tharis affected by the reservoir registered their strong protest over not being given representation on the stage.

The session discussed 'Thar coal: prospects for future'. It was the Thari community's concerns and protests that prompted eminent economist Dr Kaiser Bengali — who was among the panellists — to say: "While Thar coal project will certainly lead to benefits, there is a dire need to pay attention to the price that the community is going to pay".

The Tharis protested that festival organisers did give space to SECMC (Sindh Engro Coal Mining Company) representative but there was none on the stage to talk about the community's narrative and concerns. After giving vent to their feelings against construction of the reservoir by the SECMC, which they believe was affecting their sources of livelihood, they walked out of the session.

Dr Bengali started the discussion by saying that everything had a cost and benefit. "Development has a cost and environmental impacts. Every development doesn't have equal distributional impact," he said, adding: "Every development project must be backed by a debate so that community whose interests are to be affected must become part of decision-making."

He said the coal project would certainly lead to establishment of new cities and job opportunities but there was a cost to be paid. "Perhaps we must see the aspect of price of development to be paid by community. Will it benefit people of Thar; or outsiders will find new abodes there? Gawadar's debate revolves around same question. Some steps are taken and more are needed to protect rights of locals who have first right to get fruits of development," he said.

He said that desert has a clean environment and what one must see was that the air was going to be polluted due to coal's extraction or will it affect water quality. Gorano's issue is all about groundwater aquifer due to storage of saline water. A displacement is there like any other project. Moot point is how it is to be compensated or resettled so that social engineering of community is not disturbed.

He remarked: "Development's human factor is crucial," and urged the company that has undertaken mining in the region to use technology in checking air pollution and water contamination.

"Growth of new houses in Islamkot indicates as if a katchi abadi is emerging. A planned development is needed for new settlement," said the economist.

He underscored the need for conserving cultural and religious heritage of Thar. "Two-thirds of Thar should be declared 'national park' with ban on multi-storey construction and establishment of smoke smack industry," he stressed.

SECMC's corporate social responsibility (CSR) wing head Naseer Memon, a writer who has recently joined the company, was mentally prepared for the protest. He tackled them politely, asking the audience to have a serious debate over the issues to raise macro-level questions. "I find Gorano reservoir a dot in Thar's future as many will surface when more companies start working," he said. The technical studies on disposal sites were done and they could be shared with others, he added.

The pandemonium started when journalist Sohail Sangi, himself a Thari, at the outset of the session objected that "company [SECMC] representative can hold a news conference to present its case. There is none to give community's narrative," Memon argued that Thar coal and Engro were not synonymous as 13 blocks were there, too. He that all pro-Sindh and pro-Thar forces should look at the issue seriously and if it was not done, then everyone would only rue something after five to 10 years.A former diplomat and head of Sindh Vision, Ali Mardan Rahujo, also expressed his views.

Inam Sheikh, Dr Shaheen Ashraf and Waheeda Mahesar discussed 'Challenges and opportunities to education sector'.

The session on 'Problems and prospects of higher education' also ended abruptly after Sindh University students registered their protest over increase in fees and provision of a charity's food to varsity students. They raised placards inscribed with such slogans in front of vice chancellor Dr Fateh Mohammad Burfat, who was sitting on the stage. He and Liaquat University of Medical and Health Sciences vice chancellor Dr Bikha Ram took part in the discussion.

https://www.dawn.com/news/1384379/gorano-controversy-dominates-thar-coal-project-session-on-last-day-of-hlf

HYDROELECTRIC POWER PRODUCTION DIPS 25% IN DEC 2017
The Express Tribune, January 23rd, 2018.

Although power production increased in Pakistan in December 2017 after the addition of several new coal, nuclear and wind power projects in recent months, but output of the cheapest source – hydel – dropped significantly.

Power production by hydroelectric power projects fell 25% to 1,231.53 gigawatt-hour (GWh) in December 2017 compared to 1,642.65 GWh in the corresponding month of previous year, according to the National Electric Power Regulatory Authority (Nepra).

The drop in production came despite better water management in dams and rivers this winter and the decline may be linked with prolonged overhaul of the projects as compared to the plan.

Overall production, however, improved 8% to 7,762.84 GWh in December 2017 from 7,199.66 GWh in December 2016. The increase in production came after several new gas, coal, nuclear and wind power projects started churning out energy.

Pakistan saw a fresh addition of over 5,000 megawatts in calendar year 2017. Over 80% of that was achieved with the help of imported liquefied natural gas (LNG) injection into the system.

In December, there was also a massive surge in power production from imported coal-fired projects in Punjab.

Power production from this source soared 360 times to 909.59 GWh from a negligible 2.53 GWh in December 2016, showed the data released by Nepra.

The sharp increase in the share of coal-based power production (12% in total energy mix compared to 0.04% a year earlier) offset a massive drop in hydroelectric and oil-fired electricity output. Production by furnace oil-fired projects fell 16% to 2,251.45 GWh from 2,673.30 GWh. Diesel-fuelled power generation slipped to 51.47 GWh from 60.62 GWh in December 2016.

The oil-based power production dropped after the government abruptly closed most of these plants with the start of LNG and coal-fired projects in October and November 2017.

It, however, allowed limited resumption of work at the oil-based power plants in December in a bid to address an emerging glut in the oil supply chain.

Local and imported gas-based power production remained stable in December despite the diversion of gas for domestic consumption in peak winter months.

The situation is expected to improve by next winter as public gas utilities – Sui Southern Gas Company and Sui Northern Gas Pipelines – are actively working on laying two additional pipelines from Karachi to Punjab.

These pipelines will transmit LNG from Karachi's seaports to Punjab where authorities have launched LNG-based power projects of around 3,600 megawatts.

Production from nuclear and renewable energy sources like wind and solar also went up in December 2017.

Power distribution companies have, in a petition filed to Nepra, sought a downward revision of Rs2.77 per unit in the tariff for December 2017.

The proposed reduction, which will take the tariff to Rs5.33 per unit, will not be applicable to the consumers of K-Electric, which is a privatised company that separately seeks the tariff revision.

To take a decision on the petition, Nepra has scheduled a public hearing for January 25 in Islamabad.

https://tribune.com.pk/story/1615480/2-hydroelectric-power-production-dips-25-dec-2017/

RENEWABLE ENERGY PROJECTS' PROGRESS REVIEWED
Business Recorder, 26 January 2018

ISLAMABAD: The Alternative Energy Development Board (AEDB) in its 42nd BoD meeting reviewed the progress of renewable energy projects and initiatives of the government and the AEDB for promotion of RE technologies in the country in view of the recent policy level decisions of the government.

Presided over by Minister for Power Awais Ahmad Khan Leghari, the Board meeting reviewed the AEDB (Certification) Regulations, 2017, approved earlier by the Board in its 41st board meeting, and approved certain amendments for streamlining the process certification of vendors/installers/service providers of solar systems and allowing certification of consulting firms related to such applications.

The board reviewed the progress made so far on the installation of net metering systems in the country since the launching of new consumer friendly framework for net metering by the Prime Minister on January 3, 2018 and appreciated the fact that there has been a significant increase in the installation of net metering systems. The board resolved to continue efforts for creating awareness amongst the masses on net metering in order to avail maximum benefit of renewable energy based net metering in the country.

The board reviewed the potential of wind energy in Balochistan on the basis of available studies and data and deliberated on the possible way forward to tap the wind energy potential in the province. In this regard, the board resolved to move forward on exploiting the wind energy potential in Balochistan by carrying out detailed resource assessment of potential areas in the province with good wind resource in collaboration and coordination with the provincial government and NTDC.

The board also considered certain organizational matters of AEDB for its smooth and efficient functioning and made decisions accordingly.

https://epaper.brecorder.com/2018/01/26/1-page/696161-news.html

NEWS COVERAGE PERIOD FROM JANUARY 15TH TO JANUARY 21ST 2018
CCOE DECIDES HOW POWER PROJECTS TO BE IMPLEMENTED
ISLAMABAD: The Cabinet Committee on Energy (CCoE) headed by Prime Minister Shahid Khaqan Abbasi has decided that only those power projects will be implemented out of the current list where either Implementation Agreement (IA) or Energy Purchase Agreement (EPA) have already been signed, sources close to Managing Director PPIB told Business Recorder.

The CCoE in its meeting held on December 12, 2017 also approved amendments to the Renewable Energy Policy 2006 (Framework 2013) as submitted by the Power Division and directed the Power Division to submit final draft policy with the proposed amendments to the Cabinet.
According to sources, the CCoE further decided that all projects based on wind, solar, small hydel and baggasse energy will be awarded through competitive bidding. Risks of hydrology, wind speed and solar radiation will be borne by the power seller.

The balance 600 MW projects space available in Quaid-e-Azam solar park in Punjab for solar based power projects would be selected through competitive bidding without exception. The space available in the current evacuation scheme in the wind corridors will be awarded through competitive bidding without exception.

The CCoE was of the view that all further baggasse based power plants should be awarded through competitive bidding and there will be no up-front tariff.

The induction of all new small hydel power projects will be through competitive bidding whereas all contracts arising out of competitive bidding would be for a term of 15 years.

The CCoE directed the Power Division that the draft policy on Renewable Energy be prepared with clearly and exclusively mention time lines for all actions required by all parties to complete each process.—MUSHTAQ GHUMMAN

https://epaper.brecorder.com/2018/01/16/1-page/694161-news.html

DESPITE BAN, PUNJAB SEEKS OFFERS FOR SOLAR PLANTS
The Express Tribune, January 19th, 2018.

Punjab Energy Secretary Asad Rehman Gillani has invited private sector to utilise the rooftops of public buildings across the province for renewable energy generation by installing solar panels.

The offer indicates that the provincial government still backs the investors in their drive to explore avenues of investment in renewable energy, though the federal energy committee has imposed a ban on installing solar power plants.

“We will try to fix things with the federal government and will give more facilities to the investors looking to explore the renewable energy potential in the province,” Gillani said while speaking to the business community at a ceremony marking the start of a 12-megawatt solar farm.

“Right now, solar energy is not considered a base load and is utilised only during peak load hours. We wish to shift solar energy to the base load for future energy needs of Punjab and the country,” he said.

He revealed that rooftops of around 80 to 100 public buildings had the empty space for installing solar panels. “I invite private-sector investors to utilise these public structures to tap the cheapest source of clean energy,” he said.

Speaking on the occasion, Spel Group Chairman Almas Hyder emphasised that renewable energy was the future and Pakistan should consider utilising its resources for meeting the future energy needs.

“We applied for establishing two solar power plants, but got approval for only one due to the federal government’s policy,” Hyder said. “Our system is so cumbersome that if any officer wants to help a private-sector investor, he can’t; he has to go through the hectic process before getting the approvals.”

Spel Group’s sister company AJ Power along with Chinese firm CSun Solar International has set up the solar power plant in Adhikot district, Khushab.

The 12MW plant has been established with an investment of $17 million and financing has come from Pakistani banks. The plant is spread over 182,502 square metres and is the first grid-connected project.

Construction of the project had started in June 2017 and it was connected to the grid at the end of November. Its commercial operation started on December 13, 2017.

Solar technology is getting cheaper with the passage of time, according to energy experts, as it now generates one megawatt at a cost of around $1 million. It costs around six cents per unit which makes it one of the cheapest sources of energy.

https://tribune.com.pk/story/1612295/2-despite-ban-punjab-seeks-offers-solar-plants/

GOVERNMENT SETS MARCH DEADLINE FOR ENDING OUTAGES IN LOW-LOSS AREAS
The Express Tribune, January 19th, 2018.

With little time left in its five-year tenure, the federal government has directed power distribution companies to remove all constraints by the end of March in order to do away with load-shedding in areas covered by low-loss feeders across the country.

The directive came in a special meeting with chief executive officers of all distribution companies, their technical staff, officials of Pakistan Electric Power Company (Pepco) and other officials concerned at the Power Division on Thursday.

In response to the power minister's directive, all distribution companies have established Constraint Removal War Rooms while Pepco has set up a special monitoring cell, headed by the general manager/chief engineer, to execute the plan by the end of March for ensuring zero load-shedding on feeders having 0-10% losses.

It was suggested that the distribution companies should equip the Constraint Removal War Rooms with CCTV cameras connected with the centralised monitoring system via communication link of the Power Information Technology Company for continued monitoring by the power minister.

Pepco and the distribution companies have already conducted technical surveys of the existing distribution network and have identified points of constraints on 132-kilovolt, 66kv and 11kv transformers.

In an attempt to remove these constraints before the onset of summer in 2018, all the distribution companies are dedicating their resources and energies to achieve the target by the end of March.

Pepco's monitoring cell will submit its report after every 10 days about the actions taken by the distribution companies. Power Division Minister Awais Ahmed Khan Leghari will supervise and oversee the execution of timelines.

He will also visit different constraint points to have first-hand knowledge and take action as per performance of the distribution company concerned. In the meeting, Leghari emphasised that after meeting the demand and supply gap, it was important for the government that consumers got electricity without any interruption during the upcoming summer season.

He also asked the distribution companies to end load-shedding in more consumer areas based on the percentage of losses as the system had surplus power.

https://tribune.com.pk/story/1612299/2-government-sets-march-deadline-ending-outages-low-loss-areas/

NEWS COVERAGE PERIOD FROM JANUARY 8TH TO JANUARY 14TH 2018
'CENTRE NOT ADDING LOCALLY GENERATED POWER TO NATIONAL GRID'
Dawn, January 8th, 2018

PESHAWAR: The Khyber Pakhtunkhwa government has shown concerns over non-connectivity of the 56 megawatts locally generated electricity to the national grid and described the delay as irresponsible attitude of the federal government with the province.

According to a statement issued here on Sunday, the power secretary held a meeting with all project directors to examine progress of work on the ongoing power projects in the province.

It said that 36.6 megawatts Daral Khwar hydropower project, 17 megawatts Ranolia hydropower project and 2.4 megawatts Machai hydropower project having total capacity of 56 megawatts had already been completed and started power generation.

Owing to non-connectivity to national grid and non-implementation of power purchase agreements with Peshawar Electric Supply Company, problems were being faced in that connection, it added.

It said that soon the issue would be discussed at high level forum for the solution.

The provincial government has shown satisfaction over the power production at Malakand-III hydropower complex and hoped that electricity generated by other power stations would be included in the national grid.

The statement said that Eng Naeem Khan, the secretary of energy and power, recently visited Malakandd-III hydropower complex and examined various parts of power station including power channel, spillway and power production unit thoroughly.

He held a meeting with stakeholders of powerhouse including the contractor, resident engineer and workers to find out their problems. He directed the contractor to resolve the issues faced by the workers of power house.

Eng Naeem Khan said that 35 megawatts electricity from 356 mini-micro power stations would be supplied to those areas of the province that were deprived of power. He said that some of the mini-micro power stations were in final phase of completion while some were completed that would be handed over to the communities soon.

During the meeting, the power secretary directed the project directors, contractors, consultants and other people working at various projects to comply with the recovery plan seriously and complete the schemes within the specified time period.

He said that penalty would be imposed on the contractors and consultants in case of unnecessary delay in completion of projects. He said that progress of work on power projects would be shared with Pakhtunkhwa Energy Development Organisation in its board’s meeting.

https://www.dawn.com/news/1381583/centre-not-adding-locally-generated-power-to-national-grid

KP FOR CONNECTING HYDROPOWER PROJECTS WITH NATIONAL GRID
Business Recorder, January 8th, 2018

The provincial government of Khyber Pakhtunkhwa has expressed concerned over the non-connectivity of generated cheap electricity from three hydropower projects having total capacity of 56 megawatt to nation grid and termed it as unjustified behavior of federal government to province. It has been decided to discuss this issue at high level for the solution.

Satisfaction has been shown over the power production performance at the biggest power station of KP Malakand III hydropower complex, 81 MW and hoping that other power connectivity will be made available to national grid from other power stations. In this context, Secretary Energy & Power Engr. Naeem Khan visited to Mkd-III HPC and examined various parts of power station including power channel, spillway and power production unit thoroughly. He further arranged a meeting with stakeholders of powerhouse ie O&M contractor, Resident engineer and workers in order to find out their problems. He directed the contractor to solve the issues facing by the workers of power house.

Meanwhile, the secretary power hold a meeting with all project directors in order to examine the work progress at ongoing power projects in KP. He stated that 36.6 MW Daral Khwar HPP, 17 MW Ranolia HPP and 2.4 MW Machai HPP having total capacity of 56 MW have already been completed and stated power generation but due to non-connectivity to national grid and non-implementation of power purchase agreements with PESCO, problems are being faced in this connection.

Soon the same issue will be discussed at high level for the solution. He further disclosed that electricity deprived areas of the province are being supplied of 35 MW electricity from 356 mini micro power stations which are in final touch of completion at present, as maximum stations have already been completed and will be handed over to communities as soon.

During the meeting secretary power has strictly directed to project directors, contractors, consultants and other stakeholders working at various power projects to comply the recovery plan seriously and complete their projects in specified time period. He further cautioned that penalty will be imposed to the contractors/consultants in case of unnecessary delay at project completion. He further informed that work progress of power projects will be shared in upcoming PEDO’s Board meeting.

https://fp.brecorder.com/2018/01/20180108333807/

NEWS COVERAGE PERIOD FROM JANUARY 1ST TO JANUARY 7TH 2018
POWER COMPANIES DIRECTED TO PROVIDE NEW CONNECTIONS
The Express Tribune, January 2nd, 2018.

Pakistan Electric Power Company (Pepco) has directed chief executive officers (CEOs) of all state-owned power distribution companies to provide the sanctioned and pending electricity connections, specifically for industrial and commercial consumers, without unnecessary delay.

The directive was issued by the Pepco managing director following a review meeting held in December. In a letter addressed to the CEOs, the Pepco managing director emphasised that early provision of power connections would help consumers avoid hassle and save opportunity cost due to loss of revenue to the public exchequer.

Taking notice of the cases referred to the Ministry of Energy (Power Division) and Pepco, the managing director said all the CEOs had the competent authority to take decisions without any limit on the power connection/load in their respective areas of responsibility.

He called for facilitating consumers at all levels with the warning if the situation did not improve in subsequent monthly reviews, Pepco may consider extreme measures like referring the matter for investigation by the National Accountability Bureau (NAB) and Federal Investigation Agency (FIA).

Last week, Power Division Minister Awais Ahmed Khan Leghari had announced that some heads would roll in the electricity distribution companies in January due to their poor performance.

“We are reviewing the performance of distribution companies and some of the heads will roll in January,” he said.

He was speaking at a press conference in Islamabad at the launch of mobile application “Roshan Pakistan” designed to give consumers access to vital information about their electricity bills and the supply situation.

Responding to a question about the measures taken to recover receivables of power companies that had gone up to Rs800 billion by September 30, 2017, Leghari clarified that collection of the receivables was one of the key performance indicators set by the government.

Of the Rs800 billion in receivables, Rs600 billion was due to be paid by the private sector.

https://tribune.com.pk/story/1598367/2-power-companies-directed-provide-new-connections/

ADB CONSULTANT FEATURED IN BODY FORMED TO FRAME ENERGY POLICY
The Express Tribune, January 3rd, 2018.

Minister for Power Division Awais Ahmed Khan Leghari flouted rules by issuing a notification for constituting a committee that comprises a consultant of the Asian Development Bank (ADB) and is tasked with framing the national electricity plan and policy.

This development indicates that the minister appears to be acting too fast and wants to take all matters in his control by ignoring the rules of business.

According to a notification issued on December 19, 2017 bearing the minister’s signature, a copy of which is available with The Express Tribune, he constituted a committee for drawing up the energy policy, which was a violation of the rules of business of the government.

A section officer of any ministry or division is authorised to issue such a notification.

In another interesting development, the minister issued the notification in line with the Regulation of Generation, Transmission and Distribution of Electricity Bill 2017, which had only been approved by the National Assembly. The Senate has not yet given its consent.

The minister also could not include a private member – the ADB consultant – in the committee that had the mandate to devise the electricity plan and policy. This is the second controversy that erupted in the Power Division since Leghari came at the helm in August 2017.

Earlier, the bureaucracy in the Power Division had opposed the writing of a letter to the power sector regulator – the National Electric Power Regulatory Authority (Nepra) – for seeking a review of the multi-year tariff for private sector electricity producer K-Electric.

However, the minister managed to write the letter in the absence of power secretary.

Later, the Power Division tried to rectify the situation and issued a notification to withdraw the letter.

Again, the Power Division came up with a new notification on December 26, 2017 with the minister's approval to constitute a separate committee comprising senior officials of the ministry, dissolving the earlier one comprising the ADB consultant. The committee will formulate the National Electricity Policy and National Electricity Plan, which will be tabled before the Council of Common Interests (CCI) in a bid to take provinces on board.

The committee will particularly focus on electricity generation, establishment of a market operator, wholesale electricity trading, transmission and distribution of electricity and creation of a retail electricity market.

It will also draft a five-year plan aimed at transition of the power market into a competitive multi-buyer regime, establishment of a guarantee fund and encouraging electricity trade on an exchange.

https://tribune.com.pk/story/1599212/2-adb-consultant-featured-body-formed-frame-energy-policy/

LCCI CHIEF URGES GOVT TO PROMOTE GREEN TECHNOLOGY ACROSS COUNTRY
Business Recorder, 6 January 2017
LAHORE: "Growing energy demand in Pakistan and environment-related challenges can turn aside by green technologies which are being experienced successfully in various countries around the globe."

Lahore Chamber of Commerce and Industry (LCCI) President Malik Tahir Javaid stated this on Friday. In a statement he said the developed countries are proactively pursuing and practicing strict environmental policies which have encouraged research & development in water purification, sanitation, sewage and wastewater treatment, waste management and waste-to-energy, production of bio-fuels, as well as generation of renewable energy from wind, biomass and solar power while situation in Pakistan is discouraging.

Citing an example, LCCI president said that Sweden is the first country in Europe which met the renewable energy targets, set by the European Union (EU) for 2020, well ahead of schedule. Renewable energy accounted for over 49 percent of total energy used in Sweden, he said.

The EU target calls for renewable energy making up for 49 percent of the total energy used in member countries by 2020, reducing emissions of greenhouse gases (GHGs) by 20 percent and ensuring 10 percent use of bio-fuels in total auto fuel consumption, he added.

"Sweden's successful experience and knowledge of implementing green technologies can be used by Pakistan by developing a sustainable civic and industrial infrastructure and realize rapid economic growth. There is a strong correlation between economic growth and reduction in waste, greenhouse gases, making optimum use of natural and human resources, and the production and conservation of energy to meet the environmental and human development challenges in a changing world," he added.

Malik Tahir Javaid asked the government to take immediate measures for promotion of green technology as the business community across Pakistan, is keen on acquiring economical and reliable alternative energy solutions to sustain their operations.

"Those countries should be approached and requested for technology sharing who have a wide range of green technologies for power generation, biogas and bio-fuels production, reducing carbon dioxide emissions and enhancing productivity and production in a sustainable and environment friendly manner. Pakistan has a big consumer market with a young population and an ideal environment for adapting green technologies using local renewable fuels," he said.

Malik Tahir Javaid suggested that a comprehensive energy plan should be prepared and implemented to maximize the use of renewable energy in Pakistan.

Pakistan trade partners in European Union can certainly play a major role in introducing, promoting and implementing environment friendly projects in Pakistan that are efficient, reduce carbon dioxide emissions and increase productivity, he said.

He said there is an abundance of waste, biomass, slaughterhouse waste, sewage, sunlight throughout the year, good wind conditions and small and large-scale hydropower potential in Pakistan. By using green technologies, Pakistani governments and companies can overcome many development challenges including the growing energy demand and protecting the environment, he added.

He further said the agricultural diversity of Pakistan provides many natural resources and raw materials to set up high value added smart industries to produce innovative globally user friendly products. "There is definitely a big economic opportunity here that we would like to see becoming a reality," LCCI chief added.

https://epaper.brecorder.com/2018/01/06/2-page/692191-news.html

CHINA'S SUPPORT HELPS PAKISTAN OVERCOME POWER SHORTAGE
Business Recorder, 6 January 2017

BEIJING: China's solid support helped Pakistan successfully overcome its chronic power shortage as well as giving boost to overall socio-economic development, says an article published in Chinese media on Friday.

China-Pakistan Economic Corridor (CPEC) is testimony of China's faithfulness and sincerity to Pakistan in promoting country-to-country relationship.

The early-harvest projects under the CPEC helped Pakistan to manage the electric power shortages in record time of less than five years. Several mega infrastructure projects are also changing the Pakistan landscape.

The CPEC is an economic and strategic project offering China its shortest link with the Middle East, North Africa and Europe. But China has said the CPEC is not limited to Pakistan, and other nations can join it.

If India, Iran, Afghanistan and Central Asian States became part of it, the entire outlook of South and Central Asia regions would change.

India should realize that by opposing the CPEC, it is playing a strategic game potentially good for some living far away but not for the region. So, Indian leaders have to make a choice. Hopefully India can adjust its policies, as traditionally it has avoided acting as proxy for big powers and should do so again.

The article says, “A truly cooperative Sino-India relationship would be good for both and the periphery. Let us see if India becomes part of efforts to contain China or maintains freedom of action. India’s polices will determine the nature of its ties with China in 2018 and afterwards.”

However, this may be too big an expectation in the prevailing conditions. China is developing fast and will soon graduate as a major power and take up several roles in the coming years, previously reserved for the United States. After managing its economic advance, China is spreading out and the success of Belt and Road Initiative (BRI) is a powerful testimony to that.

Foreign Minister Wang Yi visited New Delhi in December last year to attend the India-China-Russia trilateral talks. This was the first top-level official Chinese visit to India after the Donglang (Doklam) standoff that brought the two Asian giants to the precipice.

It was a powerful signal that China was ready for a new beginning in ties by moving forward from the border tensions of 2017. The visit also reflects China’s traditional commitment to a peaceful neighbourhood, needed to maintain the trajectory of growth.

Wang spelled out policy in an article published in the Indian newspaper Deccan Herald on December 11, writing that China was working “to maintain stability in our neighbourhood and the sound momentum of regional cooperation.” He also said China was willing to build sound ties with all neighbouring nations, including Japan and South Korea.

China values the good-neighbourliness and friendship between the two countries as we are each other’s big neighbours and both ancient civilizations.”—INP

https://epaper.brecorder.com/2018/01/06/3-page/692196-news.html

February 2018

NEWS COVERAGE PERIOD FROM FEBRUARY 26TH TO MARCH 4TH 2018

TARBELA POWER PROJECT’S UNIT BEGINS OPERATION

Dawn, February 27th, 2018

HARIPUR: The first of the four units of the Tarbela Dam’s 4th Extension Hydropower Project began producing electricity here on Monday.

Wapda chairman retired Lt-Gen Muzammil Hussain inaugurated the unit by pressing a button during a ceremony attended by the relevant officials and representatives of local and foreign consultancy and contractor companies.

The Wapda chairman said the project would help ensure ‘energy security’ in the country.

He said the unit’s operationalisation had added 470 megawatts of electricity to the National Transmission System and that the entire project would contribute a total of 1,410MW to the national grid by May this year.

The Wapda chairman said under the project, three electric power generating units, each with a capacity of 470MW, had been installed at the dam’s Tunnel 4.

“The first unit has begun operation, while the second is scheduled to be commissioned by the end of April. The third and fourth units will begin generating electricity by the end of May this year,” he said.

About the end to power crisis, the Wapda chairman said the authority was committed to adding 2,487MW of low-cost hydel electricity to the national grid by June 2018 with the phased completion of its three hydropower projects, including 108MW Golen Gol, 969MW Neelum Jhelum and 1410MW Tarbela Dam’s 4th Extension.

He said by generating 2487MW of electricity, the three projects would bring about a real economic development in the country.

The Wapda chairman said Prime Minister Shahid Khaqan Abbasi would formally inaugurate the Tarbela 4th Extension Hydropower Project in the second week of March.

After the project’s successful execution, the Tarbela hydropower station’s capacity will increase to 4,888MW from the existing 3,478MW.

The project will provide 3.84 billion units of electricity to the national grid annually with its annual benefits being estimated at Rs30 billion. It will pay back its cost in three years.

https://www.dawn.com/news/1392043/tarbela-power-projects-unit-begins-operation

SHEIKHUPURA-PESHAWAR: BIDDING WAR ENSUES AS 150 COMPANIES VIE FOR BUILDING OIL PIPELINE
The Express Tribune, February 27th, 2018.

Inter State Gas Systems (ISGS) has received encouraging response to its tender floated for building an oil pipeline as 150 companies have bought tender documents to participate in bidding to win the multibillion-rupee contract.

A senior government official told The Express Tribune that many companies from China, Turkey and Russia have bought bid documents. Officials consider it a good sign that multinational companies are also participating in the bidding, hoping for increased and healthy competition.

The official said contract would be awarded on build-operate-transfer (BOT) basis and healthy competition would help in securing a low tariff for transporting oil through the pipeline.

ISGS – a state company set up to handle gas import projects – had floated the tender inviting companies to build a Rs56-billion oil pipeline from Sheikhupura to Peshawar with the intention of curbing oil theft and monopoly of oil tanker owners who have been threatening to stop oil supplies across the country. Feasibility study of the project had already been conducted.

“We have received a massive response from investors keen on building the oil pipeline,” ISGS Managing Director Mobin Saulat told The Express Tribune.

ISGS board of directors had already cleared the project for implementation. It is expected to be completed within two years.

Estimated cost of the pipeline is Rs56 billion, but it may vary as the bidding process will determine the cost for each section of the pipeline.

The bidder will have the choice to tender for any or all the sections. ISGS will have the option of taking over the pipeline in 15 years.

At the end of the contract period, the facility is to be transferred to ISGS in a maintained and operational condition, at no cost and with assurances of operability for the next 25 years by a certified authority.

The pipeline system will be designed to meet a 40-year life cycle which will be extended, if needed, through future maintenance.

Oil tanker owners have been calling strikes to suspend oil supply across the country which has been a matter of grave concern for the government. They have also been allegedly involved in oil theft at different depots of Pakistan State Oil (PSO) and power plants.

In order to ensure a smooth supply of oil and avoid theft, the Petroleum Division has planned to lay the oil pipeline and assigned the task to ISGS to work as a designated company to float a tender.

ISGS has been dealing with gas pipeline projects like Iran-Pakistan, Turkmenistan-Afghanistan-Pakistan-India (Tapi) and North-South in the past as well.

At present, oil tankers transport petroleum products and different incidents have forced authorities to re-think the model. According to estimates, furnace oil worth $200 million is stolen every year during transportation. Given the situation, oil pipelines become a safer mode of transportation, say experts.

Domestic refineries produce 13 million tons of petroleum products per annum against the current demand for over 24 million tons. Consumption is expected to rise to 26 million tons in coming years.

The balance is imported through tenders by PSO and private sector oil marketing companies (OMCs). Demand for petrol and diesel is growing at 20% and 10% per annum respectively.

https://tribune.com.pk/story/1645646/2-sheikhupura-peshawar-bidding-war-ensues-150-companies-vie-building-oil-pipeline/

US TO ASSIST PD IN ESTABLISHING RENEWABLE ENERGY INSTITUTE
Business Recorder, 28 February 2018

ISLAMABAD: The United States will explore ways and means to assist Power Division (PD) in establishment of Pakistan's First Renewable Energy Institute and also share the expertise of the US National Renewable Energy Laboratory to enable it to work as per international standards.

This was indicated by the US Ambassador to Pakistan, David Hale who met Federal Minister for Power Division, Sardar Awais Ahmed Khan Leghari on Tuesday. The US will also consider assisting Pakistan in the formulation of National Energy Policy and National Electricity Plan.

On February 15, 2018, Senate Standing Committee on Energy had approved PPIB (amendment) Bill 2017 with slight amendments which will be resubmitted to National Assembly for approval. The establishment of Energy Institute is part of the amended Bill.

During the meeting the federal minister for Power Division informed the US ambassador that the government has initiated the process of interaction with all the provinces and the federating units for formulation of Energy Policy and the National Electricity Plan. In this regard, the government has also decided to take into consideration various proposals of the power sector potential stakeholders including the service providers during the formulation of the policy and plan.

The minister appreciated the US General Electric Company for its repowering initiative proposal that includes conversion or rehabilitation of the existing power generation units across Pakistan. He said that he has asked GE to be part of the process of energy policy and electricity plan.

The federal minister underscored the need for deep cooperation between Pakistan and the USA in the renewable energy sector. He said that renewable energy is the only way forward to meet the energy requirements of Pakistan.

The minister also informed the US ambassador on the progress made so far by the Power Division for establishment of Pakistan First Renewable Energy Institute. He said that LUMS has also shown keen interest to house the institute, and has sent it's proposal in this regard. He said that HEC and AEDB are finalizing which university in Pakistan to house the Institute.

The US ambassador appreciated the Power Division's initiative for establishment of the Renewable Energy Institute. He also underscored enhanced cooperation between the two countries in the energy sector.

The US ambassador also assured that a focal person for energy in the US Embassy will be appointed soon who will frequently interact with his counterpart in the Power Division.

The US is extending substantial financial assistance to Pakistan in power sector through USAID.

https://epaper.brecorder.com/2018/02/28/3-page/702275-news.html

ENERGY SECTOR CIRCULAR DEBT TOUCHES RECORD RS922 BN
Dawn, March 02, 2018

ISLAMABAD: Pakistan' energy sector's circular debt is estimated to have gone beyond a record Rs922 billion mark by end of November 2017.

According to a report submitted to the parliament this week, the Ministry of Finance has put the amount of circular debt at Rs472.678bn as of November 30, 2017.

The report, however, did not explain that another Rs450bn debt was separately parked with Power Holding Private Limited (PHPL) — a subsidiary of the power division — created to raise funds from commercial banks and is financed through surcharges built into the consumer tariff.

Minister of State for Finance Rana Muhammad Afzal Khan reported that the amount of the said circular debt (Rs472.678bn) of the sector payable to power generators, short term in nature, did not appear in annual State Bank report of 2016-17. The report only indicated long-term loans payable by economic groups of domestic and foreign financial institutions.

The finance ministry's report put the payables to oil and gas sector at Rs103bn, including Rs89.4bn to Pakistan State Oil (PSO). The dues to oil and gas companies had stood at Rs71bn in December 2013.

This is despite the fact the PSO had reported Rs285bn receivables from the power sector earlier this month. This also meant that the federal government's capping plan three years ago to trim down the circular debt to Rs204bn by mid-2018 was falling apart.

The ministry reported payables to Hub Power Company at Rs70bn in November this year, slightly lower than Rs75bn in 2013. By contrast, the dues to Kot Addu Power Company surged to Rs73bn in November FY18 against Rs41bn in 2013. Likewise, the bills to AES also increased to Rs19bn compared to Rs11bn four years ago.

Including these major companies, total payables to all the independent power producers were reported at Rs288bn this year versus Rs270bn in 2013. Payables to Wapda hydro and others were reported by MoF at Rs52bn this year in contrast to Rs138bn four years ago.

As such, the total fresh flow of circular debt has now reached Rs472bn as of November 30, 2017 after clearance of Rs480bn in 2013, soon after the PML-N came into power.

The finance ministry reported servicing of PHPL debt at Rs17.558bn but did not report the total stock of debt on PHPL books that now stands at about Rs450bn compared to Rs335bn in 2013.

Power Minister Sardar Awais Ahmad Khan Leghari recently conceded that the power sector losses which amounted to about Rs120bn were now estimated at Rs360bn per annum as transmission and distribution losses dropped only 1.2 per cent in four years while the supply increased significantly.

This was despite the fact that the power division had reported to the cabinet committee on energy in August 2017 that overall recoveries had improved to 93pc compared to 88-89pc in 2014. A series of surcharges were imposed over the last four years and oil prices witnessed a historic fall.

The additional costs to consumers included about Rs4.50 per unit through a series of surcharges, like tariff rationalisation and financing cost etc, and about Rs1.50 per unit by withholding notifications on tariffs determined by the regulator 2015-16 onwards.

https://www.dawn.com/news/1392681/energy-sector-circular-debt-touches-record-rs922bn

NEWS COVERAGE PERIOD FROM FEBRUARY 19TH TO FEBRUARY 25TH 2018
PAKISTAN SELLS SECOND-MOST EXPENSIVE DIESEL, SECOND CHEAPEST PETROL IN REGION
The Express Tribune, February 19th, 2018

It is the government's job to present a rosy picture of the economy. After all, no political party would admit that the economic structure has weakened, numbers are disappointing, and that no real progress has been made during its tenure.

But there are some claims that are verifiable. For example, the government last week stated that petroleum products in Pakistan were the cheapest in the region. The claim, which surprised many given the high amount of tax rates levied on petrol and diesel, was found to be quite the exaggeration.

The price of diesel, which has a huge impact on the local economy given its massive consumption in commercial and industrial output, is second-highest in Pakistan, after India, in the region.

When it comes to petrol, Afghanistan remains the cheapest, according to globalpetrolprice.com, a renowned website.

The website, which tracks the prices of petroleum products in 150 countries and publishes them on a weekly basis, reports that diesel was priced at $0.87 for a litre in Pakistan as on February 12, which makes it the second-most costly country for the fuel after India ($1.03 per litre) in the South Asian region.

Other regional economies, including Sri Lanka, Nepal, Bangladesh, Bhutan and Afghanistan are selling the industrial fuel at a comparatively lower price than Pakistan is. The website did not publish the fuel oil price in the Maldives.

Additionally, Pakistan sells petrol (motor spirit) for $0.76 per litre to its masses (mostly to motorcyclists and car drivers), which is the second-cheapest – not the cheapest – in the region after Afghanistan, which ironically depends on Pakistan for its imports. Kabul has priced it at $0.65 to the litre.

Price of the fuel remains comparatively high in other regional countries, according to the website.

South Asia remains a net importer of oil. Almost all regional countries import heavily to meet commercial, industrial and transportation needs. Pakistan, for example, meets 70% of its total consumption through imports. The rest is met through local production.

Since all countries are net importers – which means they are price followers – the difference in prices is due to the levy of taxes at the retail level, and provision of subsidy the government keeps to control inflation.

Pakistan, as per the report the petroleum ministry submitted in the National Assembly last week, is charging high tax rates on diesel and petrol to meet its revenue target and smoothly run affairs. The country does suffer from low tax collection and taps on indirect taxes to shore up its collection.

Pakistan sells diesel at Rs95.83 ($0.87) per litre at the retail level. This includes Rs40.74 in taxes, which comes to 42.5% of the retail price. Similarly, it collects 40.5% (Rs34.24 per litre) tax on petrol priced at Rs84.51 ($0.76) in retail.

The government keeps adjusting these rates as it looks to strike a balance between controlling inflation, its vote bank, and meeting revenue targets.

For example, tax rates were adjusted (increased) to keep the revenue stream going even as the price of oil collapsed in the international market in January 2016. The price of Brent crude plunged to around $35 a barrel from around $140 in 2008, but the effect in Pakistan wasn't as profound. Brent stood at $64.5 on Friday.

With wild fluctuations in the international price, the government has looked to increase tax rates, denying the full impact of the low price in order to keep its collection at the original budgeted estimates.

All Pakistan Textile Mills Association's (APTMA) Chairman Aamir Fayyaz Sheikh the other day said that the country has become uncompetitive in textile exports due to the energy tariff, which is significantly higher when compared to rates in competing nations such as Bangladesh, India and China.

"Energy price for yarn manufacturers in Pakistan is almost double than that in competing nations," he said.

Many competitors, including Bangladesh and China, provide subsidy on energy to their industrial sectors to remain competitive.

In Pakistan, however, high rates of taxes have taken toll on inflation readings as well, increasing its pace and pushing back interest rates northwards. If the trend continues, the days of increasing economic growth may be over.

https://tribune.com.pk/story/1638458/1-pakistan-sells-second-expensive-diesel-second-cheapest-petrol-region/

ENI LIKELY TO GRAB BIGGER SLICE OF PAKISTAN'S LNG MARKET
The Express Tribune, February 24th, 2018

Italian energy major Eni is likely to capture a larger share of Pakistan's liquefied natural gas (LNG) market by enhancing supplies to feed power plants in Punjab as both countries push ahead with a government-to-government deal for energy cooperation.

Already, Eni has secured a long-term contract for the supply of 100 million cubic feet of LNG per day (mmcfd) to Pakistan. It won the contract after competing with other companies in a tender.

Now, the two governments are working on a separate agreement without going through the bidding process. The Italian government has nominated Eni for LNG supplies.

Earlier, Eni had explored oil and gas reserves across the country.

At present, Pakistan has a 15-year LNG purchase agreement with Qatar on a government-to-government basis and gas imports are being handled at the first LNG terminal at Port Qasim. It has handling capacity of 600 mmcfd.

The second LNG terminal has also been set up to handle another 600 mmcfd to meet needs of three LNG-based power projects in Punjab that have 3,600-megawatt power generation capacity.

In a bid to step up gas purchases to bridge the energy deficit, the government has planned to ink import deals with different countries like Oman, Russia, Malaysia and Italy.

The cabinet, in a meeting held in the second week of February, was reminded that it had given approval on December 6, 2017 for inking an inter-governmental agreement (IGA) and issuing a Letter of Intent (LOI) to the Italian government. Thereafter, the Petroleum Division through the Foreign Affairs Division shared a draft IGA with Italy for its views and comments.

Later, the Italian government conveyed its intent to sign the IGA, saying the agreement would be supported by the LOI that would contain all operational details relating to the agreement.

The cabinet was informed that the Foreign Affairs Division had not objected to the signing of the proposed agreement from the political point of view and the Law and Justice Division had also cleared the IGA and LOI from the legal perspective.

Italian Ministry of Economic Development and Pakistan's Petroleum Division will coordinate and exercise control over implementation of the IGA and LOI.

A subsequent LNG sale and purchase agreement will be executed by Italy's Eni and Pakistan LNG Limited or any other relevant entity to be nominated by the Pakistan government.

The government has inked two contracts for LNG purchase that is being received at the second terminal. Eni is supplying 100 mmcfd under a 15-year contract at 11.64% of Brent crude oil price.

Global commodity trader Gunvor is supplying another 100 mmcfd in a five-year contract at the same 11.64% of Brent crude price.

Separately, Pakistan LNG Limited is arranging 400 mmcfd through spot purchases.

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https://tribune.com.pk/story/1643205/2-boosting-market-share-eni-likely-grab-bigger-slice-pakistans-lng-market/

NEWS COVERAGE PERIOD FROM FEBRUARY 12TH TO FEBRUARY 18TH 2018
POWER SECTOR COULD SEE 'MARKET OPERATOR' UNDER NEW REFORMS
Dawn, February 14th, 2018

Khaleeq Kiani

ISLAMABAD: The government has started the process for transformation of Central Power Purchasing Agency-Guarantee (CPPA-G) as an independent operator of the country's electricity market from its existing role of a billing and financial settlement agent of the distribution companies.

An application to register CPPA as a 'market operator' was admitted by the National Electricity and Power Regulatory Authority (Nepra) in July 2017. Having taken stakeholder comments, Nepra is now moving ahead to a public hearing to be held on March 6.

As market operator, the transformed CPPA-G will be responsible for almost all buying and selling of electricity at market prices, from power generation to transmission and distribution companies and enable third-party private players as well.

The CPPA was originally a part of the National Transmission and Despatch Company (NTDC) and then separated as a CPPA-G licencee through a business transfer agreement (BTA). Under that agreement, NTDC became the transmission network operator or system operator, while CPPA-G took over the role of market operator although at a limited scale.

Separately, the government is working on market development on the Turkish model to ensure that competitive electricity markets take shape by 2020 under various covenants from international lenders. As part of this, the CPPA-G has to develop and expand core functions like strategy, corporate planning, information technology, energy demand and supply forecasting mechanism and taxation.

As part of the process, the National Electric Power Regulatory Authority (Nepra) has accepted a petition from the CPPA-G for issuance of a formal licence and market structure and will be holding a public hearing process early next month.

The authorities have been engaged with Turkish authorities at different levels to emulate their reform process. Turkish power market, according to CPPA-G, has been reformed with great success since 2001 when the Turkish electricity market was in doldrums like currently in Pakistan. The market conditions back in 2001 were very similar to Pakistani market conditions recognised with non-payments and cash flow issues, high losses, long-term generation contracts backed by government sovereign guarantees and fewer investments.

Starting with unbundling of the power sector companies, Turkey created an independent market operator and around two dozen distribution companies. At present, Turkey also have a private and independent market operator, a transmission or system operator, public and private generators and one regulator.

About 30 per cent shares of the Turkish market operator were held by the stock exchange (Borsa Istanbul), another 30pc by the public sector and remaining 40pc shares are traded. The market operator is responsible for management of energy market through transparent operations of both, electricity and gas, by operating as power exchange of Turkey. It also provides the counterparty guarantee of all the transactions and billing and settlement of payments.

