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NEWS COVERAGE PERIOD FROM JANUARY 21ST TO JANUARY 27TH 2019

POWER PRODUCTION PROJECTS TO CONSIST OF RENEWABLE ENERGY TECHNOLOGY

Muhammad Saleh Zaafir January 27, 2019

ISLAMABAD: The power production projects to be installed in the country during next ten years will consist of renewable energy technology.

This has been stated in a special briefing given to Prime Minister Imran Khan here Friday where various issues were discussed pertaining to production of oil and gas and progress on various power projects in Khyber Pakhtunkhwa besides other related issues. It has also been decided to provide wheeling facility to sell electricity generated by Khyber Pakhtunkhwa to other provinces.

According to the Prime Minister Office, it was decided that KP's representation will be ensured in all federal institutions, including National Transmission and Dispatch Company (NTDC) and Central Power Purchasing Agency (CPPA). The meeting approved formation of a committee to solve issues regarding net hydel profit among provinces under AGN Qazi formula. The committee will present its recommendations for future strategy within one week.

The provincial government will submit a plan to check theft of locally produced gas in 30 days. The meeting decided to ensure allocating suitable share of oil and gas income to their production areas.

Minister for Power Division Omar Ayub Khan briefed the meeting about steps taken for reorganization of power transmission system in Peshawar Electric Supply Company (PESCO) region. The provincial government will also submit course of action to stall gas thefts in case locally produced gas.

The meeting decided to reorganize PESCO board and revamp the transmission system in the region and introduce new technology in the system. It has been stated in the meeting that 356 micro hydel projects would be handed over to the community in three months. It was revealed that an assessment plan has been worked out for country's needs of next quarter of century keeping in view the development and rate of growth. The plan would be submitted to the prime minister soon.

https://www.thenews.com.pk/print/423962-power-production-projects-to-consist-of-renewable-energy-technology

HYDROPOWER PROJECT SEEKS TARIFF ON COST-PLUS BASIS

Our Correspondent January 27, 2019

KARACHI: Dhadar Hydropower Pvt Ltd has approached the National Electric Power Regulatory Authority (NEPRA), seeking tariff on cost-plus basis for its proposed 18.18MW generation facility in Mansehra, KP.

Dhadar Hydropower envisages setting up of an 18.18MW run-of-the-river, high head hydropower project at Dhadar Nullah Batakundi in Mansehra district with an estimated cost of $52.54 million. The company has sought a levelised 30-yer tariff of US cents 9.206/kWh.

The implementation of the project will help energise indigenous power resources to meet the current shortfall and future increase in the demand for electricity in the region through economical and sustainable means. Currently, Batakundi has no electricity resource, as it is not connected to the national grid.

Aequitas, the main sponsor of the project, has strong domain knowledge of energy, real estate, telecom, cement, banking, asset management, brokerage sectors and has successfully completed development and fund raising transactions for early-stage to listed companies.

Though Pakistan is deficient in oil and gas, but it has a vast potential of hydropower, coal, wind, and solar energy resources.

It is estimated that Pakistan has hydropower potential of around 60,000MW, but only 11 percent of it is being utilised for the production of electricity and the remaining potential is still untapped.

According to a report, the share of hydropower can become more than 40 percent and indigenous energy resources, as a whole, can contribute up to 80.7 percent in the supply mix for electricity production in Pakistan by the year 2030.

At the same time, the share of oil and gas, which is currently more than 64 percent, can be reduced to 11.8 percent, which is favourable for the sustainable development of the country.

https://www.thenews.com.pk/print/423866-hydropower-project-seeks-tariff-on-cost-plus-basis

MAJOR POWER BREAKDOWN HITS PARTS OF SINDH, BALOCHISTAN

Dawn Report January 26, 2019

KARACHI/LAHORE: Several parts of Sindh and Balochistan, including Karachi and Quetta, suffered a massive power breakdown that continued for many hours after an abrupt disconnection of power supply from the national grid on Friday morning, officials said.

Besides the two provincial capitals, Hyderabad and Sukkur in Sindh and Dera Murad Jamali, Naseerabad, Sibi, Jhal Magsi and Jafarabad in Balochistan also remained without power supply for hours after the suspension of power generation at Guddu power plant and other plants due to the tripping of various 500kV and 220kV transmission lines.

A spokesman for the National Transmission and Dispatch Company (NTDC) said: “Extensive fog caused tripping of both circuits of 500kV Dadu-Shikarpur and Guddu-Shikarpur along with 500kV Shikarpur grid station.”

The impact of the massive breakdown was also felt in some areas of Punjab as the allocated electricity quotas of Lahore and Multan power supply companies was reduced in a bid to provide the supply to the outage-hit areas of Sindh and Balochistan.

The officials said the supply was later restored to routine levels. According to the spokesperson for the NTDC, power supply through the 220kV Sibi-Quetta transmission line was restored within an hour.

According to a K-Electric spokesman, power supply to Karachi was restored to normal levels within a few hours. The outage was also caused in other parts of the province due to the tripping of 500kV transmission line between Dadu and Guddu-Shikarpur.

The fault crippled the power supply system of the K-Electric, which also provides electricity to Hub in Balochistan, as well as the Hyderabad Electric Supply Company (Hesco) which provides electricity to Hyderabad, Nawabshah, Thatta, Badin, Mirpurkhas, etc.

The situation also affected power supply in some areas falling under service jurisdiction of the Lahore Electric Supply Company (Lesco) and Multan Electric Power Company (Mepco).

“In a bid to ensure supply to the affected area of Sindh and Balochistan, the allocated power quota of Lesco and Mepco was squeezed, leaving the companies with no option but to observe loadshedding for some hours. However, after 4pm, the allocated quota was fully restored to the companies,” said an official source.

According to the NTDC, it energised the tripped transmission lines at 11:37am, restoring power supply to the affected areas through alternative sources.

However, an NTDC official said, there were reports that consumers in various parts of the country faced power suspension till 5:30pm when the power plants, which had stopped working in the morning due to the tripping of the transmission lines, resumed electricity generation.

“By 5:30pm, all tripped plants, except Port Qasim, resumed generation fully. The Port Qasim plant would take some time and it would resume operation by Saturday (today),” said an official of the NTDC.

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https://www.dawn.com/news/1459858/major-power-breakdown-hits-parts-of-sindh-balochistan

‘2,200 TRIBAL VILLAGES STILL WITHOUT ELECTRICITY’

By RAZIA KHAN Published: January 25, 2019

ISLAMABAD: Planning Ministry officials on Thursday told a Senate panel that the government continues to provide power to the former Federally Administered Tribal Areas (Fata) despite no recovery of electricity dues worth billions of rupees from the tribal districts.

The combined electricity dues outstanding against former Fata amount to Rs22 billion, said the officials in a briefing to the Senate’s Standing Committee for Planning and Development on performance of the Fata Secretariat.

Senator Usman Kakar remarked that 2,200 villages in Fata do not have electricity at all. The problem is that the situation at Fata is worst and every government has ill-treated the areas that were merged with the Khyber Pakhtunkwa (K-P) province last year.

“The current government should work for Fata on priority basis. These days the people of Fata are able to visit their own homes,” he added in a reference to return of the internally displaced people (IDPs) and easing of restrictions on movement of people in the areas once hit by militancy.

The officials informed the committee that a special economic zone is being built at Mohmand tribal district and the zone will provide facilities and other incentives to industries and locals. They said development fund for Fata in 2008-09 was Rs6 billion which was increased to Rs20 billion in 2017-18.

The Fata Secretariat secretary told the committee that PC-1 for land reforms in former Fata has been prepared. The PC-1 has now been sent to the Planning Commission for approval.

The secretary said the estimated project cost as stated in the PC-1 is Rs3.4 billion and the funding has been committed by USAID. Senator Afridi laid stress on resolving the problems caused by the Patwar circle in land reforms.

The committee chairman, Agha Shahzaib Durrani, said recommendation for this would be forwarded to the provincial government. The Fata Secretariat secretary said the government focus of the current development in Fata is placed on social welfare projects.

“In place of new schools, we are enhancing capacity of the existing schools and the MNAs are being consulted for all developmental projects,” he added.

However, the committee members said senators were not being consulted on the matters. The chairman endorsed the view and said senators should be taken into confidence on all Fata matters.

The Fata secretary told the committee that there are a total of 5,942 educational institutions in Fata while schools that were devastated during the military operations are being separately reconstructed. “The Pakistan Army is revamping and rebuilding the institutions destroyed in the conflict,” he said.

He said former Fata will get development funds for the current year while the government will also ensure its funds for the next fiscal year beginning in June. About 450 educational institutions in Fata are currently being constructed.

The officials said the government has decided to commence health card scheme in Fata in view of the prime minister’s instructions. The members said Fata has almost negligible facilities for health and education and there is a dire need to work in educational and health-related projects.

Durrani said people of Fata are still struggling to get access to better health and education facilities and there is dire need to prioritise both these sectors in planning and development agenda to alleviate miseries of the area which has historically struggled against different odds and social menaces.

He said work on different projects is slow due to non-availability of funds. “There is need to chalk out a vibrant master plan for former Fata to ensure speedy and complete rehabilitation of the area,” he said. The chairman also called for completing process for Fata merger as early as possible.

https://tribune.com.pk/story/1896062/1-rs22b-power-dues-outstanding-former-fata/

POWER TARIFF GOES UP BY 57 PAISA PER UNIT

The Newspaper's Staff Reporter Updated January 24, 2019

ISLAMABAD: Showing concern over fuel mix mismanagement, the National Electric Power Regulatory Authority (Nepra) on Wednesday allowed a 57 paisa per unit increase in consumer tariff for ex-Wapda distribution companies (Discos) on account of monthly fuel cost adjustment.

The higher rates for electricity consumed in December would be recovered from consumers in the upcoming billing month and these would yield about Rs4.5 billion in additional revenue to Discos.

The decision was taken at a regular monthly public hearing, presided over by Nepra's Vice Chairman Rehmatullah Baloch.

Nepra decision will bring Rs4.5bn additional revenue to Discos

Mr Baloch and Nepra's Member of Punjab Saifullah Chattha deplored that tariff should not have been increased and power rates increase could have been avoided had the power companies run LNG- and natural gas-based power plants instead of running their expensive furnace oil-based power plants.

Representatives of the Central Power Purchasing Agency (CPPA) claimed that the power sector had been provided significantly lower quantities of natural gas and imported liquefied natural gas because of fewer imports and higher supplies to fertiliser and export-oriented sectors under the federal government's policy.

Nepra high-ups questioned how locally-produced gas or LNG supplies could be curtailed to the power sector and whether the power companies did not have firm agreements with gas companies.

The CPPA officers said the issue was beyond their control and the answer forced Nepra high-ups to seek a written report on the matter.

The ex-Wapda Discos had sought about 64 paisa per unit increase in consumer power tariff on account of monthly fuel price adjustment mainly due to higher dependence on furnace oil consumption.

The furnace oil-based power plants contributed about 12pc to the overall power production but its cost accounted for 32pc (Rs14.2bn) of the total monthly fuel bill of Rs44bn in December last year, causing an additional burden on consumers.

Nepra, however, approved 57 paisa per unit increase by disallowing higher transmission losses. It said that transmission losses stood at 3.43pc during December last year but the regulator could not allow more than 3pc losses in tariff. The higher rates would be recovered from consumers in the upcoming billing month.

The CPPA said it charged consumers a reference tariff of Rs5.86 per unit in December while the actual fuel cost turned out to be Rs6.50 per unit and hence the case for 64 paisa per unit increase.

The total energy generation from all sources in December last year was recorded at 7,718 GWh against 7,545 GWh in November and 12,552 GWh generations in September, showing a reduced power demand in winter months.

The total cost of electricity generated in December last year amounted to Rs44.75 billion, having an average per unit fuel cost of Rs5.80 per unit. About 7,442 GWh were sold to Discos for Rs48.36bn with transmission losses of 3.43 per cent that were much higher than maximum permissible limit of 3pc. The transmission losses have generally remained lower than 2.7pc almost throughout the year so far.