Until recently, the Turkish market had around 950 electricity market participants of various nature and trading is taking place on an intraday basis and what is called the Day Ahead Market. The prices are quoted for the intraday and for a day later.

The government claims that after the introduction of liberalised and transparent market following operationalisation of a market operator, the private investments in the power sector increased manifold and no investment required sovereign guarantees from the government as was the case in the previous structure.

It said the Turkish electricity market was moving towards complete freedom for consumers where all the consumers have the liberty to make bilateral contracts for buying electricity from whichever retail company or generator they choose to. Before the liberalisation and privatisation of the distribution companies in Turkey, in some areas, losses due to non-payments were as high as 80pc.

Non-collection was a prevalent culture. However, after the transition, Turkey has been able to substantially reduce power sector losses. Currently, the highest losses were below 40pc.

The CPPA-G is currently in the process of preparing its integrated business plan to lay out scope, time and cost of various initiatives necessary to facilitate a power market transition.

https://www.dawn.com/news/1389251/power-sector-could-see-market-operator-under-new-reforms

GOVT AXES KEY POWER SECTOR LOAN FOR BILLING IMPROVEMENT
Dawn, February 15th, 2018

Khaleeq Kiani

ISLAMABAD: After paying about $1 million in commitment charges, Pakistan has rejected an Asian Development Bank (ADB) driven $5 billion programme for installation of Advanced Metering Infrastructure (AMI) meters across its power distribution network that was aimed at accurate billing, improved collection and theft reduction.

“The ADB-funded AMI programme (smart metering) had many shortcomings and has been rejected by our Distribution Companies (Discos). There were too many long-term risks for consideration against a nominal fine or commitment charge. The chapter stands closed now,” confirmed a senior official declining to be named.

However, he showed official record to Dawn that suggest the government has now asked the Manila-based lender to divert $1 billion first part of the financing to some other critical areas of distribution network even though a team of ADB threatened the move could ‘blacklist’ its distribution network from future financing.

“If it is closed abruptly, the programme credit rating will be ‘unsatisfactory’ and the ADB board may not approve any future funding for the distribution sector in Pakistan”, a senior ADB official is reported to have recently told Power Minister Sardar Awais Ahmad Khan Leghari in the presence of a number of senior officials from both sides.

The ADB-funded project aimed to automate meter reading

The official said the programme involved replacing 30 per cent existing meters from all Discos, starting with two selected companies and would have run almost a decade to complete and therefore found to be unfeasible. He said the government believed the metering and billing improvement should flow from private sector investment and not through loans that finally attract almost 17pc interest for Discos.

As a consequence, the tendering process initiated by two Discos — Lahore and Islamabad Electric Supply Companies — has been terminated ab initio. “It is better to pay $1m at this stage instead of bleeding the power companies and the consumers for a decade to come,” the official asserted. The programme did not involve a guarantee for post-installation performance and operation and maintenance (O&M) aspect was left open ended.

At the last moment, the ADB offered to introduce O&M aspect for other companies provided the installation of meters in first company — Islamabad — was allowed to move forward as planned. The government rejected the proposal.

The federal government and the board of directors of Discos believed the existing staff at power companies could not be expected to own, maintain and run the AMI infrastructure because it went against their culture and interests. Instead, the private investors should be the better option that could deliver such a programme and win profits through performance.

The ADB contested that it had been working on the project for almost 15 years and designed it in a manner that the AMI network should be connected with banks for payments and provide authentic monitoring at every level and reporting of loadshedding at every feeder. Besides the meter at the consumer premises, two other meters were to be installed — one each at the transformer and the feeder of the grid — to complete a metering tree.

The government had already approved the AMR (automatic meter reading) projects for a number of distribution companies at the level of Central Development Working Party (CDWP) and the Executive Committee of the National Economic Council (Ecnec).

Mr Leghari believed the quantum of overbilling in the distribution network was beyond imaginable levels and a programme designed and implemented externally could not be expected to perform.

Also, it was a contradictory approach to contract foreign loans for the distribution network that lacked institutional capacity and willingness to operate and maintain it, more so when these businesses were on path to privatisation and ultimately lead to creation of a commodity exchange for electricity trading.

The power minister is reported to have told the ADB team that its relationship with Pakistan was too strong to be impacted by shifting of a loan to an alternate area or cancellation of project at the initial stage instead of wasting time, money and effort without positive outcome.

The loan was envisioned in 2002 as part of the larger power sector reforms of that time. Negotiations began in 2012 and the loan was made effective in 2016. If on track, it was scheduled to begin this year.

https://www.dawn.com/news/1389425/govt-axes-key-power-sector-loan-for-billing-improvement

FURNACE OIL IMPORTS RESUMED
Dawn, February 17th, 2018

Khaleeq Kiani

ISLAMABAD: After a three-month moratorium, the government has ordered the state-run Pakistan State Oil (PSO) to arrange import of 180,000 tonnes of furnace oil for the power sector.

The directive came as the country's largest fuel supplier is struggling to recover around Rs335 billion receivables mostly from the public sector entities and has been running from pillar to post for Rs100bn disbursements by the government. Its receivables have increased from Rs302bn since Oct 14, 2017.

The PSO has been asked to order three shipments of furnace oil, each containing 60,000 -65,000 tonnes, to meet fuel requirements of power plants, particularly in Karachi.

PSO directed to order three shipments for power sector

A senior official at the petroleum division said the PSO had been asked to import three furnace oil shipments that it had put on hold when the cabinet committee on energy (CCE) placed a ban on furnace oil imports on Oct 27, 2017.

Describing the fresh imports as 'one-off', the official said the PSO has been asked not to entertain any direct import orders from the power companies or the power division and route their request through the petroleum division for formal approval from the cabinet committee on energy.

Even after the CCE approval, PSO would have to make import arrangements through its 60-day cycle and that too after optimal utilisation of local refinery production.

He said the K-Electric had requested PSO for some fuel imports as its stocks at Bin Qasim plant dropped below single-day consumption but was told that the CCE had imposed a ban on furnace oil import and hence it should seek government approval for fresh imports.

The power division suggested that local stocks should be supplied to the KE but PSO warned that in case of a diversion of local stocks it would not be possible to meet Hub Power Project's requirements. Besides KE, some Punjab-based power plants also required some stocks for backup.

Even though total furnace oil stocks currently stood around 360,000 tonnes, these were spread almost across the country and almost 8000 Megawatts (out of total 9500MW) worth of furnace oil-based plants currently did not have stocks even for one day.

The official lamented that PSO's receivables had gone past all previous records and non-recovery of around Rs334bn was putting a question mark on its financial management. He said the government had refused to provide any cash injection to the PSO at this stage in view of fiscal deficit limits.

He said the government has been indirectly helping PSO through foreign exchange arrangements under Foreign Exchange-25 Scheme and even that credit limit worth $600 million had already been exhausted. "This needs to be increased by the government", he said.

Officials said the Rs334bn receivables of PSO included Rs285bn from the power sector including Hubco's Rs86bn and Kapco's Rs43bn.

On top of that, a fresh stream of circular debt was now flowing from the Sui Northern Gas Pipelines Ltd (SNGPL) on account of Liquefied Natural Gas besides Pakistan International Airlines' chronic defaults worth Rs16bn.

Officials said the SNGPL was facing difficulties in recovering LNG-related dues after the LNG-based plants struggled consuming its import quantities, resulting in its diversion to other consumers having longer billing cycle.

Total payables of PSO currently stood at Rs84bn including almost Rs70bn to foreign suppliers and about Rs15bn to local refineries.

The PM office had ordered the power and petroleum divisions on Oct 27 to shut down furnace oil-based plants even though the power sector authorities had placed import orders on Oct 25. As a result, the furnace oil storages were topped up, affecting production of other petroleum products and the challenge was gradually resolved through increase of some stocks by power plants.

Most of the stocks were consumed during canal closure period between Dec 25 and Jan 31 and minimal hydropower availability.

https://www.dawn.com/news/1389819

NEWS COVERAGE PERIOD FROM FEBRUARY 5TH TO FEBRUARY 11TH 2018

PUNJAB DISPLACES SINDH AS LARGEST CONSUMER OF GAS
The Express Tribune, February 10th, 2018.

Gradual increase in the import of Liquefied Natural Gas (LNG) is helping Pakistan overcome its energy shortfall with the passage of time.

Punjab has, however, emerged as the single largest beneficiary of both; the imported LNG and locally produced natural gas.

According to the Oil and Gas Regulatory Authority's (Ogra) Annual Report 2016-17, Punjab replaced Sindh as the single largest consumer of gas. It utilised 47% of the total 2,915 million standard cubic feet per day (mmscfd) of the fuel during the year under review, compared with 42% of 2,727 mmscfd last year and left Sindh behind in consumption.

Sindh largely failed to take benefit of the imported LNG, as its share in total consumption fell to 43% compared to 46% last year.

Khyber-Pakhtunkhwa (K-P) and Balochistan's ranks in consumption remained unchanged at third and fourth position, respectively. However, K-P's consumption fell to 7% from 10%, while Balochistan consumption remained unchanged at 2%.

Pakistan needs 7 billion cubic feet per day (bcfd) of gas to meet its requirement. Out of this, 3.9 bcfd is covered by domestic production and 1.2 bcfd comes through imports.

Surprisingly, the share of Punjab in total gas production remained negligible at 3% in both years; FY16 and FY17. This, however, was standing at 5% two years ago in FY15.

Despite a notable drop in production, Sindh maintained its number one rank at 56%, compared to 63% last year. Balochistan produced 13%, compared to 17%, while K-P generated 12% compared to 7%.

The share of imported LNG gas in total gas supplies stands at 16% in the year, the regulator said.

The federal and provincial governments have set up three imported gas-fired power plants with total capacity of 3,600 megawatts in Punjab. They have luckily come online and are believed to increase production with availability of more gas into the system. Recently, the provincial government has initiated the fourth LNG-fired power plant of 1,200MW.

The federal government has recently tasked the two gas utility firms; Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) to lay down the third gas pipeline from Karachi to Punjab to increase gas transportation to LNG-based power plants and CNG filling stations and commercial and industrial users.

On the contrary, Sindh which remains the single largest producer of gas and facilitating transportation of imported gas to Punjab, continued to face gas outages and low gas pressure in the province, particularly at commercial (including CNG filling station), industrial zones and residential areas.

Ogra reported that the power sector emerged as the single largest consumer of available gas in the country. It utilised 32% of the gas in FY17, followed by fertiliser and residential at 21% each. Captive power plants used 11%, general industry 9% and transport utilised 5% of the total gas in the year.

https://tribune.com.pk/story/1630870/2-punjab-displaces-sindh-largest-consumer-gas/

March 2018

NEWS COVERAGE PERIOD FROM MARCH 26TH TO MARCH 31ST 2018

NO IRREGULARITY IN SOLAR POWER PROJECT: GOVT

Dawn, March 26th, 2018

LAHORE: The Punjab government says the Auditor General of Pakistan's `preliminary observations' about the solar power project in Bahawalpur are not based on facts.

The AGP report (published in Dawn's March 24 issue) said its auditors have detected irregularities in the award of the engineering, procurement and construction (EPC) and operation and maintenance (O&M) contracts for the establishment of 100 megawatt solar plant under the Quaid-i-Azam Solar Power Private Limited (QASPL) to a private firm.

According to the government spokesman, the contract was awarded to the lowest bidder strictly in accordance with the requirements of the bidding documents making it a highly successful and profit-earning project of the public sector.

Similarly, the entire process was highly transparent and competitive. It said Oct 19, 2013, newspapers confirm that 37 days notice was given to the bidders before bid opening date of Nov 25, 2013, as against the AG office reported period of 18 days.

Furthermore, the spokesman said that independent technical opinion as well as top noted financial and legal experts found the process to be in line with the bidding documents. Besides, all the requirements of the bidding documents were transparently advertised and made available to all the bidders.

"The very participation in the process without any reservation is an act of acceptance of all terms and conditions. As such raising any objection to any clause is totally unjustified and objection for the sake of an objection."Moreover, the spokesman pointed out that project has been running successfully and earning profit for the public sector and is capable to continue doing so for the designed life of the project.

"The Audit Department has been conveyed the factual position and it is highly expected that the preliminary observations shall stand settled after due verification of the facts narrated herein. The other observations regarding hiring of the consultants and the honorary consultant who worked in the best national interest, are equally frivolous and likely to be settled on verification of facts."

https://www.dawn.com/news/1397540

CABINET WORRIED OVER DELAY IN 6,000MW POWER PLANTS
Khaleeq Kiani

Dawn, March 26th, 2018

ISLAMABAD: The federal cabinet is worried over inordinate delays in completion of about 6,000MW of power plants. These plants are crucial to ensure uninterrupted power supply depending on reliable distribution network in the coming summer that coincides with election season.

Sources told Dawn that the cabinet was informed by the power division early this month that three signature LNG projects (about 1,200MW each) of the current government were substantially behind schedule, along with 969MW Neelum-Jhelum and 1,410MW Tarbela-4th Extension. Total capacity of these five projects stood at about 6,000MW.

Mainly because of these delays, the National Electric Power Regulatory Authority (Nepra) has refused to allow beyond committed deadlines the higher charges in tariff for LNG-based projects — Balloki and Havelli Bahadur Shah (of the federal government) and Bhikki of the Punjab government.

Nepra has refused to allow higher charges in tariff beyond committed deadlines

The regulator has given in writing that it could not allow open cycle tariff for three projects beyond the contractual deadlines under the rules and laws and would build only combined cycle tariff in consumer rates after the due dates. The consumers could not be penalised for inefficiencies and failures of the contractors and executing agencies, it said.

The power sector authorities had requested the regulator to count nine-month open cycle on the basis of operational work hours by excluding the period when plants could not operate due to technical problems. This was a unique demand contrary to legal provisions and has been turned down by the regulator which treated deadlines given in contracts and tariff approvals.

The combined cycle tariff for LNG projects works out at about Rs7 per unit (kWh) compared to more than Rs11 per unit for open cycle. Repeated technical challenges and resultant tariff differential of these plants are leading to cost escalations, replicating the Nandipur power project saga.

“Haste makes waste,” said a senior official at the power ministry who elaborated that accelerated pace for completion of three LNG power projects adopted by Ahad Cheema leading Bhikki and Rashid Langrial heading Balloki and HBS to meet “Punjab Speed” of Chief Minister Shahbaz Sharif compromised the quality of project commissioning when untested machines from General Electric were already under controversy.

All the three LNG projects were required to achieve commercial operation date (COD) on combined cycle by December 2017 under revised schedule instead of original schedule of June-Aug 2017, but are yet to reach that stage.

Interestingly, even the combined cycle operations at about Rs7 per unit are lower than 36th position in the merit order of all power plants, while their operations so far have been costing over Rs11 per unit and hence placed below 70 on the merit list despite their “must run” status.

Official record showed that the federal cabinet was told on March 6 that even “the year 2017 had proved more difficult than expected due to unseasonal high temperatures, record hydel power generation shortfall, as well as delay in the commissioning of three RLNG plants, Neelum-Jhelum and Tarbela-4”.

Both the average and peak demand scenarios and expected available generation for the months from March to October 2018 were also shared with the cabinet. The meeting was told that three RLNG plants would be able to add zero megawatt in March, 2,242MW in April and 3,000MW from May onwards. It was pointed out that the new hydel generation units (at Tarbela) would start producing electricity and add 144MW in April which would go up to 1410MW in August.

The cabinet was further informed that the expected average demand growth given by the public sector companies ranged from 10 to 13 per cent, compared with the actual average demand in 2017 and at 5pc and 7pc on the actual of 2017 showed different levels of shortfall and surplus during March-October 2018. “For peak hours, the shortfall would be managed through utilising poundage to coincide with peak demand” to ensure maximum input from hydropower plants.

Based on this review of supply and demand projections, the new load management plan was presented before the cabinet. It was pointed out that the feeder belonging to category-I covering 14.92 million or 60.72pc consumers across the country would have no loadshedding, while feeders falling in category-II (with 10-20pc losses) covered 21.7pc of consumers in both urban and rural areas would face loadshedding for two to four hours.

https://www.dawn.com/news/1397634

POWER CRISIS CRIPPLES LIFE IN GB
Jamil Nagri

Dawn, March 26th, 2018

GILGIT: Gilgit-Baltistan is among the top regions in the world with potential to generate maximum electricity, yet protests against electricity shortfall have become a routine across GB with some areas facing up to 20 hours of loadshedding.

Farman Karim, a resident of Gojal Valley, said his area had been without electricity for several days as the machinery and water channels for hydropower stations had become outdated.

“The repairing and maintenance of the power stations remain a dream,” he said. According to Karim, frequent power outages have pushed the residents into a dark age where power supply, particularly in winter days, was limited to one out of three days.

He said that not only did the shortage of power affected routine life in the region, but business activities had suffered as well, damaging the region’s economy.

Shahzad Hussain, a resident of Chalt Nagar district, told Dawn that the area had no electricity for days as the water channel to the power station was damaged.

The frustration has pushed women residents of the area to come out on the streets to protest against prolonged electricity shortfall. Recently, they blocked the Karakoram Highway near Chalt Valley for several hours and staged a sit-in.

The protesting women were of the view that in the absence of electricity, daily life —cooking, washing clothes etc — had become impossible and education of their children was also suffering.

Similarly, residents of the Diamer district — the region where Diamer-Bhasha dam is under construction — are also facing up to 18 hours of loadshedding.

People affiliated with the tourism in GB have lost their businesses to the problem. According to a resident Tanveer Ahmed, people are now cutting trees to use as an alternate energy source, leading to increased deforestation.

An official of the water and power department, on condition of anonymity, told Dawn that GB was among world's highest hydropower generation potential areas. The government spent 45pc of its annual budget in the power sector annually, he added.

However, due to non-technical staff, bad governance and massive corruption in the department the region was short on power supply, he said.

The official said revenue generation from electricity consumption bills was only 10pc. "The cost of electricity is the cheapest in the region. Rs3.5 is the rate per unit in GB while the rate per unit fee in other parts of the county is Rs12," he pointed out.

According to the official, GB's electricity revenue from consumers was Rs40 million per year but the government spent Rs85m on salaries of the power department staff.

Massive corruption in purchasing machinery and electricity equipments was rampant, he regretted, adding that tenders of power projects were being awarded over commission and bribe.

Due to the purchase of cheap machinery and substandard material, the power stations had become outdated and could not produce enough electricity, he added.

https://www.dawn.com/news/1397633

IDA TO GIVE $188M FOR METEOROLOGICAL, HYDROLOGICAL SERVICES
Dawn, March 26th, 2018

Amin Ahmed

ISLAMABAD: The International Development Association (IDA), the soft-loan window of the World Bank Group, will provide $188 million to modernise national meteorological and hydrological services in the country, it is learnt.

The project will help improve early warning systems and the level of planning and preparedness for and response to disasters. The five-year project involves modernisation of the observation infrastructure, data management and forecasting systems.

The total cost of the project has been estimated to be $210 million. The activities and investments under the project will be implemented through two federal entities. The component focusing on hydro-meteorological and climate services will be implemented by the Pakistan Meteorological Department (PMD), while the National Disaster Management Authority (NDMA) will be responsible for implementing the second component focusing on disaster risk management in the country.

Five-year project involves modernisation of the observation infrastructure, data management and forecasting systems

The relationship between the PMD and the NDMA will serve to demonstrate to other stakeholders across the hydromet value chain the benefits of working together to bridge the gap between producers and users of meteorological and hydrological services for the protection of lives and economic assets from hydromet hazards.

According to details, the project will establish new meteorological and other related structures across the country. The installation of radar has been planned for Chitral district, which is home to the Kalash, the only indigenous people in Pakistan. The radar will most likely be installed within the premises of the local office of the PMD, situated within the Chitral Airport.

Being one of the most climate-change vulnerable countries in the world and recurrently affected by catastrophes, Pakistan’s economy is under additional strain from prevailing and likely future threats by extreme weather and water events being exacerbated by climate change. However, to maintain and build on its recent development gains, strengthening climate change adaptation and preparedness to natural hazards, improving the provision and access to weather, water and climate-related information is critical.

A World Bank document pertaining to the project emphasised that improved development and delivery of hydromet information services and early warnings can make important contributions to economic productivity while also enhancing community resilience to natural hazards. Climate-resilient development requires stronger institutions and a higher level of observation, forecasting, and service delivery capacity; these could make a significant contribution to safety, security, and economic well-being, it says.

The PMD currently generates one to two days of weather forecasts, 3 to 5 days outlooks, and 24 hour hydrological forecasts. This is insufficient to meet the needs of stakeholders who require information for short-term operations including more actionable forecasts and warnings, and for medium- to long-term planning, particularly in the context of increased climate variability.

Hydromet information is required to better manage irrigation water distribution; provincial agriculture departments need monthly weather outlooks tailored to 19 agricultural zones. Wapda requires better hydrological forecasts to guide reservoir management and hydropower operations, and the Indus River System Authority (IRSA) requires improved river flow forecasts to inform inter-provincial water allocation.

The Pakistan Civil Aviation Authority needs improved and more automated hydromet services, including forecasts, for flight operations. The ministry of national food security and research requires forecasts to develop agro-meteorological and water resources–related information services for its stakeholders. A well-functioning PMD equipped with modern infrastructure, tools and technologies will be able to respond to these requirements.

In order to achieve this desired transformation, a new business model for PMD is required which focuses on end-user needs and recognises the private sector as a strategic partner. Recognising that cultural change in institutions is slow, the proposed project represents the first phase of a planned long-term engagement on hydromet modernisation.

https://www.dawn.com/news/1397630

NEWS COVERAGE PERIOD FROM MARCH 19TH TO MARCH 25TH 2018
THREE POWER PLANTS' OPERATION LIKELY TO BE FURTHER DELAYED
Dawn, March 19th, 2018

Khalid Hasnain

LAHORE: The operation of three gas-fired power projects in Punjab — Bhikki, Baloki and Havaili Bahadur Shah — may be delayed further due to various reasons.

"These plants have been lying idle for the last many weeks since they are passing through various tests required under the combined cycle procedure. They are not adding even a single megawatt to the national grid right now," says Federal Secretary (Power Division) Mr Yousuf Nasim Khokhar.

Combined generation capacity of these plants is 3600mw.

"Hopefully, they will start their commercial operation in the combined cycle mode (gas+steam turbines run) before the peak summer," he hoped while talking to Dawn.

According to an official of the Quaid-e-Azam Thermal Power Company who did not want to be identified, the Bhikki plant's combined cycle is likely to be completed by end of next month.

"It is facing the issue of vibration in the generator of gas turbine (I). The engineers are trying hard to resolve it. Due to this issue, engineers are unable to conduct around seven tests of the steam turbine that are must for the completion of combined cycle," the official told this paper.

According to him, once the issue is resolved, 28 days are required to carry out tests of the steam turbine. "Suppose, if the issue is resolved by the end of this month, another 28 days are required for steam turbine tests. So the Bhikki's commercial operation is expected to start by end of next month," he added. The commercial operation of this plant was due of Dec 15 last or so, he said.

While commenting over the delays in COD of two other plants—Balloki and Havaili Bahadur Shah (HBS) — a senior official of the National Power Parks Management Company admitted that both projects had missed their COD due to various reasons. "As per contract, the COD for Balloki and HBS was January 29 and 9, respectively, that means they should have been completed within a period of 27 months although such plants require 40 months to start the commercial operation internationally due to multiple trial runs," he explained.

The official, who requested anonymity, hoped that the combined cycle of Balloki was expected to be completed by end of next month and it would start commercial operation during first week of May.

About HBS, he said the reliability run test (RRT) was underway for this plant. For the last four days, the RRT of this plant is going on due to which it is contributing 1,200MW to the national grid. If this test completes successfully, it requires another test called performance test. "And if it completes too successfully, this plant's commercial operation may start by end of April," the official said.

https://www.dawn.com/news/1396122/three-power-plants-operation-likely-to-be-further-delayed

FOSSIL FUELS AND RENEWABLES: PARTNERS IN A NEW ERA OF ENERGY SECURITY FOR PAKISTAN

Business Recorder, 20 March 2018

KARACHI: Complementary, not competitive – this ethos must be etched into the global energy playbook, as well as in Pakistan. Sleeves must be pulled up to ensure that Energy Information Administration's (EIA) forecast of a 28 percent increase in global energy consumption by 2040 is met – without incurring avoidable bills, major price fluctuations and public discontent.

Fossil fuels and renewable are two sides of the same coin. Energy security relies on both renewable and more conventional fossil fuels flourishing. Traditional energy sources — including fossil fuels and nuclear power — still account for 77 percent of total electricity generation globally, according to the International Energy Agency (IEA). Even aggressive scenarios do not envision the global generation share of traditional sources falling below two-thirds by 2030.

However, the future is undoubtedly a diversified one. The transition to this new era is well underway. Among the many factors that have contributed to this are the political momentum behind the Paris Agreement, falling prices of technology, and the need for energy independence. More than half of new power plant orders in 2016 were for renewable energy technologies and 750,000 electric vehicles were sold in the world in 2016, for example.

However, the low-carbon transformation will not happen overnight and renewable power alone cannot offer the continuous, stable electricity supplies required to power growing modern societies. With energy storage solutions still at a relatively nascent stage, renewable power remains intermittent, varying with fluctuations in weather patterns. This makes efficient, flexible power from traditional sources critical in order to maintain grid stability.

In a country such as Pakistan, power producers' vital efforts to meet energy demand must extend across gas, coal, as well as renewable sources for good reason. The government has already set out on this path, setting ambitious targets under Vision 2025 to double power generation to over 45,000 MW to provide uninterrupted and affordable electricity, and to increase the percentage of indigenous sources of power generation to over 50 percent. Pakistan's investments in the Bhikki, Haveli Bahadur Shah and Balloki RLNG power plants, and the upcoming Thar coal plants that will be fuelled by domestic supplies of lignite, as well as wind farms and solar parks, are prime examples of the diversified investments necessary to meet the energy deficit in the country.

Take the RLNG power plants – they are expected to deliver up to 3,600 megawatts of power, the equivalent power needed to supply up to 7.3 million Pakistani homes, over 30+ year life cycle, making a meaningful difference in the everyday lives of the people of Pakistan. The HA technology helped EDF's Bouchain Power Plant in France set a world record for net combined cycle efficiency at 62.22% and also offers an excellent flexible complement to intermittent renewable sources that can ramp power supplies up or down quickly, as renewable energy supplies fluctuate. Pakistan's coal projects also offer a means to bring affordable, reliable and flexible power online using the country's own fuel resources, thus enhancing its energy security.

As we enter this new era of power generation, energy producers must collaborate to cultivate new technologies and revitalize traditional ones and carve out a diversified and innovative 21st century global energy system. The world is ever-changing and so must our thinking. It is not a question of 'either- or' – meeting Pakistan and the world's energy needs will require drawing on a mix of fuel sources.—PR

https://epaper.brecorder.com/2018/03/20/8-page/705873-news.html

IRREGULARITIES DETECTED IN SOLAR PLANT CONTRACT AWARD
Dawn, March 24th, 2018

LAHORE: Auditors have detected irregularities in the award of the engineering, procurement and construction (EPC) and operation and maintenance (O&M) contract for the establishment of the 100 megawatt (MW) solar plant of the Quaid-i-Azam Solar Power Private Limited (QASPL) to a private firm.

Auditor General of Pakistan's (AGP's) auditors found illegalities in the 2013-2017 audit of the company, according to an audit report.

The Punjab government's subsidiary – QASPL- was established under the Companies Ordinance of 1984 in 2013 to build, own, operate and maintain the solar power plant in Bahawalpur. The company achieved commercial operation date on July 15, 2015 after the National Electric Power Regularity Authority granted generation license to it, which is valid till December 30, 2039.

The auditors found the management advertised the tender for the EPC and O&M contract for the plant in newspapers on Nov 1, 2013. The last date of submission of bids was Nov 19, 2013. The response time in the case was only 18 days as against minimum 30 days. Twelve parties, of 45, were prequalified for further process. After technical evaluation, three parties were shortlisted by the committee, whose financial bids were opened. Of them, M/s Chint stood the lowest with $206.281 million followed by M/s TBEA with $225.768 million.

After opening of financial bids, the management started due diligence of the bidding documents. The consultants carried out due diligence of M/s Chint on March 21, 2014 and disqualified it without citing reasons. The due diligence process of the second lowest bidder i.e. M/s TBEA was carried on April 14, 2014 by the same consultant that recommended that EPC and O&M contract be awarded to the second lowest bidder. The contract with M/s TBEA was executed on June 2, 2014. The report says that due to rejection of the bid of M/s Chint, the company sustained a loss of $19.345 million.

"The audit sees the due diligence process started after technical and financial evaluation just to provide an opportunity to the second lowest bidder i.e M/s TEBA which was against the PP Rules. The irregularity was pointed out to the management on Dec 21, 2017 and other quarters concerned on Dec 23, 2017, but no reply was received till the finalisation of the report," the report reads. "Audit required investigating the matter as to why the bidding documents were made in violation of the provision of Punjab Procurement Rules? Fix the responsibility," it recommends.

Calling the appointment of the consultant (Emeritus) for Rs82.737 million irregular as having conflict of interest, the team observed that that Rashid Majeed was appointed consultant emeritus without any specific terms in a selective manner in the company on Nov 13, 2013. The officer attended the

QASPL board of directors and finance and procurement committee meetings from Feb 15, 2014 to June 12, 2014.

He was a member of technical and financial bid opening committee and managed to get the consultancy services for the EPC and O&M contracts in favour of the firm where he was the country head in Pakistan. He was also technical adviser of the Bank of Punjab (BoP), the lender bank of the QASPL. Thus, the officer took advantage and got the consultancy services awarded in non-transparent manner. Furthermore, the consultant not only provided vital information to his company but also to the other stakeholders.

"Audit is of the view that the consultant provided important and vital information to the company which created a strong case of conflict of interest. Hence, the entire expenditure of Rs82.737 million incurred on hiring of consultancy services is considered irregular and non-transparent," the report reads.

The report recommended investigation into the appointment of the consultant emirates.

The audit team also found irregularities in hiring of services of foreign engineer for O&M services, provision of vehicles and other expense to energy department, payment of bonus to officers, appointments and payment of pay and allowances, payment to a company for additional services and site relocation allowance, loan agreement with the BoP on excessive payment of markup, opening of letter of credit in favor of parent company, purchase of old office equipment, retention of equity funds in the BOP, appointment of former CEO, hiring of independent technical consultants.

Aadjustments of advances to the Bahawalpur district administration, hiring of a rent a car company, appointment of the CEO and excess payment of salary and gratuity, purchase of vehicles, expenditure without approval of the competent authority, LIBOR given on local loan, installation of solar panels and inverters, non-recovery of liquidated damages from a firm, loss due to non-calibration of backup metres, non-recovery of cost of electricity, non-imposition of liquidated damages, non-transparent award of consultancy contract, non-inclusion of insurance charges and tax refund in annual tariff, non-compliance of code of corporate governance rules and government instructions regarding verification of staff degrees, non-payment of the Punjab Sales Tax and non production of record.

https://www.dawn.com/news/1397108/irregularities-detected-in-solar-plant-contract-award

NEWS COVERAGE PERIOD FROM MARCH 12TH TO MARCH 18TH 2018
RED TAPE, PROVINCES' OPPOSITION HINDER GAS SECTOR REFORMS
Dawn, March 12th, 2018

Khaleeq Kiani

ISLAMABAD: The gas sector reforms envisioned by Prime Minister Shahid Khaqan Abbasi appeared getting delayed beyond January 2019 mainly because of procedural hiccups and opposition from the provinces.

Based on recommendations of the World Bank, Prime Minister Abbasi has been asking the provincial governments at all forums for gas sector reforms that envisage dismantling of the existing two gas utilities into at least five public sector companies and facilitation of private operators into the system.

During the course of deliberations, the centre and the provinces decided to appoint a transaction advisory firm to examine what impact the dismantling of Sui Northern Gas Pipelines Ltd (SNGPL) and Sui Southern Gas Company Ltd (SSGCL) would have on the share capital, equity and return to the shareholders and how to move forward on the reforms.

About nine local and international firms showed interest in becoming the transaction advisers and some of them expressed concerns over the tight deadlines of the job and conditions to place foreign experts in Pakistan over the longer terms. They requested for relaxations.

Plan envisages dismantling of two gas utilities into five public sector companies

The prospective consultancy firms included AF Ferguson & Co, EY Ford Rhodes, KPMG Taseer & Hadi, Deloitte Yousuf Adil, Raiz Ahmed & Co, Bridge Factor Corporate Finance, Arif & Associates, Bridggit Pvt and McKinsey & Co.

The tender documents required that the consultant should remain present in Pakistan for at least 50 per cent time required to be completed in transaction. "But due to security issues foreign consultants were not willing to stay in Pakistan for such a long time and also the post-transaction period of 3-6 months will also be not feasible and incur cost," noted official minutes.

The government did not concede to the demand for a relaxation. It told the prospective bidders the condition of physical presence of the consultant was compulsory. The bidders also had reservations over the six-month time required for completing the task but noted that seeing the volume of work and elections to come with the new government, the time line was insufficient.

However, they were told that the government of Pakistan was serious about the initiative and the 6-month deadline would not be changed at any cost and the "work needs to be completed till December 31, 2018".

The bidders were told that segregation of accounts of the gas utilities had already been done. The cutoff date for audited accounts to be submitted to the Oil and Gas Regulatory Authority is Aug 14 each year that will be the basis whereas quarterly and half year accounts will be available for minor adjustments that will be incorporated accordingly.

Sources said given the various approvals required and task to be completed by the consultancy firm, it was quite evident that the reforms process would actually trigger only after January 2019 in normal circumstances, but in case of some litigation issue which could not be ruled out would further impact the timelines for adjustments accordingly.

The World Bank has proposed a power sector-like unbundling that was introduced in 1992 and is not even half way through after 25 years. Under the World Bank advice, the government had envisaged the supply of domestically produced natural gas to residential consumers within the respective gas-producing provinces and channel imported gas to commercial and industrial consumers through a ring-fenced pricing mechanism.

The centre had proposed to dismantle the SNGPL and SSGCL in a manner that separates their transmission and distribution businesses. There would be at least five fresh licenses that include a transmission operator and four distribution companies having provincial boundaries as their sales areas to supply only domestic gas to residential consumers.

The transmission network is to provide open access to above named distribution companies besides any other private operators arising out of increasing imports of liquefied natural gas. There are already a couple of distribution licensees.

The provinces have been opposed to this structure. Instead they proposed that the provinces should have control over the gas from well-head of the gas field to the consumer including entire transmission and distribution.

Independent consultant — KPMG Taseer Hadi & Co — had concluded that average cost of gas for end consumers (mostly residential and commercial) would increase by 170 to 330 per cent under four different reform models in the next 10 years, i.e. by 2026, and yet the prices would be cheaper than imported re-gasified liquefied natural gas.

https://www.dawn.com/news/1394739

GOVT TO RAISE GAS PRICES BY 5-7PC
Dawn, March 13th, 2018

ISLAMABAD: The government has decided in principle to increase gas prices by 5-7 per cent, involving additional revenue of Rs18 billion to cover losses of the two gas utilities — Sui Southern Gas Company Ltd (SSGCL) and Sui Northern Gas Pipeline Ltd (SNGPL) — with retrospective effect from 2012-13.

The forthcoming meeting of the Economic Coordination Committee (ECC) of the Cabinet is expected to issue formal instructions to the Oil and Gas Regulatory Authority (Ogra) to make past adjustments in system losses (commonly called unaccounted for gas-UFG) since 2012-13.

In a summary, the Petroleum Division warned that if the two companies were not given Rs18bn through gas tariff, they would turn negative and the government would have to inject funds from the budget to keep them floating.

The crux of the proposal is to undo the past performance standards set by the regulator for the gas companies over a period of ten years and restart the practice afresh. In the meanwhile, SNGPL be given Rs6.535bn through ‘retrospective application of UFG study’ and SSGCL Rs11.257bn in the same manner.

“This division proposes that Ogra may finalise the provisional benchmarks set from 2012-13 to 2016-17 in line with recommendations of the UFG study ie the benchmark at 7.6pc (fixed rate of 5pc UFG plus 2.6pc for local conditions) so as to ensure that gas companies continue to remain financially viable and sustainable”.

The ministry said Ogra had been advocating the finalisation of provisional UFG benchmarks after an independent study was carried out for the purpose. During the previous decisions of the revenue requirements, the “regulator had categorically conceded that UFG benchmark determinations were provisional and subject to review once a UFG study was finalised by it," Petroleum Secretary Sikandar Sultan Raja claimed.

He said the ECC in a decision on Nov 20, 2014 had instructed the Ogra to provisionally allow three major volumes as "deemed sales" for the purpose of revenue requirement of gas companies that included gas pilfered by non-consumers but detected and determined by gas companies, gas lost in law and order affected areas and impact of change in bulk-to-retail ratio.

Mr Raja noted that these allowances were linked to the condition that the UFG study would be completed as soon as possible. "Subsequently, Ogra allowed provisional treatment of certain volumes pilfered by non-consumers and loss in law and order affected areas.

The said study was concluded in August 2017, saying the regulator should issue directives to close the provisional revenue requirements as evaluating performance of gas companies for past years may not be practicable. The study conducted by KPMG Taseer & Hadi, in consultation with stakeholders, proposed for the future that a fixed benchmark of 5pc UFG in addition to 2.6pc linked to key performance indicators (KPIs) be allowed.

The gas companies asked Ogra to decide the provisional UFG rates for previous years too but the regulator took the position that rates for past years cannot be made based on current year KMI indicators. Ogra stated in its final revenue requirement that for 2013-13 to 2016-17 the volumes provisionally allowed as per policy decision of the ECC shall be reconciled with the result of UFG study and any variation shall be adjusted accordingly, and that "it will not be practicable to assess the performance of gas companies on KMIs with retrospective effect."

After taking into account the fact that UFG allowance over and above the 4.5pc benchmark on local challenging conditions, Ogra concluded the revenue requirements on the same basis as was done provisionally.

Such a "treatment is going to cause adverse financial conditions for SSGCL as only Rs2.4bn equity would be left as of Jun 30, 2016 cannot provide sustainability to account for leftover unabsorbed loss of Rs18bn occurred due to the decision of Sindh High Court".

"If the previous benefit was not allowed to SSGC, then equity would be converted into a huge negative and jeopardise the gas supply operation to millions of customers," it added.

The ministry claimed Ogra, under former Chairman Tauqir Sadiq, had changed UFG back to 7pc instead of 5pc for 2009-10 but reverted to 4.625pc and 4.5pc for the next two fiscal years that led to a political scandal and the court cases. The Lahore and Sindh High Courts initially stayed the reduction in UFG to 4.6pc and 4.5pc and allowed 7pc as requested by the gas companies but finally upheld the regulator's revised decision.

It said the companies had challenged the decision of the two high courts in the Supreme Court but in the meanwhile the duration of litigation raised significantly the financial liability of the SSGC to the extent of Rs16.2bn.

https://www.dawn.com/news/1394953/govt-to-raise-gas-prices-by-5-7pc

FRENCH AGENCY LIKELY TO HELP INSTALL SOLAR TUBE WELLS
The Express Tribune, March 13th, 2018.

French Development Agency (AFD) would consider providing assistance to Pakistan in installing solar-powered tube wells in Balochistan and establishing a renewable energy institute under its development programme for the current calendar year, said the French envoy.

Meeting Federal Minister for Power Division Sardar Awais Ahmed Khan Leghari on Monday, Ambassador Marc Barety praised efforts of Pakistan's government for bringing about improvement in the power sector.

He called the progress made in the power sector exemplary while disclosing that many French companies associated with the energy business were taking keen interest in Pakistan.

"AFD will definitely study as to how it can provide assistance in the installation of solar tube wells in Balochistan to provide off-grid solutions besides reducing the circular debt," he said.

The power minister, while elaborating on the recent power-sector reforms initiated by the government, said French companies should explore the fast growing energy sector of Pakistan for better returns. "Areas related to consumer services by power distribution companies provide a good opportunity for the investors," he said. The minister also highlighted the government's move to design a new energy policy and electricity plan.

Talking about the renewable energy institute, Leghari said US and Danish governments were sharing their experience for setting up the institute. He also invited the French government and AFD to provide assistance for establishing the institute that would promote renewable and clean energy production in the country.

He told the French ambassador that with the passage of Nepra Amendment bill in the National Assembly, an energy trade market would be established in Pakistan. "Energy trade will ultimately benefit the consumers," he said.

He emphasised that the government had been pursuing policies to diminish its role in the power sector and promote market forces in order to safeguard the interests of consumers and also tackle chronic issues like circular debt.

https://tribune.com.pk/story/1658227/2-french-agency-likely-help-install-solar-tube-wells/

'GOVT'S ENERGY POLICY ONLY BENEFITS CONSUMERS IN URBAN AREAS'
Dawn, March 16th, 2018

Ikram Junaidi

ISLAMABAD: Government policies on electricity and gas are heavily focused on large consumers without any consideration for the resolution of day-to-day problems faced by ordinary citizens.

This is clear from introduction of net metering for solar projects which are beyond the reach of small consumers. Moreover, cheap pipeline gas is available to the urban consumers while those in the rural areas are relying on the expensive LPG and other alternative sources.

This was the crux of speeches made at a seminar, “National conference on state and market: balancing consumer rights in a digital age” organised by the Consumer Rights Commission of Pakistan (CRCP).

The event was held at a local hotel in connection with the Consumer Rights Day.

People in rural areas are unable to afford solar projects and LPG cylinders, speakers say

Energy sector expert Ameenah Sohail said the country had introduced a European system for net meeting under which small consumers cannot afford having expensive net metering equipment. She said the idea was mostly implemented at the government level. On the other hand, when there is a complaint against power companies by consumers, the National Electric Power Regulatory Authority (Nepra) hardly takes action.

Under the net metering system, a consumer can install solar panels at their residence to produce electricity for their own use and for sale to the electricity supplying company.

“In USA not only electricity is being produced by the public and private sector but also cooperative power is being generated. In India, a number of models have been introduced. So we need to think out of the box and can launch cooperative powerhouses. To avoid chances of corruption, the billing system can be handed over to the private sector,” she said.

Speaking about gas-related issues, Ms Sohail said domestic users who used the pipeline gas got the facility at cheaper rates. But those who don’t have the facility of pipeline gas have to pay more for using LPG and other alternative sources.

Educationist Dr Nazir Mahmood said the major problem due to which the consumers suffered was the lack of transparency.

“After 18th Amendment, though education budgets have been increased across the country, due to the lack of transparency it is very difficult to get accurate data about the funding at the school level, especially about the lapsed funds. Legislation should be done to ensure all data are available online,” he said.

About private schools, Dr Mahmood said consumers suffered more as schools not only frequently increased their fees but also forced parents to buy uniforms and books from the shops of their (schools) choice.

“Similarly, the Higher Education Commission (HEC) does not disclose the reasons why more funds are provided to some universities. The mechanism should be transparent and the reasons should be available online. The educational institutions should also upload the detail of accounts on their websites,” he suggested.

Sundus Saleem, a representative of the State Bank, said all banks had been directed to address public complaints within 15 days. However, complaints regarding financial frauds can be addressed within a month.

“We have also introduced a self-diagnostic mechanism for banks. Moreover, we are trying to address the issues before they take place and are also involving the media for it,” she said.

Minister of State for Finance and Economic Affairs Rana Mohammad Afzal Khan agreed that consumers were being denied their rights by a number of private sector service providers on various counts. He said even the common vendors were not ready to provide invoices to the buyers. However, the government is working on putting in place a framework to safeguard consumers’ rights and empowering them.

Special Assistant to Prime Minister on Law Barrister Zafarullah Khan promised that a consumer protection council and separate consumer courts would shortly be established in Islamabad.

Expressing the government’s commitment to the establishment of pro-people institutional and legal frameworks, Barrister Khan requested the CRCP to share its comments on the right to information legislation.

CRCP Secretary General Abrar Hafeez said the rapid growth of the internet, mobile phones and other digital technologies had created opportunities and challenges for millions of consumers around the world.

Project coordinator for the commission Munir Ahmad said consumers were more vulnerable to exploitative forces because in the absence of a comprehensive legal arrangement they could not find any appropriate forum to get their specific problems addressed.

https://www.dawn.com/news/1395589/govts-energy-policy-only-benefits-consumers-in-urban-areas

KHYBER PAKHTUNKHWA SUFFERS AS ITS OIL, GAS PRODUCTION CUT BY CENTRE
Dawn, March 16th, 2018

Manzoor Ali

PESHAWAR: Khyber Pakhtunkhwa suffered Rs600 million loss as the federal authorities reduced the production of crude oil and gas from their wellheads located in the province last December.

The local officials told Dawn that the federal authorities managing the nationwide production and supply of crude oil and gas had slashed the production of crude oil by 10,000 barrels per day and that of gas by 80 million cubic feet in Dec 2017.

They however didn’t know how much the production was cut in Nov 2017 and Jan and Feb 2018.

“The slashing of oil and gas production was considerably reduced in Jan and Feb but the exact details are not available,” a senior government official said.

Local officials claim move meant to promote LNG

The official said the provincial government learned about the matter only after the federal government began disseminating the production details in light of a decision made by the Council of Common Interest.

The officials termed the reduction ‘deliberate’ meant to promote the use of LNG in the country.

“We’ve written a letter to the relevant federal authorities asking them to explain the production dip but the response is awaited. They usually do not respond to such entreaties from the provinces,” an official said.

Officials at the energy and power department said the production dip was going to hit the province and oil and gas royalty.

They said the province was receiving 12.5 per cent royalty per barrel from the province and oil and gas royalty combined, accounted for Rs22 billion in the province’s receipts.

The officials, however, said reduction in production was also going to hit the province’s oil and gas royalty transfers.

“Less oil and gas production means less money for the province,” he said, adding that the cost of dip would be higher than Rs600 million.

The official said the choking of production was not only bad for the province but also for the whole country.

He said in case of the reducing oil and gas production from the province, the country’s LNG bill would go up and thus, draining the foreign exchange reserves, while on the other hand, imported LNG would increase the consumers’ power bills.

When contacted, KP Oil and Gas Company Limited (OGCL) chief executive officer Mohammad Raziuddin said the company had only the data of December, which showed the province’s crude oil production had cut down by 10,000 barrels per day, while gas production was curtailed 80 million cubic feet of gas.

He said besides the huge financial loss to the province, the step also caused the financial burden amounting to Rs6 billion to the national kitty in the foreign exchange as the reduction in local production directly caused the import of LNG.

Mr Razi feared that the federal government’s interventions had damaged the wellhead infrastructure, as the wells were prone to such moves.

He said the provincial government had written a letter to the relevant federal authorities on the matter in Feb but had yet to receive a response.

The KP Oil and Gas Company Limited says the province has a recoverable potential of 1.1 billion barrel oil and 16 trillion cubic feet of gas. It currently produces around 55 per cent of the country’s total crude oil.

https://www.dawn.com/news/1395614/khyber-pakhtunkhwa-suffers-as-its-oil-gas-production-cut-by-centre

DESPITE RISE IN POWER SUPPLY, CONSUMERS TO FACE OUTAGES THIS SUMMER
The Express Tribune, March 16th, 2018.

The PML-N government has failed to meet its promise of ending electricity load-shedding during its five-year tenure, which is going to end in early June, as despite increasing power production by thousands of megawatts, the upcoming summer will again be tough for the consumers who will continue to endure outages.

“In order to implement a load-shedding schedule, the government has divided electricity consumers into two categories,” said a senior government official.

In the first category, the jurisdictions served by electricity feeders that have less than 10% transmission and distribution losses will face no load-shedding. These feeders serve 14.92 million or 60.72% consumers across the country.

In the second category, the feeders, where losses are estimated in the range of 10% to 20% and which serve 21.7% of consumers, the duration of load-shedding will be two to four hours in the summer season of the current year.

The government official revealed that the National Power Control Centre (NPCC) and power distribution companies had expected that average growth in consumer demand would range from 10% to 13% in 2018 compared with the average demand in 2017.

He said the level of shortfall would vary from 5% to 7% from March to October 2018.

During peak hours, the government has planned to cope with the shortfall by utilising water in dams in a bid to generate more hydroelectric power to meet the high demand.

Year 2017 had proved more difficult than expected on the back of high temperature, a record shortfall in hydroelectric power generation and delay in the start of three liquefied natural gas (LNG)-based power plants in Punjab, Neelum-Jhelum power project and Tarbela fourth extension project.

Both average and peak demand scenarios and expectations for power production for the March-October 2018 period have been portrayed keeping in view the demand and supply of electricity in 2017.

The supply assumptions are based on five-year data of hydroelectric power generation and scheduled closure of power plants for maintenance. The assumptions do not include expected power generation from new units of the Neelum-Jhelum plant and the Tarbela fourth extension project.

Quoting estimates, the government official disclosed that the three LNG-based power plants would produce nothing in March 2018, but they would generate 2,242 megawatts in April and 3,000MW from May onwards.

New hydroelectric power projects will add 1,444MW to the national grid in April and 1,410MW in August.

The government official, however, boasted that the government had been able to address serious challenges pertaining to electricity generation, adding its focus should now turn to improving governance of power distribution companies.

“The government will take all possible steps to ensure uninterrupted electricity supply during Sehr and Iftaar in Ramazan. For this purpose, the distribution companies will have sufficient supply from back-up transformers as their breakdown was a major cause of load-shedding earlier,” he said.

https://tribune.com.pk/story/1661199/2-summer-despite-rise-power-supply-consumers-face-outages/

PRIVATE SECTOR GETS 10 HYDROPOWER PROJECTS
Dawn, March 17th, 2018

PESHAWAR: The Pakhtunkhwa Energy Development Organisation’s board of directors was informed on Friday that the provincial government had approved the award of 10 hydropower projects of 338 megawatts to the private sector.

A statement issued here said the hydropower projects would bring several million dollars worth of investment to the province.

The board meeting was chaired by its chairman Sahibzada Saeed Ahmad and attended by energy and power secretary Shakeel Qadir Khan, additional secretary of finance department Adeel Shah, deputy secretary of home department Akmal Khattak, engineer Latif Khan, Abdullah Shah, Fuad Ishaq, Saeed Chughtai and Usman Rasool.

Govt says projects to bring several million dollars investment to KP

The board was informed that the projects would also generate employment and produce cheap power in the province.

In order to utilise cheap source for energy, the government has also begun work on the new renewable energy policy with focus on hydel, solar and wind power sources.

An official told Dawn that there were seven semi-raw sites and three raw sites for the purpose.

He said semi-raw sites would generate 87 megawatts of power and raw sites 300.35MW.

The official said of the raw sites, two were located in Chitral and Swat each and three in Mansehra, and of raw sites, two were located in Swat and one in Dir.

He said the feasibility studies would be carried out and the prospective bids would be later placed before the National Electric Power Regulatory Authority (Nepra) for approval.

He said the Pedo board showed satisfaction with the Nepra's move to ask the relevant authorities for reasons for non-implementation of the Power Purchase Agreement (PPA) regarding four 74MW hydropower stations completed through the province-owned resources recently.

Among those projects are 18MW Pehur hydel power project in Swabi, 2.6MW Machai in Mardan, 17MW Ranolia in Kohistan and 37MW Daral Khawr in Swat.

With the provincial government trying to push the federal authorities for many months to sign power purchase agreement for Pehur and Machai, the officials said the National Transmission and Dispatch Company was showing reluctance in installing meters to enable Pedo to connect the power station with the national grid.

They said in case of Daral Khwar, the provincial government felt that Pesco showed reluctance to connect the project with the national grid.

The board expressed the hope that power purchase agreements would be signed soon and that the province would earn billions of earning through powerhouses built from province's own sources.

It was informed that the PPA of Pehur was in final stages, while the province would be paid Rs1.5 billion in installments.

The board also discussed the appointment of chief executive officer of Pedo, upgradation of employees, annual increase of five per cent increments of project employees, training policy, health insurance of employees, appointment of O&M specialist and audit advisor matters were discussed.

Energy and power secretary Shakeel Qadir Khan constituted a committee to resolve the issues pertaining to Pedo's employees.

Board chairman Sahibzada Saeed called for the improvement of quality of work in managerial and financial matters of organisation.

He asked the relevant officials to maintain transparency in their matters.

https://www.dawn.com/news/1395727

NEWS COVERAGE PERIOD FROM MARCH 4TH TO MARCH 11TH 2018

A NEW GLOBAL FOSSIL FUEL ERA WITH TRUMP

Dawn, March 4th, 2018

Syed Rashid Husain

When President Trump got into White House, many thought, a new fossil fuel era has begun. The Obama days, where environmental issues led the decision-making process, were over.

The industry was elated, for, it had been strongly supporting Donald Trump as a candidate. It had money and it bet on him. Finally, with Trump in the White House, their own man was at the helm.

Initial days matched the expectations. Rex Tillerson, the ExxonMobil veteran was inducted as the Secretary of State. Scott Pruitt, ‘a leading advocate against the Environmental Protection Agency’s activist agenda’, was named to head EPA, the very agency he had been fighting for years.

The approval of the Keystone Pipeline was one of the first few major decisions, the new administration had taken.

All this was music to ears. Even the Saudi Oil Minister Khalid Al-Falih expressed his appreciation for the underlining tilt; the world needed fossil fuel for decades and new investments in the sector need to be promoted, and not discouraged.

But the honeymoon seems over!

There have been reports in past months that despite being the Secretary of State, Tillerson is not on very good terms with Trump. And that the chasm between the fossil fuel industry and the Trump administration, is growing.

The oil and natural gas industry are running into a rough patch with President Trump, Amy Harder wrote. Trade tariffs, ethanol and issues with offshore drilling are causing the two to drift apart, she said, and that the conflict is escalating.

“Now that Trump has carried out tax reforms, he’s going to be doing things more unilaterally and the concern levels are starting to rise,” Bob McNally, president of the consulting firm Rapidan Energy Group and former adviser to President George W. Bush, was quoted as saying.

The tension threatens to override Trump’s positive rhetoric and regulatory rollbacks. Today’s conflicts are more wide-ranging than last year’s main battleground.

Trump seems set to impose steep tariffs on steel and aluminum imports. This is a cause of concern to the industry. Many now believe that it would be a big defeat for major oil and gas companies that have been lobbying hard against such penalties.

They say tariffs will raise pipeline costs because there’s not enough domestic steel available.

Interior Secretary Ryan Zinke’s surprise decision to remove Florida from the draft offshore drilling plan, also faced a lot of criticism from the energy camp. This was an early 2018 stumble for the Trump administration, Harder underlined.

Gas producers openly opposed Energy Secretary Rick Perry’s, now failed, proposal to boost coal and nuclear plant revenues, fearing it could undercut their fuel’s advantage in power markets.

The administration also seems caught in an endless firestorm over a federal ethanol mandate.

The policy, which Congress first passed in 2005, required refineries to blend increasingly large amounts of biofuels, mostly corn-based ethanol, into the nation’s gasoline supply.

The president has been consistently expressing support for the policy, which provides jobs in the political battleground and corn-rich Iowa.

The intensity of the fight grew in the wake of a newly announced bankruptcy at a Philadelphia refinery, which is blaming the mandate for its financial woes. The development is pitting Trump between his ethanol allies in Iowa and blue-collar refinery jobs in Pennsylvania, another key political state.

The energy industry is also worried about changes the administration is endeavouring to make to the North American Free Trade Agreement.

Recent reports say that a provision allowing investors to sue countries for alleged discriminatory practices are being scrapped as part of negotiations. This is a cause of concern to the industry. The provision, known as investor state-dispute settlement, is critical to encouraging American companies to keep investing in Mexico's burgeoning oil industry, industry lobbyists told Axios.

Eliminating it, "would stifle access to capital because people would be unwilling to underwrite transactions if two sides aren't bound by a common understanding of how you resolve differences," Scott Segal, a partner at Bracewell, a firm whose clients include pipeline developers and oil refiners, told the press.

"This administration says it wants energy dominance, but its policies on trade and a number of other issues indicate otherwise," one oil industry official was quoted as saying.

A barking dog never bites, the old idiom says. Is it true of the present administration? Let's wait and see.

https://www.dawn.com/news/1393102

GOVT SEEKS TO REDUCE SUPPLIES AS DEMAND FOR LNG FADES
Dawn, March 6th, 2018

ISLAMABAD: Amid delays in the commercial operations of three mega projects of about 3,600 megawatts in Punjab, the government on Monday directed scaling down supplies of Liquefied Natural Gas (LNG) from both specialised import terminals as fuel demand faded.

Pakistan LNG Ltd (PLL) and Pakistan State Oil (PSO) have been directed to reduce their supplies by one-third and about 17 per cent, respectively, as domestic gas demand has dropped with higher temperatures, a senior official at the Petroleum Division told Dawn on Monday.

As a consequence, the LNG throughput handled by PLL from Gasport Terminal would be reduced from 300 million cubic feet per day (mmcfd) to 200mmcfd while PSO would reduce supply from Engro Elengy Terminal from 600mmcfd to 500mmcfd.

The official said the adjustments in LNG supplies had been made on the directives of the Prime Minister Office and would have a cost to PSO and PLL but would ensure that three signature plants do not look bad financially.

All the three LNG projects were required to achieve commercial operation date (COD) on combined cycle by December 2017 under revised schedule instead of original schedule of June-August 2017, but are yet to reach that stage, he said. One of the plants may achieve COD on March 7, he added.

He said the LNG off-takers were either not ready or a few others had lower requirement for LNG while pipelines and storages were fully packed and hence the only option left was to reduce throughput from both terminals.

The information flowed out after Prime Minister Shahid Khaqan Abbasi presided over a meeting on power sector demand and supply situation ahead of coming summer when the PML-N performance in terms of ending loadshedding would come to real test. This has become crucial for the fact that PML-N would not be in power in peak summer to manage power situation and unfriendly hands on machines could crumble the power sector success story.

The meeting was attended by Minister for Power Sardar Awais Ahmed Khan Leghari, Finance Adviser Miftah Ismail, Special Assistant to the PM Barrister Zafarullah Khan, federal secretaries senior officials of divisions concerned. The meeting was also “briefed on demand and supply situation and the power generation projections from March till October 2018”.

Interestingly, the LNG supply jack up was particularly based on power plants’ requirement. The Central Power Purchase Agency (CPPA) and National Transmission & Despatch Company (NTDC) have been giving gas demand of up to 900mmcfd, but actual consumption in the sector has been less than 500mmcfd.

For February, the power sector has been committing LNG offtake of 700mmcfd, but the supply remained less than 400mmcfd and some quantities were diverted to the domestic sector besides the industry.

Under revised schedules, the Petroleum Ministry official said the two LNG projects of the federal government namely Haveli Bahadar Shah and Balloki and Qaid-i-Azam Power Plant (Bhikki plan) of Punjab government have confirmed combined cycle commissioning in early March (all three having 1,200MW).

The three plants were to get firm supply of RLNG from December/January for combined cycle testing but they have so far failed to scale up supplies due to repeated technical failures.

In fact, the three were to start single cycle operations over one year ago for which two LNG terminals were set up and LNG import arrangements were put in place at the expense of millions of dollars of the taxpayer money. The plants were to make ‘take or pay’ payments to LNG importers under back-to-back agreements in case of non-consumption of RLNG even in single cycle phase.

However, the stakeholders in the supply chain have refrained from ‘take or pay’ settlement under orders of the PM Office to spread the losses across the chain instead of cost build up in LNG power plants to avoid Nandipur Power project-like cost escalations. The cost, therefore, shift to PSO, LNG companies and Sui gas companies besides the consumer at large. LNG terminal operators like Elengy and Gasport are qualified to claim full payments that increases the processing cost because of lower utilisation factor.

Interestingly, chief executive of Qaid-i-Azam LNG project Ahad Cheema was picked up by National Accountability Bureau (NAB) in a different case when his first plant at Bhikki was in final stage of testing and he had been entrusted to undertake fourth LNG project of 1,200MW at Trimmu when it had become clear that enough generation capacity had been contracted.

In the meanwhile, a number of low-cost generation project based on coal and hydropower have come on line like coal-based project at Sahiwal contributing 1,300MW, Port Qasim coal plant 600MW and expected to go up to 1,300MW soon. Additional nuclear power capacity of around 800MW is likely to be commissioned this summer while Tarbela-4th extension will give enhanced supplies in summer, followed by Neelum-Jehulm.

These low-cost projects would shift all LNG-based projects way down on merit order and compel these plants to full capacity utilisation in peak summer. “This is the story of unsustainable development taking place without proper coordination among various stakeholders”, said an insider.

An official statement said the Wapda chairman briefed the prime minister about the updated satiation vis-à-vis payments made so far to Punjab and Khyber Pakhtunkhwa against net hydel profit claims. He said Wapda had met all its net hydel payments obligations even when it had not yet received the funds from CPPA after determination by National Electric Power Regulatory Authority.

“The prime minister directed that factual position be presented before the Council of Common Interests during its next meeting”, said the statement. He also directed Power Division to brief the Federal Cabinet on current and anticipated power situation in its next meeting.

He also directed that the minister for power to personally visit and take provinces on-board for taking effective measures for reducing electricity losses and improving recovery situation of power dues.

https://www.dawn.com/news/1393440

GOVERNMENT PLANS TO CUT DUTIES ON SOLAR BATTERIES
The Express Tribune, March 8th, 2018.

The government is working on a plan to slash duties on the import of lithium batteries in a bid to promote its usage in solar power plants.

At present, 25-30% in duties are charged on the import of lithium batteries and a higher 55% duty is collected on the import of solar AGM and GEL batteries.

As a result, the cost of solar batteries has now become double than the price of solar panels because of a 50% dip in prices of the latter over the past five years.

The high rate of duty on solar AGM and GEL batteries has served as a strong barrier to increase in solar power generation in the country.

A senior government official told The Express Tribune that Prime Minister Shahid Khaqan Abbasi had tasked the Ministry of Energy (Power Division) with preparing a summary for duty reduction, which would be presented to the Economic Coordination Committee (ECC) for approval.

The official revealed that the issue was also taken up in a cabinet meeting held in February. During the course of discussions, it was suggested that the renewable energy policy should have the concept of net metering in the distribution network as well as a rationalised tariff structure for the import of special lithium batteries and magnetic DC motors.

The government of Punjab has also approached the Alternative Energy Development Board, seeking lower duties on the import of solar batteries or reduction in prices of locally manufactured batteries to pave the way for solar energy production.

The objective of imposing duties was to protect the domestic manufacturers, but they have failed to reduce prices and are selling batteries at almost the same price as that of imported batteries including the duty.

Pakistan Solar Association's former chairman and Pakistan Energy Watch General Secretary Faiz Bhutta pointed out that lithium batteries were even being used in the US to store electricity in the national grid. In case of storm and damage to the grid there, the stored electricity is supplied.

Also the lithium batteries had a long life and were environment-friendly, he said, adding duty-free import of batteries would be a great step to serve the solar energy industry.

He alleged that a domestic battery manufacturer had managed to get the duty increased to 55% in a bid to promote his own products, adding the purpose of protecting the domestic industry and ensuring lower prices with good quality could not be achieved.

"The government has to either control prices of domestically manufactured solar batteries or reduce duty on the import of batteries," he suggested.

https://tribune.com.pk/story/1654001/2-government-plans-cut-duties-solar-batteries/

EXPANSION: BYCO PETROLEUM TO SET UP TWO MORE REFINERIES
The Express Tribune, March 11th, 2018.

Byco Petroleum Pakistan Limited, while re-commissioning its oil refinery, has announced that it will set up two more refineries to capitalise on domestic demand for petroleum products.

Byco re-commissioned a catalytic reformer at its oil refinery, ORC-2, enabling the company to convert 24,000 barrels per day of heavy naphtha into motor gasoline, as per rated capacity.

At the combined current level of crude processing at both of Byco's Oil Refining Complexes (ORC I & II), ie 75,000 barrels per day, the cumulative motor gasoline production has increased fivefold from 300 tons to 1,500 tons per day.

Pakistan's total demand for petroleum products is 27 million tons out of which 40% is produced locally while the rest is imported.

Owing to the government's policy of promoting liquefied natural gas (LNG) consumption, furnace oil production is suffering as the country has a large quantity of furnace oil which is no longer allowed to be used by independent power producers (IPP) for electricity generation.

The restriction on furnace oil use has disrupted the production system of oil refineries since the sector has to look for other options when it is not sold locally. Refineries are looking to export furnace oil.

The government has decided to facilitate companies that want to set up refineries along the costal belt of Balochistan by waving taxes for 20 years, said Ministry of Petroleum and Natural Resources Director General Oil Abdul Jabbar Memon.

The only condition is that the companies should be able to produce 100,000 barrels per day of oil.

Pakistan, with the assistance of the UAE, is setting up a state-of-the-art refinery at Hub, Balochistan with an investment of $5 billion, which will refine 250,000 barrels per day.

Byco Vice President Operations Mansoor Shafique Qureshi said Byco had invested much time, effort and resources in the commissioning of the catalytic reformer, which would give additional strategic advantage of producing significantly more high quality motor gasoline.

Byco has planned many additional upgrades and investments and these will be unveiled as they are rolled out. It is already Pakistan's largest oil refining firm with a design production capacity of 155,000 barrels per day by its two oil refineries, he said.

https://tribune.com.pk/story/1656670/2-expansion-byco-petroleum-set-two-refineries/

April 2018

NEWS COVERAGE PERIOD FROM APRIL 23 RD TO APRIL 29TH 2018

NEPRA SLASHES POWER RATES BY RS1.86 PER UNIT
The Express Tribune, 25 April 2018

The National Electric Power Regulatory Authority (Nepra) on Tuesday turned down the plea of the federal government to increase power tariff and cut electricity rates by Rs1.86 per unit instead on account of fuel adjustment for the month of March 2018.

The Central Power Purchasing Agency (CPPA) had filed a petition, requesting to increase power tariff by Rs0.4437 per unit based on weighted average reference fuel cost of FY2015-16.

However, the power regulator turned down the plea and decided to cut power tariff by Rs1.86 per unit based on the weighted average reference fuel cost of FY 2014-15.

Consumers will get the benefit of around Rs15 billion and relief will be given in next month's bills.

In a public hearing on a petition filed by the Central Power Purchasing Agency (CPPA-G), Nepra decided that relief of Rs1.86 per unit shall be passed on to consumers for the month of March.

This adjustment will be available to domestic consumers in entire Pakistan, except for K-Electric consumers. The adjustment will also not be available to domestic consumers that use up to 300 units per month.

The CPPA-G filed a petition before the power regulator for tariff increase on behalf of ex-Wapda distribution companies.

In its petition, the CPPA-G reported that it had charged consumers a reference tariff of Rs6.6429 per unit in March against the actual fuel cost of Rs7.0866 per unit, requesting an increase of Rs0.44 per unit. This working was based on tariff for FY2015-16.

According to the CPPA-G, about 8,740.90gWh (Gigawatt hours) were generated in March and 8468.84gWh delivered to distribution companies due to higher losses of 2.97% (Rs0.22 per unit) transmission and distribution losses.

It said the share of hydropower production in the overall energy mix in March dropped to 9.98 per cent as water levels in dams touched dead level.

Wind and solar plants together contributed about 1.71% and 0.81% energy, respectively, at no fuel cost.

Power generation from the furnace oil-based power plants was 16.14 per cent at a cost of Rs10.83 per unit.

Similarly, natural gas-based generation was 21.28% at the cost of Rs4.75per unit.

The generation from imported liquefied natural gas (LNG) also contributed 24.32% to the overall power supply at a rate of Rs8.85 per unit.

The overall energy contribution from coal was 14.46 per ent and its fuel cost of generation stood at Rs6.88per unit.

The share of imported electricity from Iran contributed around 0.48 per cent with a cost of Rs11.05 per unit.

The CPPA had requested to make previous adjustment of Rs6.29 billion or Rs0.71 per unit on account of supplemental charges.

However, the regulator turned down this request and decided to pass on relief of Rs1.86 per unit to the consumers.

https://tribune.com.pk/story/1694325/2-nepra-slashes-power-rates-rs1-86-per-unit/

BUDGET 2018-19: INCENTIVES GALORE AS COST OF RELIEF EXCEEDS NEW REVENUE MEASURES
Dawn, April 28th, 2018

Mubarak Zeb Khan

ISLAMABAD: The Finance Act 2018 contains a wide array of incentives given to business enterprises, as well as reiterating the terms of the voluntary disclosure of assets scheme that has already been announced.

From LNG to coal, livestock to stationery, every sector and every type of business enterprise has been showered with exemptions and tax reductions. Such large and widespread incentives have rarely been seen.

With the increase of Rs500 billion in the Federal Board of Revenue’s target, the PML-N government has introduced new revenue measures of around Rs93.32bn. The populist relief measures worth Rs184.5bn outpace the revenue measures in the last budget of the incumbent government.

The breakdown of the new tax measures shows an amount of Rs13.95bn worth income tax measures, Rs50.4bn of sales tax and FED and Rs28.97bn customs duty. FBR eyes to collect maximum revenue from depreciation of rupee at the import stage.

The relief measures announced are unprecedented and cost the government Rs184.5bn. Of them, Rs6.2bn relief was given in customs, Rs28.96bn in sales tax and FED and Rs149.34bn in income tax.

To incentivise big business, the government has come up with a five year plan to reduce corporate tax rate from 30 per cent to 25pc by 2023. This reduction will be carried out 1pc each year starting from 2019 when corporate tax rate will come down to 29pc.

Similarly, the super tax will be phased out by tax year 2021. It is proposed to reduce it 3pc on banking company and 2pc on person other than a banking company, having income equal to or exceeding Rs500m.

The increase in threshold announced earlier was partially reversed. A flat rate of Rs1,000 will be charged on income between Rs400,000 and Rs800,000 while in case the income exceeds Rs800,000 but remain less than Rs1,200,000 the flat rate of tax will be Rs2000.

In order to extend the lower rate of tax, the maximum tax rate for all individuals including salaried class was reduced to 15pc. For salaried class, the highest rate was 30pc while in case of non-salary individual the rate was 35pc.

To extend the benefit to association of persons, the highest tax rate was reduced to 30pc from 35pc. The tax slabs were also reduced to six from seven.

To facilitate public companies, the condition of distributing 40pc of after tax profits is being reduced to 20pc and the applicable tax rate on accounting profit in case of failure to disburse undistributed profit (dividend) is being reduced from 7.5pc to 5pc.

All the three credits available to companies are proposed to extend to June 30, 2019 — extension, expansion, balancing modernisation and replacement of plants at the rate of 10pc of the amount invested; provision of tax credit on new industrial undertaking; tax credit for the purchase and installation of plant and machinery through at least 70pc new equity.

The tax rate on transfer of banking instruments, which are in excess of Rs50,000 was reduced to 0.4pc from 0.6pc for non-filers. The 5pc tax on bonus share was withdrawn.

To encourage investment in shares/sukuks, the limit of Rs1.5 million has been increased to Rs2m to avail a tax credit.

The limit of recovery amount through attachment of bank account was reduced to 10pc of tax payable from 25c during pendency of first appeal.

The minimum threshold of tax deduction on payment of goods was enhanced from Rs10,000 to Rs30,000 while in the case of services the limit was raised to Rs75,000 from Rs25,000, respectively.

The minimum penalty for failure to file withholding statement was reduced to Rs5,000 from Rs10,000. The minimum penalty will be imposed only if withholding statement is filedwithin three months of due date.

The reduced rate of 0.5pc for large trading houses was extended till 2021. The facility of availing low tax rate was extended to all persons appearing in Azad Jammu and Kashmir and Gilgit-Baltistan Council Board of Revenue as filer under the income tax ordinance 2001.

The advance tax on purchase of property will be collected piecemeal with each installment. The rate of withholding tax on payment of dividend by a rental REIT scheme to a filer has been reduced from 12.5pc to 7.5pc, exempted 5pc withholding tax on issuance of bonus shares to Mutual Funds.

In order to promote microfinance banks, profit of debt derived by non-profit organisations from micro-finance banks will also qualify as income eligible for 100pc credit.

The tax on commission earned by member of stock exchange has now been made adjustable.

To encourage and promote film-making in Pakistan, 50pc tax rebate will be allowed to foreign film makers making films in Pakistan and a 50pc tax reduction in income tax liability will be allowed to companies deriving income from film making for a period of five years.

All allowances of armed forces personnel are exempted from tax. Exemption has also been accorded to capital gains tax on the resale of Pakistan Mortgage Refinance Company Limited bonds by the investors to encourage its marketing and increase its effectiveness.

The tax rate on import of coal by manufacturers as well as commercial importers has been reduced to 4pc for filers and 6pc for non-filers.

The mechanism of alternative dispute resolution is revamped, the selection for audit on the basis of late filing of return is abolished and a taxpayer can only be selected for audit once in three years. The obligation to act as withholding agent to be deferred to the succeeding year.

The set off brought forward depreciation losses have now been limited to the extent of 50pc of the business income for a tax year except in instances where the taxable income is up to Rs10m. Earlier, unabsorbed depreciation losses can be carried forwarded indefinitely which leads to payment of less or nil tax liability.

Banks will collect 1pc withholding tax from filers and 3pc from non-filers in respect of credit/debit card transactions resulting in outward flow of remittances from Pakistan.

The commercial importers are now entitled to file their income tax returns declaring their taxable income and the tax paid at import stage will now constitute minimum tax instead of final tax.

For sales/supplies, the rate of withholding tax for non-filers has been increased from 7pc to 8pc in the case of companies and from 7.75pc to 9pc in the case of persons not being companies. For contracts, the rate of tax for non-filers was enhanced from 12pc to 14pc in the case of companies and from 12.5pc to 15pc in the case of persons not being companies.

Marriage halls are now required to collect either 5pc of the bill or Rs20,000 per function in major cities and Rs10,000 per function in the remaining cities, whichever is higher. Moreover, the non-recognition of capital gain on gift was restricted to relatives.

To provide a level playing field, the tax deductible on services rendered/provided by permanent establishments of non-resident persons will also be treated as minimum tax.

As the prices of high speed diesel are to be deregulated, tax on dealers margin are now to be collected on ex-depot sale price of HSD (excluding dealers margin) at the rate of 0.5pc from a filer and 1pc from a non-filer.

Sales tax exempted on import of paper weighing 60 g/m2 for the printing of Holy Quran. The finance act has also waived the 3pc value addition tax on import of LNG; rate of sales tax was reduced from 17pc to 12pc on import of LNG by Pakistan State Oil (PSO) and Pakistan LNG Limited (PLL)and on supply of RLNG by these companies to Sui Northern Gas Pipeline Limted.

It introduces a uniform rate of 3pc sales tax on all fertilizers across the board and to provide for reduced rate from 10pc to 5pc on supply of natural gas to fertiliser plants for use as feed stock. Moreover, rate of sales tax on LNG imported by fertiliser manufacturers for use as feed stock is also being exempted.

It was proposed to exempt 17pc sales tax to fans for dairy farms, preparations for making animal feed and bovine semen. Likewise, 10pc sales tax on Fish Feed exempted. Moreover, sales tax on agriculture machinery is also reduced from 7pc to 5pc.

Zero rating on import of potato is being granted retrospectively on 200,000 metric tonnes imported during the period May 5, 2014 to July 31, 2014.

Exemption is being granted to Karachi Shipyard Engineering Works Limited on import of machinery, equipment, raw materials, components etc.

Sales tax is also exempted on import of 21 types of computer parts, and promotional, advertising materials for display at exhibitions. Sales tax reduced to 5pc from 17pc on import of 19 items of cinematographic equipment for revival of film industry for five years.

One time exemption granted on import of plant and machinery for setting up of Special Economic Zone and for installation in that zone by zone enterprises, zero-rating restored on stationery items, reduce rate of 6pc allowed on import of ready to use articles of artificial leather, further tax at the rate of 1pc allowed on local supply of finished fabric, the rate of extra tax and 2pc further tax was extended to Pakistani foam manufacturers.

Sales tax exempted on import of hearing aids of all types and kinds, excluded second hand worn clothing and footwear from value addition, the amount of tax to qualify for automatic stay till disposal of appeal by the Commissioner (Appeals) is being reduced from 25pc to 10pc.

The State Bank of Pakistan and its subsidiaries payment of commission to banking companies is exempted from federal excise duty for handling banking services of Federal or Provincial governments. The rate of sales tax on import and supplies of furnace oil was reduced to 17pc from 20pc.

The five exports oriented sectors were allowed input tax adjustment on packing materials, sales tax reduced from 17pc to 12pc on import of lithium iron phosphate batteries, rate of further tax enhanced to 3pc from 2pc.

The rate of sales tax on import and supply of finished articles of leather and textile sector is being increased to 9pc. However, all those branded outlets which will be integrated through electronic fiscal devices with FBR online system will be charged 6pc.

In all the three tiers, the federal excise duty (FED) enhanced on locally produced cigarettes, FED increased from 1.25 per kg to Rs1.50 per kg cement.

The rate of sales tax for steel sector is being increased to Rs13 per unit of electricity consumed. Moreover, the rate of sales tax for other allied steel industries–ship breakers and re-rollers is also being rationalised.

Non-adjustable/non-refundable sales tax at the rate of 5pc on import of capital goods, whether or not locally manufactured, for transmission line projects is being introduced.

The government announced wide ranging exemptions and reduction in customs duty on import of raw materials for export oriented industry, as well as on imports for dairy, poultry and tourism sectors. The import of paper for printing Holy Quran was exempted from payment of duty. The duty on Multi-ply and Aluminum foil for Liquid Food Packaging Industry was cut by 2pc to 18pc.

In order to boost tourism and dairy sector, it halved customs duty on Pre-fabricated structures for setting up of new hotels/motels to 10pc, and on bovine semen and preparations for making animal feed to 5pc, allowing import of fans for corporate dairy farmers at concessionary rate of 3pc. The customs duty was cut from 10pc to 5pc on growth promoters premix, vitamin premix, Vitamin B12 and Vitamin H2 for poultry sector.

Customs duty was reduced to 5pc across the board on input materials of optical fiber cables besides reduction of regulatory duty to 10pc from 20pc, customs duty reduced to 3pc on specified items used in cinema industry, and withdrew 11pc duty on acrylic tow.

Customs duty of 3pc is exempted on Micro Feeder Equipment used for food fortification; exempted 5pc duty on Tasigna (an anti-cancer medicines); reduces duty from 20pc to 16pc on Acetic Acid; exempted 16pc on charging stations for electric vehicles.

The duty was slashed from 16pc to 11pc on plasters from 20pc to 16pc on film of ethylene Liquid Food Packaging Industry; from 20pc to 16pc on Carbon Black (rubber grade); from 10pc to 5pc on silicon electrical steel sheets for manufacturing transformers.

Specified LED parts and components for manufacturers of LED lights got exempted from 5pc duty. A 2pc regulatory duty imposed on LED bulb & Tubes, Energy Saving Bulbs & Tube to protect local industry. Moreover, 3pc exempted on tanned hides in wet state.

Duty exempted on two catalysts for use by PTA industry–Hydrogen Bromide (11pc) and Palladium-on-carbon (3pc), duty reduced from 16pc to 8pc on Coils of aluminium alloys used in manufacturing of Aluminium beverage cans; from 5pc to 3pc on import of coal, across the Board; duty reduced from 30pc to 10pc on import of fire fighting vehicles, allowed concessionary import of vintage or classic cars and jeeps at fix duty/taxes of US$ 5,000.

The duty reduces from 50pc to 25pc along with exemption of 15pc regulatory duty on electric vehicles. The duty also reduces from 50pc to 25 on kits of electric vehicle. The facility of import of solar panels which were exempted from the condition of 'local manufacturing' are extended for another one year until June 30, 2019. Duty reduced from 11pc to 3pc on corrective glasses, from 11pc to 8pc on Lithium iron phosphate battery.

The regulatory duty of 30pc is imposed on export of waste and scrap of copper. The total import of these products is almost Rs100bn per annum.

The regulatory duty increased on 110 items while in the case of 105 items it was slightly reduced. The additional customs duty increased from 1pc from 2pc on all tariff lines. FBR estimates to raise revenue of Rs20bn from this measure.

The regulatory duty has been reduced from 20pc to 10pc on CKD/SKD kits of home appliances. The regulatory on finished home appliances are 20pc. New PCT codes are created for CKD/SKD of home appliances, petrol generating sets, semi-automatic washing machines, kerosene based mineral oils, relays, fuses, gear pumps and turbo chargers for vehicles, electric conductors, light fittings with fixed/fitted LED/SMD.

Regulatory duty imposed at the rate of Rs175 per set on CKD/SKD kits of mobile phone.

Duty has been increased to 11pc from 3pc on double-sided tape; duty increased from 11pc to 20pc on rickshaw tyres, duty increased on Soya bean oil from Rs9050/MT & Rs10200/MT to Rs12000/MT and Rs13,200/MT, respectively.

Duty increased from 30pc to 35pc on aluminum auto parts scrap; from 3pc to 20pc on Di-octyl Terephthalate; levy of 5pc regulatory duty on Medium Density Fiber while normal duty reduced from 16pc to 11pc.

https://www.dawn.com/news/1404367/budget-2018-19-incentives-galore-as-cost-of-relief-exceeds-new-revenue-measures

NEWS COVERAGE PERIOD FROM APRIL 16TH TO APRIL 22ND 2018
NEPRA BLAMES KARACHI'S POWER WOES ON KE
Dawn, April 18th, 2018

Khaleeq Kiani

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) has found K-Electric at fault for the ongoing power crisis in Karachi and asked the government to increase gas quota for the power utility to ease public sufferings.

At the conclusion of a three-day visit of its special investigation team to the port city, the regulator reviewed the investigation report and decided to initiate legal proceedings against the power utility for violations of various responsibilities, including non-utilisation of its full power generation capacity.

The investigation committee noted that the load management carried out by K-Electric was beyond its claims and in addition to loadshedding on account of gas curtailment. The KE network also experienced faults adding to the unplanned loadshedding hours due to its fragile distribution system.

At the same time, the regulator attributed the power crisis to lower gas availability than last year and asked the government, being a 24 per cent shareholder of KE, to increase gas supply to 190mmcfd (million cubic feet per day). It said the gas supply was 50-60mmcfd lower than last year against KE's claim of about 100mmcfd.

Also asks govt to increase KE's gas supply to 190mmcfd to ease public suffering; power firm says no immediate option to use alternative fuel

"Nepra took serious notice of the above-mentioned violations and decided to initiate legal proceedings against K-Electric," said an announcement by the regulator.

Responding to the Nepra's order, K-Electric's spokesperson Sadia Dada said: "We await the full report on the subject but in our preliminary comments we feel that the advisory issued by Nepra to ensure 190mmcfd gas is made available to K-Electric it is a positive reinforcement which will certainly enable KE in restoring power supply to the city to routine.

"Based on information available in the statement it is pertinent to note that tariff on HSD (high speed diesel) is not determined. As already indicated in the statement, alternative fuel for gas-based plant has not been commissioned, therefore in the current state KE does not immediately have the option to use alternative fuel."

Nepra said its five-member committee visited K-Electric from April 11 to 13 to investigate the unannounced loadshedding due to curtailment of gas supply by the Sui Southern Gas Company (SSGC) to KE owing to which consumers were suffering badly.

The committee held detailed discussions with KE officials, inspected main power generation plants and grid stations and conducted surveys of the relevant areas for response of general public.

Based on the committee's observations, Nepra has sent an advisory to the government which has three members on the KE board for immediate restoration of gas supply of 190mmcfd to KE by SSGC.

The committee noted that KE was receiving around 50-60mmcfd less gas in April, as compared to the same month last year, and the situation had worsened due to increase in power demand owing to early onset of summer.

The committee also noted that infrastructure for alternative fuel/HSD operation at both the gas turbine-based plants — Korangi Combined Cycle Power Plant (KCCPP-225MW) and Bin Qasim Power Station-II (BQPS-II-529MW) — was available, but the utility had not yet commissioned the capacity and "adopted an irresponsible approach in this regard. Had these systems been in place, about 350MW could have been added and additional loadshedding could have been avoided, the regulator said.

During the period under review i.e. March 27 till April 10, the committee noted underutilisation of BQPS-I during morning time, whereas it could have been operated at full capacity to minimise loadshedding. The committee further noted that average loading position of BQPS-I was only 647MW against the available capacity of 1015MW. Moreover, it was observed that Unit-2 of BQPS-I having the available capacity of 180MW was on unplanned outage since September 2017 which indicated KE's poor maintenance plan.

Nepra directed K-Electric to immediately start the commissioning of KCCPP and BQPS-II on alternative fuel/HSD and complete it as early as possible. The regulator said it had also decided to acquire the Ramazan plan from K-Electric in order to comprehend the arrangements made by the utility to ensure uninterrupted power supply during Sehar and Iftar timings to the people of Karachi.

Earlier, the regulator had expressed its dissatisfaction over the positions submitted by KE about the power situation and appointed the five-member team for physical examination of the situation in Karachi and KE.

The special investigation team was led by Husnain Zaigham, senior adviser technical, and comprised Masood Akhtar, Hafiz Irfan Ahmad, Husnain Gohar and Junaid Ahmad.

K-Electric has been claiming that SSGC had cut 100mmcfd gas supply to it due to which the power utility suffered a 500MW of electricity shortfall, causing two to three hours of additional loadshedding.

The Sindh government has claimed that the people of Karachi are enduring 10 hours of loadshedding.

The two utilities have been in a dispute for almost three years over outstanding payments and reduced gas supplies. The SSGC had claimed gas shortages in its system and receivables worth Rs80 billion from KE and wanted a reduction in outstanding liabilities in case of KE's transfer to Shanghai Electric Power Limited (SEPL) of China from the current management of Abraaj Capital.

The federal government has approved the issuance of a national security certificate for the sale of shares held by KES Power Ltd in K-Electric to SEPL.

https://www.dawn.com/news/1402265/nepra-blames-karachis-power-woes-on-ke

INDUSTRY GIVES 48-HOUR ULTIMATUM FOR POWER, WATER
Dawn, April 18th, 2018

Parvaiz Ishfaq Rana

KARACHI: Representatives of all seven industrial estates in the city on Tuesday gave a 48-hour ultimatum to the federal and provincial governments to resolve the issue of acute water shortages and prolonged power outages, failing which all industrial units in the city and Hub Industrial estate (Balochistan) will shut down.

The seven industrial estates — located in SITE, Federal B Area, Korangi, Super Highway, North Karachi, Landhi and Bin Qasim — house over 15,000 units contributing up to 50 per cent in exports and 50pc in direct taxes. The leaders said large-scale shutdown of industrial activity will result in massive unemployment, loss of production and exports.

At a hurriedly called press conference held at PHMA House, industry leaders including SITE Association of Industry president Muhammad Jawed Bilwani, FB Area Association of Trade and Industry president Muhammad Babar Khan, Korangi Association of Trade and Industry president Tariq Malik, SITE Super Highway Association of Industry president Dr Kaiser Shaikh, North Karachi Association of Trade and Industry Shahid Sabir, Landhi Association of Trade and Industry Islamuddin president Zafar and Bin Qasim Association of Trade and Industry vice-president Rana Naveed Shakoor, the leaders urged for urgent resolution of the issues.

However, the representatives stayed away from blaming K-Electric and Sui Southern Gas Company, maintaining that were not interested in blaming anyone utility.

Our interest is to get power and water without any interruption for smooth production activity, the leaders stressed.

For the last 20 days, industry has been running on 50pc production capacity due to acute water shortages and 8 to 10 hours of loadshedding. This has delayed export commitments, resulting in defaults or airlifting of consignments, putting more financial burden on industry and exporters.

The industry leaders claimed that Karachi industry was contributing up to 54pc in federal government’s revenue collection and around 90pc for Sindh provincial government and yet no seriousness is being shown by both the governments.

They further said that up till now the industry had been footing the salary bill of the entire workforce. However, now we are left with no choice but to take extreme measure of giving ultimatum to both federal and provincial governments of shutting down the industry after 48 hours starting today, leaders said.

Giving some revenue collection figures these leaders said that collection of direct taxes from Karachi comes to around Rs479 billion per annum and shares around 50pc in exports at $10.2bn out of total exports of $20.4bn.

The leaders urged President Manoon Hussain, Prime Minister Khaqan Abbasi, Chief Justice of Pakistan Justice Saqib Nisar and Army Chief Qamar Bajwa to intervene and help resolve the issues which were crippling industry and economy of the country.

https://www.dawn.com/news/1402314

TARIFF DETERMINATION: SUGAR MILLERS DEFEND RENEWABLE ENERGY PROJECTS
The Express Tribune, 20 April 2018

Expressing dismay over the government's alleged preference for imported fuel-based power plants, the Pakistan Sugar Mills Association (PSMA) has called for revising policy priorities and encouraging renewable energy projects in order to ease the pressure on foreign exchange reserves.

"Initial 390 megawatts of electricity from bagasse-based projects of sugar mills will translate into savings of $131 million per annum in relation to furnace oil imports," said PSMA Chairperson Javed Kayani in a statement on Thursday.

While justifying decision of the National Electric Power Regulatory Authority that set a higher tariff for bagasse power plants, Kayani said the upfront tariff set in 2013 was based on cheaper sources of energy, adding bagasse-based projects provided an opportunity for substantial foreign exchange savings in imports of furnace oil, liquefied natural gas and coal.