The share of hydropower generation in December was significantly lower at 17.3pc owing to lower water availability when compared to hydropower's 25pc share in October and 34pc in September. The locally produced gas-based electricity contributed maximum (22pc) to the total power production and supply in the country.

The share of coal-based power generation on the other hand jumped to second position as it contributed slightly over 20pc to power generation compared to its less than 12pc share in recent months. The share of regasified liquefied natural gas-based power generation fell drastically to 12.44pc because of lower imports when compared to 22-23pc share in recent months.

In contrast, Residual Fuel Oil-based electricity generation was reported at 12pc which was the highest level in recent month but the government used furnace oil plants to facilitate uplifting of surplus storage with refineries, diverting some gas quantities to fertiliser and export industries. There was no fuel cost on hydroelectricity while coal-based fuel cost stood at Rs6.80 per unit. The furnace oil-based plants generated electricity at the highest fuel cost of Rs15.24. The LNG-based generation cost stood at Rs10.11 per unit. The domestic gas-based generation cost stood at Rs4.97 per unit.

The nuclear energy contributed about 11.62pc of electricity to the national grid at a fuel cost of 95 paisa per unit while power produced by sugar mills accounted for less than 1pc share at a fuel cost of Rs6.2 per unit. The electricity imported from Iran had a cost of Rs11.57 per unit and its total share in generation was 0.48pc.

Wind produced 2.21pc electricity at zero fuel cost while or 0.69pc power contribution came from solar energy again at no cost. The higher tariff adjustment will not be charged to lifeline consumers using up to 50 units per month. The revised rates would also not apply to K-Electric consumers.

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https://www.dawn.com/news/1459448/power-tariff-goes-up-by-57-paisa-per-unit

PLAN TO PRODUCE ENERGY WITH GARBAGE

PPI January 24, 2019

KARACHI: Sindh Chief Secretary Syed Mumtaz Ali Shah has said that the Sindh government is trying to maintain a better system of cleanliness and beatification for Karachi.

He said related institutions such as the Sindh Solid Waste Management Board were functional, while a plan to produce energy with solid waste/garbage is also in process.

He stated this while speaking to a delegation of officers of Pakistan Navy on a study tour to Sindh on Wednesday.

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https://www.dawn.com/news/1459334/plan-to-produce-energy-with-garbage

MINISTRY SEEKS TAX EXEMPTION ON INCOME OF POWER PLANTS

By Irshad Ansari Published: January 24, 2019

ISLAMABAD: The ministry of energy has sought tax emption for National Power Parks Management Company Private Limited (NPPMCL) for income generated from Balloki and Haveli Bahadur Shah power plants. In this regard, the ministry of energy has prepared a summary and sent it to the law division, the finance ministry, and the Federal Board of Revenue (FBR) for feedback.

According to the documents available with Express, the summary seeks tax exemption on the income of NPPMCL. The summary will be forwarded to federal cabinet's Economic Coordination Committee (ECC) after incorporating the feedback and advice provide by the law division, FBR and the finance ministry.

It has also been stated in the summary that if remarks on the draft from the divisions are not received within 15 days, then it will be considered as approval of the summary sent by the Energy Division, and the same will be forwarded to the cabinet for approval.

On the other hand, officials of the FBR say the summary sent by the energy division is being examined and the Inland Revenue Wing and the FBR's legal department will send its comments after detailed examination of the summary.

When the energy division was contacted in this regard, they said according to the second division of part 1 of the first schedule of the Income Tax Ordinance 2001, there is a 29 per cent income tax imposed on companies apart from banks.

To overcome the power crisis, the private companies producing energy – known as independent power producers (IPPs) – have been exempted from said tax to encourage investment in the sector.

According to sources, the NPPMCL installed the Balloki Power Plant and the Haveli Bahadur Shah Power Plant in the IPPs mode. Hence, the Energy Division, like other IPPs, has asked for tax exemption on the income being availed from 1,223MW Balloki Power Plant and 1,230MW Haveli Bahadur Shah Power Plant.

Sources added that both projects have been installed under the China-Pakistan Economic Corridor (CPEC) to overcome the energy crisis. They said that the government has decided to privatise the NPPMCL, for which the privatisation commission has given its approval.

The process for appointment of the financial advisers for the company's privatisation has also been approved, according to which those parties interested in the privatisation of NPPMCL have been asked to submit applications.

Parties, companies and consortiums interested in the privatisation of the NPPMCL and its Balloki and Haveli Bahadur Shah power plants can submit applications till February 8 for the appointment of financial advisers.

https://tribune.com.pk/story/1895380/1-ministry-seeks-tax-exemption-income-power-plants/

NEWS COVERAGE PERIOD FROM JANUARY 14TH TO JANUARY 20TH 2019

WORLD BANK RATES PROGRESS ON DASU PROJECT AS ‘MODERATELY UNSATISFACTORY’

By Shahbaz Rana Published: January 20, 2019

ISLAMABAD: The World Bank has lowered the 2,160-megawatt Dasu hydropower project’s rating to ‘moderately unsatisfactory’ after Pakistan could not resolve outstanding issues in the past over two years, which will now push the completion period beyond 2021.

It was the second downward revision in the project’s implementation rating over the past two and a half years, indicating the systemic bureaucratic weaknesses that have started affecting strategic projects. Last time, the World Bank had cut the progress rating to moderately satisfactory in June 2016.

The previous federal government had failed to resolve a host of land-related issues and could not ensure safety measures, leading to casualties. “The implementation progress of the DHP-I has remained slower than expected,” said the latest implementation status report of the World Bank-funded project, released in the outgoing week.

The report noted that land acquisition has only reached 742 acres, out of the 1,987 acres required for construction areas. The accrued delay during the last two years in acquiring land has now reached a stage where it directly affects the pace of the main works construction, and implementation progress has, therefore, been set to be moderately unsatisfactory, stated the report.

Pakistan had envisaged completing the project by December 2021 to add 2,160MW of electricity to the national grid under the first phase. The previous government preferred the 4,320MW Dasu hydropower project over Diamer-Bhasha dam and then prime minister Nawaz Sharif was initially keen to inaugurate its first phase before the end of his five-year term in 2018.

The World Bank financing is also important for the timely completion of the project’s first phase, which has a total cost of $4.3 billion. The bank has already approved $588.4 million for the scheme. It has also given guarantees of $460 million for raising about $2.5 billion in commercial loans from domestic and foreign lenders. Owing to the slow physical progress, the World Bank released only $179 million or 30.4% of its loan component in the past four years, according to a project progress report of the lender.

The project comprises six power generating units of 360MW each as well as a 250km, 765-kilovolt double-circuit transmission line from Dasu to Islamabad.

The World Bank loan is primarily being used for project supervision, implementation of social and environmental management plans, and preparatory works such as relocation of Karakoram Highway (KKH), access roads, offices and colonies.

The progress report stated that the preparatory work is only 24% finished compared to expected 100% and main civil works have reached less than 1% of the completion compared to expected 20% by this time. Furthermore, poor safety management has resulted in accidents and fatalities associated with the construction work, according to the report.

However, the Washington-based lender noted that recent increased attention and leadership by senior government officials in the Ministry of Water Resources and the government of Khyber-Pakhtunkhwa (K-P) have led to visibly increased activities to accelerate the project since November 2018. In collaboration with the World Bank, the Ministry of Water Resources, K-P government and the Water and Power Development Authority (Wapda) have identified a set of critical actions that need to be taken urgently to turn around the project.

Key actions are to accelerate land acquisition, improve occupational safety and health management, strengthen the Wapda project management unit and decentralise the decision-making process to project level so implementation can become more efficient.

Key decisions on the way forward to solve the land acquisition issues were taken by the project steering committee in a meeting in Peshawar on November 6, 2018, which was chaired by the minister of water resources. A committee formed by the K-P government in November 2018 has started work to resolve the land acquisition issues and will present its suggestions in the next steering committee meeting. The World Bank will send a mission to Pakistan next month to follow up on the actions to accelerate the project.

Published in The Express Tribune, January 20th, 2019.

https://tribune.com.pk/story/1892443/2-world-bank-rates-progress-dasu-project-moderately-unsatisfactory/

$10 BN OIL REFINERY INVESTMENT BY SAUDI ARABIA ANOTHER NEW OLD

Khalid Mustafa January 20, 2019

ISLAMABAD: The Saudi government’s formal announcement of installing a $10 billion state-of-the-art deep conversion oil refinery in Pakistan is not result of the PTI government’s efforts, but a dividend of hectic efforts of Nawaz government started in October 2015 with two follow-up meetings in 2016.

However, the investment choked in the pipeline when the 2016 dharna started destabilising the government, top official sources told this reporter.

Joint Secretary Petroleum Division Syed Tauqir Shah said the Pak-Saudi engagement for oil refinery investment remained alive in 2016, but later on the whole process came to a halt. The process restarted in October 2018.

Petroleum Division spokesman Sher Afgan, who is currently in the UAE on an official visit, said in principal there had been an agreement, in the last era, between the two countries for oil refinery investment. However, he said a formal agreement would be signed during the visit of Mohammad Bin Salman, Crown Prince of Saudi Arabia.

On October 20, 2015 the then finance minister Ishaq Dar flanked by the then Attorney General Salman Butt and the then Additional Secretary Finance Tariq Pasha held a whole day meeting with top Saudi officials at the Kings Guest Palace in Riyadh.

About three rounds of talks were held with them and later on officials of Saudi Aramco also joined the talks.

In that meeting, Saudi Arabia showed firm commitment to set up an oil refinery in Gwadar.

They also expressed their desire to invest in other petroleum related projects in Pakistan.

''Yes, the huge investment in Gwadar by Saudi Arabia for setting up an oil refinery is the result of my hectic, productive rounds of talks in October 20, 2015 with top Saudi officials. In that particular meeting, they desired to install an oil refinery in Gwadar.

The then Attorney General Salman Butt and my Additional Secretary Tariq Pasha along with other officials were accompanying me during the talks,'' said Ishaq Dar while talking to The News.

After the productive meeting held in October 2015, Dar said the Nawaz government stayed in touch with Saudi Arabia, and to this effect two more follow-up meetings in 2016 were held in Pakistan.

"The Saudi delegation came to Pakistan for further talks. An inter-ministerial meeting was also held with the Saudi delegation on the issue. All this will be found in the official memory of the ministries," Dar said.

He said unfortunately in 2016 the destabilisation process caused by the dharna kicked off due to which progress in the Saudi investment stopped.

"Had the PML-N government not destabilised, the project would have been implemented in 2017," Dar said.

In October 2015, when the Saudi authorities expressed interest in installing an oil refinery in Gwadar, Dar told them that Gwadar was not ready at that moment and suggested a suitable place close to Hub, Balochistan that was 45-minute drive away from Karachi. However, later on Gwadar was decided the site issue later on it was decided to set up the refinery at Gwadar.

Dar said Pakistan enjoyed best relations with Saudi Arabia. He said it was Saudi Arabia which helped out Pakistan when it went nuclear and later on in the last PML-N government it also gifted Pakistan $1.5 billion. "Again it was Saudi Arabia that gave $6 billion package to Pakistan," he added.

https://www.thenews.com.pk/print/421120-10-bn-oil-refinery-investment-by-saudi-arabia-another-new-old

OUTSOURCING OF POWER DUES RECOVERY UNDER CONSIDERATION

Jamal Shahid Updated January 19, 2019

ISLAMABAD: Secretary of the Ministry of Energy (power division) Irfan Ali has hinted at outsourcing the collection of electricity bills in a bid to overcome difficulties in the recovery of dues.

"Distribution companies will focus only on distributing electricity," the secretary informed a sub-committee of the Public Accounts Committee (PAC) while providing a solution to improve the system and minimise losses in the power sector.

The committee met on Friday under its convener Senator Shibli Faraz to look into the issue of overall losses in all distribution companies (Discos). The CEOs of Discos and senior officials of the power division attended the meeting.