Discussing the stance of Central Power Purchasing Agency (CPPA), he pointed out that as a matter of policy, the government was not only moving away from renewable energy resources, but the stance of CPPA would also discourage further investment in renewable energy as it was encouraging the consumption of imported fuels.

He was of the view that Pakistan had suffered due to earlier misallocation of resources as furnace oil-based power plants were set up and consumers were forced to bear higher fuel cost as well as pay for expensive energy.

He felt that the consumers would be adversely affected again due to currency depreciation and expensive fuel if the government continued with its policy of discouraging renewable energy projects.

Kayani pointed out that sugar mills were mainly run in the winter when hydroelectric and gas-fired power plants operated at the lowest capacity. "In this lean period, bagasse can be a reasonable alternative source of energy," he said.

"On the one hand, there is scarcity of foreign exchange resources and the government is negotiating new loans, but on the other an indigenous resource like bagasse is being wasted, ignored or discouraged."

He saw a tremendous potential in the sugar industry that should be harnessed to the maximum.

Calling bagasse an environmentally friendly fuel, Kayani said carbon dioxide savings from such projects would have the same effect as 292,000 acres of forest.

He clarified that bagasse-based projects would sell electricity at a competitive tariff of Rs10.40 per unit instead of Rs12.09 over the lifecycle of the project. “This will not only provide cheaper electricity by using local fuel, but will also produce substantial foreign exchange savings,” he said.

He asked the government to reconsider, revisit and revise its policy priorities and encourage renewable energy projects as other countries were doing.

https://tribune.com.pk/story/1690154/2-tariff-determination-sugar-millers-defend-renewable-energy-projects/

FEDERAL, SINDH GOVTS SPAR OVER KARACHI POWER CRISIS
Dawn, April 21st, 2018

Khaleeq Kiani

ISLAMABAD: With no immediate solution in sight to the suffering of Karachiites, the electricity crisis in Karachi appears to be turning into a major pre-election issue between the federal and Sindh governments.

The federal government on Friday took a public stance on the gas supply dispute between K-Electric (KE) and Sui Southern Gas Company (SSGC) and said the authorities could not succumb to the “blackmailing” of the former utility. This happened at a time when Karachi’s consumers continued to endure hours-long outages due to power shortage.

Power Minister Awais Ahmad Khan Leghari categorically said that matters could not move forward on the issue of enhanced gas supply to KE without payment, or an agreement on mechanism for payment, of Rs80 billion receivables.

He criticised Sindh Chief Minister Syed Murad Ali Shah for “politicising the crisis” by calling upon political parties in his province to jointly hold a sit-in outside the prime minister’s office in Islamabad.

The minister asked Mr Shah to stop influential people in Sindh from stealing electricity in order to ease the suffering of Karachiites.

For his part, Sindh’s chief minister went a step further and threatened to “raise the issue forcefully in the Council of Common Interests and National Economic Council next week” and not to participate in discussions on other issues.

Mr Shah said the federal government owned 70pc shares in the SSGC and 25pc in KE. The Karachi-based power utility was privatised without the consent of the provincial government, while the federal government guaranteed outstanding liabilities of the Karachi Water Board.

He was of the opinion that the federal government was responsible for resolving the dispute between the SSGC and KE which was threatening to shatter peace in the country’s largest city.

“It seems the PML-N government has decided to target the people of Sindh for categorically rejecting it in the polls,” Mr Shah said, adding that consumers of Hyderabad and Sukkur were enduring outages of between 16 and 20 hours.

Speaking to journalists after presiding over a meeting with senior officials of KE, SSGC and petroleum division, Mr Leghari said the dispute between the two utilities had been discussed in detail at the meeting.

He said a consumer lost his electricity connection on non-payment of only two monthly bills. How was it possible then for a big consumer like KE to continue receiving natural gas after failing to pay such a huge amount for such a long time. The law should be applied to all concerned fairly and equitably.

The KE had its own perspective and wanted to recover receivables from the Sindh government and Karachi Water Board, said the power minister. But the payment of those dues was a provincial matter and should be dealt with at that level.

He said the meeting asked the representatives of the Sindh government, petroleum division, SSGC and KE to sit down and settle their issues while the ministry of finance was asked to assist the parties in reaching an agreement as early as possible.

In response to a question, Mr Leghari said the principal amount payable by KE to SSGC stood at Rs13.7bn while the remaining Rs60-70bn was late payment surcharge based on standard policy. It should be realised that the dispute involved public money and must be settled accordingly. Gas would have to be supplied under a valid gas supply agreement.

“There has been no consumer so far who has received gas without a gas sales agreement. When such a requirement is there for even poor consumers, KE could not be given a different treatment,” the minister said.

When asked why 650MW of electricity was being supplied to KE from the national grid without an agreement, Mr Leghari said the facility was being extended to the people of Karachi so that they do not suffer too much.

He said some people might have had high expectations from the emergency meeting and that the government did want to end the misery of Karachiites, but KE gave a new twist to the dispute. The power utility had perhaps something else in mind and did not proceed as expected.

He made it clear that the federal government would not succumb to any blackmailing because of public sensitivities. The National Electric Power Regulatory Authority was an independent regulator and its chairman did not attend the meeting because doing so was outside the regulator’s domain.

A senior official said the government team complained to the KE team, led by its chief executive Tayyab Tarin, for frequently taking matters to court instead of resolving them and on making profits without improving the transmission and distributing network.

The issue of non-payment of Rs30bn to the National Transmission and Dispatch Company against supply of 650MW was also brought to the table.

Mr Tarin told reporters before the meeting that KE had processed Rs6bn payment against security deposit and was ready to streamline payment of the principal amount of Rs13.7bn, but SSGC was not ready to sign a gas supply agreement. Sadia Dada, the KE's spokesperson, said the SSGC was insisting on payment of Rs60bn interest and late payment surcharge.

https://www.dawn.com/news/1402893

NEWS COVERAGE PERIOD FROM APRIL 9TH TO APRIL 15TH 2018
SOLAR POWER SECTOR DESERVES MORE ATTENTION
Dawn,The Business and Finance Weekly, April 9th, 2018

Sarfaraz A. Khan

The world is doubling down on solar power. Last year, global investments in solar power projects reached a record $160.8 billion, which was 18 per cent higher than 2016, as per data from Bloomberg New Energy Finance.

A staggering 98 gigawatts (GW) of solar power projects were commissioned in 2017 across the globe. This year could turn out to be another strong one, particularly if Saudi Arabia begins working on the proposed 200GW solar project — the largest in the world.

Pakistan is also working on a number of solar power projects but its progress has been slow.

While the government seems to be focused on promoting and building fossil-fuel based power plants, the country is underutilising its solar power potential

Solar power currently plays a negligible role in Pakistan's power generation mix. The country gets 64pc of its energy from thermal power projects which generate electricity by burning fuels — such as furnace oil — that are damaging for the environment.

Hydropower projects account for 30pc of the country's electricity generation, as per the most recent economic survey, while around six per cent mainly comes from nuclear power plants.

The share of solar power was so small in the previous fiscal year that it wasn't highlighted in the Finance Ministry's report. The Central Power Purchasing Agency's annual report shows that solar power accounted for less than one per cent of Pakistan's energy mix.

The rest of the world, on the other hand, has embraced solar power. Germany has invested $200bn in developing various clean energy sources in the past two decades and gets almost a third of its electricity from them.

As per the International Energy Agency's figures, in 2016 Germany got six per cent of its electricity from photovoltaic (PV) cells which convert sunlight into electricity.

Meanwhile, Spain, Italy, and Japan got 3pc, 8pc, and 4pc of their energy from PV cells, respectively, in the same period. The US got 1.3pc of its electricity from solar power projects in 2017, as per the US Energy Information Administration.

But so far, no other country has spent more in a year to ramp up its solar power capacity than China as the the country spent $86.5bn in 2017 on building 53GW of PV plants, Bloomberg data shows.

Meanwhile, India is also spending heavily to increase its solar power generation capacity. The country, which got 5pc of its electricity from solar projects, as per government's figures, and is gearing up to start the 2GW Pavagada Solar Park located in Karnataka which could become the largest operating solar power station in the world.

Pakistan has also considerably grown its solar power generation in the last couple of years. As per the Alternative Energy Development Board (AEDB), which operates under the Ministry of Energy and is the sole authority in Pakistan responsible for leading the development of the country's renewable energy sector, there are more than two dozen solar projects that are under various stages of development.

As these plants come online, the agency believes that the country's annual cumulative solar power capacity will grow from 400MW in 2016 to 1,556MW in 2018.

On paper, it seems that the country is heading in the right direction. But it is unclear when some of its projects that are slated to start in the short term will actually begin commercial operations.

For instance, the three projects located in Nooriabad, Sindh, representing a combined capacity of 150MW received a Letter of Intent (LOI) from AEDB in 2013 and are forecasted to begin operations in June 2018. But AEDB's website shows that so far, these projects have been neither awarded a tariff nor a generation license

In addition to this, development work on the massive 1,000MW Quaid-e-Azam Solar Power Park (QASP) in the Cholistan Desert, Punjab — which was Pakistan's flagship solar power project and the only such development under the China Pakistan Economic Corridor (CPEC) — has experienced significant delays.

The project was initially expected to be completed in 2017 but so far, only the first phase of the development representing 300MW has been completed.

Interestingly, it is widely known that Pakistan is a perfect candidate for solar power generation, given the country regularly received high levels of solar irradiation. This was further confirmed last year when AEDB, by partnering with the World Bank, developed the country's solar energy maps.

These high-quality maps, which were made using the latest resource modelling techniques that were underpinned by 18 years of satellite and global atmospheric data, can not only be used for project planning purposes but also to lure investors. And the world has already taken notice.

Pakistan now regularly features in the Ernest & Young's Renewable Energy Country Attractiveness Index which ranks 40 countries that are most attractive for renewable energy investment and deployment opportunities. In its latest ranking, Pakistan was given 26th position, ahead of countries like Spain, South Korea, Thailand, and Vietnam.

The country is underutilising its solar power potential. The government seems to be focused on promoting and building fossil-fuel based power plants.

Although there is no denying the fact that gas, furnace oil, and coal-fired plants are crucial for fulfilling Pakistan's energy needs, the solar sector certainly deserves more attention. There is no reason why the country shouldn't be generating considerably more than around one per cent of its electricity from solar power projects, just like the above-mentioned countries.

https://www.dawn.com/news/1400466/solar-power-sector-deserves-more-attention

TARGET SOLAR, WIND AND HYDRO FOR FUTURE POWER GENERATION: REPORT
Dawn, April 13th, 2018

Amin Ahmed

ISLAMABAD: The International Renewable Energy Agency (IRENA) sees plenty of scope for renewable energy in Pakistan while increasing energy security and improving energy access, but the country has no clear renewable energy target.

The political ambition to spur growth of renewable energy needs to be translated into a language understandable to investors, the Abu Dhabi based agency said, calling for a clear target to be set. The call comes in a comprehensive analysis of Pakistan's energy sector, identifying key actions to accelerate renewable energy development.

According to the 'Renewables Readiness Assessment', a clear target needs to be set with specific obligations such as renewable portfolio standards, which tend to be more effective because they ensure measurability and are mandated by law.

This will assure investors that they are less vulnerable to changes in the political climate. For Pakistan, such targets imply the introduction of an act duly approved by the parliament, and this would require either a consolidated target or the assignment of renewable portfolio standards to distribution utilities, IRENA assessment says.

While hydropower has traditionally been the largest source of renewable energy in Pakistan — making up almost a third of electricity generation with 7.1 gigawatts of installed grid-connected capacity — IRENA's assessment finds that the country has up to 60GW of economic and technical hydropower potential.

The assessment also identifies 50GW of theoretical wind potential in Sindh and Balochistan provinces and estimates that 25 million tonnes of biomass feed stocks from industrial and agricultural residue can be made available for use every year.

Pakistan's demand for energy is increasing, said IRENA Director-General, Adnan Amin. "To meet this demand Pakistan has a tremendous opportunity to cost-effectively tap its abundant solar, wind and hydropower resource potential. Doing so would support national prosperity and job creation, while enhancing security of supply, improving access and moving Pakistan towards greater energy independence," he said.

Minister for Power, Awais Ahmed Khan Leghari said in the report that the installed capacity of alternative and renewable energy sources in the power sector has already risen from 0.2 per cent in 2013 to 5.2pc of total installed capacity in 2018. Ongoing policy reforms, regulatory transformations, infrastructure development and investment incentives aim to ensure clean, cheap and continuous supply that includes a steadily growing share of renewable energy.

https://www.dawn.com/news/1401294/target-solar-wind-and-hydro-for-future-power-generation-report

CHINA INTERESTED IN PAKISTAN'S HYDEL ENERGY SECTOR
The Express Tribune, 14 April 2018

A Chinese delegation has expressed its interest in joint ventures with Pakistan in the energy sector.

During a meeting with the Pak-China Joint Chamber of Commerce and Industry (PCJCCI), the delegation presented numerous propositions that could be included in the China-Pakistan Economic Corridor (CPEC) and would promote allied investment from China's private sector.

During the course of the discussion, PCJCCI senior vice president presented a Turkish report according to which the vast resources of hot springs in Pakistan especially in Khyber-Pakhtunkhwa (K-P), Gilgit-Baltistan (G-B), Balochistan and Kashmir could be used for generating 10,000MW hydel power and in the treatment of skin and joint diseases.

PCJCCI Senior Vice President Iqbal Qureshi apprised the members that hot springs reservoirs can be used as a centralised system of house air-conditioning coupled with developing recreational/medication in those parts of Pakistan.

Endorsing this idea, Huaiyin District Committee Deputy Secretary Zhou Jing, also the head of the delegation, pledged to disseminate this information among all concerned in China to make this idea a success. She was quite optimistic that a Chinese company would be ready to set up specific turbines to initiate pilot projects of 5 to 10MW, which, if successful, would be emulated for further major power generation units.

Concluding the meeting, Zhou invited members of PCJCCI for the upcoming business expo in Jinan to showcase Pakistani products. This, he said, would help Pakistan get orders from China.

https://tribune.com.pk/story/1685247/2-china-interested-making-joint-ventures-energy-sector/

NEWS COVERAGE PERIOD FROM APRIL 1ST TO APRIL 8TH 2018

THAR SET TO BECOME ENERGY CAPITAL OF PAKISTAN: ZUBAIR
Business Recorder, 2 April, 2018

KARACHI: Sindh Governor Mohammad Zubair said Sunday that present federal government, once elected again after general elections 2018, has the firm resolve to completely transform lives of backward areas of the province like Thar with active support of concerned non-governmental sector. He stated this at a meeting with an eight-member delegation of Green Crescent Trust (GCT) led by its Chief Executive Officer Zahid Saeed at Governor House, Karachi.

Zubair said on this occasion that the government could tackle backwardness, poverty, and illiteracy of people of under-privileged areas like Thar with active assistance of charitable organizations like the

GCT doing their best in health, education, and other social sectors. The governor was informed that GCT had been running a network of 160 schools purely on charitable basis in remote and less-developed areas of Sindh where 33,000 students are enrolled.

The GCT has been working on the plan to increase this enrolment numbers to over 100,000 by the end of year 2020 as for this cause its schools are gradually being shifted to purpose-built newly constructed buildings to expand their capacity manifold to accommodate maximum number of bona fide students from less-privileged communities.

The governor said that government surely required support of non-governmental sector to ably fulfill its basic obligations in areas of health, education, and civic infrastructure. He said that dwellers of backwards areas in Sindh like Thar could get fundamental necessities of life only after governmental efforts to this effect are complemented by the concerned philanthropists.

The governor said that the present government always gave value and fully recognized the support it get from non-governmental and philanthropic organizations like the GCT to provide quality educational, health, and other important civic facilities to people of remote and underprivileged parts of the country. He said that government compulsorily required support of the bona fide NGOs and charities for development and progress of Sindh especially uplift of its social and human development sectors.

Zubair said that last month he himself had gone to Mithi to inaugurate new purpose-built building of 160th school of GCT where he inspected welfare projects of the trust in Thar area. The governor said that he was impressed to see exemplary quality of service being maintained by educational and water supply projects of GCT in Thar area. He said that Thar was one such least developed area where the present government required active support of private and non-governmental sectors to provide basic civic facilities and infrastructure to the area people. He said that all such efforts in the social sector should run parallel to the project being implemented to extract Thar coal for the first time and use this vast mineral resource for massive generation of electricity.

He said that in coming few years the Thar area was all set to become the energy capital of Pakistan on basis of its massive coal reserves but energy generation in the area should also transform lives of local people of the area. This cause will only be achieved when the philanthropic organizations like the GCT and the companies involved in Thar coal and power project would fully support the government to provide best of civic facilities to natives of Thar, said the governor.

He appreciated that apart from Thar, the GCT had been doing its welfare and charitable projects in other rural and least developed areas of Sindh including those situated in suburbs of Karachi. The governor said that federal government as a matter of policy had always fully supported organizations like the GCT to do philanthropic work in areas of health, education, and civic infrastructure development for social uplift of people.

He said that officials concerned of provincial government would also be asked to provide utmost assistance to charities like the GCT so that they could discharge their vital services for uplift of impoverished masses without any hindrance.—PPI

https://epaper.brecorder.com/2018/04/02/39-page/708418-news.html

GOVT REMOVES BAN ON FURNACE OIL IMPORTS AS POWER DEMAND RISES
The Express Tribune, April 5th, 2018.

The government has lifted the ban on import of furnace oil for running power plants and has directed state-owned Pakistan State Oil (PSO) to place orders for bringing fuel cargoes in order to meet growing electricity demand in summer.

Talking to The Express Tribune, a senior government official said the Ministry of Energy (Petroleum Division) had written to PSO, asking the oil marketing giant to resume the import of furnace oil.

“The Cabinet Committee on Energy has decided to resume import of furnace oil to meet growing demand from power plants,” he said.

“We can confirm that PSO has received instructions from the Ministry of Energy for the import of furnace oil. PSO, as a responsible corporate citizen, is committed to supporting the nation and the economy with consistent supply of petroleum products,” PSO said in response to a query. The government had imposed restrictions a few months ago on the consumption of furnace oil in power plants, preferring liquefied natural gas (LNG) in electricity production. Since then, PSO had placed no fresh orders for imports.

At present, the demand for electricity in the country stands close to 17,000 megawatts, which is expected to cross 20,000MW in the peak summer season.

On the other hand, the cheaper hydroelectric power generation has dipped to just 1,050MW because of a slowdown in water inflows into rivers compared to the generation capacity of 7,000MW from this source.

Earlier, the government had been giving verbal orders to PSO to start importing furnace oil, but it did not pay heed. However, the Petroleum Division has now given the directive in writing.

Earlier, the curbs on furnace oil use in power production had stirred serious problems for domestic refineries where stocks of the petroleum product had been piling up. They were of the view that the government had taken the decision in haste and their production of petroleum products could decline with lower furnace oil output.

The government has decided that this time power producers will make payments to PSO in advance to avoid the accumulation of circular debt. Owing to inability of the power producers to clear earlier dues of PSO, receivables of the oil marketing company have swelled beyond Rs300 billion.

The Economic Coordination Committee (ECC) had approved a circular debt settlement plan on March 7 in an attempt to immediately pay Rs80 billion to the power producers and fuel suppliers out of Rs526 billion worth of dues aimed at easing the financial strain.

According to the official, after payment of Rs80 billion, the government will be able to manage the circular debt to some extent.

It was decided to acquire loans from commercial banks and the cost of debt servicing would be borne by electricity consumers through their monthly bills. The consumers will pay 43 paisa per unit to service the debt.

The circular debt stood at Rs526 billion as of December 2017 which included Rs312 billion in energy cost and the remaining Rs214 billion in capacity charges, liquidity damages and loan mark-up.

An earlier circular debt payment of Rs480 billion in 2013 is currently being investigated by the National Accountability Bureau. The Senate Standing Committee on Finance, in its probe, has already established undue payment of over Rs62 billion to independent power producers (IPPs).

https://tribune.com.pk/story/1677687/2-restrictions-gone-govt-removes-ban-furnace-oil-imports-power-demand-rises/

May 2018

NEWS COVERAGE PERIOD FROM MAY 21st TO MAY 27TH 2018

CCOP again fails to develop consensus on K-Electric's sale

By Shahbaz Rana

Published: May 26, 2018

ISLAMABAD: With only six days left in the current government's tenure, the issue of sale of majority stake in K-Electric – Pakistan's largest integrated power utility – to a Chinese company remains far from settlement.

The Cabinet Committee on Privatisation (CCOP) on Friday again could not resolve the intricacies linked with the sale of 66.4% stake of KES Power Limited in K-Electric to China-based Shanghai Electric Power, said officials of the Ministry of Privatisation.

Prime Minister Shahid Khaqan Abbasi chaired the CCOP meeting at his official secretariat.

The premier sent back the matter to an inter-ministerial committee for further discussion after consensus could not be reached at the CCOP meeting. Privatisation Secretary Irfan Ali and Privatisation Minister Daniyal Aziz were not on the same page.

CCOP approves sale of K-Electric stake

In 2016, Shanghai Electric Power had announced its intention to acquire the entire 66.4% stake held by the Abraaj Group through an offshore company – KES Power – in K-Electric. KES Power is incorporated under the laws of Cayman Islands.

But the transaction, valued at $1.77 billion at that time, could not be completed due to legal interpretations and delay in settlement of financial liabilities. The deal was contingent upon the settlement of issues between the government and the seller.

Karachi swelters as K-Electric, SSCG trade blame

The Abraaj Group has made many moves to close the deal and the Chinese group has also used its influence, but progress is painstakingly slow to the frustration of government ministers and investors.

Bureaucracy has its own concerns as it believes that the political leadership is pushing ahead with the deal without carefully vetting the contract.

K-Electric expects lower tariff after LNG use in plants

In March this year, the CCOP allowed the issuance of a national security certificate to Shanghai Electric Power for purchasing a majority stake in K-Electric, which had created hopes that the deal would be eventually concluded.

However, when the matter went for vetting in the federal cabinet, it sent back the issue to the CCOP for addressing concerns of outstanding liabilities and legal structure of the entity.

The CCOP on Friday asked the ministries concerned to meet all the remaining requirements for concluding the deal, said Aziz while talking to The Express Tribune. He ruled out any disagreement among government departments.

But the minister alleged that delaying tactics were used to prevent conclusion of the deal for the past almost two years. He revealed that the CCOP agreed on a new legal language of the draft agreement as some confusion was created by the previous decision.

One of the outstanding issues was the extent of liabilities that Shanghai Electric would record on its books after taking over K-Electric, said an official of the privatisation ministry.

He suggested that since Shanghai Electric would have control over the management, it should be responsible for all the outstanding liabilities.

However, government ministers and Shanghai Electric were of the view that the company could be responsible for liabilities only to the extent of its 66.4% shareholding.

Aziz said all Pakistan laws would be applied to Shanghai Electric, therefore, there should not be any confusion about the ownership of liabilities.

K-Electric owes over $1.1 billion to the National Transmission and Despatch Company and Sui Southern Gas Company (SSGC).

While chairing the previous CCOP meeting, the premier said KES Power and Shanghai Electric Power would sign Extinguishment Deed and the Deed of Undertaking, which would extend provisions of the Original SPA of 2005 to Shanghai Electric Power.

The Petroleum Division had also requested the Privatisation Commission that the national security certificate should not be given until the issue of SSGC liabilities was resolved.

Another issue was Shanghai Electric Power's decision to set up a new special purpose vehicle (SPV) that would own the 66.4% stake in K-Electric, said officials of the privatisation ministry.

They said Shanghai Electric had not informed earlier of its intention to own the stake through a third entity. The federal government will perform a fresh due diligence of the SPV, which may consume more time.

Separately, the issue of determination of multi-year tariff remains pending that has to be decided by the National Electric Power Regulatory Authority (Nepra). K-Electric has sought a review of Nepra's previously determined tariff of Rs12.71 per unit, terming it low and commercially unviable.

Published in The Express Tribune, May 26th, 2018.

https://tribune.com.pk/story/1719205/2-ccop-fails-develop-consensus-k-electrics-sale/

NEWS COVERAGE PERIOD FROM MAY 7TH TO MAY 13TH 2018
THAR PROJECT: ENGRO PLANS INVESTMENT OF $21.3 MILLION
The Express Tribune, May 8th, 2018.

Engro Energy has planned to invest $21.4 million by way of subscription of ordinary shares in Siddiqsons Energy Limited, a Special Purpose Vehicle (SPV), to set up 330MW Thar coal-fired power generation facility.

According to a notice by Engro Corporation on the Pakistan Stock Exchange, the Board of Directors of Engro Energy Limited has approved the said investment to develop approximately 330 megawatt of Thar coal-fired power generation facility in Block II, district Tharparkar on a build, operate and own basis.

Engro Energy, Siddiqsons limited and Arif Habib Equity Limited have entered into a joint venture for the project.

Engro Energy has also entered into a Project Management Agreement with the SPV, whereby the project undertaken by the SPV, will be managed by Engro Energy.

According to Insight Securities' research head Zeeshan Afzal, coal-based power generation facility generally use imports but this would be using Thar coal, which will certainly be good for the company.

https://tribune.com.pk/story/1704600/2-thar-project-engro-plans-investment-21-3-million/

SPEAKERS CALL FOR EXPLOITING INDIGENOUS ENERGY RESOURCES
Dawn, May 12th, 2018

ISLAMABAD: Energy experts at the 10th Power Generation Conference underlined the need for exploiting indigenous energy resources – including coal, hydropower and renewable energy (RE) – for socio-economic development of the country.

The energy conference with the theme ‘The next emerging challenge, sustainability and growth in power generation’ was held on Friday. The event was organised by Energy Updates in collaboration with other partners.

Speaking on the occasion, Secretary Planning and Development Commission Shoaib Ahmed Siddiqui said the energy demand always increases with increasing population of the country. The incumbent government had done a lot in power generation sector and now transmission capacity was being enhanced, he said.

Mr Siddiqui said many investors were coming to invest in the energy sector of Pakistan. He urged the business community to come forward and join hands to provide affordable and clean energy to the consumers.

Mr Siddiqui also stressed the need for water-integrated plan to construct small hydro-projects.

Chief Marketing Officer Sindh Engro Coal Mining Company (SECMC) Brigadier Tariq Lakhair said that Thar Block-II could alone generate 5,000 megawatt (MW) electricity for next 50 years.

He said 80 per cent work on Thar Coal power plant has already been completed and its first unit would start generation by December 2018.

Managing Director Private Power Infrastructure Board (PPIB) Shah Jehan Mirza said efforts were being made to provide clean, affordable and sustainable energy to the consumers. On the generation side, over 10,000 MW power had already been added to the national grid system during the last five years, he added.

“The per capita consumption of electricity in Pakistan was 1/5th of average per capita consumption of electricity in rest of the world. This means we have to supply more electricity to raise standard of living of our people,” he said.

He said coal power projects being set up under the China-Pakistan Economic Corridor (CPEC) which were considered most efficient power plants in the world with 62 per cent efficiency.

MD Siemens (Pakistan), Helmut Von Struve said affordable energy would be foundation of social and stable Pakistan.

He was of the view that energy landscape had gradually been changing to RE.

On the occasion, Prof Dr Faiz Chaudhary was of the view that after dismantling of Wapda, codes and policy guidelines were not followed to provide affordable and reliable electricity.

Speaking in the conference, Acting German Ambassador to Pakistan Dr Jens Jokisch said Germany and Pakistan had massive potential to collaborate with each other in the RE sector.

He said the German energy model posed an excellent example for Pakistan for adoption as the former swiftly overcome its power crisis by maximising power generation through renewable means while gradually lessening reliance on conventional means of power generation that harm the environment

CEO Star Hydro Waqar Ahmed said all future energy policies must have backing of all stakeholders. He pointed out that hydropower was a suitable solution for cheap electricity.

https://www.dawn.com/news/1407169

NEWS COVERAGE PERIOD FROM APRIL 30TH TO MAY 6TH 2018

DIESEL, PETROL PRICES EXPECTED TO GO UP BY RS 5, RS3
Dawn, April 30th, 2018

ISLAMABAD: The government is expected to increase the prices of high speed diesel (HSD) and petrol by more than Rs5 and Rs3 per litre on Monday for the next month to protect its revenue and pass on the impact of higher international market rates to consumers.

Interestingly, the prices for May have been worked out on the basis of higher than notified tax rates for HSD on the orders of the ministry of finance to enable the government to announce a relatively lower rate for political objectives.

The finance ministry has ordered calculation of prices on the basis of 31 per cent GST on HSD and 17pc on all the other products. This is despite the fact that notified GST rate on HSD at present was 27.5pc, 17pc on kerosene, 16.5pc on light diesel oil (LDO) and 21.5pc on petrol.

In addition, the government is also charging Rs8 per litre petroleum levy on HSD, Rs10 on petrol and Rs6 on kerosene and Rs3 on LDO. The federal government has sought parliament’s approval for increasing this levy to Rs30 per litre on all products to generate additional revenue of at least Rs130 billion.

Based on existing tax rates and import prices reported by the Pakistan State Oil (PSO), the Oil and Gas Regulatory Authority (Ogra) has worked out an increase of Rs5.02 per litre in the prices of HSD and Rs3.22 in motor gasoline (petrol).

The regulator also recommended Rs6.97 and Rs6.95 per litre increase in the prices of kerosene and LDO, respectively. As such, if the regulator’s calculations are approved by the prime minister, the price of HSD would go up by 5.2pc, petrol by 3.7pc, kerosene by 9.1pc and LDO by 10.6pc.

In a summary sent to the government, Ogra maintained that the adjustment in prices of petroleum products was required to pass on the impact of fluctuation in international oil prices and the rupee against the US dollar during April.

Therefore, on the basis of existing tax rates and imported cost of PSO, Ogra calculated the new ex-depot price of HSD at Rs101.47 per litre instead of existing rate of Rs96.45. This is the highest HSD rate since October 2014.

The ex-depot price of petrol was worked out at Rs89.22 per litre instead of existing rate of Rs86, highest since November 2014.

Likewise, Ogra calculated ex-depot price of kerosene at Rs83.43 per liter — highest since July 2015 — against existing Rs76.46, showing an increase of Rs6.97 or 9.1pc. Also, it proposed Rs6.95 per litre increase in the price of LDO to Rs72.25 from Rs65.30, up 10.6 pc.

The summary has been forwarded to the petroleum division that would seek its approval from the prime minister.

Prime Minister Abbasi has been allowing gradual increase in the price of LDO and kerosene to bridge a price differential with petrol to minimise mixing of the two projects.

Interestingly, kerosene is the only regulated petroleum product but unavailable at fixed rates anywhere in the country while all other products are deregulated and are available reasonably within the price band announced by the government.

The petrol and HSD are two major products that generate most of revenue because of their massive and yet growing consumption in the country. HSD sales across the country are now going beyond 800,000 tonnes per month against monthly consumption of around 700,000 tonnes of petrol. The sales of kerosene and LDO are generally less than 10,000 tonnes per month.

https://www.dawn.com/news/1404729

‘SMALL NUCLEAR PLANTS CAN END POWER CRISIS’
Dawn, April 30th, 2018

KARACHI: Establishing mini nuclear power plants is the only sensible way ahead for Pakistan to overcome its energy generation problems and to ensure improved quality of life for its citizens.

This was emphasised by experts of nuclear development and atomic energy sectors in a symposium on ‘Prospects of mini nuclear power plants in Pakistan’ held at a local hotel on Saturday.

Organised by the Pakistan Academy of Engineering (PAE), the symposium was a well-attended affair and presented diverse and enriching views of the learned speakers.

In his welcome address, PAE President Dr-Ing Jameel Ahmed Khan pointed out that energy production was surging globally with 17 trillion kilowatt hour (kWh) of electricity being produced every year for which 90 million barrels of oil was burnt each day.

“We have to develop energy strategies to power our future. Our last 50 years of experience proves that nuclear energy is the safest and most efficient of all energy resources,” he stated. “Therefore, mini and small nuclear power plants merit serious consideration for countries like Pakistan.”

Saeed Alam Siddiqui, a member of the advisory council of the Pakistan Atomic Energy Commission (PAEC), said that the small modular reactor (SMR) technology was the answer to power and electricity problems as it was matured and viable.

That was followed by a detailed presentation on development of small modular reactors by Hidayatullah Khan, SMR technology manager at the PAEC.

It outlined the expected advantages as well as the challenges in the SMR development.

Other speakers including Chairman Emeritus Pakistan Nuclear Regulatory Authority Jamshed Hashmi, PAEC's Javed Aqleem and Waqar Butt also highlighted the early history and present status of nuclear reactors, the possibility of duplication of Kanupp in the context of incorporating SMR applications and its features.

The concluding feature of the symposium was a detailed video talk on SMR technology and off-grid distribution of power system by Mohammad Irshad, a consultant at Nuclear Power Plants, Lincoln, California.

He spoke about how the US and European countries were fast adopting SMR technology by establishing mini nuclear power plants and according to a safe estimate, a majority of the large nuclear power plants in those countries could be done away with by 2025.

https://www.dawn.com/news/1404661

CONSTITUTIONAL AMENDMENT URGED TO RECOGNISE PROVINCES' FIRST RIGHT ON THEIR GAS
Dawn, May 2nd, 2018

HYDERABAD: Senate Deputy Chairman Saleem Mandviwalla has observed that inadequate supply of gas is not a problem being faced by Sindh alone but two other provinces, Balochistan and Khyber Pakhtunkhwa, are equally affected by it.

He was speaking at a reception hosted for him by the Jamshoro Chamber of Commerce and Industry (JCCI). He also spoke to reporters at the office of the Kotri Association of Trade and Industry (Kati) on Tuesday.

Mr Mandviwalla recalled that Balochistan used to get no gas supplies in the past although it had been producing 70 per cent of the country's gas production.

"Today, it's Sindh that does not get adequate gas despite contributing heavily to the total production," he said.

He called for an amendment to Article 172 of the Constitution to recognise first right of province on its own gas production before catering to other provinces' needs.

Mr Mandviwalla described the budget 2018-19 as a "dangerous deficit budget" arguing that it offered nothing to the industrial sector. He apprehended that prices of commodities would be increased every day to meet the deficit and this would make people suffer. He was of the view that the Metro bus project or subway train service would not benefit industries. "I have not seen a single industrialist who can claim that the industrial sector has performed well in recent years; it's because the PML-N government has done nothing to its benefit." He said that even the agriculture sector had been destroyed [during the PML-N rule].

The Senate deputy chairman wondered that Jamaat-i-Islami (JI) Emir Sirajul Haq enthusiastically took part in the election for the chairman and deputy chairman of the upper house and did not mention the point of "decision from above". Today, the JI chief is making such a statement which is not understandable, said Mr Mandviwalla.

He pointed out that not a single vote was rejected in the election and no political party boycotted it.

He said the PML-N alleges vote-buying, so it must take action against those of its senators who publicly admitted having voted for PPP candidates. He insisted that the election was transparent.

Commenting on other issues, Mr Mandviwalla disagreed that the 2018 election would be delayed. He said the army as well as the federal and Sindh governments played their due role in establishing peace. Soon Fata would be part of Khyber Pakhtunkhwa.

Speaking to the audience at the reception, Mr Mandviwalla said that labour issues should be given special attention because workers were considered to be the vital force in developed world.

He asked the JCCI to table a resolution on labour rights to take lead among all chambers of the country. Industrialists should collect funds for solution to their problems because the industrial sector faced common issues which they themselves would have to resolve. "Everything should not be left to government," he added.

Mr Mandviwalla, himself a prominent industrialist, said that some way out would have to be found to address issues of withholding and other taxes to provide relief to industrialists and businessmen. He condemned raids on factories on the part of the Sui Southern Gas Company (SSGC), and said that details of such actions be provided to him so that he could seek explanation and help stop them.

Mr Mandviwalla regretted that around 450 textile mills had been closed in the country but the federal government did not take any serious step in this regard.

"The PML-N government has caused irreparable damage to businesses while it was PPP that stood for the business community." He proposed payment of support price for pulses currently being imported in large quantities. He said steps would encourage cultivation of pulses and would make Pakistan self-sufficient and even exporter of the commodities.

Acting JCCI president Asif Memon welcomed the Senate deputy chairman to the reception.

https://www.dawn.com/news/1405037

JHIMPIR PROJECT STARTS PRODUCING WIND ENERGY
The Express Tribune, May 3rd, 2018.

The 50-megawatt Jhimpir wind power project has started commercial operations in a landmark achievement as Pakistan gradually moves to ramp up renewable energy generation in keeping with the world trend and to bridge the domestic shortfall.

This is the first project of Burj Capital, a Dubai-based investment company, in its 500MW renewable asset platform in Pakistan, according to a statement issued on Wednesday. The power project in Jhimpir, which got wind turbines from General Electric Renewable Energy, is in the Gharo-Keti Bandar wind corridor in southeast Pakistan that is a high-quality wind resource capable of generating over 50,000MW of clean and affordable electricity.

The wind corridor coupled with solar power can be further developed into a resource of national importance in order to reduce the country's reliance on expensive imported fuels and provide people with clean and cheap electricity.

Commenting on the occasion, Burj Capital Founder and Group CEO Saad Zaman said: "This is only the start, however, we have a lot more in store for Pakistan. We are at the cusp of an energy revolution that will take Pakistan from being an energy-poor nation to an energy-rich one."

The Overseas Private Investment Corporation (OPIC), the US government's development finance institution, is the only institution that has provided debt for the project and has financed five projects, with cumulative capacity of about 250MW, in the Gharo-Keti Bandar wind corridor.

OPIC President and CEO Ray W Washburne said "the provision of reliable electricity is an essential building block of any economy. OPIC is proud of its partnership with Burj Capital … to bring reliable energy generation to the people of Pakistan."

Speaking at a ceremony to mark the launch of Jhimpir power project at a hotel in Karachi, Sindh Chief Minister Syed Murad Ali Shah declared that the promise he had made to generate 1,000MW of renewable energy by the end of his tenure had come true as clean energy generation reached 930MW and by December this year it would be around 1,200MW.

He emphasised that root cause of the power crisis was the undefined, defective and unworkable power policy, particularly for domestic resources. The chief minister pointed out that he had been working on promoting alternative energy and two out of three projects had started running in Jhimpir.

https://tribune.com.pk/story/1701048/2-jhimpir-project-starts-producing-wind-energy/

June 2018

NEWS COVERAGE PERIOD FROM JUN 18th TO JUN 24th 2018

Energy sector circular debt soars to Rs 547 billion

MUSHTAQ GHUMMAN | JUN 21ST, 2018 | ISLAMABAD

The country's energy sector circular debt was Rs 547 billion in June 2018 due to low recovery, high losses, mismanagement and non technical bureaucracy sitting in the Power Division. The stock of circular debt is over and above Rs 500 billion loans parked in the books of Pakistan Power Holding Private Limited (PHPL) and interest on these loans is being paid by consumers through surcharges. On Wednesday, while presiding over a meeting of Special Committee of Senate on circular debt, its Chairman Senator Shibli Faraz remarked that the country' security is at risk due to increasing circular debt. He said, energy crisis also affects exports and other sectors. He further maintained that electricity price is increasing whereas consumers' capacity to pay bills is shrinking every day. He said that with hike in price of electricity, the numbers of lifeline consumers is rising.

Khalid Mansoor, CEO Hubco, who is also Chairman Independent Power Producers Association, informed the special committee that public sector Generation Companies (Gencos) produce less electricity due to paucity of funds. The special committee was further informed that out of total generation half of electricity is being produced by the private power producers. He further stated that 30 per cent electricity is generated on furnace oil. Pakistan's electricity prices are higher compared to regional countries.

According to IPPAC, Central Power Purchasing Agency Guaranteed (CPPA-G) owes IPPs Rs 308 billion of which Rs 82 billion belongs to Hub Power Company (Hubco). The Abbasi led administration has paid Rs 200 billion in this regard. The country's circular debt which was Rs 507 billion as of May 31, 2018 has now touched Rs 547 billion mark with Rs 40 billion addition in June (current month), adding that IPPs are operating within this state of affairs. Senator Shibli Faraz said that current situation could worsen.

Senator Dr. Jahanzeb Jamaldini said that electricity demand in Balochistan exists during the entire year, and industry in the province has been destroyed due to non availability of energy. The special committee was informed that $ 35 billion projects are related to power sector under the China Pakistan Economic Corridor (CPEC). IPPAC noted that there has been a change in USA's policy on coal-fired power projects with China the only country that supports coal-fired power plants.

The officials of Power Division informed the special committee that the government has prepared an integrated plan, according to which generation from Gencos will be graduated out in phases. The CEO of Hubco proposed a ban on Gencos for re-engineering of machinery, proposing that generation should be handed over to the private sector.

Talking about previous regimes, CEO Hubco said that only 4000 MW electricity was added to the system from 2004 to 2013, adding that electricity crisis affects the country's GDP negatively. He said Pakistan's transmission losses are 19.6 per cent which are the highest in the region. The national economy faces Rs 130 billion per annum financial losses due to higher transmission losses.

According to CEO Hubco, average price of one unit of electricity is Rs 13 in Pakistan whereas in India one unit costs Rs 7.

He said, IPPs are obligated to pay additional interest to banks on loans due to late payment but the government is not ready to pay the additional interest. He said Chinese investors have raised objections on Late Payment Interest.

"We have requested the Finance Minister to resolve this issue, otherwise, China can back out from investment as per the agreement," he continued. CEO Saif Power Sohail Haidari said that electricity generation was affected in the past due to change in gas supply to the IPPs, adding that IPPs shut down their plants due to expensive diesel. He further stated that IPPs dispatch remained less than 40 per cent during the last seven years.

The Power Division's official apprised the special committee that furnace oil-fired electricity generation is being graduated out, adding that Nepra has scrapped generation licences of Faisalabad, Multan and Shahdarah power plants.

Chief Executive Officer (CEO) Kot Addu Power Company (Kapco) Aftab Butt proposed that lifeline consumers should be provided electricity from alternate sources instead of extending them a subsidy. Senator Shibli Faraz said that petroleum mafia exists in Pakistan. The country and economy have been kept on a ventilator and Nepra is trying to regulate power sector but is not successful in doing so. He said the government has to take measurers on a war footing to deal with circular debt challenge so that the country's economy may be supported.

The meeting was also attended by the officials of National Electric Power Regulatory Authority (Nepa), and Private Power and Infrastructure Board (PPIB).

https://fp.brecorder.com/2018/06/20180621383271/
CJP wants formula to reduce levies on petroleum products
Ishaq Tanoli June 23, 2018
KARACHI: Chief Justice of Pakistan (CJP) Mian Saqib Nisar has asked the officials concerned to revisit the mechanism for imposing taxes on petroleum products and work out a plan to reduce levies on them.
The CJP was heading a three-judge bench of the Supreme Court hearing the suo motu proceedings about various taxes imposed on petroleum products at the apex court's Karachi registry on Friday.

The bench directed the petroleum secretary, chairmen of the Federal Board of Revenue (FBR) and the Oil and Gas Regulatory Authority (Ogra), managing director of the Pakistan State Oil (PSO) and others to submit reports about a new formula for accurate fixing of the prices of petroleum products within 10 days.

The CJP observed that some documents were submitted and the officials concerned had briefed the court on the mechanism for imposing taxes on petroleum products. But, he added, still there were some dark areas that needed to be explained.

The CJP also took exception to the absence of Ogra chairperson Uzma Adeel during the hearing and ordered that the credentials, profiles and selection criteria for the Ogra chief, FBR chairman and PSO managing director be produced at the next hearing.

Warns nobody will be spared if any lacuna is found in statistics provided by officials

At the outset, PSO Managing Director Shaikh Imranul Haque informed the bench that in February three firms had provided raw petroleum and the landing/imported cost of petrol was Rs52.23 per litre.

He also submitted the formula surcharges and taxes on petroleum products and claimed that the process of tendering was conducted in a transparent manner. He said that besides the PSO, there were over 20 other oil marketing companies in the country.

He replied in the negative when the CJP asked him whether he was aware of the regional prices of petroleum products.

Responding to another question about the difference of imported price of petroleum products in other countries of the region, the PSO MD said that there could be a difference over premium, but he failed to explain it.

The CJP said the bench would appoint a team of experts to examine these statistics and warned that the court would not spare anyone if any lacuna was found.

He also asked the PSO chief why the inland freight equalisation margin (IFEM) was being imposed in Karachi or other areas where these products landed directly. The PSO chief contended that it was the government's policy.

The bench also expressed serious resentment about 3.16 per cent commission being paid to the dealers and said that there were also loopholes in issues of dealership since influential people in collusion with the officials concerned were operating fuel stations. The PSO MD said this issue belonged to Ogra.

The in-charge of the Ogra's finance section claimed that it was the federal government's policy and they were only implementing it.