Members of the sub-committee felt that the significant quantum of theft in the power sector was bleeding the national economy.

PAC's sub-committee looks into losses of power distribution companies

Irfan Ali attributed loadshedding to electricity theft and not to issues relating to generation and transmission.

"People have been stealing electricity in collusion with officials in departments. Entire settlements are running on direct connections. However, a massive drive is under way to put an end to corruption in the departments. Sustained efforts to prevent theft are required. Responsibilities are being fixed. More than 16, 000 first information reports (FIRs) have been registered, besides detecting bills worth billions of rupees. Loadshedding can end if theft is stopped completely," he said.

The drive against theft of electricity began from Khyber Pakhtunkhwa, extending to Sindh where the problem of theft has been addressed on some 40 feeders of the Hyderabad Electricity Supply Company (Hesco) and loadshedding ended. In Punjab, the problem of theft was sophisticated and yet to be overcome, the secretary said, adding that "little success has been achieved in Balochistan due to security reasons".

Answering a question by the chairman of the committee about the total demand and supply of electricity, Mr Ali said the total installed capacity to produce electricity stood at 32,000MW, while the de-rated capacity was between 28,000MW and 29,000MW.

"During peak days such as in June, the demand for electricity reaches 25,000MW. By April, we will be able to transmit 24,000MW and increase it to 25,000 MW by June," he said.

In reply to another question, the secretary said that rehabilitation of Discos was being planned and a solution would be found over the next two to three months.

He hinted at installing equipment such as cables and electricity metres that would be difficult to tamper with, especially in Punjab.

The meeting also discussed the possibility of exploring cheaper sources of power generation, including renewable energy.

When Senator Faraz asked why solar and wind energy had not been exploited in the past to meet energy demands of the future, Mr Ali said that renewable energy did not figure in the past considering the cost of tapping renewable energy sources.

"However, there is significant capacity to generate power using solar and wind energy. In order to utilise renewable energy sources, the costs, which are still on the higher side, will have to be competitive," the secretary explained.

Published in Dawn, January 19th, 2019

https://www.dawn.com/news/1458431/outsourcing-of-power-dues-recovery-under-consideration

SUPPLY OF RLNG TO PUNJAB INDUSTRIAL, CNG SECTORS TO RESUME TODAY

RECORDER REPORT 2019/01/19

LAHORE: The Supply of Re-gasified Liquefied Natural Gas (RLNG) to the Punjab industrial and CNG sectors will resume on Saturday as the ship carrying liquefied natural gas could not berth at the Port Qasim. The Supply of RLNG to power sector was also reduced.

“The system, which was already facing a shortage due to delayed arrival of the ship carrying the LNG on the order placed by the Pakistan State Oil (PSO), was supposed to have adequate supply. Though the ship arrived but it couldn’t get berthing at the Port Qasim on Thursday leaving the authorities with no option but to wait for the high tide that will enable the ship to berth,” said SNGPL official.

The officials also said that PSO Cargo could not be berthed even on Friday i.e. 18.01.2019 due to the continuing low tide situation which is beyond our control. “We are continuously in touch with PSO and the Stake Holders will be informed accordingly,” said officials.

The officials further said that RLNG supply ENGRO Terminal reduced from 550 MMCFD to 225 MMCFD. The supply from ENGRO Terminal was further reduced to 120 MMCFD last night because of continued none berthing of Cargo.

Thus total RLNG supply of around 1000 MMCFD as on 17.01.2019 was reduced to 540 MMCFD.

https://epaper.brecorder.com/2019/01/19/5-page/759147-news.html

PTI GOVT TO EXPEDITIOUSLY PURSUE IP GAS PIPELINE PROJECT

By Zafar Bhutta Published: January 19, 2019

ISLAMABAD: The United States has intensified sanctions against Iran, making almost impossible for it to do business with its neighbouring countries, including Pakistan. However, policymakers of the Pakistan Tehreek-e-Insaf (PTI) government say the much awaited Iran-Pakistan (IP) gas pipeline project would be pursued expeditiously in the context of regional cooperation in the energy sector.

The policymakers fear worst gas outages in the country in the coming years and anticipate that there will still be a gap of 3,263 million cubic feet per day (mmcfd) in 2022-23 despite gas pipeline projects.

In order to bridge the gap, they recommend vibrant petroleum policies to accelerate exploration and production (E&P) activities, construction of more LNG terminals and expeditious implementation of the Turkmenistan-Afghanistan-Pakistan-India (Tapi) project with the capacity of 1,325 MMCFD which is already under implementation and is expected to be come online by December 2021.

They say the IP gas pipeline project with a capacity of 750 MMCFD – which is not progressing well – could be constructed on fast track basis with 24 months. It will further reduce the gap to 2,513 MMCFD.

The policy makers feel that phenomenal growth in demand for transport fuel and rising trend of the crude prices in the international market may pose a challenge to the PTI government.

Recently, Saudi Arabia and the United Arab Emirates (UAE) have announced bailout packages for the PTI government and experts and officials now view revival of the IP gas pipeline project with faded hope.

Even, during the last Pakistan Muslim League-Nawaz (PML-N) government, the former prime minister Nawaz Sharif had scrapped the LNG Gwadar pipeline project after his visit to Saudi Arabia in 2017.

The LNG Gwadar project was an alternate plan to implement the IP gas pipeline project amid the US sanctions against Tehran. Riyadh had asked Sharif to cut ties with Iran and Qatar. The PML-N government had scrapped the LNG project to ease pressure but continued diplomatic ties with Qatar.

“To supplement the indigenous gas supply in addition to the LNG imports, natural gas import projects like Tapi and the IP would be pursued expeditiously in the context of regional cooperation in the energy sector,” the PTI policymakers say in 12th Five Year Plan (2018-23) while discussing energy scenario of Pakistan in the next five years.

They view the 18th amendment as a major cause of slow oil and gas exploration activities due to unclear roles of provincial and federal governments. They say the overall exploration and development activities and investment by the foreign companies have suffered. Although, the gas demand supply gap has been filled through LNG imports to some extent, however, it could not fix the problem permanently.

They say the PMML-N government took policy decisions on case to case basis in respect of refineries, oil and gas logistics and marketing and pricing due to absence of a dynamic downstream oil and gas policy.

Data for gas supply and consumption in the past six years (2011-2017) including the PML-N era shows that indigenous gas production declined from 1.56 trillion cubic feet (TCF) to 1.46 TCF per annum.

The trend indicates no major increase in production due to absence of major discoveries. The demand-supply gap of about 2 billion cubic feet per day (BCFD) was experienced during the period. Increased consumption during 2015-16 and 2016-17 reflects addition of about 1.0 BCFD through LNG import.

Currently two R-LNG terminals are in operation processing 600 MMCFD each. For Terminal-I, the Pakistan State Oil (PSO) has made a 15-year agreement with Qatar Gas for 500 MMCFD and a 5-year agreement with Genvor for 100 MMCFD. For Terminal-II, the Pakistan LNG Limited (PLL) has made a 15-year agreement with the ENI for 100 MMCFD and a 5-year agreement with Genvor for 100 MMCFD.

Although, the gas demand-supply gap was filled through LNG imports but the induction of imported LNG in the system also results in complications regarding allocation and parallel tariff mechanism for indigenous and imported LNG.

To address the issue of tariff and related aspects, the Petroleum Division completed gas sector reforms with the help of the World Bank. However, these reforms could not be finalised and approved by the Council of Common Interest (CCI).

In such scenario, the policymakers say the government would introduce electric vehicles in the transport sector to encourage efficiency and conservation of fuels and to decrease petroleum products' import bill. This will also improve the environmental and economic growth in the country.

The indigenous oil production during the past six years remained in the range of 70,000-90,000 barrels per day. Due to insufficient local production and refining capacity, the demand was mostly met through imports of crude oil and petroleum products.

The transport sector remains the major consumer of around 60% of oil products. The active oil refining capacity of only 13 million tons per annum against the consumption of 26 million tons petroleum products result in massive imports of crude and petroleum products with import bill of US$ 9.10 billion during 2017. No state-of-the-art refinery has been established in the country in the last 15 years.

Policy decisions were taken on case to case basis in respect of refineries, oil and gas logistics and marketing and pricing due to absence of a dynamic downstream oil and gas policy. New state-of-the-art refineries would be established for minimising the import of refined petroleum products.

Parco Coastal Refinery (PCR) of 250,000 barrel per day capacity is likely to be commissioned at the end of plan period expected to save US$1 billion by substituting expensive imports of refined products.

To enhance local oil and gas exploration, the existing petroleum policies would be reviewed and efforts would be maximised for attracting foreign investment through open competitive bidding as well as on government to government bilateral cooperation. The federal and provincial collaboration would be improved with clear roles and responsibilities for exploiting the indigenous oil and gas potential.

To achieve accelerated oil and gas exploration, the Petroleum (Exploration & Production) Policy 2012 approved by the CCI would be reviewed as per policy provision. An upstream regulator would be established for bifurcation of policy and regulatory functions exercised by the Petroleum Division.

To tap unconventional gas resource potential of the country, shale gas policy would also be formulated. To supplement the indigenous gas supply in addition to the LNG imports, natural gas import projects like Tapi and the IP would be pursued expeditiously in the context of regional cooperation in energy sector.

https://tribune.com.pk/story/1891732/1-pti-govt-expeditiously-pursue-ip-gas-pipeline-project/

POWER MINISTRY STRIVES TO RAISE RENEWABLE ENERGY SHARE TO 30%

By Our Correspondent Published: January 18, 2019

ISLAMABAD: Federal Minister for Power Omar Ayub Khan has said that the Power Division is working on a renewable energy policy to harness the immense potential in solar, wind and hydel resources.

"In this regard, the Power Division is considering increasing the share of renewable energy in the overall energy mix to 20% by 2025 from the existing 4% and to 30% by 2030 to attract maximum investment," he said.

The minister made the remarks during a meeting with Chinese Ambassador Yao Jing at his office on Thursday, according to a statement issued by the Ministry of Energy (Power Division). Power Secretary Irfan Ali was also present in the meeting.

Acknowledging the importance of China-Pakistan Economic Corridor (CPEC) energy projects, the minister said these were the symbol of deep-rooted relations between the two countries based on mutual respect.

He emphasised that the Power Division was extending all-out support to the Chinese and other investors in the power sector and the challenges encountered by them were being addressed on a priority basis.

Talking about the huge investment potential in the solar panel market, smart meters and other transmission and distribution equipment including the anti-fog insulators, the minister suggested that Chinese investors could take full benefit of the opportunities.

He apprised the Chinese ambassador of the current anti-theft campaign started by the Power Division which, he said, was achieving very good results. He also briefed him about the initiation of the smart meters' project in the areas covered by different distribution companies and invited Chinese investors to start manufacturing such meters in Pakistan.

The Chinese envoy reiterated China's commitment to further boosting existing ties between the two countries and said the power sector had been the prime and most important area of CPEC. "Chinese investors are closely following Pakistan's power-sector policies and are keen to invest in renewable energy," he said.

Published in The Express Tribune, January 18th, 2019.

https://tribune.com.pk/story/1890811/2-power-ministry-strives-raise-renewable-energy-share-30/

OIL IMPORT BILL JUMPS 15PC IN JULY-DECEMBER

The Newspaper's Staff Reporter Updated January 18, 2019

ISLAMABAD: Pakistan's oil import bill jumped nearly 15 per cent year-on-year to $7.6 billion during 1HFY19 from $6.675bn in same period last year, Pakistan Bureau of Statistics reported on Thursday.

The country's petroleum bill is steadily on the rise despite the fall in international prices. The government has taken several measures to cut import bill in a bid to ease pressure on the dwindling foreign exchange reserves.

Pakistan has already finalised agreements with Saudi Arabia and United Arab Emirates for a deferred oil facility which will allow the country to receive oil from the two Gulf nations with payment deferred for 365 days.

According to the latest data, imports from almost all of the categories — barring agricultural and petroleum groups — shrank during the period under review. As a result, the overall import bill edged lower by 2.29pc.

The decrease in total import value was steeper in December as it fell 8.88pc year-on-year. During the month, value of petroleum and agriculture group imports inched up 0.92pc and 2.21pc while food was bill declined by 4.36pc, machinery 22.16pc, transport 38.26pc and textile 4.01pc.

Data breakdown reveal that half-yearly the jump in petroleum group's value was led by a surge in crude oil, higher by 38.15pc and natural gas (liquefied) 95.08pc while petrol while petroleum products recorded a drop of 12.01pc and petroleum gas (liquefied) 29.20pc. In terms of quantity imported, there was a 35.7pc decrease in petroleum products and 9.72 in crude.

For July-December FY18, machinery imports fell by 18.67pc to $4.47bn, from $5.5bn last year. This was led by shrinking imports of textile 12.46pc, power-generating machinery 47pc, construction and mining 31.92pc, telecom 11.7pc and electrical 17.87pc.

Transport group, another important contributor to the trade deficit, also receded during the half year as it dipped by 24.75pc, driven largely by a 39.5pc plunge in imports of completely built-up units and road motor vehicles 9.31pc. On the other hand, completely and semi knocked-out units grew by 9.12pc.

Food imports — the second-largest component contributing to the total import tally — shrank 8.5pc during the period under review. Except tea and pulses, import of all items under this shrank with palm oil — the heaviest component in the category — down 10.19pc.

Published in Dawn, January 18th, 2019

https://www.dawn.com/news/1458253/oil-import-bill-jumps-15pc-in-july-december

CENTRE DELAYING SINDH'S ELECTRICITY PROJECTS, PA TOLD

Tahir Siddiqui January 17, 2019

KARACHI: Sindh Energy Minister Imtiaz Ahmed Shaikh on Wednesday held the federal government responsible for causing inordinate delays in the execution of power-generation projects in the province, saying that the matter was directly linked with the Centre, that was showing lethargy towards the issue.

Furnishing a statement and answering different questions during Question Hour in the provincial assembly, he said that the Sindh government could only facilitate the federation for power generation. "We have done our part quite well, but the Pakistan Tehreek-i-Insaf-led government seems less bothered in this regard," he added.

The minister said that several projects of energy generation from wind and coal had been pending with the federal government "which opted for power generation from oil to facilitate oil mafia".

Energy minister says the federal govt using oil to generate power to 'facilitate oil mafia'

To a question as to what steps were taken by the Pakistan Peoples Party at the highest level to raise issues of the province with the Centre, the minister said that he himself had written three letters to the federal government during the last six months asking it to expedite the projects, but to no avail as no response was so far received.

He said that Chief Minister Syed Murad Ali Shah also had raised the issue in the meeting of the Council of Common Interests (CCI).

He stated that the PTI-led federal government wanted to carry out projects through the Sindh governor, which according to him, was not admissible at all under the Constitution.

When asked to state reasons for establishing an airport in Thar with hefty funds, the energy minister said that it was constructed to cater to investors.

To a question regarding uplift work in Thar, the minister stated that as many as 200 families who were displaced due to mining were given alternative places and they would also be given Rs100,000 annually and free-of-cost electricity by the provincial government.

He also informed the lawmakers that total 207 licensed coal mines existed in the province that had produced 822,444 metric tons coal during the first nine months of last year.

He said that the Thar coal project was a mega scheme which had 12 different blocks.

He said that one of the blocks was completed where six power projects were established by investors. “The Shanghai Electric Company of China will also explore this region for investment,” he added.

To another question, he said that the Sindh Coal Authority was established under the Sindh Coal Authority Act, 1993 and was governed by a board.

Giving the composition of the board, Mr Shaikh said that the energy minister was its chairman, while chairman of the provincial planning and development board, provincial finance and energy secretaries and four members of the provincial assembly were its members.

To a question regarding the relationship of the Sindh Coal Authority with the Thar projects, he said that the leverage of the SCA went to the extent of pre-feasibility after execution of a memorandum of understanding with investors.

“After the approval of pre-feasibility by a technical committee, recommendations are made to the directorate of Coal Mines Development (CMD) for issuance of mining lease and licence,” he added.

He further clarified that the SCA only facilitated the investors to achieve the objectives as set with the directorate of CMD.

Published in Dawn, January 17th, 2019

https://www.dawn.com/news/1457945/centre-delaying-sindhs-electricity-projects-pa-told

RUSSIA READY TO INVEST $2B IN ENERGY PROJECTS

By Zafar Bhutta Published: January 17, 2019

ISLAMABAD: A state-run Russian firm, Inter RAO Engineering, has offered to invest $2 billion in Pakistan's water and power sector projects, including Mohmand dam.

Inter RAO Engineering is one of the largest Russian public energy companies that has joint ventures with European companies like Siemens in Russia.

The Russian firm wants a deal on government to government basis between Russia and Pakistan. This Russian firm is also building a dam in Afghanistan on the Kabul River.

Pakistan and Russia have already signed a governmental agreement to build the north-south LNG pipeline. The two countries also signed a memorandum of understanding (MoU) for an offshore gas pipeline project. Now, Russia's state run firm has offered investment in water and power projects in Pakistan.

Sources told The Express Tribune that representatives of the firm held a meeting with officials of the Water and Power Development Authority (Wapda) in November 2018 and offered to invest $2 billion in Pakistan. The firm also expressed interest in investing in Mohmand dam.

The sources said the officials of the Russian firm had also held a meeting with Minister for Power Omar Ayub and expressed interest to invest in the Jamshoro Power Plant. The representatives also desired to meet the water minister but the meeting did not take place.

The officials said the Russian firm has shown keen interest to invest in Pakistan but it has not received a response so far. In another proposal, the firm has asked Pakistan authorities to club five small hydropower projects to execute in initial phase if the government is not ready to award big projects.

The Russian firm is ready to invest in some key water and power sector projects, including the 7,100MW Buji, 52MW Nauseri, 2,800MW Yulbo, 2,200MW Tangus and 800MW Mohmand dam projects.

The firm is also ready to provide technical support and financing for these projects. The total cost of these projects has been estimated at Rs318 billion.

The Indus River system has an identified hydropower potential of 60,185MW, out of which around 9,406MW is exploited, which accounts for 15.6 per cent of total identified potential. The Indus River has an identified hydropower potential of 39,558MW. Tributaries of the Indus in Gilgit-Baltistan have the potential of 1,698MW and tributaries in Khyber-Pakhtunkhwa 4,028MW.

The Jhelum River has an identified hydropower potential of 4,341MW, the Kunhar River 1,454MW, Neelum River and its tributaries1,769MW and the Poonch River 462MW. The Swat River and its tributaries have an Identified potential of 2,297MW and the Chitral River and its tributaries 2,285MW.

https://tribune.com.pk/story/1889960/2-russia-ready-invest-2billion-energy-projects/

MINISTER SAYS GOVT WILL UPHOLD LNG CONTRACT WITH QATAR

Khaleeq Kiani Updated January 15, 2019

ISLAMABAD: The government on Monday said it was requesting Qatar for reduction in the price of Liquefied Natural Gas (LNG) and its supplies on delayed payments under the existing 15-year supply contract, but would abide by all the other clauses in the contract.

Speaking informally to a group of media persons, Petroleum Minister Ghulam Sarwar Khan also said Pakistan and Saudi Arabia would sign an MoU for up to $10bn Saudi investment in Gwadar during the visit of Crown Prince Mohammed Bin Salman (MBS) in the last week of February.

He said Prime Minister Imran Khan "may request Qatar government to provide credit facility for LNG supplies and revise the prices" when he visits Doha on Jan 22. Finance Minister Asad Umar and Foreign Minister Shah Mahmood Qureshi have already visited Doha one after the other in recent weeks and are understood to have put the matter on the table, he said.

The ruling Pakistan Tehreek-i-Insaf (PTI) has been criticising the contracts signed by the previous Pakistan Muslim League-Nawaz (PML-N) government for import of LNG from Qatar at a price equivalent to 13.39 per cent of international benchmark crude oil price and two terminals set up by the private sector for re-gasifying imported LNG.

PTI earlier criticised gas deal signed by PML-N govt, Doha to be requested for price reduction

On Nov 30, the petroleum minister had said the government was considering completely renegotiating the 15-year contract for LNG import with Qatar, adding that a final decision would be made after an in-camera briefing by his ministry to the prime minister.

On Monday, he said the government would abide by the 15-year agreement but still ask for a price reduction from the Qatari ruler, and another 10-year contract with another supplier that became the basis of final LNG price with Qatar. He said Pakistan has long-term LNG supply agreements and would honour them.

Saudi Arabia and the UAE have committed a total of $6bn in safe deposit of the State Bank of Pakistan (SBP) bank of Pakistan and $6.4bn credit worth of oil facility for balance of payments support. Pakistan's LNG import bill roughly comes to about $4bn per annum.

Talking about the visit of Saudi minister for energy, minerals and industry to Gwadar on the weekend, the petroleum minister said Saudi Arabia was firming up its plan to invest up to $10bn in Gwadar for a refinery and a petrochemical complex and an MoU would be signed during the visit of MBS in the last week of next month.

Saudi Arabia, he said, had also offered Pakistan to supply LNG to meet gas shortages while some other countries and investors were also keen on entering Pakistan's LNG market that would result in competition and result in low LNG prices.

The Saudi minister also expressed strong interest for investment in four areas including petrochemical complex, mineral resources, industry and renewable energy. Initially, the minister has committed $10bn investment in the petroleum sector including an oil refinery having a 200,000-300,000 tonnes per day refining capacity and petrochemical complex in Gwadar. He said the minister took aerial view of two pieces of land — one within 30km radius of Gwadar and another 80km away and would select one of them shortly. Riyadh, he said, was also interested in LNG-based power plants.

Besides the Saudi refinery, the minister said a similar capacity refinery had already been taken in hand by Parco at Khalifa Point land for which has already been transferred to Parco. These two refineries would help Pakistan meet total requirement of finished petroleum products and still have some capacity for re-export of some products. Once the two refineries are up and running, Pakistan is expected to import only crude instead of refined products, he said adding almost half of consumption of oil products in Pakistan was currently met through imports — a heavy burden on foreign exchange.

Responding to a question, he said the government was in the process of giving improved incentives to exploration companies to boost onshore drilling. He said the offshore exploration had already been given attractive incentives including in the form of tax and duty exemptions and the government was considering extending them to onshore areas as well.

He said the new oil and gas exploration policy would address most of the current challenges facing the nation. He said that he had held meetings with chief ministers of Balochistan, KPK and Sindh to take them on board on new energy policy and would take other stakeholders into confidence before a formal announcement in March.

Talking about new gas schemes, the minister said the cabinet had already discussed the issue as all three gas surplus provinces had first right on gas utilization under Article 158 of the Constitution and they were not ready to provide gas supply to other provinces. He said Punjab was gas deficit and rising demand there meant its industry could not compete with their counterparts in other provinces for which Rs25bn subsidy had recently been extended.

He said the government was working on comprehensive energy policy to address all these issues because countries like UAE, Saudi Arabia, Iran and Qatar had huge gas reserves but were not supplying gas in pipelines. Pakistan was perhaps the only country in the region where consumers had luxury of pipeline gas and there was no rationale to further increase the gas network.

Published in Dawn, January 15th, 2019

https://www.dawn.com/news/1457620/minister-says-govt-will-uphold-lng-contract-with-qatar

NEWS COVERAGE PERIOD FROM JANUARY 7TH TO JANUARY 13TH 2019

SAUDI ENERGY TEAM VISITS GWADAR

RECORDER REPORT | JAN 13TH, 2019 | ISLAMABAD

A Saudi delegation arrived at Gwadar on Saturday to inspect the land allocated for a proposed oil refinery of approximately $ 8 billion, according to Petroleum Division. Federal Petroleum Minister Ghulam Sarwar Khan welcomed Saudi Minister Khalid Abdul Aziz D Al Falih at Gwadar. The Saudi minister of energy, industry and mineral resources is heading the delegation from Saudi Arabia.