When the CJP asked about the approval of the cabinet, the official maintained that they were getting approvals annually. However, he remained unable to produce anything when the CJP asked him to present the approval of the government.

FBR Chairman Tariq Mahmood Pasha said that all oil marketing companies met every month and sent their recommendations to Ogra while the FBR imposed sale tax on petroleum products at the final stages.

The CJP deplored that the officials were shifting responsibility on each other and said that people were suffering as they had been burdened with taxes.

Finance Secretary Arif Ahmed Khan informed the bench that the caretaker government had imposed only 50 per cent deficit on petroleum products.

He replied in the positive when the CJP asked him if further increase in petroleum products was on the cards. The CJP censured the previous government for passing the deficit to the caretaker government.

Appointment of Pemra chairman

The bench was informed that the process for selecting a suitable candidate for the post of Pakistan Electronic Media Regulatory Authority's (Pemra) chairman was stalled due to the intervention of the federal information ministry.

When the CJP inquired about the appointment of Pemra chief from All Pakistan Newspapers Society president Hameed Haroon — who is also part of the six-member committee tasked with searching and selecting a suitable candidate for the vacant post — he said that the committee had completed the process, but nobody had been notified yet since the information ministry was intervening in the issue.

When the CJP asked him whether it was brought to the notice of the apex court, Mr Haroon replied that they had sent a petition in this regard to the registrar of the Supreme Court six days ago. The CJP said that the matter would be fixed for hearing in the coming weeks.

The post of Pemra chairman has been vacant since the removal of Absar Alam, the previous chairman, on the orders of the Lahore High Court in December last year.

In May, a six-member committee was formed and it was given the responsibility of searching and selecting a suitable candidate for the vacant Pemra chairman post.

Published in Dawn, June 23rd, 2018

https://www.dawn.com/news/1415605

NEWS COVERAGE PERIOD FROM JUN 11th TO JUN 17th 2018
First Tarbela unit begins power generation

The Newspaper's Staff ReporterUpdated June 12, 2018

LAHORE: Following improved hydrological conditions and availability of water, the first unit of Tarbela 4th Extension Hydropower Project has started electricity generation.

The unit, which is passing through its reliability run test these days, has been providing 335MW of electricity to the national grid, which will be gradually increased to its maximum capacity of 470MW.

“Though first unit was completed in April, it could not start electricity generation owing to non-availability of water caused by low inflows in River Indus at Tarbela in current year,” said a spokesman for the Pakistan Water and Power Development Authority (Wapda).

The second unit of Tarbela 4th Extension Hydropower Project has also been put into wet commissioning three days ago. This unit is scheduled to enter its reliability run test phase in next month's first week, he added.

The 1,410MW Tarbela 4th Extension Project having three electric power generating units — each of them 470MW capacity — has been built at the Tunnel 4 of Tarbela Dam. The project is a component of least-cost energy generation plan being implemented by Wapda on priority to meet electricity requirements in the country and increase the ratio of hydro electricity in the National Grid to stabilise electricity tariff for the consumers.

With completion of the project, generation capacity of the existing Tarbela Hydel Power Station will increase to 4,888MW from the existing 3,478MW. The project will provide 3.84 billion units of electricity to the national grid per annum. “Annual benefits of the project have been estimated at Rs30bn. It will pay back its cost in just three years,” the spokesman said.

Published in Dawn, June 12th, 2018

https://www.dawn.com/news/1413524/first-tarbela-unit-begins-power-generation

July 2018

NEWS COVERAGE PERIOD FROM JULY 23RD TO JULY 29TH 2018

Energy imports increase to 23.7% amid rupee depreciation, oil price hike

By Salman Siddiqui

Published: July 24, 2018

KARACHI: The share of energy products in Pakistan's total imports has soared to one-fourth in the fiscal year ended June 30, compared to one-fifth in the previous fiscal year, due to the increase in international oil prices and rupee depreciation.

The share of energy imports increased to 23.7% in the total import bill amounting to $60.86 billion in fiscal year 2018, compared to 20.64% in the total of $52.90 billion in the previous fiscal year 2017, stated the Pakistan Bureau of Statistics (PBS) on Monday.

"The rupee devalued 22% (in the last seven months). This has remained the single largest factor in the increasing import bill," said Pakistan State Oil MD and CEO Sheikh Imranul Haque in a conversation with The Express Tribune.

"The (energy) import bill would have straightaway increased 22% due to the rupee deprecation, irrespective of the price and quantity of energy imports," he said

Chinese firm offers 'energy from garbage' project again

"Secondly, the Brent crude oil's price (the benchmark oil price for imports in Pakistan) has increased from $60 per barrel to $80 per barrel (showing a surge of 33%)… so the two developments have left a double impact on energy imports," he added.

Pakistan heavily relies on energy imports in the absence of local oil and gas production. It meets over 70% energy demands through imports, according to the estimate.

The country, which has built the infrastructure for LNG imports in recent years, has seen an increase in gas imports as well. "It (Pakistan) may emerge as the second or third (world) largest importer of LNG this year or the next… it was the sixth largest importer of gas last year," said Shell Energy Executive Vice President Steve Hill in March, 2018.

Govts come and go, but power-sector challenges still there

On an average, Pakistan is importing eight LNG vessels almost every month, including six vessels at Engro's Elengy import terminal and two at Pakistan's LNG terminals, the PSO CEO said.

Import trends

The trends suggest that the import of crude oil and LNG has continued to increase in both value and volumetric terms during the year. The import of refined petroleum products has, however, slowed down in volumetric term in FY18.

The increase in the import of crude oil and drop in import of refined products make sense, since Pakistan's single largest refinery, Byco Petroleum Limited, resumed operations in August 2017.

The 120,000-barrel-per-day refinery had to suspend operation after catching fire a few years ago. The import of petroleum crude increased 66% in dollar denomination and 29% in volumetric term to $4.22 billion and 10.40 million tons, respectively, PBS stated.

On the other hand, the import of refined products increased 9% in value to $7.47 billion, but decreased 8% in volume to 15.22 million tons, it added.

The drop in the import of refined products may also be attributed to the shift in government's policy of taking nominal electricity production from oil-based power plants and significantly higher from LNG-fired power plants during the year.

"(Import of) furnace oil dropped two million tons this year, roughly. This does not include oil imports during those 2-4 months, when the country took nominal power production from oil-fired plants," Haque said.

Demand for petrol and diesel has remained on higher side with improved performance of large-scale manufacturing industries like fertiliser, cars, cement and steel and increased population of cars on roads.

Published in The Express Tribune, July 24th, 2018.

https://tribune.com.pk/story/1765059/2-energy-imports-increase-23-7-amid-rupee-depreciation-oil-price-hike/

Hydrocarbons well discovered in Attock
RECORDER REPORT

KARACHI: Pakistan Oilfields Limited (POL), operator of Khaur D&P Lease has discovered hydrocarbons from Exploratory Well Khaur North-01, located in district Attock, Punjab.

According to material information sent to Pakistan Stock Exchange on Thursday, drilling of Khaur North-01 (Exploratory Well) was commenced on November 09, 2017 and achieved its target depth 14,586 feet in Amb Formation. As a result of Drill Stem Test (DST) conducted at the well to test the potential of Eocene carbonates of shallowest sub-thrust sheet, the well has tested 502 barrels per day of oil, 1.4mmscf of gas per day with 277 barrels per day of water at 24/64 inches fixed choke size at the flowing wellhead pressure of 776-1090 psi.

A drill stem test (DST) is a procedure for isolating and testing the surrounding geological formations through the drill stem. The test is a measurement of pressure behavior at the drill stem and is a way to obtain important fluid sampling information and to establish the probability of commercial production. Accordingly it should be borne in mind that actual production may differ significantly from the test results. POL has 100 percent working interest in Khaur D&P Lease.

“As per our calculation, impact of aforementioned discovery is around Rs4.5 per share,” an analyst at Sherman Securities Research said. According to the management, production from this discovery is expected to commence in few months as no major infrastructure work is required.

https://epaper.brecorder.com/2018/07/27/3-page/729945-news.html

Incentives worth $1.6b approved for new coastal refinery in Balochistan
By Zafar Bhutta

Published: July 28, 2018

ISLAMABAD: Despite opposition by different ministries, former prime minister Shahid Khaqan Abbasi approved $1.6 billion worth of incentives for UAE-based Abu Dhabi Petroleum Investment Company to encourage it to establish an oil refinery along the coast in Hub with annual production capacity of 100,000 barrels per day (bpd).

The incentives were given on a planned investment of $5 billion in the refinery – a project of Pak Arab Refinery Company (Parco). Such incentives had also been offered to all new state-of-the-art projects.

Earlier, the United Arab Emirates (UAE) government had abandoned the project during the 2008-13 tenure of Pakistan Peoples Party (PPP) government because of a dispute over change of top management at Parco, which is jointly owned by governments of Pakistan and the UAE.

With control on manganese content, refineries warn of production drop

The former premier took the decision at the end of April 2018, just a month ahead of completion of Pakistan Muslim League-Nawaz (PML-N) government’s tenure.

However, it surprised members of the Economic Coordination Committee (ECC), chaired by Abbasi, as concessions proposed for the new refinery in a summary prepared by the Petroleum Division were more than those approved for the Khalifa refinery project in Hub in 2007.

In the ECC meeting, Parco executives pointed out that cumulative impact of the incentives sought for the new coastal refinery was estimated at $1.6 billion over 20-year life of the project.

They claimed that the $5-billion investment would give monetary benefits of $84 billion in the shape of foreign currency savings on imports, share in profit for the government of Pakistan and contribution of sales tax and petroleum levy.

Then minister for law and justice emphasised that the UAE company was being offered all types of incentives for establishing the refinery whereas no incentive had been proposed for workers. Being an important part of the refinery, the workers should also be given incentives for motivation, he said.

Expansion: Byco Petroleum to set up two more refineries

The minister for commerce stated that he had never seen such type of concessions for a new refinery project including exemption from provisions of the Companies' Profits (Workers Participation) Act 1968 and Workers Welfare Fund Ordinance 1971.

The privatisation secretary was of the view that exemptions proposed for the new refinery were more than those approved for the Khalifa refinery.

The additional petroleum secretary, however, insisted that the proposed package comprised incentives already approved by the ECC in 2007 for the Khalifa coastal refinery.

The incentive package included 20-year income tax holiday, exemption from all duties, taxes, surcharges and levies on imports by project sponsors, contractors or any other persons, of all machinery, vehicles, plant and equipment, other material and spares and consumables for setting up, operation, maintenance and repair of the refinery.

The package also included exemption from withholding tax and all other duties, taxes, surcharges and levies on imports relating to foreign contractors and sub-contractors and their personnel in connection with engineering, procurement, construction, commissioning, operation, maintenance and repair of the refinery.

Sales tax and excise duty on the supply of domestically manufactured building and construction material, equipment and services will also be waived.

Lab test findings: Oil refineries, importers use chemicals to boost petrol quality

According to the incentive package, new refinery projects will be given a pricing mechanism which will be no less favourable than the prevailing mechanism. The new projects will also be facilitated in infrastructure building and installation such as Single Point Mooring, jetties, sub-sea/land pipelines, etc.

The package waives the applicable development surcharge on exports under EPZA Rules 1981 in case the refinery is set up in an export processing zone.

Published in The Express Tribune, July 28th, 2018.

https://tribune.com.pk/story/1767875/2-incentives-worth-1-6b-approved-new-coastal-refinery-balochistan/

NEWS COVERAGE PERIOD FROM JULY 16TH TO JULY 22ND 2018
Pakistan's first waste-to-energy plant gets licence
By Our Correspondent

Published: July 16, 2018

ISLAMABAD: In line with efforts to promote renewable and domestic resources of energy, the National Electric Power Regulatory Authority (Nepra) has approved the grant of power generation licence to Lahore Xingzhong Renewable Energy Company Limited.

The company will set up Pakistan's first waste-to-energy plant with 40-megawatt production capacity in Lakhodair, Lahore district. It will deploy a state-of-the-art incineration-type generation facility and the most suitable waste-to-energy technology.

"The project will reduce the city's municipal solid waste by 2,000 tons a day to generate electricity and is seen as a silver bullet to address the municipality's waste issue and meet energy needs," said a statement issued on Monday.

In this regard, Nepra has already announced an upfront tariff of 10.007 US cents per kilowatt-hour for waste-to-energy projects based on an operational period of 25 years with overall capacity cap of 250MW.

NEPRA sets tariff at 10 cents for solid waste power plants

The share of each province and the federal territory has been kept at 50MW each.

"A successful implementation of the project will pave the way for other such initiatives to solve pressing waste disposal problems and address challenges of limited space for landfills and gas emissions, resulting in cleaner cities and a healthy life," the statement said.

A 24-month construction period has been fixed for such power plants. For protection from environmental hazards, power producers will obtain necessary approval from relevant government agencies.

In Pakistan, more than 20 million tons of municipal solid waste is generated with annual growth of 2.4%. All major cities – Islamabad, Lahore, Karachi, Peshawar, Quetta, etc – are facing enormous challenges in tackling the problem of urban waste.

Thousands of people die every year due to waste-related diseases. Considering the environmental issues, most of the countries in the region have already announced the tariff for municipal waste power plants and they are getting dual benefits ie disposing of the garbage and generation of electricity.

https://tribune.com.pk/story/1759576/2-pakistans-first-waste-energy-plant-gets-licence/

10-cent upfront tariff for waste-to-energy project approved
The Newspaper's Staff Reporter July 17, 2018

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) on Monday granted generation licence to Lahore Xingshong Renewable Energy Company Ltd for setting up of 40-megawatt Waste-to-Energy near Lahore at an upfront tariff of about 10 cents per unit.

To be located at Lakhodair, Lahore, the project will deploy state-of-the-art incineration type generation facility and the most suitable waste to energy technology, said an announcement made by Nepra.

It said the project will reduce 2,000 tonnes per day of the city's municipal solid waste to generate electricity and "is seen as silver bullet to address the municipality's waste and energy needs of the country". The regulator has already announced a Competitive Upfront Tariff of 10.007 cents per unit (kWh) for waste to energy projects based on 25 years operational period, with overall capacity cap of 250MW, with 50MW share to each province and Federal Territory.

"Successful implementation of the project will pave the way for other such initiatives to solve pressing waste disposal problems and challenges of limited space for landfills and gas emissions resulting cleaner cities and health life," Nepra said.

Lahore Xingshong Renewable Energy Company Ltd – is a company registered in Pakistan and owned by Chinese sponsors, particularly China ENFI Engineering Corporation, Metallurgical Corporation of China and Chengdu Xingrong Environment Co and is setting up the plant with debt-equity ratio of 75:25.

This is first of the five waste-to-energy projects to be set up in major cities. Five major cities are producing about 35000 tonnes of waste per day, including almost 15,000 tonnes in Karachi, 10,000 in Lahore and 5,000 tonnes in Islamabad. Peshawar and Quetta waste production is officially recorded at around 3,000 and 1,000 tonnes respectively.

Such huge quantities are arguably affecting negatively not only the agriculture land but water resources and overall environment as well, said a Nepra official.

Therefore, Nepra keeping in view the environmental issues and abundant waste decided to offer upfront tariff for generation of electricity from municipal solid waste through a consultative process with stakeholders like Punjab Power Development Board, Alternative Energy Development Board, Central Power Purchase Agency and the ministries of energy and climate change.

Based on upfront tariff, the consortium applied for the generation licence that was also processed through public hearings.

Published in Dawn, July 17th, 2018

https://www.dawn.com/news/1420568/10-cent-upfront-tariff-for-waste-to-energy-project-approved

NEWS COVERAGE PERIOD FROM JULY 2ND TO JULY 8TH 2018
Prices of petroleum products cut on SC order

Mubarak Zeb Khan July 08, 2018

ISLAMABAD: The government has reduced prices of petroleum products from Rs3 to Rs6 per litre after a late-night decision in the wake of slight adjustments in the rates of sales tax.

The new rates will come into effect from July 8.

The decision was announced following the cabinet approval for reduction in the rates of sales tax in compliance with the Supreme Court's suo motu notice of July 5 of increase in petroleum prices.

The apex court had directed the federal government to reconsider the matter in order to provide all possible relief to the general public.

In the light of decrease in sales tax rates, the petrol price has been reduced by Rs4.26 per litre to Rs95.24. Earlier the price was increased to almost Rs99.50 per litre.

The price of most widely consumed petroleum fuel is high speed diesel (HSD) which has been revised downward by Rs6.37 per litre to Rs112.94. Earlier the price of HSD was enhanced to Rs119.31 per litre. HSD fuel is consumed in heavy motor vehicles and large generators.

The price of kerosene oil has been reduced by Rs3.74 per litre to Rs83.96. It was enhanced to Rs87.70 per litre.

The price of light diesel oil has been lowered by Rs5.54 per litre to Rs75.37. Earlier it was scaled up to Rs80.91 per litre.

According to an official statement issued by the Federal Board of Revenue, in view of the directions of the Supreme Court the matter has been reconsidered and the federal cabinet has decided that sales tax rates be reduced from 17 to 12 per cent for motor spirit and kerosene oil, from 31pc to 24pc on high speed diesel and from 17 to 9pc on light diesel oil.

The federal government is confident that the relief in petroleum prices will not only provide much-needed respite to people but also reduce the cost of production and give a boost to economic activity. The reduction in prices of petroleum products will be effective from 12 midnight, added the announcement.

The government would suffer an estimated loss in revenue of Rs10 billion as result of the reduction in petroleum prices.

Published in Dawn, July 8th, 2018

https://www.dawn.com/news/1418726/prices-of-petroleum-products-cut-on-sc-order

Petrol price slashed by Rs4.26 per litre

APP

July 8, 2018
ISLAMABAD:The caretaker government on Saturday decided to revise down the petroleum prices in light of directions from Supreme Court (SC) to reconsider the matter of hike in petroleum prices.

The price of petrol has been decreased by Rs4.26 per litre, that of High Speed Diesel by Rs6.37 per litre, kerosene by Rs3.36 per litre and the price of Light Diesel Oil has been decreased by Rs5.54 per litre. During the course of hearing held on July 5, 2018, relating to suo motu notice of increase in petroleum prices, Supreme Court directed the federal government to reconsider the matter in order to provide all possible relief to the general public.

Meanwhile, Minister for Energy Syed Ali Zafar said in a statement that the federal government had decided to reduce petroleum prices in order to provide relief to general public. The federal cabinet, he said, had decided that sales tax rates would be reduced from 17 percent to 12 percent for Motor spirit and Kerosene, from 31 percent to 24 percent on High Speed Diesel and from 17 percent to 9 percent on Light Diesel Oil. Ali Zafar said the caretaker government was fully aware of the problems being faced by the people and was determined to mitigate their sufferings despite the present financial constraints.

He said the federal government was confident that relief in petroleum prices would not only provide much-needed respite to the masses but also reduce the cost of production and give a boost to economic activity.

However, he said the government would suffer an estimated loss in revenue of Rs10 billion as result of reduction in petroleum prices.

On June 30, the government, on recommendation of Oil and Gas Regulatory Authority (Ogra) increased the prices of petrol by Rs7.54 per litre, High Speed Diesel by Rs14.00 per litre, Kerosene by Rs3.36 per litre and Light Diesel Oil Rs5.92 per litre.

https://www.thenews.com.pk/print/339186-petrol-price-slashed-by-rs4-26-per-litre

NEWS COVERAGE PERIOD FROM JUNE 25TH TO JULY 1ST 2018
Ogra determines 46pc rise in gas prices
Khaleeq Kiani Updated June 25, 2018

ISLAMABAD: After almost a four-year freeze, natural gas prices are estimated to jump by an average 46 per cent with effect from July 1 owing to expansion in supply network, induction of imported gas and addition of millions of domestic gas connections on a political basis.

The Oil and Gas Regulatory Authority (Ogra) has forwarded two separate determinations regarding the prescribed prices of two troubled gas utilities — Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines Limited (SNGPL) — to the government just before the regulator's chairperson and a team of senior petroleum division officials left for the United States on a three-week visit.

The increase in prescribed prices is based on estimated revenue requirements of the two utilities for the fiscal year 2018-19 and is worked out keeping in mind various projects under implementation and other expenditures.

The regulator has determined up to 186pc increase in gas rates for the poorest categories of domestic and commercial consumers who are currently cross-subsidised, while the prescribed rates for other categories — industrial, cement, CNG, power and commercial sectors — have been jacked up by 27 to 31pc for the two gas utilities.

Increase based on estimated revenue requirements of troubled SSGC and SNGPL for fiscal year 2018-19

Under the law, Ogra is required to notify final consumer-end prices for each category based on recommendations of the government. The government can change the rates for various consumers by shifting the burden from one consumer category to the other but without affecting the overall revenue requirement determined by the regulator.

Ogra has determined that the SSGC — which serves Sindh and Balochistan — would need Rs167 billion during the next fiscal year to finance its ongoing programmes. Therefore, it has approved an increase of 45.54pc (Rs184.34 per unit) in the average prescribed price to Rs589.09 per MMBTU (million British thermal unit) from Rs404.75.

Likewise, the regulator has approved the 2018-19 revenue requirement for the SNGPL at Rs287bn, necessitating an average prescribed price of Rs629.33 per MMBTU, an increase of 3.37pc (Rs20.57 per unit) from Rs608.76. SNGPL's service areas cover Punjab and Khyber Pakhtunkhwa.

Ogra has determined gas prices for the poorest domestic and commercial consumers using less than 100 cubic metres per month at Rs294.55 per MMBTU, up by 180pc from Rs105.15. The consumers in second slab using up to 300 cubic metres per month (both commercial and residential) would be charged Rs589.09 per unit instead of Rs210.31, a rise of 180pc.

The prescribed price for the third domestic slab of more than 300 cubic metres per month has been raised by 26.4pc to Rs664.52 per unit from Rs525.76 and that of the commercial category by 26.4pc to Rs797.42 per unit from Rs631.

All other categories in larger commercial and industrial units, ice factories, captive power plants, CNG stations, cement and fertiliser plants, public sector power houses and independent power plants will face a 26.4pc increase. Commercial consumers and ice factories will be charged Rs798 per unit instead of Rs631 and industrial consumers, Pakistan Steel, Wapda plants and IPPs Rs611 per unit, instead of Rs484. Captive power plants of industrial units will be charged Rs718 per unit instead of Rs568 and CNG stations Rs822 per unit instead of Rs650.

The highest rate of Rs930 per unit will apply to cement factories that were paying Rs736. The feedstock gas for Fauji Bin Qasim Fertiliser will be Rs156 per unit instead of Rs123.

For SNGPL, Ogra has increased the prescribed price for the poorest domestic and commercial categories by 186pc and for all other categories by about 30pc.

The regulator said it had taken into account increased proportion of LNG in the gas system, local gas constraints and legal challenges arising thereof and believed that all classes of consumers should at least pay the average cost of service or the average prescribed prices.

Published in Dawn, June 25th, 2018

https://www.dawn.com/news/1415932/ogra-determines-46pc-rise-in-gas-prices

Power shortfall hits record peak

By Zafar Bhutta

Published: June 26, 2018

ISLAMABAD: The power shortfall on Monday peaked to a record high of over 9,000 megawatts (MW), leading to prolonged power outages in the country. The situation exposing claims of the Pakistan Muslim League-Nawaz government to bring a massive turnaround in power fortunes.

Former prime minister Shahid Khaqan Abbasi had claimed on May 30, one day ahead of his tenure end that the government had added 11,461MW power from new resources to the system. He had also claimed that electricity demand in June would stand at 22,538MW against the total expected generation of 22,178MW, registering a shortfall of 362MW.

Meeting shortfall: Plan to import fertiliser irks local industry

During a press conference, caretaker Energy Minister Ali Zafar also claimed that the average shortfall was 2,000 MW and added that power shortfalls are a result of dropping water inflows in the rivers. He also said that power situation would improve in the coming days.

However, according to available figures, power demand on Monday stood at 25,044 MW against supply of 15,766 MW registering a record shortfall of 9,278 MW that had led to extended power outages across the country.

The shortfall had resulted in 2 to 17 hours of load shedding nationwide with consumers of Sindh, Balochistan and Khyber-Pakhtunkhwa(K-P) being the most affected by the increasing electricity deficit as they face a fresh series of load shedding.

The power demand of Islamabad Electric Supply Company (Iesco) was 2,565 MW against a supply of 1,506 MW to meet the demand of its consumers while the Lahore Electric Supply Company (Lesco) was receiving 3,635 MW against demand of 5,270 MW.

The demand of Multan Electric Power Company (Mepco) was 3,769 MW while the supply was only 2,302 MW. Similarly, the demand estimates of Qesco in Balochistan stood at 1,715 MW against supply of 798 MW. Pesco and Hesco were also facing shortfalls of 1,308 MW and 325 MW, respectively.

Reasons traced behind ballooning fiscal deficit

Power defaulters

The PML-N government had also left office with receivables from power defaulters amounting to a massive Rs851 billion. According to audited figures, receivables from power defaulters stood at Rs729.8 billion in June 2017, which jumped to Rs851 billion by the end of April this year, weighing on the power sector.

In the Economic Coordination Committee (ECC) meeting held earlier in May, PML-N's economic managers had acknowledged that financial position of the power sector was at a critical level because of a host of reasons. These included unsatisfactory performance in terms of regulatory benchmarks for loss reduction and improvement in recovery, unavailability of subsidy, delay in detailed tariff determination, which had now been notified, but its effect would start emerging in the next few months.

The ECC was also informed that higher energy sales due to a significant increase in the generation base, also contributed to the circular debt build-up.

https://tribune.com.pk/story/1742548/1-electricity-deficit-power-shortfall-hits-record-peak/

Work on two hydroelectric projects to begin this fiscal, says Wapda chief

The Newspaper's Staff Reporter June 27, 2018

LAHORE: Chairman of the Water and Power Development Authority (Wapda) retired Lt Gen Muzammil Hussain has said that work on two important hydroelectric projects will start during this fiscal year.

"Construction work on Diamer-Bhasha and Mohmand dams will start in the fiscal year 2018-19. Diamer-Bhasha project will have a gross water storage capacity of 8.1 million-acre feet (MAF) and power generation capacity of 4500MW. Mohmand Dam Hydropower Project will store 1.2 MAF water and generate 800MW electricity," he said while giving a briefing to the caretaker federal Minister for Water Resources Syed Ali Zafar who visited Wapda House on Tuesday.

The Wapda chief termed both projects vital to attaining water and energy security in the country. All stakeholders should play their due role in initiation and timely completion of these projects, he said. The 1,410MW project for Tarbela's fifth extension, 2,160MW Stage II project of Dasu dam, 7,100MW Bunji dam and the second phase of multipurpose Kurram Tangi dam were among the ready-for-construction projects, he said.

Dilating upon the efforts made by Wapda to cope with the increasing need for water and electricity, Mr Hussain said the authority succeeded in completing four mega projects since August 2017, to irrigate 72,000 acres of barren land in Dera Bugti, Balochistan, and add 2,487MW of electricity to the national grid.

"These projects included Phase 1 of Kachhi Canal, Golen Gol, Tarbela 4th Extension and Neelum Jhelum Hydropower Project," he added.

Speaking on the occasion, the water minister expressed satisfaction over the measures being taken by Wapda to implement its projects in water and hydropower sectors. He was of the view that concerted efforts were required both at the federal and provincial levels to steer the country out of the impending water crisis.

Published in Dawn, June 27th, 2018

https://www.dawn.com/news/1416352/work-on-two-hydroelectric-projects-to-begin-this-fiscal-says-wapda-chief

Work on Mohmand, Diamer-Bhasha dams to start in FY19

By Our Correspondent

Published: June 27, 2018

LAHORE: Water and Power Development Authority (Wapda) Chairman Lieutenant General (Retired) Muzammil Hussain has said that construction work on Diamer-Bhasha and Mohmand dams will begin in the upcoming fiscal year 2018-19.

Hussain made the disclosure while briefing Water Resources Minister Syed Ali Zafar at the Wapda House on Tuesday. He highlighted the water and hydroelectric power projects undertaken by the authority across the country.

The gigantic Diamer-Bhasha dam and power project will have gross water storage capacity of 8.1 million acre feet (maf) and have electricity generation capacity of 4,500 megawatts. Mohmand project will store 1.2 maf of water and generate 800MW of electricity.

After much delay Diamer-Bhasha dam wins approval

"Both projects are vital to achieve water and energy security, therefore, all stakeholders should play their role in the initiation and timely completion of these projects," Hussain said, according to a statement.

Outlining the efforts made by Wapda to cope with growing need of water and electricity, he said the authority had succeeded in completing four mega projects from August 2017 onwards.

These would irrigate 72,000 acres of barren land in Dera Bugti, Balochistan and add 2,487MW of hydroelectric power to the national grid, he said.

The projects included phase-I of Kachhi Canal, Golen Gol, Tarbela 4th extension and Neelum-Jhelum.

Apart from these, stage-I of the Kurram Tangi dam and power project is scheduled to be completed in 2020 while 2,160MW stage-I of the Dasu hydroelectric power project is likely to start electricity generation by 2023.

Diamer-Bhasha dam gets go-ahead at last

Furthermore, 1,410MW Tarbela 5th extension, 2,160MW stage-II of Dasu project, 7,100MW Bunji project and stage-II of multi-purpose Kurram Tangi dam are among ready-for-construction schemes.

The water resources minister expressed satisfaction over the measures being taken by Wapda to execute water and hydroelectric power projects.

He emphasised that concerted efforts were required both at federal and provincial levels to steer the country out of the impending water crisis.

Published in The Express Tribune, June 27th, 2018.

https://tribune.com.pk/story/1743316/2-work-mohmand-diamer-bhasha-dams-start-fy19/

Caretaker govt increases petrol price by Rs7.54

APP July 01, 2018

On the recommendation of Oil and Gas Regulatory Authority (OGRA), the finance division approved new prices of petroleum products with effect from Sunday, July 1, 2018.

According to a statement issued by the finance ministry late on Saturday, OGRA had proposed an increase in the price of petrol by Rs7.54 per litre, diesel by Rs14 per litre, kerosene oil by Rs3.36 per litre and light diesel oil by Rs5.92 per litre.

Citing the “tight fiscal position”, the government announced to pass on “the full impact of the increase to the consumers”.

“The increase in the petroleum prices is caused due to increase in petroleum prices in international market and depreciation of rupee against US dollar,” read the statement.

The financial impact of the above dispensation will be implemented through revision of sales tax rates and petroleum development levy.

The new price of motor spirit 92 RON petrol will be Rs99.5 per litre, while that of high-speed diesel will be Rs119.31.

Similarly, the per litre price of kerosene oil and light diesel oil will be Rs87.7 and Rs80.9, respectively.

https://www.dawn.com/news/1417144/caretaker-govt-increases-petrol-price-by-rs754

August 2018

NEWS COVERAGE PERIOD FROM AUGUST 27TH TO SEPTEMBER 2TH 2018

GOVERNMENT LIKELY TO INCREASE GAS PRICES BY UP TO 86%

By Zafar Bhutta

Published: August 29, 2018

ISLAMABAD: The Pakistan Tehreek-e-Insaf (PTI) government is likely to increase gas prices by up to 86% in an effort to bail out public utilities, which are on the verge of financial default following delay in notifying revised gas prices.

The former Pakistan Muslim League-Nawaz (PML-N) government had kept gas prices unchanged for a long time on political grounds, which worsened financial situation of the gas utilities – Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines Limited (SNGPL).

LNG prices rise in Pakistan as rupee weakens

Officials told The Express Tribune that gas transmission and distribution companies could halt operations due to the growing circular debt as well as unchanged gas prices and the present government was expected to revise prices upwards to support the utilities.

Economic managers are likely to take this decision in a meeting of the Economic Coordination Committee (ECC) scheduled for Wednesday. According to officials, the Ministry of Energy (Petroleum Division), in a summary, has proposed a 30% across-the-board increase in prices for all gas consumers – commercial, industrial and power consumers – except for domestic users.

However for the first slab of domestic consumers, the division has recommended 86% increase in gas prices.

OGRA changes pricing mechanism for gas utilities

At present, the gas price for the first slab of domestic consumers is Rs110 per unit against the actual price of Rs630 per unit. This way, the consumers are getting a cross-subsidy of Rs520 per unit. The previous government had constituted a sub-committee of the ECC which finalised the mechanism for revising gas prices upwards.

Average gas purchase price for SNGPL from 40 different sources is Rs630 per million British thermal units (mmbtu) whereas its average sale price is Rs390 per unit. This shows a difference of Rs240 per unit which is the main reason behind the rising corporate debt level.

On August 20, 2018, SNGPL’s payables stood at Rs171.1 billion including mark-up of Rs28.9 billion whereas its receivables amounted to Rs165.01 billion.

Of this amount, Rs10.4 billion was to be paid by the Water and Power Development Authority (Wapda) and independent power producers (IPPs) for receiving liquefied natural gas (LNG) supply.

On the other hand, SSGC’s receivables stood at Rs203.6 billion, of which Rs83.5 billion was against K-Electric, Rs55 billion against Pakistan Steel Mills, Rs13.9 billion against SNGPL (uniform price), Rs3.91 billion against SNGPL (net), Rs3.53 billion against Wapda (JPCL/CPGCL), Rs25.2 billion in sales tax recovery and Rs18.4 billion in income tax recovery.

SSGC was to pay Rs69.8 billion to Oil and Gas Development Company, Rs43.4 billion to Pakistan Petroleum Limited and Rs35.6 billion to Government Holdings Private Limited. It total payables to gas suppliers amounted to Rs148.8 billion.

Published in The Express Tribune, August 29th, 2018.

https://tribune.com.pk/story/1790048/2-government-likely-increase-gas-prices-86/

ECC MOVED FOR 30 PERCENT HIKE IN GAS PRICES
ZAHEER ABBASI | AUG 31ST, 2018 | ISLAMABAD

The Ministry of Energy has moved a proposal to the Economic Coordination Committee (ECC) of the Cabinet for seeking 30 percent increase in gas prices for all categories and 186 percent for domestic consumers of SNGPL to bridge the gas company's revenue shortfall of Rs 102 billion.

Sources told Business Recorder that a meeting of the ECC presided over by Finance Minister Asad Umar was informed Wednesday last that both gas companies – SNGPL and SSGCL – are facing revenue shortfall.

As per the proposal for the financial year 2018-19, the revenue requirement of SNGPL and SSGCL was determined by Ogra as Rs 275 billion and Rs 211 billion, respectively against their revenue generation based on current gas sale prices of Rs 172 billion for SNGPL and Rs 157 billion for SSGCL.

Consequently, there will be a revenue shortfall of Rs 102 billion for SNGPL and revenue shortfall of Rs 54 billion for SSGCL for current financial year. The proposal of gas increase was also put to the caretaker government but the Ogra was advised to maintain the category-wise current gas sale prices.

There is a need to increase gas sale prices for all categories as per of Oil and Gas Regulatory authority (Ogra) recommendations to meet the gas companies deficit in revenue.

The Ogra recommended for SNGPL 30 percent increase in gas sale prices for all categories of consumers except domestic sector where an increase of 186 percent was recommended. The suggested increase in domestic sector tariff depicts 50 percent cost recovery for the first slab and 100 percent cost recovery from the second slab.

While for SSGC, a varying percentage of increases have been suggested by Ogra. However, as government is following a policy of uniform gas sale prices across the country, it may be expedient to adopt the prices recommended by Ogra for SNGPL for all consumers across the country.

The category-wise prescribed prices determined by Ogra in pursuance of its Ordinance, 2002 are advised to the federal government. The federal government, within 40 days, is required to advise Ogra category-wise sale price of each consumer for natural gas for notification.

The SNGPL and SSGC are operating on cost plus return on assets formulae under license from the Ogra and as per Ogra Ordinance and License condition, it will determine tariff or total annual revenue requirement of the gas companies comprising; (i) cost of gas, (ii) transmission & distribution costs, (iii) 17.43 percent return (before financial charges & tax) on the value of average net fixed assets in operation for each financial year. This determination of tariff for each of the gas utility company translates into category-wise prescribed prices of natural gas.

The proposal was placed before the ECC with a request for consideration and directions so that sector-wise gas sale prices may be advised to Ogra for notification as gas sale prices for SNGPL and SSGC as well as for fertilizer and power sector consumers to whom gas is supplied directly from fields by Mari Petroleum Company Limited (MPCL) and Pakistan Petroleum Limited (PPL). However, the ECC delayed consideration of the proposal, an official maintained.

https://fp.brecorder.com/2018/08/20180831403346/

NEWS COVERAGE PERIOD FROM AUGUST 20TH TO AUGUST 26TH 2018
PPL FINDS NEW OIL, GAS DEPOSITS IN SINDH
By Our Correspondent

Published: August 25, 2018

KARACHI: Pakistan Petroleum Limited (PPL) has announced the discovery of oil and gas deposits in exploration well Badeel X-1 located in Sanghar district of Sindh, according to a notification sent to the Pakistan Stock Exchange (PSX) on Friday.

“Initial testing of the most prospective zone in Massive Sands (Deep) of Lower Goru Formation showed a flow of 23.4 million cubic feet of gas per day along with 91 barrels of condensate (crude oil) per day,” the company said.

Ignoring seniors, PPL appoints board member as acting MD

The flow confirmed the presence of substantial quantities of hydrocarbon, it said.

PPL is the operator of Gambat South Block (2,568-18) with 65% working interest along with its joint venture partners Government Holdings (Private) Limited and Asia Resources Oil Limited, who have 25% and 10% working interests, respectively.

PPL’s stock price dropped 0.48%, or Rs1.02, to close at Rs210.28 with 1.40 million shares changing hands at the PSX.

“Testing of the zone is in progress at various choke sizes and the well is flowing. However, the actual flow potential of Badeel X-1 will be assessed after completion of the test.

PPL discovers new oil, gas deposits in Sindh

“Moreover, the entire potential of the well will be determined after evaluation and testing of other potential hydrocarbon-bearing zones,” PPL said.

“The discovery will add to hydrocarbon reserves, reduce the supply and demand gap in the country.”

Badeel X-1 was drilled on May 16, 2018 and reached the final depth of 4,150 metres on July 17. Based on the logs, potential hydrocarbon-bearing zones were identified inside the Massive Sands (Deep).

Published in The Express Tribune, August 25th, 2018.

https://tribune.com.pk/story/1787164/2-ppl-finds-new-oil-gas-deposits-sindh/

NEWS COVERAGE PERIOD FROM AUGUST 13TH TO AUGUST 19TH 2018
PLAN UNDER PROCESS TO SECURE ENERGY SECTOR
Khaleeq Kiani Updated August 14, 2018

ISLAMABAD: The government is in the process of finalising an integrated strategic plan for the security of oil and gas installations across the country to ensure smooth energy supplies at all times.

Aviation and transport fuel stocks for defence requirements are required to be maintained for 25 days through oil marketing companies (OMCs) and another 45 days stocks by civil sector at all seaports and airports.

Informed sources said the defence authorities have expressed concern that while forces were maintaining 20 day cover of general service reserves at their own depots, however, 25-day minimum strategic reserve supposed to be maintained by petroleum division through Pakistan State Oil (PSO) and other OMCs were running a deficit.

They said that 45 day reserve of petroleum products was required to be maintained as minimum war stamina. Under the strategic plan prepared by the ministries of finance, petroleum, defence, industries and commerce and their related agencies, the existing local refineries need to be upgraded and modernised in a gradual manner.

These requirements are in addition to the establishment of two new refineries with the capacity of 250,000 – 300,000 barrels per day; both of which, one by PSO in collaboration with foreign investors and the other initiated by Pak-Arab Refinery Company (Parco) project located in the coastal region, are currently under initial stages of implementation.

On the logistic side, a total of five projects are currently in works to improve energy movement within the country.

Under an agreement with Port Qasim Authority and Fauji Oil Terminal Company, the Frontier Works Organisation (FWO) is constructing a new jetty at Port Qasim to handle Mogas imports and a storage capacity to handle more than 325,000 tonnes per day at Karachi, Thallian and Taru Jabba etc.

FWO has also initiated two major projects including a parallel pipeline for multiproduct movement from Memhoodkot via Thallian near Rawalpindi to Taru-Jabba near Peshawar and a cross-country pipeline from Gwadar to Kashghar for commercial transportation of crude oil.

Furthermore, another pipeline to be installed by PSO connecting Keamari and Port Qasim is in addition to the white oil pipeline project by Parco and Pak-Arab Pipeline Company Limited to ensure smooth movement of motor gasoline.

Officials said the gas distribution and transmission lines were underground and generally invisible without relevant pipeline sketches but their valve assemblies and some other points which are potentially vulnerable are guarded by outsourced security guards.

An official said that there have been some proposals – though academic in nature – at this stage suggesting an increase in gas storage during summers to meet high demand in winters but the option is practically unfeasible due to the demand-supply shortfall in summer.

Another official said the concerned ministries as part of the strategic plan also discussed potential vulnerabilities in refineries at Karachi and Morgah (Rawalpindi) as continuity of production at these facilities is dependent on crude oil supplies, storages, and the protection they receive against any air or sea attacks.The agencies concerned have also been directed to update fire safety manuals across the country particularly at Karachi.

Published in Dawn, August 14th, 2018

https://www.dawn.com/news/1426838/plan-under-process-to-secure-energy-sector

NEWS COVERAGE PERIOD FROM JULY 30TH TO AUGUST 5TH 2018
ENGRO'S 660MW PLANT CONNECTED TO NATIONAL GRID
The Newspaper's Staff Reporter August 02, 2018

LAHORE: The National Transmission and Despatch Company (NTDC) on Wednesday connected Engro's 660MW coal-fired power plant (Thar) with national grid after it completed a mega project of laying 500kV double circuit quad bundle transmission line originating from Jamshoro.

"We have laid a 282km long transmission line within two and half years," NTDC's Managing Director Zafar Iqbal told Dawn. "The line, after starting from Jamshoro, passes through Matiari (near Hyderabad) and finally in the Tharparkar district, enabling us to connect this plant. At present, it is fully energised," he added.

According to an NTDC spokesman, the transmission line was tested and energised successfully while connecting it with the plant.

"The transmission line will enable us to evacuate 660MW of power from this plant situated at Tharparkar. Power generated from here will be provided to far flung areas of Sindh through national grid," he explained.

Published in Dawn, August 2nd, 2018

https://www.dawn.com/news/1424428/engros-660mw-plant-connected-to-national-grid

September 2018

NEWS COVERAGE PERIOD FROM SEPTEMBER 24TH TO SEPTEMBER 30TH 2018

ELECTRICITY TARIFF LIKELY TO GO UP BY RS2

Khaleeq Kiani Updated September 24, 2018

ISLAMABAD: After having raised gas prices, the PTI government is working on a proposal to increase electricity tariff by an average of Rs2 per unit to partially finance the ever-rising circular debt.

A meeting of the Economic Coordination Committee (ECC) of the cabinet has been called on Tuesday to take up a two-point agenda — electricity tariff and presentation on LNG (liquefied natural gas) terminals — sought by the power division and petroleum division, respectively.

While announcing up to 143pc increase in gas prices last week, Petroleum Minister Ghulam Sarwar Khan had said his ministry was not satisfied with LNG matters finalised by the previous government and "seriously examining" issues relating to LNG terminals.

He said the petroleum ministry, National Accountability Bureau and Federal Investigation Agency were simultaneously and thoroughly working on the subject as one of the two terminals was running on full capacity while the other was operating at below capacity since their inception. He said a report on faults and weaknesses of LNG mechanism would be submitted to the ECC for addressing them.

A senior official told Dawn that the power division was seeking an approval for implementation of National Electric Power Regulatory Authority's (Nepra) determination suggesting a gross increase of Rs3.90 per unit in consumer tariff under relaxed benchmarks for ex-Wapda distribution companies (Discos). After taking into account the amount of subsidy earmarked in the budget, the net increase in average consumer tariff has been worked out at about Rs2 per unit with a total impact of Rs200 billion.

Under the Nepra determination for 10 Discos, the average tariff has been increased to Rs15.45 per unit from Rs11.50, following the resolution of all outstanding issues pending before courts or at various levels of settlement or late notifications on account of prior-year adjustments, capacity payments, net hydel profit and additional power purchases.

The overall impact of net hydel profit to Punjab and Khyber Pakhtunkhwa as part of various decisions taken by the Council of Common Interests for the fiscal year 2017-18 was worked out at Rs250bn, but about Rs70bn of that amount was already part of the tariff being paid by consumers.

The regulator has now forwarded a fresh schedule of tariff showing additional tariff requirement for each consumer category for all Discos separately and after adjusting tariff differential subsidy in the budget, the fresh tariff increase for consumers was estimated at Rs2 per unit.

Nepra had concluded on Sept 7 the process of making public hearing on quarterly adjustments for prior-year power purchase prices for the fiscal year 2017-18 when it heard the requests of six distribution companies for quarterly adjustments.