On the occasion, Khan said that Pakistan and Saudi Arabia enjoy distinctive relationship.

The oil refinery is the biggest investment project of Saudi Arabia in Pakistan. CEO Aramco Associates Company Al Buainain Ibrahim Qassim was also part of delegation.

On October 4, 2018, the federal cabinet approved signing of a memorandum of understanding (MOU) between Pakistan and Saudi Arabia. The cost and capacity of the refinery have not been finalised yet.

Pakistani officials said that they have finalised the MoU for construction of refinery. Overall directions have been agreed upon and the agreement will be signed at appropriate time.

https://fp.brecorder.com/2019/01/20190113439256/

OPEC IS NOT THE ENEMY OF THE US, UAE MINISTER SAYS

By Reuters Published: January 12, 2019

ABU DHABI: The Organization of Petroleum Exporting Countries (OPEC) is not the enemy of the United States, United Arab Emirates Energy Minister Suhail al-Mazrouei said on Saturday in Abu Dhabi.

"We are complementing each other, we are not enemies here," Mazrouei told an industry conference in Abu Dhabi, addressing the relationship between OPEC and major consuming countries like the United States.

OPEC, and other leading global oil producers led by Russia, agreed in December to cut their combined oil output by 1.2 million barrels per day from January in order to balance the oil market.

The decision came despite US President Donald Trump's calls to oil exporters to refrain from cutting production, saying it would trigger higher oil prices worldwide.

Mazrouei said the average oil price in 2018 was $70 a barrel. His Omani counterpart Mohammed al-Rumhi, addressing the same event, said he expected a price of between $60 and $80 a barrel in 2019.

The 1.2 million bpd cut should be enough to balance the market, Mazrouei said, expecting the correction to start this month and to be achieved in the first half of the year.

He said there was no need for major oil exporters to hold an extraordinary meeting before the one planned in April.

"Things are working well," said Oman's Rumhi, whose country is taking part in the supply reduction agreement without being a member of OPEC. He also said there was no need for major exporters to meet before April.

https://tribune.com.pk/story/1886905/2-opec-not-enemy-us-uae-minister-says/

AFTER NINE YEARS, OFFSHORE DRILLING BEGINS IN KARACHI ULTRA-DEEP WATERS

By Salman Siddiqui Published: January 12, 2019

KARACHI: Pakistan, after a gap of nine years, begins offshore drilling to find estimated huge oil and gas deposits in ultra-deep waters at an estimated cost of over $100 million.

"The drilling is scheduled to commence tonight (Friday)," an official at the ministry of petroleum told The Express Tribune on Friday.

The US firm ExxonMobil, one of the world's largest oil and gas firms, in collaboration with Italian firm Eni Pakistan Limited, is drilling in ultra-deep waters some 280 kilometres away from Karachi coast.

“Eni Pakistan has estimated nine trillion cubic feet gas deposits,” the official said, adding “ExxonMobil expects oil deposits there.”

They are drilling Kekra-1 well in Indus-G block, which is located some 280 kilometres away from the Karachi coast.

They would drill around 5,800 meters deep from the sea level and are targeting to complete the spud in the next 60 days.

For this purpose, ExxonMobil has brought one major drilling ship, three supply vessels and two helicopters on the site.

Eni Pakistan is the operator of the block, while, Exploration and Production Pakistan BV (EEPP) is drilling the well. Besides, Pakistan state-owned Oil and Gas Development Company (OGDC) and Pakistan Petroleum Limited (PPL) are part of the joint venture. Each of the four firms have a 25% participating interest in the block.

The well is being drilled almost after a gap of nine years, as the last exploratory well in offshore area was drilled in January 2010. This is the 18th attempt to find hydrocarbons from deep waters in Pakistan.

“Earlier, Pakistan has drilled 17 times in deep sea. The wells were either found dry or not commercially viable to be operated,” the official said.

Some of the surveyors find the block ‘Indus-G’ similar to Indian offshore Bombay High oilfields, which produces 350,000 barrels per day (bpd) of crude oil, while some define it like wells producing hydrocarbons in the oil and gas rich country, Kuwait in the Gulf.

Exxon Mobil Corporation, through ExxonMobil Exploration and Production Pakistan BV (EEPP), had acquired 25% participating interest in May 2018 in Offshore Indus-G Block.

Pakistan meets around 15-20% of its energy needs through local oil and gas exploration and production, while the rest is met through expensive imports.

The oil and gas imports cost Pakistan around one-fourth of the total import bills per year. The country has emerged as one of the largest gas (liquefied natural gas) importers in the last couple of years at the world level.

Published in The Express Tribune, January 12th, 2019.

https://tribune.com.pk/story/1886319/2-nine-years-offshore-drilling-begins-karachi-ultra-deep-waters/

GOVT MULLS OVER PLAN TO BUILD UNDERGROUND GAS STORAGES

By Zafar Bhutta Published: January 12, 2019

ISLAMABAD: In an effort to prevent a gas crisis in future, the Pakistan Tehreek-e-Insaf (PTI) government is studying a plan to build Strategic Underground Gas Storages (SUGS) to store gas.

The facilities will be used to store gas that is not immediately marketable, particularly in the summer season when the demand is low. The gas can be delivered to consumers during the high demand periods in the winter months.

Officials informed that, in this regard, the Petroleum Division had prepared a plan to seek approval from competent forums like the Cabinet Committee on Energy to build these storages. The gas stored in these storages could help the government tackle any gas crisis in future.

Considering the committed supply of imported gas projects, officials said the country required underground gas storages. Such facilities have become more important due to changes in natural gas demands and the gas import projects, which Pakistan was working. The government had given strong commitment to gas supplier countries like Turkmenistan that it would take gas and therefore the country requires storage facilities to store gas in case there are no consumers.

Pakistan had already faced a similar situation in the case of LNG terminals. The capacity of these terminals remained idle due to less demand from the power sector. However, the government paid capacity charges worth multimillion dollars to these terminal operators because the country had no storages. The officials said that the gas storage could also be used as an insurance that may affect either consumption or delivery of natural gas.

These may include natural factors, or malfunction of production or distribution systems. The storage can be used to store any gas that is not immediately marketable. This project is also required in the light of take or pay commitments on existing Gas Sales Purchase Agreements (GSPA) with gas supplier countries like Turkmenistan. If Pakistan does not take gas from the gas producer countries, then Pakistan would have to pay cost of gas under ‘take and pay’ clause of GSPA.

If the government gives the go-ahead, Inter State Gas Systems (ISGS), a state-run entity dealing with gas import projects, will undertake a detailed techno-economic feasibility study before initiating the project implementation through government-to-government arrangement or open tendering process.

Government Holding (Private) Limited (GHPL) may provide initial funding to implement the project including hiring of consultancy services. Alternatively, initial funding may be considered through technical assistance programme sponsored by Asian Development Bank (ADB) and World Bank or USAID.

In order to meet the growing energy demands, the government of Pakistan is implementing various gas import projects such as Turkmenistan-Afghanistan-Pakistan-India (TAPI), Offshore Gas Pipeline Project (OGPP) etc. Currently, the growing energy demands of Pakistan are being met through import of LNG from Qatar and other countries.

ISGS through an international consultant carried out a feasibility study for the construction of the Strategic Underground Gas Storages (SUGS) in 2007.

The consultant studied 107 reservoir sites including depleted oil and gas fields based on the evaluation of their geological characteristics, injection and extraction facilities, required gas injection and production facilities, connection to existing and proposed gas infrastructure including the project pipeline system and time lines to prepare these reservoirs as SUGS.

The consultant recommended conversion of two gas fields ie Khorewah and Bukhari in Sindh to a gas storage reservoir. The estimated capital cost of strategic underground storages has been estimated around $603 million and the estimated useful life is 26 years with the first six years required to develop the project. The first fill and load is estimated at $1.3 billion. The consultant laid down various methodologies to ascertain the tariff of this capital intensive project.

Published in The Express Tribune, January 12th, 2019.

https://tribune.com.pk/story/1886316/2-govt-mulls-plan-build-underground-gas-storages/

SUPPLY OF RLNG TO CNG STATIONS IN PUNJAB TO RESUME TODAY

ABDUL RASHEED AZAD | JAN 11TH, 2019 | ISLAMABAD

Sui Northern Gas Pipelines Limited (SNGPL) is set to restore supply of regasified liquefied natural gas (RLNG) to CNG stations of Punjab including Potohar region, and fuel stations will reopen after 15 days from 06:00am today (Friday).

A notification issued by SNGPL to All Pakistan CNG Association said the company will restore RLNG supply to the CNG stations from Friday.

The CNG stations across Punjab are based on imported RLNG and were closed for two weeks starting from December 28 as a result of serious gas shortage. Owing to the closure of the CNG stations, thousands of vehicles, especially mini-buses, taxis, vans and rickshaws were forced to either shift to expensive petrol or go off the roads. The gas suspension to the CNG stations also created problems for the people depending on public service vehicles to commute.

Besides CNG stations, the LNG supply to certain private power plants as well as fertilizer sectors was also suspended.

Talking to Business Recorder, APCNGA's senior leader Ghiyas Abdullah Paracha welcoming the decision said that the suspension of gas supply to CNG stations made thousands of people associated with the CNG sector jobless as, on average, at least 30 employees work at each CNG station while thousands others are working on allied business. "Our business is already in tatters with only 1,300 CNG stations are operational out of a total of 2,200 CNG stations in Punjab and Islamabad," he regretted.

Approximately 0.6 to 0.7 million vehicles, out of a total of 3.7 million CNG vehicles in Pakistan, run on gas fuel in Punjab and Islamabad, he said. "These vehicles including buses, vans, rickshaws and taxies offer cheap transport to the public and shifting to petrol or diesel will increase fares. Hence, the impact of the economic cost will be transferred to the poor people," he said. The CNG association is scheduled to announce the next strategy after its meeting on Monday. According to a former senior official of SNGPL, Punjab and Islamabad face a shortfall of 700 to 800 mmcf per day as demand increases during winter season. "The SNGPL diverts gas supply towards domestic users from the industry during the winter season," he said.

https://fp.brecorder.com/2019/01/20190111438813/

PM ORDERS COMPANIES TO END GAS SHORTFALL WITHIN A WEEK

RECORDER REPORT | JAN 9TH, 2019 | ISLAMABAD

Prime Minister Imran Khan Tuesday directed gas companies to end gas shortfall in the country within a week. Imran Khan while chairing a meeting of the Cabinet Committee on Energy directed the officials of gas companies- Sui Northern Gas Pipeline Limited and Sui Southern Gas Company to ensure that the smooth supply of gas within a week. The meeting was held on Tuesday.

The cabinet committee was informed that an estimated 12-13 percent gas in the system was being pilfered and annual losses in gas sector was around Rs 50 billion which was very high.

The prime minister directed the concerned authority to resolve the issue of gap in demand and supply of gas through better coordination. The committee directed Prime Minister Task Force for Energy to come with a comprehensive plan for getting accurate estimates for demand and supply of gas especially in winter season. The task force was tasked to prepare plan with coordination with Energy Ministry and Petroleum Division.

Prime Minister was also submitted a report on a recent gas crisis in the country, which identified the individuals responsible for shortfall in gas supply.

The prime minister was given detail briefing on the measures taken to meeting the growing demand of gas to the consumers. The managing director of SNGPL informed the members of committee about steps taken o discourage illegal use of gas compressors and 5,000 gas connections were disconnected in this respect.

A detailed briefing was also given on power pilferage, during which, officials said up to Rs1.5 billion were saved in November 2018 as a result of a campaign against power theft.

They said so far, 16,000 cases were registered over electricity theft. Prime Minister directed to further speed up campaign against power pilferage.

He said that consumers bearing the brunt of someone’s theft and mismanagement were unacceptable.