Prime Minister Imran Khan had already given a go-ahead for notification of base tariff increase for Discos on the basis of a briefing given by the power division and Nepra with an impact of about Rs2 per unit or Rs200 billion on the existing power rates.

The regulator had worked out prior-year adjustments for the fiscal year 2015-16 that were notified by the federal government on March 22. The notified determination provides mechanism for quarterly adjustments on account of power purchase price.

Discos had sought prior-year adjustments against capacity payments, operation & maintenance, use of system charges and transmission & distribution losses other than fuel component.

Officials explained that the Nepra-determined tariff for fiscal years 2014-15 and 2015-16 could not be notified by the power division despite a lapse of almost four years. The division and power companies had filed a request for review with higher allowances for theft and losses which was rejected by the regulator. The government challenged the decision in the court which remanded the case back to the regulator with a directive to resolve the matter.

The regulator delivered its determination in October last year as desired by the power division, but a final tariff could not be notified as the then government shied away from taking a political decision so close to the elections that it had been insisting for over three years through amendments to the Nepra ordinance.

During a recent presentation by the power division, the ECC was given a rundown on the impact of industrial support package, Azad Jammu and Kashmir's subsidised units, Balochistan agricultural tubewells and Fata receivables, as well as the impact of the existing time lag on tariff determination mechanism of Nepra.

The ECC had decided that there was no reason to keep sitting on the tariff determination and more so when it was providing relief in cash flows to the power sector marred by circular debt.

In the process, all Discos suffered financial losses — including the electric supply companies of Islamabad, Lahore and Faisalabad that were in profit until two years ago and placed in the privatisation list through capital market listings, but later withdrawn because of negative balance sheets.

Published in Dawn, September 24th, 2018

https://www.dawn.com/news/1434643/electricity-tariff-likely-to-go-up-by-rs2

PAKISTAN, RUSSIA TO INK $10 BILLION OFFSHORE PIPELINE DEAL
By Zafar Bhutta

Published: September 26, 2018

ISLAMABAD: In a major breakthrough, Pakistan and Russia are set to sign a $10-billion offshore gas pipeline deal on September 27 in Moscow, a project planned by the latter to capture the energy market of Pakistan.

Sources told The Express Tribune that the cabinet, during the tenure of previous Pakistan Muslim League-Nawaz (PML-N) government, had approved the signing of the gas pipeline deal with Moscow.

Inter State Gas Systems (ISGS) – a state-owned Pakistani company established to handle gas import projects and is already working on schemes like Turkmenistan-Afghanistan-Pakistan-India (Tapi) gas pipeline – has been designated by Pakistan for executing the pipeline project along with Russia's energy giant Gazprom. A Pakistani delegation will leave for Moscow on Wednesday (today) to sign the multibillion-dollar deal.

Talking to The Express Tribune, ISGS Managing Director Mobin Saulat acknowledged that the agreement would be inked in Moscow on September 27. He revealed that Gazprom would conduct the feasibility study on its own expenses to assess economic viability and cost of the project.

"China-Pakistan Economic Corridor (CPEC) has now entered the industrialisation phase and needs gas for duty and tax-free Special Economic Zones (SEZs)," he said. "The offshore gas pipeline will meet energy needs of industries being set up in the economic zones along CPEC route."

According to officials, the pipeline will connect Pakistan and Russia and act as an energy corridor between the two countries. "Strategically, it is a very important project as the two countries will come closer to each other," an official said. "At the same time, Pakistan will gain access to the Russian market in order to boost its overall exports which remained stagnant during five-year tenure of the PML-N government."

Russia has nominated Public Joint Stock Company Gazprom for implementation of the project. Pakistan's cabinet has permitted the company to conduct the feasibility study at its own cost and risk.

Separately, ISGS is working on the $10-billion Tapi gas pipeline which will connect South and Central Asia. Construction work on the scheme in Pakistan is planned to start in March 2019.

These projects are termed game changer for Pakistan as they will not only lead to regional connectivity, but will also meet growing energy needs of the country.

Owing to a long-running tussle with Europe and the United States over the annexation of Ukrainian region of Crimea, Russia is looking for alternative markets and wants to capitalise on the increasing energy demand in South Asia.

Russia has been a huge gas exporter to European Union (EU) countries and Turkey since long and despite US anger, Moscow has continued to provide gas to them. Moscow receives gas from Turkmenistan and then exports it to EU states.

Pakistan has been experiencing gas crisis, particularly in winter, for the past many years as domestic production has declined with new additions being offset by depleting old deposits. In a bid to tackle the crisis, the PML-N government started liquefied natural gas (LNG) imports from Qatar under a 15-year agreement and brought supplies from other sources as well.

According to a government official, after signing of the memorandum of understanding (MoU) for the offshore pipeline, work on the feasibility study will begin. Russian gas exports touched an all-time high in 2017. According to Gazprom, gas flow to Europe and Turkey, excluding ex-Soviet states, hit a new daily record of 621.8 million cubic metres.

Published in The Express Tribune, September 26th, 2018.

https://tribune.com.pk/story/1811503/2-pakistan-russia-ink-10-billion-offshore-pipeline-deal/

NEPRA INCREASES POWER TARIFF BY RS1.16 PER UNIT
By Our Correspondent

Published: September 26, 2018

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) has approved an increase of Rs1.16 per unit in the electricity tariff for all power distribution companies, except for K-Electric, on account of fuel cost adjustment for August 2018.

The tariff was revised upwards as the cost of fuel went up while consumers were supplied electricity at lower rates. The distribution companies will include the tariff increase of Rs1.16 per unit in next month's electricity bills.

They will collect an additional Rs16 billion from electricity consumers as a result of the tariff revision.

The distribution companies include Faisalabad, Gujranwala, Hyderabad, Islamabad, Lahore, Multan, Peshawar, Quetta, Sukkur and tribal areas' electricity supplying companies.

The tariff adjustment will, however, not be applicable to lifeline consumers who consume up to 50 units a month and K-Electric consumers.

During a public hearing on Wednesday of a petition filed by the Central Power Purchasing Agency (CPPA) on behalf of the distribution companies, Nepra stated that the cost of power generation rose in August while consumers were charged lower tariffs.

The CPPA had sought a tariff increase of Rs1.4931 per unit for August. It told the regulator that the actual cost of electricity generation stood at Rs6.248 per unit against reference fuel price of Rs4.755, an increase of Rs1.4931 per unit.

The CPPA purchased 6.07 gigawatt-hours (GWh) of electricity from high-speed diesel-based power plants in August 2018 at a cost of Rs17.4975 per unit. It bought 1,643.75GWh produced from residual fuel oil, which accounted for 11.73% of total generation at a cost of Rs14.4663 per unit.

The cost of electricity based on re-gasified liquefied natural gas (RLNG) stood at Rs10.3719 per unit and its share was 22.74% in total electricity generation in August. From this source, 3,187.48GWh was produced in the month.

Generation by hydroelectric power plants stood at 4,478.41GWh, accounting for 31.95% of total generation.

The cost of electricity generated by using domestically produced natural gas was Rs4.9861 per unit and its total share in electricity generation was 14.55% or 2,039.67GWh.

Coal-fired power generation contributed 1,343.77GWh, accounting for 9.59% of total generation at a cost of Rs6.4226 per unit.

Nuclear power plants generated 628.27GWh, having a share of 4.48% at a cost of Rs0.9566 per unit, the cheapest amongst all fuel sources. In August, 48.83GWh of electricity was imported from Iran for Rs11.5709 per unit.

From bagasse, 80.27GWh was generated at a cost of Rs6.2089 and 439.3GWh and 63.67GWh were produced from wind and solar sources respectively.

The CCPA revealed that a total of 14,017.4GWh was generated in August costing Rs77.80 billion. Net electricity delivered to power distribution companies was 13,632.6GWh, costing Rs85.18 billion whereas transmission losses came in at 2.67% or Rs1.715 per unit.

https://tribune.com.pk/story/1812151/2-nepra-increases-power-tariff-rs1-16-per-unit/

CNG PRICE LIKELY TO BE INCREASED BY RS22 PER KILO
Aamir Shafaat Khan Updated September 30, 2018

KARACHI: The price of compressed natural gas (CNG) is likely to be increased by Rs22 per kilogram following the 40 per cent hike in the gas tariff, it emerged on Saturday.

The new price is likely to be implemented from next week after the issuance of a notification regarding hike in gas tariff — Rs980 MMBTU from Rs700 MMBTU — from Oct 1.

For the first time in the country’s history, the CNG price will reach around Rs105 per kg from the current price of Rs 81.70 per kg.

Speaking at a joint press conference here, CNG stakeholders said the industry was continuously facing destabilisation due to the policies of the government since it first resorted to forced loadshedding of three days in a week and now increased the tariff by 40pc.

The proposed gas price increase would result in a lower price differential parity between petrol and CNG besides pushing up public and private transport fares as 70pc of buses were being run on CNG, they added.

The leaders said the determination of the hike in gas price was related to the estimated revenue loss reported by the Sui Southern Gas Company in their public petition presented to the Oil and Gas Regulatory Authority and based on these reports Ogra determined the suggested increase.

They believed that the hike in gas price appeared to be a deliberate plan to convert CNG stations in Sindh, KP and Balochistan to LNG to benefit LNG terminal operators.

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https://www.dawn.com/news/1435786/cng-price-likely-to-be-increased-by-rs22-per-kilo

NEWS COVERAGE PERIOD FROM SEPTEMBER 17TH TO SEPTEMBER 23TH 2018
ECC OKAYS UP TO 143PC INCREASE IN GAS TARIFF
Khaleeq Kiani Updated September 18, 2018

ISLAMABAD: In a major decision, the government finally approved up to 143 per cent increase in natural gas tariff with immediate effect on Monday having a cumulative financial impact of about Rs116 billion.

The decision to increase gas rates for all consumer categories was taken at a meeting of the Economic Coordination Committee (ECC) of the cabinet in a manner that partly shifted the burden from residential consumers to all other consumer categories — commercial, industry, power, fertiliser, cement and CNG sectors. The meeting was presided over by Finance Minister Asad Umar.

Ramsha Jahangir

An official told Dawn that average gas price had been increased by more than 35pc instead of 46pc determined by the Oil and Gas Regulatory Authority (Ogra) and it would yield Rs95bn for the gas companies. About Rs16bn revenue would flow to the federal government on account of general sales tax. The impact of Rs58bn determined by the regulator but not passed on to the consumers would be carried forward in the next price adjustment, the official said.

Minister for Petroleum Ghulam Sarwar Khan, who announced the ECC decision at a press conference along with Information Minister Fawad Chaudhry, said the two gas companies — SSGC and SNGPL — were operating in profit when the Pakistan Muslim League-Nawaz assumed power in 2013, but it left behind a deficit of Rs152bn after five years. He said it was a difficult decision for the new government in view of higher gas purchase price which could not be sold cheaper.

Petroleum minister says it’s a difficult decision for the new government in view of higher gas purchase price which cannot be sold cheaper

He claimed that 60pc population was using liquefied petroleum gas (LPG) for which import taxes had been rationalised to reduce cylinder price by Rs200, while only 23pc population was using natural gas for which rates had been increased.

Ghulam Sarwar said LPG would now attract only 10pc GST instead of existing 17pc, in addition to 5.5pc advance income tax and regulatory duty at a rate of Rs4,669 per tonne. The price of 11kg gas cylinder, he hoped, would come down to Rs1,400 from Rs1,600 because of supply imbalance.

In view of the political challenge, the government decided to create seven slabs for residential consumers instead of the existing three slabs. The domestic consumers falling in the two highest slabs would be the worst off as they would be charged the highest rate among all consumer categories. Their price has been equalised with imported LNG.

The price for the 6th slab of up to 500 cubic metres and 7th slab of more than 500 cubic metres has been increased by 143pc to Rs1,460 per mmbtu (million British thermal unit) from Rs600. The monthly gas bill of 500 cubic metres will surge from Rs12,500 to Rs30,340 and further up to Rs35,500 with addition of GST. Only two per cent or 226,129 consumers fall in this category.

Likewise, the monthly bill of more than 500 cubic metres will increase from Rs15,000 to Rs36,400 and further beyond Rs42,520 with addition of GST.

A new slab of 50 cubic metres consumption has been created. The monthly tariff for this slab has been increased by 10pc to Rs121 from Rs110 per mmbtu. The monthly bill, excluding taxes, will increase from Rs252 to Rs275. In normal circumstances (other than winters), 3.56 million or 38pc consumers fell in this slab, the minister said.

The price for the next slab of 100 cubic metres has been increased by 15pc to Rs127 from Rs110 per mmbtu and its monthly bill is estimated at Rs551 instead of Rs480. About 2.638m or 28pc consumers fall in this slab.

The tariff for the third slab of up to 200 cubic metres involving 1.74m or 19pc domestic consumers has been increased by 20pc to Rs264 from Rs220 per unit. The monthly bill without GST will be Rs2,216 instead of Rs1,850.

The price for the 4th slab of up to 300 cubic metres (0.436 million or 5pc consumers) has been by 25pc to Rs275 from Rs220 to Rs275 and their monthly bill from Rs2,764 to Rs3,449.

The 5th domestic slab of up to 400 cubic metres (524,391 or 6pc consumers) will see a 30pc increase — from Rs600 to Rs780 per unit. Their monthly bills will jump from Rs10,000 to Rs13,000 and go further up to Rs15,300 with addition of GST.

Likewise, the gas sale price for commercial consumers, including Tandoors, has been increased by 40pc to Rs980 from Rs700 per mmbtu. In fertiliser sector, the gas sale price for feedstock (old consumers) has been increased by 50pc to Rs185 from Rs123 per unit and that for fuel stock by 40pc to Rs780 from Rs600. The petroleum division reported to the ECC that estimated impact of these revisions would be Rs128 per 50kg bag of urea.

The gas price for industrial and captive power plants for registered manufacturers or exporters of five zero-rated sectors — textile (including jute), carpets, leather, sports and surgical goods — was kept unchanged at Rs600 per mmbtu. A new category for these industrial consumers will be created.

The gas sale price for general industrial and captive power plants has been increased by 40pc to Rs780 from Rs600 per unit and that for the power sector by 57pc to Rs629 (which is average prescribed price of SNGPL) from Rs400 per unit.

The gas rate for the cement sector has been increased by 30pc to Rs975 from Rs750 per mmbtu. Rates for the CNG sector in Sindh and Khyber Pakhtunkhwa have been raised by 40pc to Rs980 from Rs700 per unit.

The petroleum minister said CNG stations in Punjab were already using imported LNG which was on the higher side.

Ogra had originally recommended an 186pc increase for the first two slabs of domestic consumers to bring half the average cost of gas to discourage its wastage and a 30pc increase for most of other categories in industry, commercial, power sectors, etc. The government, however, diverted the burden from domestic to electricity, industry, commercial and fertiliser sectors that would indirectly spread out to all consumers and categories.

The ECC decisions will formally be endorsed by the federal cabinet on Tuesday and then sent to Ogra for formal notification. The enhanced rates would be effective immediately but become part of the next month's bills, the information minister said.

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https://www.dawn.com/news/1433611/ecc-okays-up-to-143pc-increase-in-gas-tariff

GAS PRICES INCREASED
ZAHEER ABBASI SEP 18TH, 2018 ISLAMABAD

The Economic Coordination Committee (ECC) of the Cabinet has decided to increase gas prices for all the sectors, including domestic, from 10 to 143 percent to bridge deficit of two gas companies by Rs 94 billion. The increase will reduce the revenue shortfall of companies from Rs 152 billion to Rs 58 billion, said Minister for Petroleum and Natural Resources Ghulam Sarwar Khan while talking to media persons after the ECC meeting presided over by Finance Minister Asad Umar decided the increase.

Sarwar Khan said that ECC discussed gas sale pricing issue and decided to increase the over due gas price to offset the revenue deficit of gas companies accumulated during the previous government of Pakistan Muslim League (Nawaz).

"Sui Southern Gas Company Limited (SSGCL) and Sui Northern Gas Pipelines Limited (SNGPL) were running in profit when previous government came to power in 2013 but they were facing a Rs 152 billion deficit when the PML-N government's tenure ended," Khan added.

However, he stated that there would be an increase of 10 percent in gas price for those using up to 50 million cubic feet, 15 percent for those using up to 100 cubic meter, 20 percent for those using 200 cubic meter and 250 percent for those using 300 cubic meter.

An official told Business Recorder that as per usage based gas pricing, major increase of 143 percent has been decided for those using 500 cubic meter gas and above.

Sector wise gas sale prices, as recommended above, may also be made applicable for fertilizer and power sectors consumers to whom gas is supplied directly from the fields of Mari petroleum Company Limited (MPCL) and Pakistan Petroleum Limited (PPL).

The ECC also decided to increase gas price for other sectors from 30 percent to 57 percent with 40 percent in the price of per MMBTU for commercial Rs 700 to Rs 980 per MMBTU, 50 percent increase for fertilizer (feed) old from Rs 123 to Rs 185 MMBTU. 40 percent increase for fertilizer Industrial & captive Rs 600 to Rs 780 per MMBTU, 57 percent for power Rs 400 to Rs 629 per MMBTU, 30 percent for cement from Rs 750 to Rs 975 per MMBTU, and 40 percent for CNG from

Rs 700 to Rs 980 per MMBTU. The increase is likely to reduce the revenue shortfall of companies from Rs 152 billion to Rs 58 billion.

Sarwar Khan said that all taxes on import of LPG have been abolished and only 10% GST would be levied. As a result, the price of an LPG cylinder would come down from the existing Rs 1,600 to Rs 1,400.

Replying to a question, the minister said that legal experts, National Accountability Bureaus (NAB) and Federal Investigating Agency (FIA) are looking into different clauses of the LNG import agreement and the findings would be made public.

Reuters adds: “It was a tough decision for us to take,” Sarwar said, adding that the price hike was “10 to 20 percent”, depending on how much gas the user consumed. The new measures would inject “58 billion rupees to stabilise the two companies”, Sarwar added. The price hike is some way off the 46 percent rise recommended by Pakistan’s regulator, which is roughly the increase needed if the gas providers were to break even and de facto subsidies be terminated.

Such price rises are politically sensitive in Pakistan, which has enjoyed decades of cheap gas due to its natural resources.

However, over the past decade those gas reserves have not been enough and Pakistan experienced a number of shortages until it began importing liquefied natural gas (LNG), which is more expensive than domestic gas.

Pakistan is struggling to avert a currency crisis that could force it to seek a bailout from the International Monetary Fund. The country’s current-account deficit has ballooned in recent years, while the fiscal deficit has shot up to 6.8 percent of the economy in the year that ended June 30.

https://fp.brecorder.com/2018/09/20180918408553/

FUEL IMPORT BILL SURGES 30PC
Mubarak Zeb Khan Updated September 21, 2018

ISLAMABAD: The country’s oil import bill rose by 30.08 per cent year-on-year to $2.64 billion in the first two months of FY19 whereas machinery imports registered a 19.2pc decline to $1.6bn, showed data released by Pakistan Bureau of Statistics.

Barring petroleum and agriculture products, almost all of the groups in the imports table posted negative growth.

Consequently, total import bill during July-August FY19 crawled up 1.01pc to $9.82bn, from $9.73bn over the corresponding period last year.

The data for July-August suggest that the trade deficit, which has risen to alarming levels, might have already hit its peak since subsequent months have shown tepid growth. The newly elected government’s fortunes on external sector could see a marked improvement if the ongoing declining trend continues during this fiscal year.

Machinery arrivals decline 19.2pc

Product-wise data show that the petroleum group imports saw a robust growth of 30.08pc, reaching $2.64bn in July-August as against $2.03bn over the corresponding months last year, with the largest surge coming from crude oil, up 66.85pc. In terms of quantity, however, crude imports fell 1.8pc to 1.66 million tonnes, from 1.69m tonnes in same period last year.

The cost of petroleum products imports dipped 10.08pc during the first two months of current fiscal year, whereas a 32.24pc decline was recorded in terms of the total quantity imported; bringing it down to 1.95m tonnes.

The import bill for liquefied natural gas (LNG) soared by 146.77pc during the months under review while that of liquefied petroleum gas plunged 30.15pc.

The data show a changing trend in the overall imports, with machinery-related imports registering a marginal decline, and oil imports — including LNG — bill increasing in large part due to the rise in global oil prices.

For a number of years now, machinery imports have been a cause of major reason for the government since they have continuously fuelled trade deficit but since the past few months, the category has seen a decline in imports. For July-August FY18, machinery imports fell by 19.22pc to $1.59bn, from $1.97bn last year. This was led by shrinking imports of textile and power-generating machinery at 18.43pc and 52.24pc, respectively. Telecom equipment imports went down 6.49pc — excluding mobile phones which grew by 6.06pc while those of construction machinery fell 4.56pc.

On the other hand, imports of office and electrical machinery posted substantial increases of 20.17pc and 8.5pc, respectively.

Transport group, another important contributor to trade deficit, also receded during July-August FY19 as it posted a 26.16pc decline. The month saw a dip in imports of all types of transport equipments including auto parts and road motor vehicles.

Food imports — the second-largest group contributing to the total import tally — import shrank 15.5pc in July-August from a year ago.

This was led by 94.1pc decline in imports of dry fruits and nuts, 82.77pc in soybean oil, 12.19pc palm oil and 15.17pc milk products.

Furthermore, imports of ‘other’ food items were down 11.53pc during the period under review.

Published in Dawn, September 21st, 2018

https://www.dawn.com/news/1434196/fuel-import-bill-surges-30pc

NEWS COVERAGE PERIOD FROM SEPTEMBER 3TH TO SEPTEMBER 9TH 2018
PM KHAN OKAYS 46% RISE IN GAS TARIFF
Khaleeq Kiani Updated September 05, 2018

ISLAMABAD: Prime Minister Imran Khan on Tuesday gave a go-ahead for increasing natural gas rates by an average of 46 per cent as determined by the Oil and Gas Regulatory Authority (Ogra) in June and ordered steps to control annual gas theft of Rs50 billion.

Presiding over a briefing on gas sector, the prime minister asked the petroleum division to get it approved from the forum concerned and clear the backlog of issues which have piled up when he was explained about the need for gas tariff increase.

Additional secretary in charge of petroleum division Mian Asad Hayauddin briefed the prime minister, in detail, about the existing situation vis-à-vis demand and supply in the oil and gas sectors, rationalisation of gas sale prices, recovery of receivables and inability of the previous government to award any exploration licence in the past five years. Minister for Petroleum Ghulam Sarwar Khan also attended the briefing.

A petroleum division official explained that a summary for the gas tariff increase was placed before the first meeting of the Economic Coordination Committee (ECC) last week but Finance Minister Asad Umar desired that it should be taken up for a decision later with the approval of the prime minister.

Now an improved version of the summary will be taken up with the ECC for approval before the issuance of a formal notification of the consumer-end gas price with the endorsement of the federal cabinet.

“There is no other way out,” said the official when asked if the prime minister was convinced about the gas price increase when he had been talking about reducing the burden on common people.

Last week the two gas companies – Sui Southern Gas Company (SSGP) and Sui Northern Gas Pipelines (SNGP) – had requested the government to implement gas price hike determined by the regulator to bridge their deficits and improve cash flows.

The SNGP had explained that it was purchasing natural gas from about 40 gas producers at an average rate of Rs629 per MBTU (Million British Thermal Unit) and selling at Rs399 per unit, with a net loss of about Rs230 per unit.

It was reported that SNGP’s receivables stood at Rs165 billion as of Aug 20, 2018 compared to Rs171 billion payables. The receivables of SSGCL stood at Rs203.567bn against its payables of Rs148.786bn.

The prime minister was also updated on the construction and operationalisation of Tajikistan-Afghanistan-Pakistan-India (TAPI) pipeline and Pak-Iran gas pipeline along with other significant projects to meet growing energy needs.

Mr Khan was informed that non-implementation and frequent altering of oil and gas sector policies had affected investors’ confidence, leading to non-awarding of exploration blocks during the past five years. He directed that a comprehensive plan of action with delineated timelines should be submitted at the earliest to address various issues of the oil and gas sectors.

He was given a detailed view of a gas price freeze over the past five years and the 46pc increase in prescribed gas price determined by the regulator on June 24.

The increase in prescribed prices are based on estimated revenue requirements of the two utilities for fiscal year 2018-19 and are worked out keeping in mind various ongoing projects and other expenditures.

Up to 186pc rise

The regulator determined up to 186per cent increase in gas rates for poorest categories of domestic and commercial consumers, while the prescribed rates for other categories – industrial, cement, CNG, power and commercial – have been jacked up by 27 to 31 per cent for the two companies.

According to Ogra, the SSGC that serves Sindh and Balochistan will need Rs167 billion during the next financial year to fund its ongoing programmes.

Therefore, it has approved 45.54pc (Rs184.34 per unit) increase in the average prescribed price from its existing rate of Rs404.75 to Rs589.09 per unit.

Likewise, the regulator approved the 2018-19 revenue requirement for SNGP, which serves Punjab and Khyber Pakhtunkhwa, at Rs287bn, necessitating an average prescribed price of Rs629.33 per MBTU, up 3.37pc (Rs20.57 per unit) from its existing price of Rs608.76 per unit.

Ogra determined the gas price for the domestic and commercial consumers using less than 100 cubic metres per month at Rs294.55 per unit (180pc increase from Rs105.15 per unit), while the second slab using up to 300 cubic metres per month (both commercial and residential) would be charged Rs589.09 per unit instead of Rs210.31.

The prescribed price for third domestic slab of more than 300 cubic metres per month would be jacked up by 26.4pc and charged at Rs664.52 per unit instead of Rs525.76 while the same consumption in commercial category would be charged at Rs797.42 per unit instead of Rs631 per unit, showing an increase of 26.4pc.

All other categories in larger commercial, ice factories, industrial, captive power, CNG stations, cement plants, fertilizer, public sector power houses and independent power plants will see a 26.4pc increase.

For example, the commercial consumers and ice factories will be charged at Rs798 per unit instead of Rs631, while industrial consumers and Pakistan Steel, Wapda plants and Independent Power Producers (IPPs) will be charged Rs611 per unit instead of Rs484, captive power plants of industrial units will be charged Rs718 per unit instead of Rs568 while CNG stations will be charged Rs822 per unit instead of Rs650 per unit.

The highest rate of Rs930 per unit will be applied to cement factories instead of existing rate of Rs736. The feedstock gas for Fauji Fertilizer, Bin Qasim, will be charged Rs156per unit instead of Rs123 per unit.

Published in Dawn, September 5th, 2018

https://www.dawn.com/news/1431041/pm-khan-okays-46-rise-in-gas-tariff

FINANCE MINISTER INSISTS GOVT WILL NOT INCREASE ENERGY PRICES
By Shahbaz Rana

Published: September 8, 2018

To keep energy prices at current levels for the export-oriented sector, the government will have to either take a major hit on the budget or it will have to shift the burden on to other consumers. PHOTO: FILE

ISLAMABAD: Finance Minister Asad Umar gave a commitment to influential industrialists on Friday that the government would stick to the pre-election announcement of providing gas and electricity to five export-oriented sectors at regionally competitive rates.

The minister agreed that the government would not increase electricity and gas prices for the industries, said Gohar Ijaz, Patron-in-chief of the All Pakistan Textile Mills Association (Aptma) – the body working to protect the interests of millers, while talking to The Express Tribune.

Ijaz said Umar assured a delegation that the government would honour its commitment given in the Pakistan Tehreek-e-Insaf's (PTI) textile policy.

The policy promises to provide gas to the industries at 6.5 US cents per mmbtu and electricity at 7.5 US cents per unit.

Ijaz claimed that the minister assured them that in order to keep prices at the promised level, the government would find a way by either giving a subsidy from the budget or cross-subsidising the industries.

Although the finance minister has made the commitment, the government has not yet given its policy on new electricity and gas prices. The National Electric Power Regulatory Authority (Nepra) has indicated in a meeting of the Economic Coordination Committee (ECC) that electricity prices may be increased by over 33% to Rs15 per unit.

To keep prices at the current level for the export-oriented sector, the government will have to either take a major hit on the budget or it will have to shift the burden on to other consumers.

Electricity and gas prices are significantly higher than regional or international prices in the industrial sector. Electricity is cheaper by about Rs3 in India and by Rs5 in Bangladesh.

The Oil and Gas Regulatory Authority (Ogra) has suggested up to 186% increase in gas prices. Gas utility companies have been complaining about a significantly higher purchase price than their average sale price, leading to a massive shortfall in their revenues.

The minister asked the Aptma delegation to sort out other sector-related issues in a meeting with Adviser to the Prime Minister on Textile and Industry Abdul Razak Dawood.

An official handout of the finance ministry stated that Umar told the Aptma delegation that it was his foremost priority to support in any way possible the export-oriented sectors and in that regard all possible cooperation would be made by the government.

It added the Aptma delegation discussed various issues regarding gas and electricity pricing, proposed withdrawal of customs duty and sales tax on import of raw material, sales tax refund, extension of duty drawback scheme for five years and maintaining a market-based exchange rate.

The finance minister assured the delegation of his government’s full support to uplift the export-oriented sector on the condition that the sector met its obligations for increasing exports, bringing much-needed foreign exchange and would not in any case be helpful to anyone involved in tax evasion.

The minister said the news relating to increase in gas and electricity tariffs had been misreported in the media as so far no such decision had been taken by the government, stated the finance ministry.

The minister stated that the Ministry of Finance would fully support the recommendations of the adviser on textile and commerce in all industry-related matters.

Meeting with fertiliser manufacturers

Separately, Umar held a meeting with fertiliser manufacturers on the thorny issue of fertiliser pricing, subsidies and the windfall gain the manufacturers made last year.

The minister refused to accept the viewpoint of the manufacturers, asking them to shut their units if they were unprofitable at current prices.

The minister said the availability of sufficient quantities of fertiliser to the farmers at affordable rates was a priority of the government and all necessary measures would be taken in that regard, stated the finance ministry.

Published in The Express Tribune, September 8th, 2018.

https://tribune.com.pk/story/1797992/2-finance-minister-insists-govt-will-not-increase-energy-prices/

October 2018

NEWS COVERAGE PERIOD FROM OCTOBER 22TH TO OCTOBER 28TH 2018

ECC APPROVES 33% HIKE IN POWER TARIFF

By Shahbaz Rana

Published: October 25, 2018

ISLAMABAD: The Pakistan Tehreek-e-Insaf (PTI) led federal government on Wednesday approved increase in electricity prices by around 33% to recover additional Rs144 billion annually from consumers but did not increase the rates for consumers using up to 300 units per month.

In order to give a boost to the agriculture sector, the government has also drastically cut the electricity prices for the agriculture sector, bringing down the per unit price by Rs5 to Rs5.35 per unit.

It has also protected the small and medium commercial consumers from the hike. The schools and hospitals have also been exempted from the increase, said the Power Division.

The Economic Coordination Committee (ECC) of the Cabinet approved to increase the average electricity prices by at least Rs1.20 per unit or 10.3% to Rs12.91, according to the government officials.

The decision will help the government to recover minimum Rs123.6 billion from the consumers on account of tariffs. In addition, the consumers will also pay Rs21 billion additional sales tax.

Finance Minister Asad Umar chaired the ECC meeting – the second in last three days, which finally took the politically unpopular decision.

The summary for increase in tariffs will now be placed before the federal cabinet today (Thursday) for ratification and after that the National Electric Power Regulatory Authority (Nepra) will notify the new electricity prices.

The PTI government has blamed the last PML-N government for the surge in prices, saying the increase was inevitable due to high cost of power generation and payments of net hydel profit to the provinces.

Nepra had proposed to increase the average electricity prices by Rs3.82 per unit. The Power Division officials said the government would give minimum Rs1.20 per unit direct subsidy. The average 10% increase in power prices would reduce the build-up of circular debt only to the extent of tariff increase.

The issues of high line losses, less recovery of electricity bills and electricity prices and arrears of the consumers of the Azad Jammu & Kashmir and agriculture tube-wells of Balochistan remain unaddressed.

The tariff increase will also not address the legacy issue of the Rs1.26 trillion outstanding circular debt. The government has protected the consumers using up to 300 units electricity per month from the increase.

For those whose monthly consumption is between 301 to 700 units, the prices have been increased by at least 10%. Similarly, for consumers using more than 700 electricity units in a month, the minimum 15% average increase has been approved.

For the commercial category, the government has increased the electricity prices around 20% and for the bulk category domestic consumers the minimum increase is nearly 33%, the officials added.

The electricity prices for the industrial consumers except for five export-oriented sectors have also been increased. These five sectors are textile, garments, leather, surgical and sports goods.

These five export oriented sectors will be provided electricity at 7.50 cents per unit, as had been promised by the PTI in its elections manifesto.

The Power Division said only a minimum increase was approved in electricity prices for industrial consumers in all categories, barring the five export oriented sectors. It added the Rs3 per unit electricity subsidy will also for industrial consumers will continue in future as well.

"In the most difficult of economic conditions, the tariff proposal has been made to ensure protection of poor and middle classes," said the Power Division. Through the present proposal, the agriculture and industry would receive a much needed boost, it added.

The officials said the government will require minimum Rs149 billion subsidy on account of tariff differential. This is significantly higher than Rs105 billion subsidy earmarked in the budget.

In addition to that the government will also need Rs75 billion for paying subsidies to agriculture tube wells and the K-Electric. The total subsidies are estimated at Rs224 billion, at least. The government has not fully passed on the increase in electricity prices due to net hydel profit payments to the provinces.

The impact of Rs65 billion that translates into 66 paisa per unit on account of net hydel profit has not been transferred to the consumers. The money has been paid to Punjab and Khyber Paktunkhwa by borrowing from the banks.

The officials said increase on account of net hydel profit will be considered at the time of next year's tariff determination. For the time being, the government will get the loans rollover.

The PTI government had promised to improve governance in the power sector by reducing line losses and improving recovery of the electricity bills. The Power Division has been assigned the targets to reduce line losses and increase the overall recovery of electricity bills by the ECC.

The division has been given the target to reduce both losses and improve recovery by 1% each during the current fiscal year, said the officials. Similar targets had also been given in the past but things did not change in the Power Division and its distribution companies.

The desk audit by the department of the Auditor General of Pakistan disclosed that four loss making power distribution companies (DISCOs) incurred Rs47 billion line losses over and above the threshold determined by Nepra last year. Pesco's recovery against current bills was 74.83%, Hesco's 52.31%, Sepco 39.62% and Qesco was recovering only 15.42% of the current billed amount.

https://tribune.com.pk/story/1833341/2-ecc-approves-33-hike-power-tariff/

NEWS COVERAGE PERIOD FROM OCTOBER 15TH TO OCTOBER 21TH 2018

OIL IMPORTS MAY REACH $20B IF PRICES STAY AT CURRENT LEVEL

By Our Correspondent

Published: October 18, 2018

ISLAMABAD: The annual oil import bill of Pakistan could go as high as $20 billion in the current fiscal year if the existing price trend persisted in the world market, cautioned Shell Pakistan Chief Executive Officer Haroon Rashid on Wednesday.

Speaking at the Energy Forum 2018, Rashid suggested to the government to extend the oil credit facility from 30 to 90 days, which would defer payment of $2 to $4 billion at a time when Pakistan was seeking a bailout package from the International Monetary Fund (IMF) due to dwindling foreign exchange reserves.

He said the oil sector had witnessed a significant change as previously only three oil marketing companies were operating, which now reached 25. The oil import bill was $12 billion in 2017, which would reach $18 to $20 billion in the current fiscal year if crude oil prices stayed at the existing level, he added.

The CEO said if pipeline infrastructure was upgraded in the country, it would lead to savings of $50 to $100 million, which would be passed on to consumers. Earlier, high-speed diesel was being pumped through the pipeline and now motor gasoline will also be transported through it.

Pakistan had average stocks of 20 days of petroleum products, he said and suggested that storages should be built through joint ventures to enhance the capacity.

The Shell chief said Pakistan was selling gasoline at the lowest rate compared with the rest of the world, but the question was whether a country like Pakistan could collect more taxes on its sale. “If taxes are increased on this product, there will be additional collection of $200-300 million in revenues.”

Also speaking at the Energy Forum, Minister for Petroleum Division Ghulam Sarwar Khan pointed out that the country would be facing a gas shortfall in December due to its growing demand from domestic consumers.

He said gas utilities were facing a revenue shortfall of Rs150 billion while 19 licences had been given for oil and gas exploration but no development had taken place in that regard.

The government would frame short, medium and long-term policies for energy projects, he said, adding past governments depended on thermal generation and agreements with independent power producers (IPPs) lacked transparency.

The minister highlighted that the National Accountability Bureau (NAB) and the Federal Investigation Agency (FIA) were investigating LNG deals due to lack of transparency.

Turning to water resources, Khan pointed out that three rivers were given to India under an agreement inked in 1960 and big dams were built at the same time, adding Kalabagh dam was a practical project, but it was politicised whereas Bhasha Dam was only on papers.

Oil and Gas Regulatory Authority (Ogra) Chairman Uzma Adil said issues could be resolved by bringing transparency in projects. There was a proposal to merge upstream, midstream and downstream industries, she added.

All stakeholders should be taken on board for implementing the proposal of merging upstream, midstream and downstream industries, she said, adding the merger would bring improvement to the oil and gas sector.

Published in The Express Tribune, October 18th, 2018.

https://tribune.com.pk/story/1828234/2-oil-imports-may-reach-20b-prices-stay-current-level/

ENERGY FORUM 2018: COUNTRY TO FACE GAS SHORTAGE IN WINTER: MINISTER WASIM IQBAL OCT 18TH, 2018 ISLAMABAD

The consumers are likely to face gas shortage in upcoming winter as the demand is going to increase manifold during the season. While addressing the Energy Forum 2018, Minister for Petroleum Division Ghulam Sarwar Khan said that the country would be facing gas shortfall in December due to growing demand of gas from domestic consumers. He said that gas utilities are facing Rs 150 billion revenue shortfall. He added that 19 licences were given for exploration of oil and gas during previous governments but no development has been made in this regard.

He said the government would form short, medium and long-term policies for energy projects. He said that past governments had depended on thermal generation and agreements with IPPs which had lack of transparency. He said the National Accountability Bureau (NAB) and the Federal Investigation Agency (FIA) are investigating into the LNG deals.

He further said that three rivers were given to India under an agreement inked in 1960. He said that big dams were built in 1960, adding the Kalabagh Dam was a practical project but it was politicized. He added that Bhasha Dam is only on papers.

The chief executive officer Shell Pakistan said that oil import bill can touch $20 billion mark during the current year if trend in existing oil prices continue putting pressure on foreign exchange reserves. While addressing the Energy Forum 2018, he suggested the government to extend the credit oil facility from 30-day to 90-day which would result in $ 2 to US $ 4 billion deferred payment at a time when Pakistan is seeking bailout package from International Monetary Fund (IMF) due to dwindling foreign exchange reserves.

He said the oil sector witnessed a significant change as three oil marketing companies had been operating and now that number had reached 25. “This is a change in the oil sector.” He further said that oil import bill was $ 12 billion in 2017 and now it would reach $18 to $20 billion during current year if the exiting oil prices continue.

Earlier, high speed diesel was being pumped through pipeline and now motor gasoline would also be transported through pipeline. He said if pipeline infrastructure was upgraded, there would be $ 50 to $ 100 million saving. He said the number of oil marketing companies had increased and Pakistan had average 20 days stock. He suggested that storages should be built with joint venture to enhance stocks.

He said Pakistan was selling gasoline at the lowest rates compared to the rest of the world. But the question was if the country like Pakistan could afford more taxes on it. He said if taxes were increased on that product, there would be $ 200 to $ 300 million more revenue collection.

Chairman Oil and Gas Regulator Authority Uzma Adil said all stakeholders should be taken on board to implement proposal of merging upstream, midstream and downstream industry. She said that merger of industry would bring improvement in oil and gas sector.

http://fp.brecorder.com/2018/10/20181018416377/

NEWS COVERAGE PERIOD FROM OCTOBER 8TH TO OCTOBER 14TH 2018
SENATE PANEL WANTS RS400BN INJECTED INTO POWER SECTOR
Khaleeq Kiani Updated October 08, 2018

ISLAMABAD: With power sector defaults exceeding Rs824 billion, a Senate committee led by the Pakistan Tehreek-i-Insaf (PTI) members has urged the government to inject up to Rs400bn into the system to avoid closure of power plants and ease the problem of circular debt that now stands at about Rs1.55 trillion.

The Special Senate Committee on Circular Debt led by PTI's Shibli Faraz has mentioned these short-term measures in its report about steps that could be taken to deal with the crisis. The committee stands dissolved after submitting its final report about resolution of the circular debt issue.

The report has proposed drastic measures, including a review of the fuel supply agreements of the power projects based on Regasified Liquefied Natural Gas (RLNG), to bring them on a normal plane instead of their "must pay status" under which they must be compensated even if they do not produce electricity.

Report suggests measures to deal with circular debt

According to the report, the role of two key regulators — the Oil and Gas Regulatory Authority and National Electric Power Regulatory Authority (Nepra) — should also be reviewed and they should be merged if needed.

Some of its suggestions are already known, like reducing reliance on imported fuels and increasing local resources like hydropower and other renewable sources because 63 per cent of the electricity is being produced from fossil fuels and 55pc from imported ones.

The committee has recommended privatisation of power companies, private sector participation in electricity supply operations and handing over of distribution companies to the provincial governments with recovery shortfalls settled from the NFC award.

It recommended that enforcement of the renewable energy policy 2006 be extended for two years because a sudden break in December 2017 had blocked investments in the sector.

The committee also called for reversing some of the amendments made to the Nepra Act by the PML-N government in its last few months in office because they had "compromised the independence and professional standing of the regulator by reducing the status of its four members and the chairman to a rubber stamp.

The report noted that it was simply impossible for a business to be profitable when about 25pc of its production was going to waste — known in the power sector as aggregate technical and commercial losses.

It explained that the system (transmission and distribution) losses in the power sector officially stood at 18.3pc and another 8-10pc of the billed amount remained unrecovered, resulting in a Rs295bn gap that is to be re-charged to the consumer or picked up by the government and funded through taxpayers' money. Ironically, a major part of Rs175bn is re-charged or re-circulated to the consumers in monthly bills and around Rs120bn annually remains stuck with the government and transformed into circular debt.

The report said the total circular debt or funding gap amounted to Rs1.557 trillion in the fiscal year ending in June 2018. This included Rs245bn receivables from the government and related entities, Rs500bn running defaults and disconnections, Rs187bn system losses of five years, R338bn tariff delays and another Rs300bn as tax refunds and instalments of bills.

The committee regretted that even though such a major issue was challenging the fundamentals of the country's economy there was neither an effort at consolidation of power sector entities nor reconciliation of the balances available on their financial statements.

So much so that even the principal loan amounts reported by the Discos, Central Power Purchasing Agency, Power Holding Company and the power division do not match. On top of that there is no consolidated financial model in place that could project the financial position, performance and results of the sector based on key assumptions such as price sensitivities, changes in prices of imported fuels and currency devaluation.

The Senate committee deplored that 8,000MW of capacity addition in recent years was based on RLNG alone, having currency and oil market sensitivities. The report advised the government to settle an outstanding tariff confusion of the Azad Kashmir government which was getting a fixed rate under the Mangla Dam agreement and resulting in a Rs100bn gap.

The report criticised the previous governments for a system under which the Federal Board of Revenue charged taxes on total billing of the distribution companies even through a significant part was never paid by the consumers. About Rs100bn was stuck on this count alone, limiting the cash flows of distribution networks.

It was ironic that cumulative receivables as of June 2018 surged to Rs824.3bn, up from Rs670bn a year before, said the report. There were more than 5.3 million non-paying electricity connections and 1.3 million disconnected ones, having Rs405bn and Rs95bn outstanding against them.

The committee concluded that the government should inject at least Rs300bn into the sector to avoid plant closures. The money could be raised through commercial loans with repayments in five years and involvement of provincial interior ministers in operations of the distribution companies to increase recoveries and reduce losses and theft.

It said there should be task forces of law enforcement personnel at the provincial level for making recoveries. Any shortfall in recoveries or theft should be linked to a financial adjustment formula between the federal and provincial governments through the national pool to ensure delivery on targets.

Published in Dawn, October 8th, 2018

https://www.dawn.com/news/1437596/senate-panel-wants-rs400bn-injected-into-power-sector

ISSUES WITH CENTRE: 35 WIND & SOLAR POWER PROJECTS IN THE DOLDRUMS: MINISTER
RECORDER REPORT OCT 12TH, 2018 KARACHI

Sindh Energy Minister Imtiaz Ahmed Shaikh said that the province, having indigenous Thar coal reserves, abundant natural gas resources, wind and solar power, has capability to provide effective, sustainable and long-term solution for energy problems of the country. He said this, speaking as chief guest at the 3rd International Wind Energy Summit-2018 at a hotel, here on Thursday. The event was organized by Energy Update in collaboration Sindh Energy Department.