The government was introducing a new policy for development of renewable energy sources. The policy is aimed at full usage of indigenous resources and resolution facing the energy sector.

The committee meeting was attended by Finance Minister Asad Umar, Minister for Petroleum Ghulam Sarwar, Energy Minister Umar Ayub and others.-PR

https://fp.brecorder.com/2019/01/20190109438159/

POWER TARIFF REDUCED TO BOOST EXPORTS

By Usman Hanif Published: January 9, 2019

KARACHI : In order to increase exports and ease the pressure on international payments, the Pakistan Tehreek-e-Insaf (PTI) government has decided to reduce power tariff for the exporters – an incentive that will improve Pakistan’s competitiveness in the global market.

The Ministry of Energy (Power Division) has issued a notification, saying the electricity tariff for industrial consumers will be reduced by Rs3 per kilowatt-hour (kWh) and the difference will be borne by the federal government.

In order to rationalise the tariff for five zero-rated industries – textile, leather, sports, surgical and carpet, the government has fixed the electricity price at 7.5 cent per kWh, according to the notification. The tariff will be calculated on the basis of the last day of a month.

With the tariff cut, the cost of doing business will go down, which will enable Pakistan's exporters to sell their products at competitive rates. "This is a small incentive but little things add up and make a big difference," remarked prominent industrialist Zubair Motiwala.

So far, the government has done only two things including fixing gas tariff at Rs600 per mmbtu with all taxes while others pay Rs780 per mmbtu.

The government has yet to release refund claims of Rs127.35 billion, of which Rs81.75 billion is related to the Duty Drawback of Taxes (DDT) and Drawback of Local Taxes and Levies (DLTL), Rs10.6 billion is pending in customs rebate and Rs35 billion in sales tax refund.

"Exporters are struggling to get the stuck money. If the government does this all in one go, the export industry can do a lot," said Motiwala. "We can double our exports in the next five years."

He pointed out that "if the government reduces our cost of doing business equal to that in Bangladesh, then we can double our exports much earlier." Bangladesh provides gas at about Rs468 per mmbtu.

Pakistan had also got GSP Plus status from the European Union, which could boost its exports but due to the high cost of doing business, exports were not growing, he said.

"We have to take loans from banks with interest charges to run our business while the government uses our money as an interest-free loan," said Motiwala. "We pay interest of the government."

"Textile is a commodity on which nobody has a monopoly, therefore, no one can dictate prices and the customer goes to the one who offers cheaper goods," he said, adding that Pakistani products should be priced in line with market trends.

If the government reduces our cost of doing business equal to that in Bangladesh, we can double our exports.

https://tribune.com.pk/story/1884209/2-power-tariff-reduced-boost-exports/

NEWS COVERAGE PERIOD FROM DECEMBER 31ST TO JANUARY 6TH 2019

NO GAS FOR ELECTRICITY: POWER CRISIS WORSENS AS GAS-FIRED PLANTS HALT GENERATION

Khalid Hasnain Updated January 06, 2019

LAHORE: Power crisis in Punjab worsened on Saturday after most of the gas-fired power plants stopped generation, leaving millions of consumers with no option but to face unprecedented loadshedding during chilly weather.

The major power distribution companies (Discos)– Lahore Electric Supply Company (Lesco), Multan Electric Power Company (Mepco) and Faisalabad Electric Supply Company (Fesco) –started observing frequent outages without any schedule due to increasing shortfall besides forced shutdowns on the pretext of protecting the system in an uneven situation.

“At present, there is no generation from all gas-fired power plants except 1,200MW Haveli Bahadur Shah (Jhang) and over 200MW Orient Power. The main issue is unavailability of gas for the plants as only 130MMCFD is being supplied to Haveli and Orient plants,” a senior official of the power ministry told Dawn.

“The total demand (on average) on Saturday remained at 10,500MW whereas the supply ranged between 7,000 to 8,000MW. So the shortfall ranged between 2,000MW to 3,000MW, leaving Discos with no option but to observe loadshedding on an hourly basis,” the official added, requesting anonymity.

According to another official, the major power plants that continue to be out of the system either due to gas shortage or other technical reasons include 1,200MW Balloki (Kasur) and 1,200MW Bhikki (Sheikhupura). The Haveli Bahadur Shah (Jhang) plant is in operation but it is not being operated as per its capacity due to short gas supply.

“Balloki plant is not in operation since Friday after the Sui Northern Gas Pipelines Ltd suspended its supply. Similarly, Bhikki too is not working due to unavailability of gas. Only Orient and HBS (Jhang) are in operation,” the official added.

He said most of the gas had been diverted to domestic sector since its demand continued rising with the increase in cold. He said the hydel power generation was also squeezing gradually due to low water flows. On Saturday, the 969MW Neelum Jhelum Hydropower operation too went out of the system after the engineers started carrying out its detailed inspection (four units, electrical and mechanical equipments etc) for 29 days under the contractual obligation. “Now the ongoing loadshedding is not limited to Punjab alone, as it is being observed by the Discos of other provinces too,” he said.

Meanwhile, a spokesman for Lesco said the company had started loadshedding in all those areas falling under service jurisdiction of all categories (1 to 5) of high loss feeders.

Published in Dawn, January 6th, 2019

https://www.dawn.com/news/1455704/no-gas-for-electricity-power-crisis-worsens-as-gas-fired-plants-halt-generation

POL PRODUCTS: STORAGE CAPACITY MAY GO UP TO 600,000 MTS IN 2-3 YEARS: OGRA

WASIM IQBAL | JAN 6TH, 2019 | ISLAMABAD

The Oil and Gas Regulatory Authority (Ogra) has projected enhancement of petroleum products storage capacity in the country to 600,000 metric tons in the next two to three years. In order to attract investment in storage development, Ogra in the last three years has granted 41 licences for storage construction to interested companies and monitored these projects to ensure sustainable logistics. These steps resulted in the addition of around 288,733 metric tons storage in the system (petrol 102,031 and diesel 186,802) since petrol crises in 2015 and more than 600,000 metric tons of storage is expected to be completed within next 2 to 3 years.

Ogra acknowledges the commercial difficulties faced by oil companies when petroleum prices are declining, but appears to be in no mood to accept this as an excuse for not complying with regulatory requirements. Ogra has made it mandatory for the oil marketing companies (OMCs) to enhance oil storage facilities before applying for marketing licenses.

In December 2018, overall demand for gas surged manifold due to increased consumption and the situation became more critical due to sudden reduction in gas supplies from two gas fields namely Gambat (PPL) and Kunnar-Pasakhi Deep (KPD) owned by OGDCL due to condensate storage problem as refineries stopped uplifting condensate. This condensate problem reduced gas supply by 50 mmcfd, further worsening the line pack, thus resulting in even greater drop in gas pressure.

The amount of demurrages paid by Pakistan State Oil (PSO) has increased ten times in the last five years due to storage problems. The demurrage charges of PSO have gone up to $20.4 million in 2017-18 from $2.5 million in 2013-14. Management of PSO accused the OMCs for incurring demurrages to PSO on import of POL as most of them had no storage capacity.

In January 2015, a commission set up by the prime minister to investigate the 10-day oil crisis which almost paralysed the country blamed almost the entire oil supply chain. At that time, the two-member commission comprising Zahid Muzaffar and Zafar Masud recommended structural reforms in the energy sector and maintaining above 300,000 tons of fuel stocks at all times to cover at least 20 days of consumption.

In a report released on October 2018, Senate Standing Committee on Petroleum recommended the Petroleum Division to incorporate development of storage capacity in the existing rules and regulations for OMCs.

The parliamentary panel's report recommended that the companies, which have been granted provisional licenses, should also comply with the new proposed license procedure and the Petroleum Division should review the policy for granting license in the light of the recommendations. Ogra should strictly monitor those policies under which licenses are granted to the OMCs. In case of violation, licenses should be suspended till the time an OMC fulfills the licensing conditions.

https://fp.brecorder.com/2019/01/20190106437614/

POWER CRISIS HITS PUNJAB AMID DENSE FOG

Khalid Hasnain Updated January 04, 2019

LAHORE: Consumers in many urban and rural areas of Punjab faced a terrible situation for a second consecutive day on Thursday after different power plants, transmission lines and grid stations tripped again either due to dense fog or technical fault, forcing major power distribution companies (Discos) to resort to shutdowns and load management for several hours.

As the tripped plants could not be made operational till 7:30pm on Thursday, a team of the National Transmission and Despatch Company (NTDC) took over maintenance control of the Guddu-747 plant that has stopped working because of damage to some equipment installed in its switch yard. "Our team finally took over the plant and started working to rectify the fault amid replacement of the damaged equipment. The fault occurred in the switch yard of this plant in the morning, leading to suspension of power generation and tripping of the 500kV transmission lines connected with this plant," an NTDC spokesman told Dawn.

The plants that tripped owing to fog included 1,200MW Balloki (Kasur), 124MW KEL, 195MW Nishat Chunian, 185MW Nishat Power, 125MW Saif Power and 200MW Orient Power. The urban and rural areas affected due to power breakdown included Lahore, Kasur, Sheikhupura, Nankana and Okara of the Lahore Electric Supply Company, Faisalabad, Toba Tek Singh, Chiniot and Jhang of the Faisalabad Electric Supply Company and Multan, Dera Ghazi Khan, Bahawalpur, Khanewal, Lodhran, Rahimyar Khan, Sahiwal, Vehari, Pakpattan, Muzaffargarh, Layyah, Rajanpur, Alipur, Taunsa, Khanpur, Sadiqabad, Mian Channu and Chichawatni of the Multan Electric Power Company.

Some areas falling under service jurisdiction of the Gujaranwala Electric Power Company and the Islamabad Electric Supply Company also faced power distribution issues due to breakdown.

Since power generation by various plants went out of the system and there was already zero generation by 1,200MW Havaili Bahadur Shah (Jhang) and 1,200MW Bhikki plant (Sheikhupura) due to suspension of re-gasified liquefied natural gas supply, the Discos' power allocation quota considerably squeezed. "We have no option but to observe load management in the prevailing situation as there is no supply according to our demand," said a spokesperson for Lesco. He said the situation would start improving once power supply to the company was ensured according to its demand.

Meanwhile, the NTDC management said the badly affected power system by dense fog was being normalised gradually. "NTDC engineers and staff managed to restore 500kV Sahiwal-Lahore, 500kV New Lahore-Balloki, 500kV Guddu old, 747MW Guddu, 500kV Rahimyar Khan, 220kV Yousafwala-Kassowal, 220kV Bahwalpur-Lal Sohanra, and 220kV Okara-Sarfraznagar transmission lines," the NTDC spokesman claimed in a press release.

Published in Dawn, January 4th, 2019

https://www.dawn.com/news/1455319/power-crisis-hits-punjab-amid-dense-fog

ENERGY PROJECTS: CM UNHAPPY WITH CENTRE'S DECISION ON ENERGY PROJECTS

By Our Correspondent Published: January 5, 2019

KARACHI: Sindh Chief Minister (CM) Syed Murad Ali Shah has said that any decision regarding electricity generation or distribution by any committee or ministry other than the Council of Common Interests (CCI) is illegal and unconstitutional, therefore all the letters issued by the Cabinet Committee on Energy (CCoE) on power issues must be withdrawn.

This he said while speaking at a meeting on Friday with the Special Assistant of the Prime Minister on Energy, Shahzad Qasim, at the CM house. Principal Secretary to CM Sajid Jamal Abro and Energy Secretary Musaddiq Khan were also present on the occasion.

The CM said that the unilateral and arbitrary decision of the CCoE has created an alarming situation which adversely affects provincial interests. He added that electricity appears at Entry No4, Part-II, Schedule IV, in the federal legislative list of the Constitution and the CCI was the only constitutional forum authorised to decide such policy issues. "Any policy decision by CCoE on electricity is a clear transgression and infringement into the domain of CCI," he said.

Shah said that CCoE has unilaterally directed to reduce the life of solar and wind projects from 20 to 15 years. The CCoE has also imposed selective embargoes on processing of ongoing small hydro, wind and solar projects.

He urged Qasim to continue all the renewable energy (RE) projects possessing letters of intent (LOIs), under the RE with policy of 2006. Elaborating on the RE policy 2006, Shah said that it provided lucrative fiscal and monetary incentives to investors. “It [the policy] offers attractive returns on equity of 17% (in USD) and the power purchaser is responsible for providing interconnection to the transmission lines,” he said. “Wheeling of electricity is allowed and the policy allows net metering and billing and facilitates the projects to obtain carbon credits,” added Shah, suggesting that CCoE and Economic Coordination Committee Pakistan (ECC) should not take decisions regarding electricity in the future because CCI is the right forum.

Shah said that if RE projects and tariffs as low as under five cents were not allowed to develop, the public exchequer would continue to bleed by expensive energy and forex [foreign exchange market] outflows on fuel purchase.

At this, Qasim, an energy expert, said that if 1,000 megawatt (MW) RE power projects were installed the government would be able to save Rs14 billion in forex every year. “Therefore, we have to focus on the production of RE projects,” said Qasim.

According to the CM, the province of Sindh has a 60 kilometre long and 80km wide wind corridor coastal belt. Shah said that the province of Sindh was known as the ‘energy hub’ of Pakistan because it has the capacity to produce 55,000MW wind energy in Thatta, 10 gigawatt (GW) solar energy, 130MW hydero [low head and Run of the River], 1,000MW bagasse cogeneration, 500MW water energy – Karachi produces 11,000MT garbage daily, and 550MW geothermal energy. “The federal government is requested to approve the stuck RE projects at its end so that work could be started on the projects and in this more private companies would be attracted,” he added.

Qasim assured the CM of his support and congratulated him on almost completing the Thar Coal Mining and Power project. “It was a difficult task but Murad Ali Shah with his commitment made it possible,” he said.

On the CM’s invitation, Qasim will be visiting the Thar Coal Mining and Power Project on Tuesday. He will be taken there by Sindh Energy Minister Imtiaz Shaikh.

Published in The Express Tribune, January 5th, 2019.

https://tribune.com.pk/story/1881742/1-energy-projects-cm-unhappy-centres-decision-energy-projects/

SAUDI ARABIA KEEN TO INVEST IN RENEWABLE ENERGY IN PAKISTAN

By Our Correspondent Published: January 5, 2019

KARACHI: Saudi Arabia is interested in undertaking renewable energy projects in Pakistan, announced Saudi Adviser for Energy and Mineral Resources Ahmad Al-Ghamdi.

During his visit to the Karachi Chamber of Commerce and Industry (KCCI), he said representatives of a Saudi company, Aqua Power, would soon be visiting Pakistan to introduce renewable energy technologies including solar, wind and other technologies.

“We have also discussed investment opportunities in Pakistan’s mining sector and in this regard, a memorandum of understanding is at final stages, which will soon be signed between both the countries, signifying commencement of new relations between Pakistan and Saudi Arabia,” the adviser said.

If someone from the Pakistani government came and gave guarantees about safety and security, besides extending full support of the Pakistani government, Saudi investors would certainly get a strong signal that they could come here and make investment in a very pleasant environment, the adviser added. He said the Saudi private sector was unaware of the opportunities and it was scared of making investment in Pakistan due to security concerns.

The Saudi adviser suggested that business communities of both countries would have to meet more frequently and participate in the trade-promotion events being held in Saudi Arabia and Pakistan, which would result in further strengthening of relations.

Referring to a recent meeting held by Prime Minister Imran Khan with Saudi officials during his visit to Saudi Arabia, he said the prime minister was particularly focused on visa issues and it had also been raised by other top leaders of Pakistan.

“Saudi Arabia is now going through a transformation phase as many new things and rules have been introduced, which will hopefully be beneficial for Pakistan and Saudi Arabia. The easing of visa procedures is also being discussed, particularly the tourism visa, so that people could be encouraged to explore tourism in Saudi Arabia,” Ghamdi remarked.

Referring to his meeting with Prime Minister’s Adviser on Commerce Abdul Razak Dawood around two months ago, Ghamdi said, “During this meeting, we asked about some import and export issues, which were resulting in trade below the expected level. We are trying to resolve these issues and have already formed a committee comprising Saudi and Pakistani representatives to identify the obstacles and devise strategies on how to resolve the same.”

Speaking on the occasion, KCCI President Junaid Esmail Makda said a delegation from the Karachi Chamber, led by him, would leave for Saudi Arabia on January 12 to explore opportunities of enhancing trade. He said Pakistan and Saudi Arabia had healthy bilateral relations based on cooperation in different economic spheres, particularly in trade and investment He mentioned that during 2017, goods worth $400.8 million were exported to Saudi Arabia while imports stood at $2.73 billion, indicating that the trade balance was in favour of Saudi Arabia with a surplus of $2.32 billion.

Highlighting the huge potential of enhancing trade and investment ties, Makda told Saudi delegates that Pakistan’s investment policy provided a comprehensive framework for creating an environment conducive to business. It entails reducing cost of doing business, processes of doing business and emphasises on creation of industrial clusters and special economic zones.

He pointed out that Karachi and Sindh could offer a host of opportunities in many potential sectors including food processing, dairy production and processing, coal mining and mineral extraction, seafood processing, urban rapid transport, date and mango farming and processing, wind and solar energy.

Published in The Express Tribune, January 5th, 2019.

https://tribune.com.pk/story/1881801/2-saudi-arabia-keen-invest-renewable-energy-pakistan/

OIL SALES FALL DUE TO SLUGGISH INDUSTRIAL OUTPUT

By Our Correspondent Published: January 3, 2019

KARACHI: Petroleum oil sales have dropped due to a slowdown in industrial output, gradual abandoning of furnace oil, smuggling of diesel from a neighbouring country and price hike in the recent past.

Oil sales fell 27% to 1.44 million tons in December 2018 compared to 1.96 million tons in the same month of previous year, according to a brokerage house.

The drop in sales was led by furnace oil, which had been given lowest priority by the government in power production due to its high price compared to gas and coal.

Excluding furnace oil, the sale of the petroleum products used in industrial production, public transport, cars and motorcycles surprisingly exhibited a downturn in the month.

The sale of diesel dropped 27% to 564,000 tons in December 2018 compared to 771,000 tons in December 2017. The sale of petrol edged down 1% to 600,000 tons compared to 605,000 tons last year.

Furnace oil sales halved to 225,000 tons in Dec 2018 compared to 481,000 tons in the corresponding period of previous year.

Topline Securities, in a report, said the drop in petroleum product sales came after a price hike, smuggling of diesel from neighbouring Iran and decrease in consumption in large-scale manufacturing industries.

Shajar Research said in its comments that oil sales during the year ended December 31, 2018 recorded a decline of 21%, primarily led by a massive 50% fall in furnace oil sales.

Sales during the year stood at 20.4 million tons compared to 25.7 million tons in the previous calendar year.

Similarly, furnace oil sales declined to 4.3 million tons, down 50%, followed by diesel at 7.9 million tons, down 10.3%. Petrol sales increased a meagre 2% to 7.3 million tons in the year.

Published in The Express Tribune, January 3rd, 2019.

https://tribune.com.pk/story/1880189/2-oil-sales-fall-due-sluggish-industrial-output/

PETROL PRICE SLASHED BY RS4.86 PER LITRE ON NEW YEAR’S EVE

By Zafar Bhutta Published: December 31, 2018

ISLAMABAD: The government on Monday decided to pass the partial reduction in prices of international POL products on to the consumers effective from New Year 2019.

The decision of reducing the prices of petroleum products has been taken for the month of January 2019, the Ministry of Finance said in a statement, adding that prices of petrol and diesel had been reduced by Rs4.86 and Rs4.26 per litre, respectively.

The price of kerosene oil has also been decreased by 52 paisas and that of LDO by Rs2.16 per litre.

The price of petrol has been brought down from Rs95.83 to Rs90.97 per litre, high speed diesel Rs110.94 to Rs106.68 per litre, kerosene oil Rs83.50 to Rs82.98 per litre and light diesel oil (LDO) Rs77.44 to Rs75.28 per litre.

In a summary moved to the Petroleum Division on Friday last week, the Oil and Gas Regulatory Authority (Ogra) had recommended that the prices of petrol may be reduced by Rs9.50 per litre (10%), high speed diesel (HSD) by Rs15 per litre (13.5%), kerosene oil by 25 paisas and LDO by Rs2 per litre for the month of January 2019.

The high speed diesel is used in agriculture and transport sectors and therefore, partial reduction in the price of this product would also lead to providing some relief to the consumers. Petrol is used in vehicles and motorists and reduction in its price would also result in providing some relief. However, the consumers had been deprived of major cut in prices of petrol and high speed diesel.

For month of December 2018, the Federal Board of Revenue (FBR) increased sales tax on diesel from 12% to 13% while for petrol it was increased from 4.5% to 8%. However, the sales tax on petrol is still low as compared to the standard rate of sales tax which is 17%. Officials said that government had now increased the taxes on petrol and high speed diesel to adjust the reduction in prices that resulted in partial cut in oil

https://tribune.com.pk/story/1878437/2-petrol-price-slashed-rs4-86-per-litre-new-years-eve/

660MW CPHGC POWER PLANT CONNECTED TO NATIONAL GRID

The Newspaper's Staff Reporter Updated January 01, 2019

KARACHI: The China Power Hub Generation Company (CPHGC) has successfully synchronised one of its two 660MW coal-fired power plants with the national grid, the company announced on Monday.

The synchronisation of the first unit was achieved ahead of schedule and was realised within the agreed technical parameters, said the company release. After the commencement of commercial operations at CPHGC, the project will add 9 billion kWh of electricity of the national grid every year meeting electricity needs of 4 million households in the country.

The project will run on imported coal and will operate with super-critical technology at a total installed capacity of 1,320MW. The company also announced that it plans to complete the second 660MW unit within the stipulated time and synchronisation would be completed by Aug 2019.

While announcing the completion of project, CPHGC Chief Executive Zhao Yonggang appreciated the team work and efforts by Pakistani and Chinese employees to complete the project before time.

Mr Yonggang said that the 2x660MW plant is a priority project under the China-Pakistan Economic Corridor and the first overseas thermal power project developed by State Power Investment Corporation under the China's Belt and Road Initiative.

The CPHGC project, located in Hub, Balochistan, is a joint venture between China-Pakistan International Holding — a state owned entity — and the Hub Power Company Ltd (Hubco) with 74 per cent and 26pc ownership respectively.

Recently, Hubco announced that it plans to increase its shareholding the project from 26pc to 47.5pc through its wholly owned subsidiary, Hubco Power Holdings. However, the transaction will be consummated after regulatory and corporate approvals from China and Pakistan.

The letter of support for the project was issued in 2016 which includes a power plant and a dedicated coal jetty.

Published in Dawn, January 1st, 201

https://www.dawn.com/news/1454778/660mw-cphgc-power-plant-connected-to-national-grid

WAPDA COMPLETES THREE MAJOR HYDEL PROJECTS IN 2018

By APP Published: December 31, 2018

ISLAMABAD: The Water and Power Development Authority (WAPDA) steadfastly moved ahead during the year 2018 to regain its past glory, as it successfully completed and commissioned three long-delayed mega hydropower projects with cumulative generation capacity of 2,487 megawatts (MW).

With commissioning of the 108MW Golen Gol, the 1,410MW Tarbela 4th Extension and the 969MW Neelum-Jhelum hydropower projects in 2018, the installed generation capacity of Wapda hydroelectric power surged to 9,389MW from 6,902MW, registering an increase of 36 per cent in one year.

Prior to this, Wapda could manage to take its hydel generation to 6,902MW in 59 years since its inception in 1958.

Wapda contributed 25.63 billion units of hydel power to the national grid during 2018 despite the fact that water flows in 2018 remained historically low. The contribution of hydel electricity to the system greatly helped the country in meeting electricity needs and lowering the tariff for the consumers.