Shaikh asked the relevant stakeholders in the country to lend support to fully exploit natural energy resources of the Sindh that had been host to the only properly-designated wind corridor in the country between Gharo and Jhimpir and whose potential was being tapped to generate electricity on basis of wind power.

“Electricity generation on basis of wind power in Gharo-Jhimpir corridor had crossed the mark of 01 gigawatt with commissioning of over 20 wind power plants,” he said, adding that commissioning of some 35 more wind power projects in the province is yet to be achieved owing to a number of issues whose resolution has been pending with different federal authorities, including problems related to determination of tariff, connectivity to national grid and lack of transmission systems.

The minister said he would soon visit Islamabad to hold talks with the relevant federal authorities to resolve pending issues.

Shaikh said Sindh had reserved over 54,000 acres of its land to launch projects of renewable energy on basis of wind and solar power while recent scientific studies backed by the World Bank had identified new wind corridors in the areas of Badin and Sujawal.

He said that Sindh government had recently initiated Solar Energy Programme with financial backing of the World Bank as it would help the concerned authorities to tap solar power abundantly available in the province.

Chief Executive Officer of Alternative Energy Development Board (AEDB) Amjad Ali Awan said Pakistan should set target of generating at least 30 per cent of its electricity on basis of renewable energy in next five to seven years as this is the only way for the country to tackle its power crisis that is expected to exacerbate further with depleting hydrocarbon resources and soaring fuel costs.

He said Pakistan had to increase its reliance on renewable energy for power generation because at present indigenous resources of natural gas accounted for 24 per cent electricity produced in the country as soon an alternative had to be found to replace this source in view of fast depleting gas resources.

He said Re-gasified Liquefied Natural Gas was being imported to replace reliance on indigenous gas reserves as up to 63 per cent of RLNG being brought into the energy system was being used for power generation. The AEDB chief said that power generation on basis of RLNG was not a feasible option from the point of view of consumers as electricity so produced had phenomenally higher tariff up to Rs 9.02/kilowatt hour.

“At present 57 countries of the world have been aiming for 100 per cent power generation on basis of renewable energy in near future as there are countries such as Germany and Denmark, which have been generating over 60 per cent of their electricity on basis of alternative resources of power.

In his speech, Ambassador of Denmark Rolf Michael Hay Pereira Holmboe said that Denmark had been working on a plan to generate 100 per cent power generation on basis of renewable energy in a coming few years.

http://fp.brecorder.com/2018/10/20181012414575/

NEWS COVERAGE PERIOD FROM OCTOBER 1TH TO OCTOBER 7TH 2018
THAR COAL TO PRODUCE ELECTRICITY BY DECEMBER
The Newspaper’s Staff Reporter October 02, 2018

KARACHI: The first 660MW lignite coal power plant in Thar will start supplying electricity to the national grid by December, said Director Mining and Operations Engro Energy Ltd Syed Murtaza Azhar Rizvi on Monday.

According to a press release, Mr Rizvi said the project was ahead of its schedule by almost five months. He said the rising energy demand has widened the demand-supply gap and has led to an unsustainable power generation fuel mix – one which contains a high share of oil-based power generation up to 32 per cent – resulting in high cost of electricity production.

“There is heavy reliance on imported fuels which results in constant depletion of foreign exchange and insufficient control over the fuels supply chain. This inappropriate fuel mix leads to energy losses at each level of the value chain and inadequate recoveries lead to power outages, unaffordable electricity and circular debt,” the press released quoted the Engro official.

Talking about the CSR initiatives, he said that for the first time in the country, inhabitants of the project area have been made project beneficiaries by the government of Sind.

The CSR has been achieved by diluting 3 per cent of the government’s shareholding for the project affected persons who will become shareholders in the projects.

Engro Power Thar Ltd (EPTL) and Sindh Engro Coal Mining Company (SECMC) are the largest private investment under China-Pakistan Economic Corridor (CPEC).

Published in Dawn, October 2nd, 2018

https://www.dawn.com/news/1436292/thar-coal-to-produce-electricity-by-december

TALKS WITH SAUDI ARABIA ON $8BN GWADAR REFINERY IN FINAL STAGES
Khaleeq Kiani Updated October 04, 2018

ISLAMABAD: Saudi Arabia on Wednesday agreed in principle to set up a major refinery at Gwadar and showed serious commitment to make investments in other areas of energy sector, according to federal Minister for Petroleum Ghulam Sarwar Khan.

The minister told journalists that the two sides had agreed to set up an oil refinery at Gwadar and a summary would be moved to the federal cabinet on Thursday (today) for approval to sign a memorandum of understanding (MoU).

He said the Saudi minister for energy was expected to visit Islamabad later this month for signing of the MoU. He said the visiting Saudi delegation was offered to participate in the $2bn North-South Gas Pipeline and bid for the upcoming 10 petroleum exploration blocks to be offered for auction soon.

China being taken on board on development, says minister

He also requested Saudi Arabia “to enhance crude supplies to Pakistan”.

Mr Khan was talking to journalists after holding a meeting with the Saudi delegation led by energy adviser Ahmad Hamid Al-Ghamidi.

The minister said Saudi Arabia enjoyed great respect in Pakistan and both countries had strong bilateral brotherly relations that would scale new heights under the present government. The proposed 500,000 barrels per day refinery is estimated to be completed with an investment of about $8-9bn.

On the sidelines, Pakistan updated China about the progress on engagements with Saudi delegation.

An official said that Chinese Ambassador Yao Jing on Wednesday called on Minister for Planning and Development Makhdoom Khusro Bakhtiar who is also focal person on CPEC.

Mr Bakhtiar told the ambassador that development of refinery would be more important for Pakistan than Saudi Arabia because it would significantly reduce Islamabad’s oil import bill estimated for current year at $18bn. This would also ensure that Pakistan’s requirement for financial support from the International Monetary Fund is minimised.

The planning minister and the ambassador also finalised plans for creation of a new joint working group on social sector and upcoming visit of Prime Minister Imran Khan to Beijing to attend an industry conference with a business delegation. The two sides viewed it as an opportunity to reduce the China-Pakistan trade gap.

A statement issued by the petroleum division quoted the Saudi delegation as telling the minister that they had visited Gwadar site allocated for the purpose and would like the hosts to provide a suitable piece of land for the refinery.

A senior official who was part of the consultative process said the two sides shared a ‘wish list’ of around eight to nine items for Saudi investment and hoped three to four of those items would materialise over the next few months. “Our priority is to focus on smaller deliverable projects of $1-2bn each in the first phase before getting into mega projects,” he said.

Responding to a question, the official explained that the visit of the Saudi delegation was of fact finding nature and its level of serious commitment for investments appeared very encouraging. “We have been successful in generating their strong interest and it would now also depend on our abilities to materialise some of these projects”, he said.

Officials said the delegation also showed strong interest in Liquefied Natural Gas based power projects. Since these projects are currently operational, competitive bidding would be the only way to move forward, they said.

Responding to a question, the official said question of oil supplies on deferred payment and taking stakes in Reko Diq were not a priority for the two countries at this stage. While the question of oil supplies has to be deliberated by the finance ministers of the two nations, a mega project like Reko Diq involving $15-20bn could not be taken up seriously amid uncertainty about its legal status. The mineral project is currently under international arbitration.

Published in Dawn, October 4th , 2018

https://www.dawn.com/news/1436741/talks-with-saudi-arabia-on-8bn-gwadar-refinery-in-final-stages

SINDH PLANS SOLAR ENERGY FOR RURAL AREAS
By PPI

Published: October 4, 2018

KARACHI: Sindh Chief Minister Syed Murad Ali Shah has said that the solar home system project would not only serve the purpose of mitigating the energy crisis but also contribute to addressing the global concerns of environmental degradation caused by the overuse of fossil fuels.

Speaking at a seminar on Sindh Solar Energy Programme (SSEP) – deployment of Solar Home Systems (SHS) in the rural off-grid areas of the province, he said that although energy was a basic need for socio-economic development in this modern era, a sizeable population still did not have access to electricity. “It is the aim of our government to make affordable electricity accessible to all,” he said, adding the proposed project was the first step towards achieving this objective. The consultative workshop with all stakeholders was a key event for successful implementation of the project on sustainable grounds, he said.

The seminar, organised by the Energy Department at a local hotel, was attended by Country Director World Bank Illango, P&D Chairman Mohammad Waseem, Principal Secretary Sajid Jamal Abro, provincial secretaries, energy experts and investors.

“Sindh is suitably placed to access and utilise donor financing options to scale-up solar energy, thus mitigating the energy shortage being faced by the province. Sindh has sufficient solar and wind power potential,” he said.

Shah said that Sindh has relatively low level of electrification, especially in remote areas. “These localities will have electricity access by using solar PV under this program,” he said, adding, “this is also an opportunity for Sindh to enhance economic development through the use of domestic renewable resources, and gain familiarity with solar technology and its operation,” he said.

Talking about wind energy, Shah said that with its abundant wind source, Sindh can play a leadership role in demonstrating conjunctive use of solar and wind power in a manner that optimises the use of evacuation infrastructure.

He said that this pragmatic approach would look into the viability of solar energy at different scales – rural off-grid, urban rooftop and utility scale solar. “It is now a proven fact that solar energy is not only technically feasible, but cost-effective too,” he said and added that the recommendations of this consultative workshop for a new solar strategy would move the nation towards greater energy access and security.

Shah recalled that the idea to analyse where we stand today and where our tremendous opportunities lie originated during his meeting with the World Bank President last year in Karachi. “Sustainable energy for all is our mission and we want every single home equipped with affordable electricity in the province,” he said and added, “though ambitious, this is going to be a bold initiative. He hoped that our experts would find pragmatic solutions during this workshop to ensure energy access for all.”

The provincial minister for energy, lmtiaz Shaikh, said that energy was the life line of the economy and has a direct impact on socio-economic development. He added that the `Sustainable Energy for All’ was one of the top most global agenda of the UN to combat poverty, terrorism and other social evils from society. The Energy Department with a proactive approach in line with Sustainable Development Goals was expected to contribute a sizeable share in the development and progress of the country, he added.

He said that the development of wind corridors at Jhimpir and Gharo were in full swing. “Some 20 projects are producing above 1 gigawatt electricity from wind and many more projects are at various development stages,” he said and added the province took the lead in establishing its own power transmission and dispatch company STDC which was successfully managing transmission lines from Nooriabad to Karachi.

Shaikh said that the SSEP Programme was mainly focused to divert the conventional methods of energy production to state-of-the-art new solar technologies to achieve the target of 100% electricity access to all.

Published in The Express Tribune, October 4th, 2018.

https://tribune.com.pk/story/1817779/1-sindh-plans-solar-energy-rural-areas/

IMF CALLS FOR FURTHER HIKE IN GAS, POWER TARIFFS
Anwar Iqbal Updated October 05, 2018

WASHINGTON: Pakistan is facing significant economic challenges, with declining growth, high fiscal and current account deficits and low levels of international reserves, says a report released by the International Monetary Fund (IMF) on Thursday.

The IMF end-of-mission statement acknowledges that Islamabad has recently taken some policy measures, but said those were not sufficient and “decisive policy action and significant external financing” were needed to stabilise the economy.

“Once stabilisation is beginning to take hold, increasing focus is warranted on critical reforms to foster sustained and inclusive growth and strengthen institutions,” the report says.

An IMF staff team led by Harald Finger visited Islamabad from Sept 27 to Oct 4 to discuss Pakistan’s economic situation and exchange views on policies required for economic stabilisation and sustainable and inclusive growth.

End-of-mission statement also advocates strengthening fiscal federalism arrangements eliminating losses of public enterprises

At the end of the visit, Mr Finger observed: “Pakistan is facing an increasingly difficult economic situation, with high fiscal and current account deficits, and low international reserves.” He blamed “overvalued exchange rate, loose fiscal policy and accommodative monetary policy” for this situation.

Mr Finger also noted that a fast rise in international oil prices, normalisation of US monetary policy and tightening financial conditions for emerging markets were adding to this difficult picture.

“In this environment, economic growth will likely slow significantly, and inflation will rise,” he warned.

The IMF team welcomed the policy measures implemented since last December, including 18 per cent cumulative depreciation of the rupee, interest rate increases of cumulatively 275 bps, fiscal consolidation through the budget supplement proposed by the minister of finance. Other measures include a large increase in gas tariffs closer to cost recovery levels and the proposed increase in electricity tariffs.

“These measures are necessary steps that go in the right direction,” Mr Finger said.

The IMF team suggested that additional decisive policy action anchored in a comprehensive strategy and significant external financing would also be needed in the near term.

“Policies should include more exchange rate flexibility and monetary policy tightening, further fiscal adjustment anchored in a medium-term consolidation strategy and strengthening the performance of key public enterprises together with further increases in gas and power tariffs,” the report adds.

The IMF team said that these steps would help reduce current account pressures and improve debt sustainability. Importantly, to protect the more vulnerable segments of society, there is a need to further strengthen social protection through the Benazir Income Support Programme, the report says.

“These policies will help stabilise the economy and lay the foundations for sustainable and inclusive growth,” Mr Finger said.

The IMF team urged the Pakistani authorities to shift their focus to reforms to foster sustained and inclusive growth and strengthen key institutions, once stabilisation began to take hold.

Priority areas identified in the report include modernising the tax system and public financial management, strengthening fiscal federalism arrangements, improving governance and eliminating losses of public enterprises.

Other suggested measures include enhancing the State Bank's autonomy, intensifying efforts aimed at curbing money laundering and countering terrorism financing, improving the business climate and anti-corruption efforts and fostering the economic inclusion of the poor, youth, and women.

Published in Dawn, October 5th, 2018

https://www.dawn.com/news/1436898/imf-calls-for-further-hike-in-gas-power-tariffs

SAUDI OIL ON EASY TERMS: MINISTER SAYS 'HIGH-UPS' STOPPED TALKS
Khaleeq Kiani Updated October 05, 2018

ISLAMABAD: Petroleum Minister Ghulam Sarwar Khan on Thursday disclosed that he was stopped by 'high-ups' from discussing oil supply on deferred payment with a Saudi delegation led by energy adviser Ahmad Hamed Al-Ghamidi.

Speaking at a joint news conference with Information Minister Fawad Chaudhry after a meeting of the federal cabinet, Mr Khan said he had told journalists outside the Parliament House before holding talks with the visiting delegation that he would discuss oil refinery, exploration blocks, pipelines and oil supplies on deferred payments.

However, "the high-ups asked us not to take up" the issue of oil on deferred payments with the delegation, he said without naming anybody. "Therefore, we neither discussed oil supplies on deferred payments nor they declined," he said, referring to media reports that such a request was turned down by the Saudis.

The minister also clarified that the two sides had agreed in principle that the kingdom would set up a refinery at Gwadar, but its refining capacity and investment figures had not been discussed at this stage. In initial discussions, it has been agreed in principle that it would be a government-to-government agreement for which Riyadh has nominated the largest firm Saudi Aramco and Pakistan has designated the Pakistan State Oil (PSO).

Sarwar says MoU about Gwadar oil refinery will be signed during the visit of Saudi Arabia's energy minister soon

He said the two sides finalised a memorandum of understanding (MoU) for the oil refinery at Gwadar after the Saudi delegation visited the new port and liked the site allocated for it. He said the federal cabinet led by Prime Minister Imran Khan approved the MoU that would be signed during the upcoming visit of the Saudi energy minister to Pakistan by the end of this month or early next month.

He said the Saudi leadership told the prime minister during his recent visit to the kingdom that they had been offering investment and trade cooperation to previous governments as well, but they were not forthcoming to avail the opportunity. He said it was a positive sign that huge Saudi investment would now be coming to Pakistan.

Responding to a question, the petroleum minister said the Saudi delegation found the Gwadar deep seaport feasible and had agreed to set up a state-of-the-art oil refinery immediately.

Other terms regarding the capacity, cost and other modalities of the refinery will be jointly decided by both the countries. The location and the land have been earmarked for the refinery and the provincial government would also be taken on board in this respect.

Mr Khan said he also noticed some adverse reports and wanted to dispel the impression that China had shown any concern regarding the establishment of an oil refinery by Saudi Arabia. “China has no concern on it,” he said, adding that Pakistan required 4-5 mega oil refineries and any country could invest and some of them were already looking into the opportunities. “We want all to invest here whether they are Chinese, Saudis, the UAE, Russia or any other country. The UAE has already signed MoU for Khalifa Refinery in upcountry,” he said.

He said Pakistan also offered investment opportunities to Saudi Arabia, including South-North and North-South pipelines that would be multiple pipelines to be used for clean oil, crude oil or gas.

The previous government primarily concentrated on LNG import and exploration for local oil and gas finds and production were ignored. Aimed at exploration and developing domestic oil and the gas sector, the government is going to offer 10 oil and gas blocks initially for competitive bidding in November.

He said there were 46 exploration blocks in all provinces and one in Islamabad Capital Territory which would be offered for bidding later. The Saudi government has been especially invited to invest in them as they have good experience in drilling and exploration.

The petroleum minister said that despite increase in the price of crude oil in international market, the government was providing relief to people on petroleum prices. The present government kept oil prices unchanged for two months. By not increasing petroleum prices for October it will absorb a loss of Rs8bn.

He said the petroleum prices were still cheaper in Pakistan than India. India is relatively stable economy than Pakistan but HSD was Rs129.65 per litre against Rs106.57 per litre in Pakistan. Similarly, Motor Gasoline was sold for Rs144.02 per litre in India compared to Rs92.83 per litre in Pakistan, he said.

He said as a cabinet member he will request the prime minister to order the forensic audit of Neelum Jhelum, Islamabad Airport and Pakistan Steel Mills and other big projects whose costs had multiplied. He said anybody responsible for these losses, whether in military government, the Pakistan Peoples Party or Pakistan Muslim League-N government, would be held accountable and taken to task.

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https://www.dawn.com/news/1436910/saudi-oil-on-easy-terms-minister-says-high-ups-stopped-talks

OGRA NOTIFIES UP TO 143PC INCREASE IN GAS PRICES
The Newspaper's Staff Reporter Updated October 05, 2018

ISLAMABAD: After three weeks of hiatus, the government on Thursday notified up to 143 per cent increase in natural gas tariff with the aim of generating about Rs111 billion.

The federal cabinet had approved the tariff increase on Sept 17. On Thursday, the Oil and Gas Regulatory Authority (Ogra) issued for the formal notification with back dated effect from Sept 27.

An official said the tariff was increased by an average 35pc even though they varied to various categories. The move would generate about Rs95bn for Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited and another Rs16bn to the federal government on account of general sales tax. The impact of Rs58bn – determined by the regulator but not passed on to consumers – would be carried forward in the next price adjustment, he said.

Speaking at a news conference on Thursday, Minister for Petroleum Ghulam Sarwar Khan said the substantial tariff increase was necessitated by a five year freeze imposed by the PML-N government.

According to the Ogra notification, the government also created seven slabs of residential consumers instead of existing three slabs. Domestic consumers falling in the two highest slabs would be worst off because they would be charged at the highest rate among all consumer categories. Their price has been equalised with imported LNG.

The price of 6th slab of up to 500 cubic meters and 7th slab of more than 500 units has been scaled up by 143.33pc to Rs1,460 per million British thermal unit (mmBtu) from Rs600.

The monthly gas bill of 500 cubic meters would surge from Rs12,500 to Rs30,340 and further up to Rs35,500 because of 17pc GST impact. Only two percent consumers or 226,129 fall in this category. Likewise, the monthly bill of more than 500 cubic meters would increase from Rs15,000 to Rs36,400 and further beyond 42,520 per month with addition of GST.

A new slab of 50 cubic meter monthly consumption was created. The gas rates for this slab were increased by 10pc from Rs110 per mmBtu to Rs121. The monthly bill excluding taxes would increase from Rs252 to Rs275. In normal circumstances (other than winters), 3.56 million or 38pc consumers fall in this slab, the minister said.

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https://www.dawn.com/news/1436922/ogra-notifies-up-to-143pc-increase-in-gas-prices

November 2018

NEWS COVERAGE PERIOD FROM NOVEMBER 12TH TO NOVEMBER 18TH 2018

SINDH ENGRO SEEKS REDUCTION IN RETURNS ON ENERGY PROJECTS

The Newspaper's Staff Reporter Updated November 12, 2018

THAR: Ahead of energisation of the first Thar coal-based 660MW power project, the Sindh Engro Coal Mining Company (SECMC) — a public-private enterprise — is seeking substantial reduction in returns on future energy projects and shift in focus to gasification for fertiliser and other uses from domestic coal.

The “generation cost (of electricity) is way too high in Pakistan and becoming so unaffordable” that the consumer is forced to steal it, according to Chief Executive Officer of SECMC Shamsuddin Shaikh.

Speaking to a group of journalists from Lahore, Karachi and Islamabad at the project site, Mr Shaikh said the first Thar coal-based power project of 660MW had achieved 92 per cent physical progress by now against targeted 83pc and the project cost was 20pc less than the approved cost. This had become possible despite the inherent risk of the unknown about Thar, the coal deposit, its quality, etc.

Advocating a reduction both in capital costs and return investments, Mr Shaikh said Pakistan’s power sector had gone bankrupt and it was becoming difficult for the investors to sell their energy to a system which had no way to pay while sitting on Rs700-1,200bn circular debt.

“Pockets are now empty. Expensive power generation has collapsed the national grid.”

Thar coal-based power project of 660MW achieves 92pc physical progress

He said not only the generation cost was very high but the distribution system had too much losses and theft had become part of it because high prices offer incentive.

“Theft will keep on increasing as prices go up,” he said, adding that all stakeholders — the government, companies, investors, consumers — needed to put their efforts together to reduce power prices and make them reasonable.

The SECMC chief said the power generation should now shift to renewable sources where the prices were declining steeply and now stood at 4 to 4.3 cents per unit, compared to above 8 cents of coal and other fossil fuels.

“The future is now in renewable, not in fossil fuel,” he said, adding that his company was now working on solar projects of 200MW and above at 3.9 cents per unit. In the next 20 to 25 years it will be all the renewable energy and the use of fossil fuel will diminish.

He said the National Electric Power Regulatory Authority (Nepra) had given very high rates in the past and should now find the right prices and reduce them.

Responding to a question, Mr Shaikh said the first 660MW project at Thar now in final stage was also given 20pc return but would no more require such rates for the second phase of 660MW.

“Now is the time to rationalise returns and capital costs simultaneously,” he said, adding that every future project should now go through competitive bidding.

“We are ready to reduce prices, others should also bring them down otherwise the country cannot afford electricity while Nepra and CPPA should get together and hold international competitive bidding for all future projects,” he said.

In reply to a question, he said the return on equity (ROE) of 27.2pc for Sahiwal Coal power project was actually 18pc internal rate of return (IRR) on investment which was very high compared to 12 to 14pc global IRRs.

“Sahiwal Power project is a national suicide,” he said in response to a question saying a coal plant in the fertile land of Punjab was not only illogical and hence criminal but also expensive because of huge transportation costs being far away from the port.

When asked what would then be the future of 175 billion tonnes of Thar coal after switching over to renewable, the SECMC chief said the time had come to shift from power generation to other purposes initially to fertiliser production in view of diminishing domestic natural gas. “We should not see our coal just as a resource to produce power, in fact, world is now converting coal into diesel, gas and industrial materials and we should also start working in this direction.”

He said the first ever Thar-based 660MW Lignite Coal Power plant was set to go into production by January 2019 against scheduled commercial operation date of June 2019. With 94pc and 92pc completion respectively, the power project and mine project both are five months ahead of their schedule and will add the first electron from Thar to the national grid by January 2019.

He said the company successfully connected its power plant with the national grid to receive back-feed power supply for plant startup. The next part of this dream will be achieved by next month or January 2019, when the first electron from Thar Coal will be added to the national grid. Prime Minister Imran Khan is expected to inaugurate the project.

Mr Shaikh suggested that all coal projects in Pakistan, including Sahiwal and Port Qasim coal projects should use at least 20pc of Thar coal by blending it with imported coal to save foreign exchange and facilitate indigenous resource utilisation. He said the cost of per unit power production from Thar coal block-II would reduce significantly after phases II and III became operational.

He said the first project now in final stage was based on subcritical technology but the company had now asked the government to allow super-critical technology for all future projects in phases II and III to achieve 3pc greater efficiency than subcritical plants.

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https://www.dawn.com/news/1445060/sindh-engro-seeks-reduction-in-returns-on-energy-projects

IMF QUESTIONS REVENUE, POWER SECTOR LOSSES
Khaleeq Kiani Updated November 13, 2018

ISLAMABAD: With primary focus on containing fiscal deficit, Pakistan and the International Monetary Fund (IMF) on Monday began policy discussions on economic and fiscal adjustments required to ensure a fresh fund programme worth around $6 billion.

A senior government official said a draft Memorandum of Economic and Financial Policies (MEFP) had been prepared by the Ministry of Finance in consultation with other economic ministries that was now the centre of discussion with the IMF.

“The focus is on deficit reduction to a level acceptable to the IMF because economic stabilisation is going to be the ultimate objective” for which the two sides are reviewing revenue measures and expenditure controls, he said, adding the IMF also asked questions about the external payment plans.

Policy level talks on tentative $6bn bailout plan kick off

The fund is reported to have raised questions over more than Rs90bn revenue shortfall in the first four months of the current fiscal year and wondered how the projected fiscal deficit target of 5.1pc could be achieved when development programme had already been curtailed to a bare minimum.

They also asked questions about the revenue measures under consideration as to make up for the loss suffered so far and what was the policy plan going forward. The mission was told that FBR was issuing notices to high net worth individuals on the basis of available data of those living in posh areas, living luxury lives and air travels etc.

The IMF is also dissatisfied over the performance of the power sector whose losses and recoveries are reported to have gone down rather than improving since the last IMF programme was completed in Sept 2016, leading to build up of circular debt beyond Rs1.2 trillion and creating supply side constraints.

The authorities have reported increased gas and power tariff to reduce energy sector losses and planned campaign for recovery of outstanding bills and reduction in theft but the fund mission believed the challenge could not be overcome without deep rooted structural reforms.

Informed sources said the authorities briefed the fund mission about the subsidies envisaged in the 2018-19 budget and those committed by the PTI government since it came to power three months ago and explained that all fresh subsidies were targeted and based on its vision to support export sector and protect the marginal groups.

Finance Minister Asad Umar was tentatively scheduled to join the policy level discussions on Tuesday that would continue until the end of this week (until Thursday, November 15) in which the fund would separately meet the ministers and secretaries of the ministries of commerce, power, petroleum, privatisation, chairman FBR and the governor of the State Bank of Pakistan.

The two sides would break the dialogue for the weekend to prepare their respective positions and view point on the bailout package. This would be followed by two-day crucial negotiations on finalising terms and conditions of the new programme, including size, tenure and disbursement mechanism on Nov 19 and 20.

He said the two sides had been engaged in data sharing since the IMF staff mission reached Islamabad last week and separately met all the relevant authorities.

On Monday, the IMF team led by mission chief Herald Finger had discussions with chairman FBR, governor SBP and senior officials of ministry of finance, commerce and discussed reform agenda.

The officials declined to officially discuss the progress on IMF talks with the media saying a full disclosure of the agreed agenda would be made on the conclusion of talks early next week.

They said the two sides were in the initial stage of discussions on macroeconomic framework adjustment as articulated repeatedly by the finance minister over the past few weeks. “What changes the IMF wants in this framework would become tentatively clear by end of this week”, he said.

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https://www.dawn.com/news/1445274/imf-questions-revenue-power-sector-losses

MINISTER DEMANDS NORMAL GAS SUPPLY TO SINDH DURING DECEMBER, JANUARY
Tahir Siddiqui November 13, 2018

KARACHI: Sindh Minister for Energy Imtiaz Ahmed Shaikh on Monday told the provincial assembly that the federal government had decided to resort to loadshedding of gas across the country in December and January; he demanded normal gas supply to the province as it generated 70 per cent of the total gas production of the country.

While volunteering a statement during the Question Hour of the provincial assembly, he asked the federal government not to resort to gas loadshedding during the coming winter months in Sindh as it would be a violation of the Constitution.

The energy minister referred to Article 158 of the Constitution and said that Sindh had precedence over other parts of the country in meeting its gas requirement as 70pc of the natural gas was generated in the province.

He condemned the long hours of power loadshedding in Karachi and other cities of the province and told the lawmakers that he had written two letters to the federal government in that regard.

Seeks PTI lawmakers’ help for solution to loadshedding problem

Mr Shaikh also sought assistance from the opposition members belonging to the Pakistan Tehreek-i-Insaf for the resolution of the problem of loadshedding in Sindh and asked them to take up the issue with the PTI-led federal government.

He said that several projects of solar and wind energy were pending decisions by the federal government, which was injustice to the province.

Replying to a question by opposition member Arif Mustafa Jatoi, he said that there were six regional electric inspectorates in the province, including two in Karachi.

He said electric inspectorates issued certificates of competence and licences to electricians and electrical contractors.

The minister said there were six electric inspectorates functioning under the control of the energy department at divisional level in Karachi, Hyderabad, Mirpurkhas, Larkana and Sukkur.

Answering a question asked by PTI's Khurram Sher Zaman, he said it was incorrect to suggest that the provincial electrical inspectors department had been non-functional for the past 14 years and added that thousands of houses and buildings which were being built were duly inspected by the electrical inspectors.

He said that the Karachi Region-I of the inspectorate issued 36 certificates of competence to electricians and 25 licences to electrical contractors, while Karachi Region-II issued 46 and 13, respectively.

He said that at present the office of the electrical inspectorate was housed in a building of the irrigation department at Baloch Colony.

Islamkot airport cost Rs2,016.5m

In reply to another question, the minister said a complete airport of category 3C type, having a capacity for handling aircraft ATC-42, C-130 and B-737 with restricted loads, was constructed by the Civil Aviation Authority with the funds provided by the provincial government at Islamkot, Thar. "The airport also has a terminal building to accommodate 50 incoming or outgoing passengers with air tower control".

He said that Rs2,016.51 million was spent on planning, designing and construction of Thar airport at Islamkot.

The minister said that at present the airport at Islamkot was being looked after by the provincial government, but it would soon be handed over to the CAA.

Published in Dawn, November 13th, 2018

https://www.dawn.com/news/1445189/minister-demands-normal-gas-supply-to-sindh-during-december-january

'BILAWAL TO INAUGURATE THAR COAL PROJECT'S FIRST POWER PLANT IN JANUARY'
The Newspaper's Staff Correspondent November 16, 2018

HYDERABAD: Sindh Energy Minister Imtiaz Shaikh has said that with the largest reserves of Thar coal, Sindh offers solution to the existing energy crisis Pakistan is facing and it could produce 50,000 megawatts of electricity.

He said the Sindh government had completed work on the first coal powerhouse in Thar in collaboration with Sindh Engro Coal Mining Company (SECMC) and the project would contribute 300MW to the national grid.

Speaking to reporters at Hyderabad Chamber of Commerce and Industry on Thursday, he said Pakistan Peoples Party (PPP) chairman Bilawal Bhutto-Zardari would inaugurate the powerhouse in Thar in January. The Sindh government was working on five more powerhouses as joint venture under public-private partnership, he added.

He said Sindh produced 70 per cent gas, but the federal government did not give Sindh its share of gas as per constitutional requirement. He also said the chief minister of Sindh would raise this issue in the Council of Common Interests (CCI).

He maintained that the Sindh government was committed to facilitate business community. Criticising the federal government, he said that before the general elections, Imran Khan had promised that smaller provinces would get their rights and it was time that he should fulfil his promise and ensure justice with Sindh.

He said the federal government must ensure representation of Sindh in the Oil and Gas Regulatory Authority (Ogra) and other national institutions like National Transmission and Despatch Company (NTDC) and Central Power Purchasing Agency (CPPA). Important decisions were taken in those bodies and provinces remained unaware of it, he said.

He said that under Article 158 of the Constitution, a province having gas reserves had the first right over its use and then it was to be supplied to other areas. He said that gas tariff should be decided in the CCI instead of the Economic Coordination Committee (ECC).

He said there was no evidence to prove anything against Asif Zardari and talk of his arrest was nothing but rumours. He said the PPP never opposed accountability as it wanted transparent and across the board action.

He said there should not be selective accountability. The federal government was doing political victimisation in the name of accountability.

He shared that the Sindh government was working on 35 wind, 25 solar and one hydro energy projects, but the government needed support of the Centre.

Earlier, he met a Chinese delegation and said Pak-China friendship was exemplary. He said Pakistan laid the foundation of a new era in the region.

Published in Dawn, November 16th, 2018

https://www.dawn.com/news/1445823/bilawal-to-inaugurate-thar-coal-projects-first-power-plant-in-january

GOVERNMENT URGED TO PROVIDE GAS TO SINDH INDUSTRIES
RECORDER REPORT | NOV 16TH, 2018 | KARACHI

President of SITE Association of Industry (SAI), Saleem Parekh, has demanded the federal government to provide gas to Sindh province in accordance with the provisions of the Constitution of Pakistan. He also sought Sindh Chief Minister's intervention for the due share of gas quota of Sindh province as per the Constitution of Pakistan to ensure smooth functioning of non-zero rated industries in winter months.

Parekh quoted Article 158 of the Constitution of Pakistan titled "Priority of requirements of natural gas". He said that it is crystal clear in the constitution that gas producing province shall have precedence over other parts of the country but unfortunately, it is not being done in the case of Sindh province which produces 73% of total gas of Pakistan and consumes only 29% of the gas it produces. Today gas production in Sindh stands at 2900 MMCF while only 1200 MMCF is being provided to the gas producing province.

He said that the government has announced incentives for the five zero-rated sectors aiming to boost exports. NON-ZERO-rated industries are essential part of the export value chain.

Closure of Gas for 3 months to non zero-rated industries (or closing down of industries for 3 months) will badly impact export orders and shortage of industrial raw material. Closing down of these import substitute industries will increase cost of production of exporting units and also create mass employment.

Sweeping statements such as shortage of gas from well heads is meaningless. The SSGC must quantify the shortfall and the logic of this linked to the available gas in the system. The SSGC has itself contradicted its statement in its Petition for 2018-19 as the official petition of the SSGC does not give any significant drop in gas output as per its own expected supply from wellheads and expects a drop in gas supply by less than one per cent only.

https://fp.brecorder.com/2018/11/20181116424066/

SENATE BODY ASKS MINISTRY TO CARRY OUT COST ANALYSIS OF POWER PRODUCTION
RECORDER REPORT | NOV 17TH, 2018 | ISLAMABAD

The Senate Standing Committee on Petroleum has asked the Ministry of Petroleum to carry out cost analysis of power production through imported LNG by establishing an LNG terminal and through furnace oil by a modern and latest power plant.

In its periodic report submitted in the Senate on Friday, the committee recommended that the agreements made for import of LNG and establishment of LNG terminals may be investigated by the NAB and a report thereof be sent to the committee.

The Petroleum Division should implement the recommendations of the Senate Special Committee on GIDC for captive power companies and industrial sector. The Petroleum Division should take effective measures to keep the summary/news of increase in prices of petroleum products confidential to protect the interests of consumers.

The OGDCL and PPL will install 10 RO plants in district Sanghar with coordination of the Public Health Engineering and Rural Department, government of Sindh. The committee recommended the representation of Senators in the committees constituted for carrying out social welfare schemes under CSR obligations.

The committee directed that deemed duty on POL products, being an unfair advantage to the inefficient oil refineries, may be abolished and parameters of quality of those products be brought at par with the international standards.

The committee directed PSO to make a comprehensive plan for reducing the demurrages on POL products. The committee recommended that two piers should be dedicated for POL imports and KPT to reduce demurrages. The committee also directed that oil be imported through large vessels instead of small ones in order to reduce burden on ports.

The committee recommended that the Petroleum Division should probe why the PGPCL terminal 2 is being underutilised which results in high penalties. The committee further directed that the amount of Rs 51 billion penalty on account of delayed commercial start of Terminal 2 including the amount of customs and other duties on the part of FRSU be recovered.

The committee directed PSO to make its monitoring system more effective so that complaints regarding sale of fake and substandard products at its petrol pumps and distribution points can be controlled.

The committee recommended that a mechanism should be introduced whereby the districts where oil and gas fields are located should be given share from the royalty collected by the provincial governments on account of those fields.

The committee directed that district administration should review the environmental studies conducted on the oil and gas exploration sites on regular intervals.

The committee recommended that all E&P companies operating in districts to recruit local people on priority basis and should ensure that contractors working on their behalf also follow the same policy. The committee directed that a time-line should be given to the companies operating in Kohlu to expedite the work on exploration of gas in the fields, failing which the same should be re-auctioned. The committee also directed that progress report on the exploration of gas in Kohlu should be presented to the committee on a quarterly basis.

https://fp.brecorder.com/2018/11/20181117424636/

NEWS COVERAGE PERIOD FROM NOVEMBER 5TH TO NOVEMBER 11TH 2018
CM OPENS HEAD MARALA HYDRO PROJECT
The Newspaper's Correspondent November 06, 2018

SIALKOT: Chief Minister Sardar Usman Buzdar inaugurated on Monday the Head Marala Hydro Power Project near Head Marala-Sialkot.

He said the Pakistan Tehreek-i-Insaf (PTI) government was trying to curb the inherited energy crisis by focusing on promotion of wind and solar energy means.

Provincial Energy Minister Punjab Dr. Muhammad Akhtar Malik briefed the participants about the Head Marala Power Project. He said the hydro power project was established at the Upper Chenab Canal near Head Marala Barrage over the River Chenab with a cost of Rs3.98 billion by Chinese engineers.

He said previous governments did nothing to end the energy crisis, which badly affected both the industrial sector and the economy. He said that it was the need of the hour that Diamir-Basha dam be constructed on a priority to avert the looming water crisis.

Provincial Energy Secretary Aamir Jaan said the plant has the capacity of producing 7.64 megawatts with four turbines of 1.9 megawatts each, made functional after successful tests by Pakistani and Chinese engineers.

This plant has been linked with the national grid through a 1.5 kilometre 11,000 kilowatts transmission line. The plant will produce 50.3 million units annually.

Mr Buzdar announced the early repair of Sialkot-Head Marala Road and Sialkot-Pasrur Road. He added the establishment of a special economic zone along Sialkot-Lahore Motorway would bring about an industrial revolution in Punjab.

Provincial Minister for Special Education Muhammad Ikhlaq, Sialkot International Airport Limited Chairman Nadeem Anwar Qureshi, Prime Minister's Youth Development Programme Chairman Usman Dar, PTI Central Punjab President Umer Dar, Dr Firdous Ashiq Awan, Gujranwala Commissioner Asadullah Faiz and Sialkot Deputy Commissioner Muhammad Tahir Wattoo were present.

Published in Dawn, November 6th, 2018

https://www.dawn.com/news/1443925/cm-opens-head-marala-hydro-project

KP GOVT, KOREAN COMPANY SIGN MOU FOR 496MW HYDEL PROJECT

7 Nov, 2018

PESHAWAR: Khyber Pakhtunkhwa government and a South Korean energy sector company (KHNP) Tuesday signed a memorandum of understanding (MoU) for initiation of work on 496 megawatt Spot Gah Power Project in district Kohistan under public-private partnership (PPP) mode.

The Secretary Energy & Power, Mohammad Saleem Khan signed the MoU on behalf of the KP government while Chief Executive KHNP represented the Korean company. Chief Minister Khyber Pakhtunkhwa Mahmood Khan was chief guest on the occasion.

Besides, the South Korean Ambassador, Kwak Kyu Sung, the Provincial Minister for Finance, Taimur Saleem Jhagra, Advisor to CM on Energy, Himayatullah Khan, Chief Executive Officer (CEO), PEDO), Engineer Zainullah Shah and other higher authorities attended the ceremony .

The project will be completed in next five years and will be the largest hydel power project in the history of the province so far.

The Spot Gah Hydel Power Project to be completed with joint cooperation of South Korean company and KP government will generate 496 megawatt electricity and will earn a receipt of Rs.3 billion per annum for the province.

The feasibility study of the project was completed in the year 2010.

On this occasion, the Advisor to CM on Energy, Himayatullah Khan told Korean investors will also initiate work on 545MW, Kegah Hydro Power Project in district Swat, 215MW Asriat Kedam Hydropower Project, Swat and 197MW Kalam Asriat Hydropower Project, Swat respectively.

Speaking on the occasion, the KP Chief Minister Mahmood Khan termed foreign investment for the development of energy sector a milestone for future.He said that the reserves of oil, gas and other natural resources a precious asset, whose utilization will not only bring the country out of the prevailing energy crisis rather will also earn receipts to the tone of billions of rupees annually for the province. APP

https://timesofislamabad.com/07-Nov-2018/kp-govt-korean-company-sign-mou-for-496mw-hydel-project

APTMA PUNJAB CHIEF SEEKS UNIFORM GAS PRICE ACROSS COUNTRY
RECORDER REPORT NOV 10TH, 2018 LAHORE

The All Pakistan Textile Mills Association (APTMA) Punjab Chairman Adil Bashir has sought uniform energy price across the country to restore viability to boost exports and create sustainable jobs in the country. He was addressing a hurriedly-called press conference at the APTMA Punjab office on Friday. Central chairman APTMA Syed Ali Ahsan was also present on the occasion.

He said the industry is already facing liquidity crunch leading to closure of 100 mills and more are on the verge of closure due to the prevailing uncertainty. Already, the FBR has withheld Rs200 billion refunds of the industry.

He said the SNGPL has billed the industry the notified price of RLNG US$ 12.5389 / MMBTU instead of US$ 6.5/ MMBTU for the month of October 2018. The industry cannot pay the hefty amount of bills and has serious liquidity constraints as millions of refunds of industry are stuck with Government under DLTL, Sales Tax and Other Textile Policies / schemes.

He further pointed out that US$ 6.5/ MMBTU is not inclusive of GIDC. He said the industry has consumed the allocated volume of gas (185 MMCFD) in October in order to maximize production to generate exportable surplus upon the assurance of Federal Finance Minister.

He has urged the government to issue directions to SNGPL for issuance of revised gas bills of October 2018 (and thereon) to the eligible industry @ US$ 6.5/MMBTU all inclusive on gas consumption for both captive and processing use. He pointed out that these directions would be in line with the decision of ECC meeting dated September 17, 2018, which needed to be implemented in letter and spirit.

He demanded of immediate issuance of notification for providing electricity to export industry at cents 7.5/kWh. He said the exporting industry hardly meet its in-house energy requirements through captive power generation and cannot rely on grid electricity due to quality issues and frequent interruptions which disrupt the sensitive processes of the industry and loss of production.

He stressed that only export led growth Policy would be the way forward to enable industry to increase production and undertake new investment decisions for technology up-gradation and value addition, which would not only generate exportable surplus but also new sustainable jobs.

He warned that the industry will close down its operations if the government is not interested in providing enabling environment to industry to maximize their production to generate exportable surplus. There is a market slow down due to uncertainty and the new government is keen to reduce current trade deficit which can only be done by enabling exporting industry to function at their full potential.

https://fp.brecorder.com/2018/11/20181110422091/

NEWS COVERAGE PERIOD FROM OCTOBER 29TH TO NOVEMBER 4TH 2018
PPIB INFORMS OMAR: 37 POWER PROJECTS OF 15,500 MW COMMISSIONED
RECORDER REPORT NOV 1ST, 2018 ISLAMABAD

Minister for Power, Omar Ayub Khan Wednesday chaired 119th Board meeting of Private Power and Infrastructure Board (PPIB), his first meeting after assuming charge. He took detailed briefing on the PPIB.

PPIB Managing Director Shah Jahan Mirza informed the minister that the PPIB has so far attracted $ 16.7 billion investment through commissioning 37 power generation projects of around 15,500 MW. It was also explained that the PPIB is currently processing the most diversified portfolio of its history which comprises of 25 projects of more than 14,000 MW. It was underscored that currently more than 50 percent of electricity is fed into the National Grid by private sector, says a press release issued here.-PR

https://fp.brecorder.com/2018/11/20181101420315/

PETROL PRICE UP RS2.49, DIESEL RS5.19
By Zafar Bhutta

Published: November 1, 2017

ISLAMABAD: The government on Tuesday passed on to the consumers the full impact of increase in the prices of petrol and high speed diesel in the global market.

It decided to raise the price of petrol by Rs2.49 per litre, high speed diesel (HSD) by Rs5.19, kerosene Rs5.19 and light diesel oil (LDO) Rs3 per litre with effect from November 1.

During the past several months, the government had been passing on a partial impact of increase in international prices of diesel and petrol and keeping unchanged the prices of kerosene and light diesel oil.

However, a partial increase in price of kerosene was made last month. Now, the government has given up its policy of making partial increase in oil prices to provide relief to consumers and passed on the full impact of the hike in the international rates of petrol and diesel.

The crude oil prices witnessed an increase from $52 per barrel to $60 during October. Following this trend of hike in oil prices, the Oil and Gas Regulatory Authority (Ogra) had recommended an increase of Rs5.19 per litre in the price of high speed diesel (HSD) and Rs2.49 per litre of petrol for November – 6.5% and 3.4% respectively.

According to a working paper forwarded to the Energy Ministry (Petroleum Division) and the Ministry of Finance, the regulator proposed an increase of Rs15.99 per litre (33.3%) in price of superior kerosene and Rs12.63 (27.5%) in light diesel oil.

Following the increase, petrol price went up to Rs75.99 per litre from Rs73.50, HSD to Rs84.59 from Rs79.40, kerosene to Rs53.19 from Rs48 and LDO to Rs49 from Rs46.

The government was charging 31 General Sales Tax (GST) on HSD and 17% on other petroleum products. The consumers were also paying Rs8 per litre Petroleum Levy on HSD and Rs10 per litre on petrol.

https://tribune.com.pk/story/1546410/1-govt-increases-petrol-price-rs-2-49-per-litre-hsd-rs-5-19/

December 2018

NEWS COVERAGE PERIOD FROM DECEMBER 24TH TO DECEMBER 30TH 2018

MAFIAS' BEHIND GAS CRISIS: PM

MUSHTAQ GHUMMAN | DEC 27TH, 2018 | ISLAMABAD

Prime Minister Imran Khan has reportedly asserted that 'mafias' in refineries and gas sector are responsible for the recent gas crisis in the country. Well-informed sources told Business Recorder that Prime Minister shared these thoughts with the participants of Cabinet Committee on Energy (CCoE) which met on Wednesday under his chairmanship. According to the notification of Cabinet Division, Minister for Energy (Petroleum Division) is 0chairman of the CCoE. However, Prime Minister, himself presided over the meeting, keeping in view the intensity of the energy crisis.

The sources said issue of RLNG came under discussion and it was agreed that amendment in Ogra Ordinance should be incorporated to fix RLNG pricing or else it will remain a problem for the government. It was argued that RLNG is being imported in dollars and sold in rupees, which is not a feasible proposition. With amendment in Ogra Ordinance, ring fencing will end. The Petroleum Division also proposed that RLNG business should be handed over to the private sector and to whoever wants to supply or consume it.

The Prime Minister sought an update on furnace oil issues, however when a presentation was given to the Prime Minister on power sector, it was revealed that the power sector does not reveal its use of furnace oil and RLNG to the Petroleum Division, gas companies and Pakistan State Oil (PSO) due to which issues crop up. The meeting discussed power sector issues for about one and half hours.

According to sources, as a follow up, it was decided to firm up furnace oil being lifted from refineries and exported in addition to local consumption. The meeting was informed that refineries have to be modernized as they have already availed deemed duty. It was decided that all refineries should be summoned and warned that if they do not modernize themselves then all collected deemed duty would be used to increase capacity of Mehmood Kot oil refinery which is a new one.

In reply to a question, the sources said, key points of fact finding inquiry against Managing Directors of SNGPL and SSGCL were shared with the Prime Minister, which apparently further cleared his mind about those responsible for the recent gas crisis.

The sources said, such issues erupt due to lack of firm demand of power which is not as huge as previously, adding it should be within the range of 2000 MW to 2500 MW. The fact finding report will be submitted to the Prime Minister on Friday (tomorrow).

The sources said when a meeting was held on furnace oil which was attended by the power sector the refineries asked power sector to generate at least 2000 MW electricity with furnace oil. The same night, SNGLP conveyed to the power sector that the company cannot supply 182 MMCFD gas for power generation. Prime Minister believes that this situation indicates collusion between the SNGPL and oil mafia which involves Rs 18 billion. The official argued that he did not believe there was collusion between MD Amjad Latif and Adil Khattak. The Petroleum Division tried to convince Prime Minister that there is no collusion, but the Prime Minister was not ready to accept these arguments.

The sources said refineries are operating at 90 per cent furnace oil capacity. Now M/s Byco and PSO will export furnace oil and refineries will also have to export as it is not the job of government to export and seek freight subsidy.

“Now LNG mafia has become strong and is trying to get other mafias to fail,” said another official. Petroleum Division has labeled the current issue as “governance issues of oil and gas sector.”

The Petroleum Division has proposed that both Sui gas companies should be merged so that their affairs are run from one office. There is an observation that since Ogra is a regulator, it is also responsible for the existing issues and Chairperson Ogra should also be held responsible. The sources further stated that the government will replace the government members on Boards of SNGPL, SSGCL and Pakistan State Oil.

According to a press release: Prime Minister Imran Khan chaired a meeting of Cabinet Committee on Energy at Prime Minister’s Office. The Prime Minister was briefed in detail about demand and supply situation in the power sector, the projections of petroleum and power division for the next six months, the existing energy mix, availability and utilization of indigenous as well as imported gas and way forward towards addressing various issues related to energy sector.

The meeting was also briefed about gas management plans of SNGPL and SSGC for the winter season. It was informed that despite sudden drop of temperature and increased demand for gas, uninterrupted supply to domestic, commercial and zero-rated industries would be ensured during the current season. Efforts were also being made to curtail the duration of gas load-shedding to other sectors such as CNG, captive power plants of general industries.

Discussing the issue of fuel import, it was decided to immediately notify ban on any further import of furnace oil. The issue of production and storage of furnace oil by the local refineries was also discussed during the meeting. The Prime Minister directed that a detailed plan, in consultation with refineries, regarding upgradation of existing facilities and export of surplus furnace oil should be worked out on priority.

It was decided that ECC would be briefed, in its next meeting, about the availability of urea stocks in the country and its pricing. It was decided that a detailed plan would be worked out to ensure optimal utilization of RLNG Terminals.

It was further decided that Power Division will submit a monthly DISCO-wise report to the CCoE about transmission and distribution losses and update on recoveries of receivables.

Ministry of Petroleum was directed by the CCoE to submit a detailed plan on reduction of losses due to Unaccounted For Gas (UFG). The Prime Minister directed that policy on renewable energy be finalized by end January. Underscoring the need for improved coordination among the relevant departments and addressing governance issues in the energy sector, the Prime Minister emphasized upon the need for timely and accurate estimations.

https://fp.brecorder.com/2018/12/20181227434711/

NEWS COVERAGE PERIOD FROM DECEMBER 17TH TO DECEMBER 23RD 2018
NEPRA NOTIFIES TARIFF HIKE BY RS1.27 PER UNIT FOR ONE YEAR
By Zafar Bhutta

Published: December 20, 2018

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) notified on Wednesday to increase the average power tariff by Rs1.27 per unit for one year. The regulator set aside concerns of stakeholders who opposed the increase, citing that the government was charging more than 50% taxes out of actual electricity price from the consumers.

According to Nepra's decision, the distribution companies would recover Rs226 billion from electricity consumers. The tariff was being notified following the proposed increase by the federal government.

Nepra also imposed certain conditions with the hike in tariff. It asked the government to fulfil public consumer interest, ownership and control of the applicant through common shareholding and consolidated accounts of the applicant.

The Pakistan Tehreek-e-Insaf (PTI) government approved the increase in electricity prices by around 33% in October this year but did not increase the rates for consumers utilising up to 300 units per month. The Economic Coordination Committee (ECC) of the Cabinet approved to expand the average electricity prices by at least Rs1.27 while Nepra proposed to increase the average electricity prices by Rs3.82 per unit.

Following the decision of the power regulator, the resolution of the federal government to increase the power tariff would be implemented.

The stakeholders opposed the decision saying that the regulator could not conduct a public hearing due to a lack of quorum. They further added that any retrospective adjustment in electricity prices should be borne by the government instead of the consumer.

"Any increase or compensation/adjustment should not be transferred to industrial consumers," they demanded.

They were of the view that while determining the tariff, poor performance of distribution companies and burden of losses and theft of general consumers should not be placed on the shoulders of the industry.

"Taxation contributes to more than 50% of the actual electricity price including sales tax, income tax, EQ surcharge and other surcharges.

Regarding the lack of quorum to conduct hearing, the Nepra stated that as per Rule 9(5) of the tariff rules, a hearing may be conducted by a single member of the authority, who shall be designated as the presiding officer by the authority for that purpose, provided that the final decision or determination in the proceedings shall be taken by the authority on the basis of the recorded proceedings.

As per the said rule, hearings pertaining to tariff determinations can be conducted by a single member.

The question of fiscal federalism is addressed by the subsequent condition to the process, namely that despite the conduct of hearing by two members, the final determination will be the result of the decision of the duly constituted authority, fulfilling the statutory quorum requirement ie (three members or the chairman/vice chairman plus two members).

Published in The Express Tribune, December 20th, 2018.

https://tribune.com.pk/story/1870606/2-one-year-nepra-notifies-tariff-hike-rs1-27-per-unit/

PAK-CHINA SIGN FINANCIAL AGREEMENT FOR 330 MW THAR ENERGY POWER PROJECT
Shoaib Ur Rehman December 21, 2018

BEIJING: Pakistan and China here on Thursday signed a financing agreement for the construction of Thar Energy Limited 330 MW coal-based power project. Federal Minister for Planning, Development and Reform Makdum Khusro Bakhtyar, Chief Minister Sindh Murad Ali Shah, Pakistan Ambassador to China, Masood Khalid and other senior officials attended the ceremony.

The structuring of project amounting to US$ 520 million is being done through a consortium of business leaders from Pakistan and China which is equally supported by the financial institutions of the two countries.

Project Director Saleemullah Memon told APP that the HUBCO was 60 percent shareholder and Fauji Fertilizer Company was 30 percent shareholder while and China Machinery Engineering Corporation has 10 percent shares.

He informed that the construction of the project had already been started in May this year and it would complete in March 2021.

Saleemullah Memon said it was the financial document signing ceremony today and there would another step which was called financial close and it would be signed in the next couple of months.

The cost of the project was US$ 520 million and it would be completed with the financial support of two consortium led by China Development Bank (CDB) and Habib Bank Limited (HBL) respectively. He said it was a very important project to meet the increasing demand of the electricity in the country.

He said the Thar coal was a key for national energy security because it was a huge coal reserve which would primarily be used for power generation.

The project would provide employment opportunities to local and help decrease import of energy products, he added.

https://www.brecorder.com/2018/12/21/460663/pak-china-sign-financial-agreement-for-330-mw-thar-energy-power-project/

NEWS COVERAGE PERIOD FROM DECEMBER 10TH TO DECEMBER 16TH 2018
SSGC STOPS GAS SUPPLY TO CNG SECTOR, CAPTIVE POWER PLANTS
The Newspaper's Staff Reporter Updated December 12, 2018

KARACHI: The Sui Southern Gas Company (SSGC) announced on Tuesday that it was stopping supply of gas to the compressed natural gas (CNG) sector and captive power plants.

The SSGC said it was not getting the required pressure and amount of gas for distribution due to a technical fault being experienced at some gas fields.

To add to this, a sharp drop in temperature in Quetta has increased gas demand in that city, which is also affecting the supply of natural gas there.

CNG Dealers Association, Pakistan Petroleum Association to protest outside SSGC building today

To ensure uninterrupted supply of gas to its domestic and commercial consumers, the SSGC is discontinuing supply to the CNG sector and captive power plants till further notice.

It was stressed by the SSGC that the industry would not be affected by this decision and would continue to receive normal supply of gas.

In reaction to the move, chairman of the CNG Dealers Association and Pakistan Petroleum Association Abdul Sami Khan has called for a protest demonstration of CNG dealers outside the SSGC building on Wednesday (today) at 9am.

Sindh Minister for Energy Imtiaz Shaikh said the federal government's decision to stop gas supply to the captive power plants in the province was bound to cause unemployment and stir an industrial crisis.

Mr Shaikh said at an emergency press conference in his office that the federal government's attitude towards Sindh, which contributed 70 per cent to the country's total gas production, was tantamount to unleashing oppression on the people of the province.

The minister said that gas loadshedding was a serious matter on which the prime minister had taken another U-turn. Only two days ago, the premier had promised Karachi-based industrialists of an end to the loadshedding but the very next moment the supply to the captive power plants was stopped, creating a big crisis which would affect a number of factories, he added.

He said he had also recorded his protest by drawing attention of the federal minister for petroleum to the first right of Sindh on the gas it produced and urged the prime minister to take notice of the decision to stop supply to the captive power plants and order its restoration.

In reply to a question, Mr Shaikh said the Pakistan Tehreek-i-Insaf government was afraid of the Pakistan Peoples Party and victimising its leaders. “Our leaders have been given notices by the National Accountability Bureau once again… but such tactics cannot overawe the PPP. We are not afraid of them,” he added.

Meanwhile, the supply of re-gasified liquefied natural gas (RLNG) to industrial units in Punjab has been suspended for 24 hours after the Engro-owned Elengi LNG terminal started observing a shutdown schedule due to routine maintenance.

“Keeping in view the considerable reduction in RLNG supplies due to one-day outage of Engro Terminal for undertaking maintenance activities, RLNG supplies to the Punjab industry and CNG sectors shall remain suspended for next 24 hours starting from 0000hrs on December 12 and ending at December 13 (12am),” said a press release issued on Tuesday.

Published in Dawn, December 12th, 2018

https://www.dawn.com/news/1450942/ssgc-stops-gas-supply-to-cng-sector-captive-power-plants

PAKISTAN’S POWER SECTOR CAUSES $18BN LOSS A YEAR: REPORT
The Newspaper’s Staff Reporter Updated December 13, 2018

ISLAMABAD: Estimating about $18bn annual loss to Pakistan economy due to inefficient power sector, the World Bank has warned the government against increasing power rates as a tool to address fiscal challenges in the sector.

In a report “In the Dark: How Much Do Power Sector Distortions Cost South Asia” launched here on Wednesday, the World Bank also suggested some solutions to address the power sector problems by asking authorities to prioritise gas allocation to efficient power plants and launch tariff mechanism that encourages performance.

Pakistan’s power sector suffers from inefficiencies that cost the economy $18bn or 6.5 per cent of GDP in the fiscal year 2015, said a new World Bank report. Asked about the use of 2015 data about economic losses, a World Bank official said the situation had not changed much since then.

World Bank asks authorities to prioritise gas allocation to efficient power plants and launch tariff mechanism

Costs are far greater than previous estimates based on fiscal costs alone and reforms could save Pakistan’s economy $8.4bn in business losses and could increase total household incomes by at least

$4.5bn a year, said Senior Economist in the World Bank Fan Zhang who launched the report. "Reforms must go beyond liberalising energy prices to address several aspects of the power sector distortions," the report added.

The report argues that reforms that focus solely on liberalising energy prices would lead to an excessively high cost of electricity because of inefficiencies in the system, negatively impacting the poor and vulnerable. This is in contrast to policy recommendations by all the three leading lending agencies — the IMF, the World Bank and the Asian Development Bank — for increasing tariffs to address energy sector's fiscal problems.

On the long-term basis, the increase in tariffs alone would not address the problems but in short term it could solve the fiscal problems, said RikardLiden, the lead energy specialist of the World Bank. MrLiden said that it was important to focus on revenue side but it was equally important to look at the generation side to address the sector's problems.

The report said Pakistan had made great strides in expanding electricity access and capacity as 91 million more people were receiving electricity for the first time from 1990 to 2010. However, according to the report, up to 50m people still do not have access to grid electricity and frequent loadshedding damaged businesses and the health and living standards of consumers. Almost a fifth of electricity generated is lost through poor infrastructure, faulty metering and theft. Loadshedding is caused by high cost, losses and subsidies which compromise investments and the ability to procure fuel. A lack of grid electricity also impacts health, as it leads to greater use of kerosene lamps, causing indoor air pollution linked to respiratory infections and tuberculosis risks.

The report stated that for the benefit of consumers, energy sector reforms should focus on rationalising consumer prices for electricity and gas to reflect supply costs; and social assistance to help vulnerable populations cope with increased energy prices. Increased access to reliable power must be made a priority, it added.

Fan Zhang said although the supply side problems had reduced for the past three years, the market distortions still remained underpinning high losses even this day. In Pakistan the impact of the lack of reliable access to electricity on households and firms was the largest source, costing roughly $12.9bn a year, she added.

Some participants did not agree to the World Bank claim that demand for electricity will increase 64pc from 2018-25 and referred to a recent study of the National Electric Power Regulatory Authority that projected 34pc growth in demand during that period.

"Pakistan can boost economic growth and job creation by overcoming inefficiencies in its power sector," said IllangoPatchamuthu, World Bank Country Director for Pakistan. "Reforms that address these distortions can make better use of existing facilities. These need to focus on eliminating waste, promoting the shift towards cleaner energy and attracting private investments," he added.

"Power sector reform should be a top priority, as few other reforms could yield economic gains of a similar magnitude so quickly, based on findings from this report," says Fan Zhang. In India and Pakistan, hefty losses of electricity in distribution, along with poor recovery of overdue electricity bills, gave rise to alarming levels of debt in the sector and prompted repeated government bailouts, the report said.

Published in Dawn, December 13th, 2018

https://www.dawn.com/news/1451138/pakistans-power-sector-causes-18bn-loss-a-year-report

CONSUMERS PROTEST GAS LOADSHEDDING
Bureau Report December 13, 2018

PESHAWAR: A group of residents from Charsadda district on Wednesday held a protest demonstration here against SNGPL for carrying out unscheduled loadshedding in peak hours, and demanded of the company's general manager ArbabSaqib to take notice of the irresponsible attitude of local officials to ensure smooth gas supply.

The protesters led by Dosehra village council nazim Haji Mir Rehman, were holding banners and placards inscribed with their demand for ensuring smooth supply of natural gas to over 4,000 population of the UC.

Speaking on the occasion, Mir Rehman said that the people of Dosehra area had been facing acute shortage of gas for last over five months where the supply was suspended at peak morning and evening hours and the residents had to use liquefied petroleum gas which was very costly.

Elders, including Haji Firdus Khan, Jahangir Khan and a former nazimIlyas khan also shared their views and said that they were regularly paying monthly bills but even then they were subjected to excessive gas loadshedding.

Published in Dawn, December 13th, 2018

https://www.dawn.com/news/1451123/consumers-protest-gas-loadshedding

GAS SHORTFALL IN SINDH REACHES 230 MMCFD
WASIM IQBAL | Dec 13th, 2018 | ISLAMABAD

Gas shortfall in Sindh has reached 230 mmcfd due to technical faults and depleting gas fields, Petroleum Division was informed on Wednesday.

To ensure uninterrupted supply of gas to its domestic and commercial consumers, the Sui Southern Gas Company Limited (SSGCL) has discontinued supply to captive power plants and CNG sector till further notice.

On Tuesday, Sindh Minister for Energy Imtiaz Shaikh recorded his protest to the Federal Minister for Petroleum. He claimed that Sindh had the first right on the gas and urged Prime Minister Imran Khan to take notice of the decision to stop supply to the captive power plants and order its restoration.

The SSGC informed the Petroleum Division that it is not getting the required pressure and amount of gas for distribution due to a technical fault experienced at some gas fields.

In December 2018, SSGCL was getting 1,200 mmcfd indigenous gas, which was 1,280 mmcfd in December 2017. This shortfall of 80 mmcfd is due to the natural depletion of indigenous gas reserves.

In addition to this, gas supplies from three fields namely Kunner, Pasaki and Gambat have been reduced by 50 mmcfd from November 22, 2018, as a consequence of curtailment due to condensate storage problem at the fields and refineries. Hence, the shortfall is 130 mmcfd as compared to last year. Additionally, about 100 mmcfd gas is also consumed by the domestic sector from December onwards, due to the onset of winter.

To ensure supply to domestic consumers in view of the gas shortfall of 230 mmcfd notices were issued by SSGCL to captive power customers in October 2018 that it will not be able to provide gas from December to February and under their agreements, the customers should make alternate fuel arrangements. SSGCL also started reducing gas supply to power sector in the first phase and issued notices to captive power customers (other than zero rated) to curtail consumption by 50 percent. However, captive power sector is reluctant to cooperate. The captive power units of general industry are consuming 126 mmcfd gas.

As a result, SSGCL is constrained to stop supply of gas to CNG stations from 10 December 2018 and captive power units of general industry were served notices on 11 December 2018 for complete closure. As soon as gas supplies from the fields are reclaimed and the situation is stabilized, gas supplies from the system will be restored.

Although three compressor units of the SSGCL system are out of service due to technical reasons, however, this has no impact on SSGCL system since they are used for moving RLNG up country.

An official of Petroleum Division said that under Clause 1 of Gas Supply Agreement (GSA) with captive plants, gas supply will be provided by the company on “as and when available” basis only.

https://fp.brecorder.com/2018/12/20181213430757/

Gas crisis
Editorial Updated December 15, 2018

THE prime minister did the right thing by intervening directly when the gas crisis spread in the country earlier this week, crippling industry and disrupting traffic across Punjab and Sindh. But he could have waited till the crisis was over to launch an inquiry into allegations against the top management of the gas distribution companies.

That announcement did not need to be made at the very peak of the crisis because it fuelled a sense of panic amongst the staff of the gas companies precisely at a time when their energies needed to be focused on resolving the situation. Once supplies were restored and normalcy returned, there would have been ample time for initiating inquiries.

The petroleum minister set the standard for evading responsibility and scapegoating the companies that fall directly under his authority. He told the prime minister that the senior management of these companies provided him with incorrect information about the demand in winter and the operational status of some parts of the distribution grid.

Yet the inquiry committee consists of precisely those people who for years have been drawing up gas demand projections in winter.

It beggars belief how the government believes that such an inquiry committee will furnish the answers they seek, unless their response to the crisis is nothing more than finding heads to roll.

The government's response to the crisis appears to be driven by panic and scapegoating and blaming instead of fixing the problem first.

Having now constituted the committee, the government should perhaps use this opportunity to look at the kinds of policy reforms that the gas sector is in urgent need of.

It should also take seriously the complaints from Sindh that the Constitution's Article 158 — which gives priority access to gas to those provinces where it is being produced — is being violated.

Beyond that, pricing as well as governance reforms are badly required across the sector, especially as imported LNG is all set to play a bigger role.

Transmission and distribution losses are mounting, the public companies are riddled with maintenance issues, liquidity problems, financial mismanagement and much more. It is a matter of concern that they keep asking for the Unaccounted for Gases target to be raised, and that the gas pricing structure gives them a fixed return no matter what their performance.

Short, sharp crises of supply during the winter months are now becoming routine in the gas sector, and last year we saw a similar episode during which SSGC cut off supplies to K-Electric and tried to cite the absence of a gas purchase agreement as the reason.

Clearly, shortages are growing, and without pricing and governance reform, the deficits will continue to trigger more such episodes. This crisis, as well as the inquiry, provide, an excellent opportunity to launch an effort at comprehensive reform.

Published in Dawn, December 15th, 2018

https://www.dawn.com/news/1451530/gas-crisis

NEWS COVERAGE PERIOD FROM DECEMBER 3RD TO DECEMBER 9TH 2018
USE OF RLNG BY ZERO-RATED EXPORT INDUSTRY: RS 25.75 BILLION SUBSIDY SOUGHT
MUSHTAQ GHUMMAN | DEC 6TH, 2018 | ISLAMABAD

Ministry of Energy (Petroleum Division) has sought Rs 25.75 billion supplementary grant from Finance Division to provide subsidy to zero rated export-oriented industry for use of RLNG, official sources told Business Recorder.

Giving the background, sources said the ECC on September 17, 2018 while considering a summary on natural gas sale pricing, directed that gas supply to the industrial sector [exporters of the zero-rated sectors namely textile (including jute) carpets, leather, sports and surgical goods] in Punjab will be revised from 28:72 to 50:50 for domestic gas and RLNG respectively. The weighted average gas tariff of such consumers shall be $ 6.5 per MMBTU. Gas price of similar consumers of SSGC and those of SNGPL in Khyber Pakhtunkhwa will remain unchanged.

The ECC also decided that priority allocation of system gas will be revised to bring the five zero-rated sectors at second priority along with the power sector. Oil & Gas Regulatory Authority (OGRA) on October 4, 2018 notified the revision in gas price and the tariff for zero-rated industry operating on indigenous gas across the country has been notified as Rs.600 per MMBTU while the zero-rated industry operating on RLNG or mix in Punjab are to be charged $ 6.5 per MMBTU. The OGRA determined tariff for sale of RLNG for November 2018 was $ 12.7292 per MMBTU.

According to sources, since there is a differential in the sale price of RLNG and the indigenous gas whereas supply of RLNG or mix of both at $ 6.5 per MMBTU would require a subsidy for the zero-rated industry, the ECC of the Cabinet while considering a summary submitted by Petroleum Division took the following decisions: (i) 100% RLNG shall be provided to zero-rated industry for three months i.e. December to February;(ii) a blend of system gas and RLNG of 50:50 shall be provided to zero-rated industry for a period of nine months i.e. March – November;(iii) Finance Division to hold a meeting with Petroleum Division and OGRA for devising a mechanism for disbursement of financial support for the supply of gas/ RLNG to zero-rated industry and ;(iv) Secretary Finance Division to resolve the issue of notification of weighted average price of gas for zero-rated industry.

Pursuant to ECC decision, Finance Division on October 24, 2018 held a meeting with Petroleum Division, SNGPL and OGRA wherein the issue of disbursement of financial support and notification of weighted average sale price was discussed and subsequently the procedure for disbursement of subsidy was communicated to Petroleum Division on November 2, 2018 .

The decision says that SNGPL will invoice the zero-rated industry at notified prices and upon receipt of subsidy effective from the date of the ECC's decision of October 16, 2018 from Finance Division/ GoP on monthly basis, the subsequent invoices to industry will be adjusted at the ECC's approved weighted average price of $ 6.5 per MMBTU. Accordingly, based on actual consumption of RLNG/ gas, SNGPL will submit subsidy claims, duly signed by CFO SNGPL and verified by Secretary Petroleum to Finance Division. The Finance Division will disburse the subsidy directly to SNGPL. The SNGPL will credit the actual amount of subsidy received to zero rated industry through immediate adjustment in the subsequent gas bills.

Previously, in view of electricity shortage, significant volume of gas was required to be consumed by the industrial sector for power generation; however, currently given the assured availability of electricity in the system, the subsidized gas is not required for power generation. Accordingly, subsidized gas will be provided to zero-rated industry for production process purposes only while electricity will be available to the industry, as per government notified rates. The subsidy given by GoP during CFY will therefore be restricted up to 185 MMCFD (as per last year) with 10 percent variation in consumption. Based on the progress review of the zero-rated industry during the period by the government onward continuity of the subsidy and source thereof will be explored in consultation with relevant stakeholders.

Later, the ECC on November 12, 2018 while reviewing its earlier decision of Octobr 16, 2018 clarified that system gas/ RLNG will be supplied to zero-rated industry including its process units as well as captive power plants. Subsequently, Petroleum Division submitted a subsidy claim based on the gas bills involved to zero-rated industry for the period October 16, 2018 and October 31, 2018 to the Finance Division who advised that the Petroleum Division should move a summary for the Cabinet to seek the appropriate amount of subsidy allocation as a supplementary grant for the current financial year under the demand of the Petroleum Division whereas Finance Division will facilitate in the procedural aspect of implementing the ECC's decision.

The sources further stated that M/s SNGPL has provided a subsidy calculation at $ 6.5 per MMBTU taking into account actual gas/ RLNG consumption by the 536 zero-rated industry consumers (process+ captive) old/ new i.e. 205.29 MMCFD (69.96 MMCFD for process and 145.32 MMCFD for captive) for the period October 16, 2018 to October 31, 2018 as Rs.995.30 million. The subsidy calculation has been projected upto October 15, 2019 (12 months) at Rs.32.32 billion.

All Pakistan Textile Mills Association (APTMA) has filed a review petition against the Supreme Court judgment passed in case HRC No.14392 of 2013 of December 10, 2013 praying that the "Court may graciously review the directions contained in paragraph 36 of the impugned judgment that no distinction can be made between rural, urban, domestic, commercial and industrial consumers when administering electricity load shedding and that captive power plants should be relegated to a lower priority for receipt of gas supply".

Paragraph 36(v) of the Supreme Court judgment stipulates " as far as supply of gas at subsidized rates to the fertilizer companies are concerned, it may continue but at the same time there must be a policy to ensure that the production of the fertilizers like urea etc, is sold in the market to the farmers at a subsidized rate. However, as far as captive power plants are concerned the policy must be revised and without any justification they cannot be allowed supply of gas to produce electricity because they supply electricity at much higher than the Nepra rate instead of subsidized rate to NTDC. Therefore, the supply of gas to captive power plants should be revised to a lower priority and not at a subsidized rate."

The sources further stated that the present federal government, as a policy, has decided to boost exports of the country as well as foreign exchange earnings by providing required fuel/ electricity along with financial assistance to the zero-rated industry; accordingly, the Petroleum Division submitted the following proposals for consideration by the Cabinet: (i) budgetary allocation of Rs.25.75 billion as a supplementary grant may be approved under the demand of Petroleum Division for the CFY; (ii) Finance Division to allow creation of subsidy head under the budget of Petroleum Division; (iii) subsidy will be provided to both zero-rated industry and its captive power units as per the clarification of the ECC; (iv) subsidy will be disbursed on a monthly basis based on the actual verified billing provided by SNGPL to Petroleum Division;(v) the captive power units shall use the electricity for self-consumption only and shall not sell electricity to national grid. Power Division shall ensure this through administrative measures and ;(vi) a committee comprising of representatives from Power, Finance, Industries & Petroleum Divisions be constituted to review the extent of continuation of subsidy and supply of gas to captive power units after the notification of a separate power tariff for zero-rated industry i.e. 7.75 cents per kwh taking into account the minimum operating efficiency approved by the ECC on November 1, 2013.

https://fp.brecorder.com/2018/12/20181206428860/

CABINET APPROVES RS25.7BN GAS SUBSIDY FOR EXPORTERS
Khaleeq Kiani Updated December 07, 2018

ISLAMABAD: Two months after the supplementary budget 2018-19, the federal cabinet on Thursday approved another Rs25.75 billion ‘supplementary grant’ to provide subsidised gas to five zero-rated export sectors in Punjab.

The meeting of the federal cabinet presided over by Prime Minister Imran Khan also ratified another decision of the Economic Coordination Committee (ECC) of the Cabinet to extend Rs5.5bn subsidy to fertiliser units in the shape of cheaper natural gas. This will ensure that fertiliser prices remain stable in the market at existing rates of litter over Rs1,700 per bag, said Federal Minister for Petroleum and Natural Resources Ghulam Sarwar Khan.

Speaking to journalists, the minister said the cabinet approved a supplementary grant of Rs25.75bn in ratification of a decision of the ECC to provide a mix of domestic and imported liquefied natural gas (LNG) to five zero-rated export sectors at a fixed rate of $6.5 per million British Thermal Unit (mmBtu) for both processing and captive plants. These sectors include exporters of the zero-rated sectors namely textile (including jute) carpets, leather, sports, and surgical goods.

He said it was a commitment of the PTI government with the export industry which now finally stood implemented and would help export industry compete in the international market.

Responding to a question, he said gas consumed after October 16 would be subject to reduced fixed rate of $6.5 per mmBtu even if the consumption had been billed at old rates through adjustment in coming bills.

He said the cabinet had also approved Rs5.5bn subsidy to fertiliser units to ensure that fertiliser prices remain stable in the market.

The summary for the supplementary grant of Rs25.75bn was moved by the Petroleum Division with the support of the Ministry of Finance. In September, Minister for Finance Asad Umar had announced in his supplementary budget speech to provide Rs44bn subsidy to these five sectors through gas rates. No amount was actually allocated in the supplementary budget which raised many a question marks over the announcement and its seriousness.

Subsequent calculations by the Sui Northern Gas Pipelines Limited (SNGPL) on the basis of ECC’s decision of September 17 put the total requirement for a full year at Rs32.32bn of which Rs25.75bn is required until end-June i.e. the closure of the current fiscal year. Mr Khan said the remaining requirement would be met with the beginning of the next fiscal year.

In September, the ECC had decided to provide gas to exporters of five zero-rated sectors in Punjab at fixed rate of $6.5 per mmBtu with 50:50 share of local gas and Re-gasified Liquefied Natural Gas (RLNG) instead of previous ratio 28:72. Despite repeated meetings and explanatory memorandums, the industry was still being billed at about Rs1,700 per mmBtu ($12.8 or so RLNG rate).

The ECC also decided that priority allocation of system gas will be revised to bring the five zero-rated sectors at second priority along with the power sector. On October 4, the Oil and Gas Regulatory Authority (Ogra) notified the revision in gas price and the tariff for zero-rated industry operating on indigenous gas across the country was notified at Rs600 per mmBtu while the zero-rated industry operating on RLNG or mix in Punjab are to be charged $ 6.5 per mmBtu. The Ogra determined tariff for sale of RLNG for November 2018 was $ 12.7292 per mmBtu.

Since there is a differential in the sale price of RLNG and the indigenous gas whereas supply of RLNG or mix of both at $6.5 per mmBtu would require a subsidy for the zero-rated industry, the ECC while considering a summary submitted by Petroleum Division decided that 100 per cent RLNG shall be provided to zero-rated industry for three months — December to February — and a blend of system gas and RLNG of 50:50 for a period of remaining nine months i.e. March-November.

A subsequent mechanism notified by the finance ministry required the SNGPL to invoice the zero-rated industry at notified prices and upon receipt of subsidy effective from October 16 from Finance Division on monthly basis adjust/refund the same to industrial units at the fixed rate of $6.5 per mmBtu on actual consumption. On November 12, the ECC reaffirmed its decision with explanation that the blend of system gas/RLNG at $6.5 will be supplied to zero-rated industry including its process units as well as captive power plants.

The cabinet now decided that there would be a supplementary budgetary allocation of Rs25.75bn under the demand of Petroleum Division for current fiscal and the finance ministry will create a subsidy head under the budget of Petroleum Division. The subsidy will be provided to both zero-rated industry and its captive power units and disbursed on a monthly basis based on the actual verified billing provided by SNGPL to Petroleum Division. Also, the captive power units shall use the electricity for self-consumption only and shall not sell electricity to the national grid.

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https://www.dawn.com/news/1450003/cabinet-approves-rs257bn-gas-subsidy-for-exporters

THAR COAL PROJECT TO START PRODUCTION BY MID-FEBRUARY, SAYS CM
Hanif Samoon Updated December 07, 2018

MITHI: Sindh Chief Minister Syed Murad Ali Shah on Thursday announced that the Thar coal power project would start churning out electricity in mid-February 2019.

He was speaking at a meeting while reviewing progress of coal mining and power plant installation in Islamkot. Provincial Minister for Energy Imtiaz Shaikh, Adviser to the CM Murtaza Wahab, Planning and Development chairman Mohammad Waseem, Sindh Engro Coal Mining Company (SECMC) chairman Khursheed Jamali, Thar Foundation chief executive officer Abul Fazal Rizvi and senior officers of the mining company attended the meeting.

The chief minister noted that the twin power plant at the site's block-II was projected to produce 660MW electricity. He expressed his pleasure over induction of the plant by February next, saying that the work had been completed four months ahead of schedule.

"We are going to inject the first electron in the national grid in February," he said.

Mr Shah noted that the royalty of Thar coal project would be around Rs2.5 billion per year which would be spent on development in Thar for its people.

At a briefing, the chief minister was informed that an overall 94 per cent progress had been made in the mining work as against the target of achieving 88pc till this day of December.

He was informed that the current depth of mines was 154 metres. The CM examined the coal excavated from the mines.

He was informed that the estimated cost of the project was $845 million but it was being completed with a cost of $670m hence a saving of $175m.

He was told that 96pc work on the power plant had been completed.

CM Shah gave a cheque of Rs50m to the Thar Foundation chief for providing fodder to 20,000 families of Islamkot taluka so that they could feed their livestock.

Mr Shah said that the Thar Foundation was building a 250-bed hospital at a cost of Rs2 billion. The Sindh government had already released Rs50 million for the project, he added.

He said that a new village, New Senhri Goth, for the people displaced due to the land acquisition for the project's block-II, had also been established. He said 172 families would be shifted to the village by December 20. "We have not only provided them with well-designed 1,100-sqaure metre houses with all facilities such as kitchen, toilet and corridor, but also given them jobs, compensation against their houses and educational and health facilities within their village," he added.

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https://www.dawn.com/news/1449853/thar-coal-project-to-start-production-by-mid-february-says-cm

13 NEW OIL, GAS RESERVOIRS DISCOVERED
By Rizwan Ghilzai

Published: December 7, 2018

ISLAMABAD: Thirteen new oil and gas reservoirs have been discovered in the country since August 2018.

According to documents available with the Express, a total of 5,358 barrels of oil per day and 105 million cubic feet per day (MMCFD) gas would be obtained from these reservoirs.

The largest number of reservoirs –nine- were discovered in Sindh, two in Khyber-Pakhtunkhwa and one each in Balochistan and Punjab.

According to the documents, a reservoir with production capacity of 91 barrels of oil and 23 MMCFD gas had been discovered at Badeel in Sanghar district of Sindh, while the reservoir with a capacity of producing 313 barrels of oil a day has been discovered at Tala Gang, Chakwal in Punjab.

Similarly, a reservoir with a production capacity of 550 barrels of oil per day and 1.3 MMCFD gas has been discovered at Chanda, Kohat in K-P.

Another oil reservoir with a production capacity of 1,500 barrels of oil per day has been discovered in Kachhi district of Balochistan.

An oil reservoir Gul Sher has been discovered in Sindh’s Tando Allahyar district. A total of 1,056 barrels of oil will be obtained from it daily.

Oil reservoir Matha has been discovered in district Gothki. About 6.48 MMCFD gas will be obtained from it.

Around 6.3 MMCFD gas will obtained from the reservoir discovered in Tando Muhammad Khan, 9.5 MMCFD will be obtained from the gas reservoir discovered in Tando Allahyar, 160 barrels of oil per day and 18.6 MMCFD gas will be obtained from reservoir Hadaf discovered in Sanghar, 9 MMCFD gas will be obtained from a gas reservoir discovered in Sajawal district, 1,661 barrels of oil will be obtained from oil reservoir discovered in Badin, 31 MMCFD will be obtained from gas reservoir discovered in another area of Sindh, and 27 barrels of oil will be obtained from an oil reservoir Joya Mir discovered in K-P.

https://tribune.com.pk/story/1861859/1-13-new-oil-gas-reservoirs-discovered/

NEWS COVERAGE PERIOD FROM NOVEMBER 26TH TO DECEMBER 2ND 2018
GAS PRICING DECISION
Editorial November 29, 2018

RECENT decisions made by the government suggest that it is being tempted by the ‘easy’ path forward in a conundrum that it faces. As Pakistan’s reliance on imported gas grows, the fact that LNG is double the cost of domestic gas is becoming an increasingly severe problem. At the moment, the problem has been dealt with by shuffling the priorities on the merit order list, and relegating CNG stations to the bottom of the pile. But now, with the increasing resort to imported LNG to meet growing future demands, the huge price difference between the imported and locally produced product is becoming impossible to ignore. Recently, the issue thrust itself onto the government’s agenda when textile exporters from Punjab brought it before the finance minister, asking for the price of gas to be equalised between Sindh and Punjab; it seems the finance minister was cornered into agreeing to subsidise LNG for Punjab-based exporters. The matter again came to the fore at the last ECC meeting when it was agreed that an uninterrupted supply of gas to all consumers in winter would be ensured, with the authorities relying on LNG to fill the gap that arises when demand from the domestic sector skyrockets as temperatures plummet across Punjab and KP. This time it was decided to use the ‘gas bank’ mechanism to smoothen out the price impact, but even with this there is no getting around the huge disparity in price between imported and domestically produced gas.

The temptation to use subsidies as a means of not facing the unpleasant decisions that price disparity presents is understandable. But the fact is that subsidising LNG is a terrible idea, for the same reason that subsidising imported petrol and diesel is a terrible idea and was done away with a decade ago. As the economy comes to rely increasingly on imported LNG, the policy thrust needs to be in the direction of closing the pricing gap through reforms in the gas sector, including pricing reforms, rather than growing reliance on subsidies. That is the hard road forward, but it is, unfortunately, the only road forward too. Over the decades, we have grown accustomed to taking natural gas for granted, but those days are now over. Industry must be weaned off its reliance on cheap fuel, no matter how tough the politics involved in doing so.

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https://www.dawn.com/news/1448353/gas-pricing-decision

SINDH TO ESTABLISH GRID COMPANY FOR CLEAN ENERGY
The Newspaper's Staff Reporter Updated November 29, 2018

KARACHI: The Sindh government is planning to establish a dedicated grid company under public-private partnership to evacuate clean electricity being produced at Thatta-Jhimpir wind corridor, said Energy Minister Imtiaz Shaikh while speaking at the 17th World Wind Energy Conference here on Wednesday.

The minister also announced that the provincial government, in partnership with the World Bank, is planning to setup a $100 million solar power project to benefit the resident of rural areas.

He said that the Sindh government has reserved around 60,000 acres to be utilised for renewable energy projects. He highlighted that, at present, renewable energy contributes only five per cent to the total energy mix and informed that the provincial government is working to increase the share of renewable energy in the country's energy production.

World Wind Energy Association Vice President Shahid Hamid said that Pakistan holds enormous potential for renewable energy which is more than enough to meet the country's energy requirements.

Alternative Energy Development Board Chief Executive Amjad Ali Awan said that in order to promote investment in the renewable energy, the government must ensure long-term policy.

Energy Secretary Musaddiq Ahmed Khan, said that it was high time for Pakistan to move towards alternative energy resources owing to the phenomenal incentives in terms of lesser tariff for power consumers and saving of precious foreign exchange reserves.

Jhon Smith of USAID also assured dedicated US support to promote alternative energy projects including ancillary support for connecting them to the national grid.

Currently, there are 23 wind energy projects operating in Gharo-Jhimpir corridor and around 35 projects are currently at different stages of completion.

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https://www.dawn.com/news/1448344/sindh-to-establish-grid-company-for-clean-energy

OGRA RECOMMENDS UP TO 6PC RAISE IN PETROL PRICES
RECORDER REPORT

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) recommended the government up to 5 to 6 percent increase in the prices of petroleum products for December 2018.

The Ogra has proposed an increase of Rs 6.21 per litre in the price of motor spirit (petrol), Rs 2.00 per litre in high speed diesel (HSD), kerosene oil by Rs 9.91 per litre and increase of Rs 7.79 per litre in the price of light diesel oil (LDO).

In a summary regarding calculation of all POL products on the basis of existing tax rates forwarded to the Ministry of Energy (Petroleum Division), the Ogra has recommended upward revision in oil prices, sources said.

If the government accepts this recommendation, petrol prices would go up from the existing Rs 97.83 per litre to 104.04 per litre.

The regulator has also recommended an increase of Rs 2.00 in the price of high speed diesel. HSD is widely used in transport and agriculture sector. With this increase, its price would go up to Rs 114.94 per litre from the existing Rs 112.94 per litre. Similarly Ogra has proposed kerosene oil price be increased by Rs 9.91 per litre from existing Rs 86.50 per litre to Rs 96.41 per litre.

The regulator has also suggested Rs 7.79 per litre increase in LDO prices. If the government accepts the recommendation of the Ogra, its price would go up from existing Rs 82.44 per litre to Rs 90.23 per litre.

At present, the price of crude oil has hit the lowest in the international market. In view of this, the petroleum prices were expected to be decreased in Pakistan as well for December. The US crude oil is being traded below $50 per barrel while Britain’s crude oil is being traded at $50.5 per barrel with a 2 percent decrease. The price of crude oil has decreased by 25 percent in a month in the international market.

The government adjusted sales tax on petroleum products for month of November in order to provide relief to the people. At present, the rate of sale tax is at the lowest.

From November 1, 2018, the sales tax on motor spirit remained unchanged at 4.5 percent, sales tax on kerosene oil remained unchanged at 1.5 percent and sales tax on light diesel oil remained unchanged at zero percent. However, the government decreased the applicable sales tax rate on HSD from the current 17.5 percent to 12 percent.

The government for two months (September-October) kept the petroleum products’ prices unchanged. The revised GST rates for petroleum products stood at the two months low. As per the FBR SRO, the GST on petrol was decreased from 9.5 percent to 4.5 percent. The same on HSD slashed from 22 percent to17.5 percent. The GST on kerosene oil came down to 1 percent and that on LDO to zero percent. On the other hand, the Petroleum Levy (PL) was slightly revised upward from Rs 9.68/litre to Rs 9.99/litre in case of petrol.

http://epaper.brecorder.com/2018/11/30/2-page/751831-news.html