It is worth mentioning that hydropower is the cheapest and the most environment-friendly source of electricity. According to the data of Pakistan Electric Power Company (Pepco) regarding per unit cost of electricity generated from various sources during fiscal year 2017-18, it is Rs2.22 for Wapda hydel, which is far less than per unit cost of electricity generated from all other sources.

In comparison to hydel electricity, the cost is Rs8.91 per unit for gas, Rs16.16 for residual furnace oil (RFO), Rs16.45 for high speed diesel (HSD), Rs10.89 for coal, Rs8.78 for nuclear, Rs16.35 for wind, Rs8.60 for bagasse, Rs16.83 for solar, Rs11.30 for re-gasified natural gas (RLNG) and Rs10.67 per unit for electricity imported from Iran.

Apart from its achievements in the hydropower sector, Wapda also succeeded in achieving major targets to construct mega water reservoirs in the country. Resultantly, construction of Mohmand dam is scheduled to commence soon.

It will be the first mega dam project to be undertaken in the five decades after construction of Tarbela Dam in the 1970s. In addition, construction work on Diamer Bhasha Dam project is also likely to start in mid-2019.

The Mohmand and Diamer Bhasha dams will store 9.3MAF of water and generate 5,300MW of low-cost hydel power.

https://tribune.com.pk/story/1877845/1-wapda-completes-three-major-hydel-projects-2018/

PROTEST AGAINST LOW GAS PRESSURE PUT OFF

RECORDER REPORT | DEC 31ST, 2018 | RAWALPINDI

After the assurance of Minister for Petroleum Ghulam Sarwar

Khan, the residents of Rehmatabad, Dhoke Munshi, Al Mumtaz Colony, Khybane Tanveer, Dhoke Chaudrain and Morgah has announced to postpone the protest against low gas pressure. This was announced in a meeting held here on Sunday. Chairman Taj Abbasi,Vice Chairman Sheikh Abdul Hameed, Councilors and a notables of the area attended the meeting. Chairman Taj Abbasi said that if the gas pressure not restored, the protest against SNGPL would be rescheduled.

He also thanked MNA Sheikh Rashid Shafiq for highlighting the issue and expressed hope the gas pressure would improve in coming days. On the other hand, some localities in Rawalpindi are still getting low gas pressure. The people residing in Jamia Masjid, Waris Khan, Akal Garh, Dhoke Dalal,Karimpura, Committee Chowk, Dhoke Khaba, Umer Road, Dhoke Ealhi Bukush, Nadeem Colony, Arya Mohallah, Pirwadhai, Adiala Road, Pindora and Shah Khalid Colony are facing difficulties due to low gas pressure.

https://fp.brecorder.com/2018/12/20181231436017/

ECC SET TO OKAY IMPORT OF AZERBAIJAN FUEL ON CREDIT

Khaleeq Kiani December 31, 2018

ISLAMABAD: The government has called a meeting of the Economic Coordination Committee (ECC) of the Cabinet on Tuesday to approve an agreement with Azerbaijan for fuel supply on credit and consider measures to stop rising urea prices despite import of the commodity.

Finance Minister Asad Umar will preside over the ECC meeting that would also review a status report on export of public sector wheat stocks, arrangement of funds for payment of dues to personnel of the Pakistan Machine Tool Factory and allocation of additional quantities of gas production from the Adhi gas field to the Sui Northern Gas Pipelines Limited.

Informed sources told Dawn that Azerbaijan had offered to supply petroleum products to the Pakistan State Oil (PSO) through the State Oil Company of Azerbaijan Republic (SOCAR) on credit under a long-term agreement.

The two sides had entered into an inter-governmental agreement (IGA) in February 2017 for supply of a number of oil and gas products, including furnace oil, petrol, diesel and liquefied natural gas (LNG). The PSO and SOCAR are now expected to formally sign a commercial agreement for supply of motor gasoline (petrol) against a 4-6 month credit facility of $100-150 million.

Committee will also consider measures to check rising urea prices despite import of 100,000 tonnes

The sources said the demand for furnace oil had since tumbled in Pakistan as its LNG imports streamlined, while the PSO already had a long-term supply contract with the Kuwait Petroleum Company (KPC) for diesel on credit. They said SOCAR had an oil facility in Dubai from where it had the capability to supply petrol to the PSO through a swap arrangement given the fact that the former Soviet republic was landlocked and only oil and gas exited through Turkey-Georgia pipeline named Baku-Ceyhan-Tblisi pipeline.

Pakistan has been seeking oil supplies on deferred payments from two major sources — Saudi Arabia and the United Arab Emirates — to secure foreign exchange cushion direly needed to support the declining reserves. It has already secured a $3 billion oil facility per annum from Saudi Arabia that would actualise in January at a rate of about $375m per month. A similar arrangement is currently under process with the UAE.

An official said there was no comparison between oil facilities from Saudi Arabia and the UAE and the credit line from Azerbaijan, but it was an indication of deepening relationship with a friendly nation and some respite to the PSO which was facing tough financial positions mostly because of a deep-rooted circular debt stemming from power sector’s non-payments.

The two nations have been supporting their respective positions on issues of Kashmir and Nagorno-Karabakh at all international forums.

Pakistan and Azerbaijan had nominated their state-run firms — PSO and SOCAR — to enter into commercial agreements on a government-to-government basis without going through procurement rules given relaxed payment facility and competitive premium costs following the IGA signed by the energy ministers of the two countries in February 2017.

It, however, took a long time to get through the approval process of the PSO board of directors because of issues relating to logistics and procurements. The sources said SOCAR was ready to extend $100-150m revolving credit line without any sovereign guarantee as a sign of friendly relations between the two nations.

Azerbaijan is a major oil producer with daily production bordering one million barrels.

The sources said the ECC would also take up the issue of rising urea prices despite import of about 100,000 tonnes of the commodity this month. Urea prices have gone beyond Rs1,850 per 50kg bag, even though the ECC had fixed it at Rs1,712 about a week ago and less than Rs1,400 in December 2017.

The sources said the Ministry of Industries had a few days ago asked provincial chief secretaries to launch a crackdown on the hoarders to bring down fertiliser prices, but stakeholders opposed the move.

The import of 100,000 tonnes of urea allowed in September completed on Dec 2, but it could not reach the market until last week due to delayed price fixating and capacity constraints.

Published in Dawn, December 31st, 2018

https://www.dawn.com/news/1454565/ecc-set-to-okay-import-of-azerbaijan-fuel-on-credit

February 2019

NEWS COVERAGE PERIOD FROM FEBRUARY 18TH TO FEBRUARY 24TH 2019

NEPRA ALLOWS RS1.80 PER UNIT HIKE

Khaleeq Kiani Updated February 21, 2019

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) on Wednesday continued to express concern over fuel mix management but allowed an increase of Rs1.80 per unit in consumer tariff for ex-Wapda distribution companies (Discos) for a month on account of fuel cost adjustment.

The decision would generate Rs13.5 billion revenue to the Discos. This is despite the fact that Nepra's case officers highlighted during a public hearing that prudent utilisation of fuel mix would have resulted in "reduction in total fuel cost by around Rs6.7bn i.e. 91 paisa per unit".

The decision was made at a regular monthly public hearing presided over by Vice Chairman Nepra Rehmatullah Baloch and attended by Member Punjab Saifullah Chattha and Member Sindh Rafique Shaikh.

The Nepra team deplored that tariff should not have increased with optimum utilisation of cheaper power plants based on LNG instead of running expensive furnace oil based plants.

They sought details of lower gas supplies in writing and warned Discos that the increased tariff could be withdrawn in case of unsatisfactory or non-provision of data. Mr Chattha said the non-availability of coal or liquefied natural gas (LNG) was not a solid reason for higher furnace oil consumption.

Nepra's technical team reported that coal-based plants (Port Qasim and Sahiwal) and re-gasified liquefied natural gas (RLNG)-based plants (Balloki, Haveli Bahadur Shah, Quaid-e-Azam Thermal Plant and Nandipur) were not fully utilised. Instead, around 1,722 Gwh electricity was produced from furnace oil and 12.262Gwh from high speed diesel (HSD) with per unit cost of 13.022 and Rs18.5per unit respectively — at total cost of Rs25bn.

It noted: "Had these units generated on furnace oil be generated from coal and RLNG-based power plants, the total fuel cost for such units would have been around Rs17.4bn" — a reduction of 91paisa per unit.

The higher rates for electricity consumed in January would be recovered from consumers in the upcoming billing month i.e. March 2019 and would yield about Rs13.5bn in additional revenue to the Discos.

Representatives of the Central Power Purchasing Agency (CPPA) said the power sector was provided significantly lower quantities of natural gas and imported LNG and lower coal supplies because of fewer imports and higher supplies to fertiliser and export-oriented sectors under the government policy.

The Central Power Purchasing Agency-Guarantee (CPPA-G) on behalf of the Discos claimed an additional cost of Rs1.94 per unit under base tariff 2015-16 on grounds that consumers were charged a reference tariff of Rs5.76 per unit in January while the actual fuel cost turned out to be Rs7.70 per unit. The regulator did not allow some past claims and allowed Rs1.80 per unit.

Total energy generation from all sources in January 2018 was recorded at 7,763 GWH against 7,718 Gwh in December. The total cost of energy generated in January amounted to Rs56.73bn, having an average per unit fuel cost of Rs7.31 per unit. About 7,423 Gwh were sold to the Discos for Rs57.13bn with very high transmission losses of 4.27pc, significantly higher than maximum permissible limit of 3pc. The transmission losses have generally remained lower than 2.7pc almost throughout the year so far.

The share of hydel power generation in January was significantly lower at 6.15pc compared to 17.3pc in December owing to lower water availability when compared to hydropower's 25pc share in October and 34pc in September.

Locally produced gas-based electricity production achieved the 22pc share – second highest – in total power supply.

The share of coal based generation on the other hand slipped to third position as it contributed about 18.7pc in January instead of 20pc in December. The share of RLNG-based power generation slightly improved to 14.7pc in January from 12.44pc in December but still lower than to 22-23pc share in recent months.

There was no fuel cost on hydroelectricity while coal-based fuel cost stood at Rs6.80 per unit. HSD based plants generated the most expensive energy at Rs18.5 per unit but its overall contribution to the energy mix was a negligible 0.16pc. The furnace oil-based plants generated electricity at a cost of Rs13.92 per unit.

Nuclear energy contributed about 11.66pc electricity to the national grid at fuel cost of 95 paisa per unit while power produced by sugar mills accounted for less than 1pc share at a fuel cost of Rs6.2 per unit.

The electricity imported from Iran had a cost of Rs11.57 per unit and its total share in generation was 0.45pc.

Wind produced 2.01pc electricity at zero fuel cost while or 0.56pc contribution came from solar energy again at no cost. The higher tariff adjustment will not be charged to lifeline consumers using up to 50 units per month but all other consumer of all categories including industrial sector and agriculture tube wells would have to bear the additional burden. The revised rates would also not apply to K-Electric consumers.

Published in Dawn, February 21st, 2019

https://www.dawn.com/news/1465068/nepra-allows-rs180-per-unit-hike

NUMBER OF INITIATIVES UNDER WAY TO GENERATE AFFORDABLE ELECTRICITY: MINISTER

RECORDER REPORT | FEB 20TH, 2019 | ISLAMABAD

Federal Minister for Power Omar Ayub Khan has said that the present government is working on number of initiatives to generate indigenous, reliable and affordable electricity through different means to meet ever-growing energy needs of the country. While presiding over the 122nd meeting of the Private Power and Infrastructure Board, he stated that Pakistan enjoys plenty of indigenous and natural resources, which if utilized astutely, affordable electricity can be generated to bring sustainability in the system for many decades to come, says a press release issued here on Tuesday.

Various agendas were presented before the Board seeking necessary guidance and approvals by PPIB for smooth development of hydro and coal based power generation projects. In this regard, the Board agreed to allow one year extension in the Financial Close date of 1124 MW Kohala Hydropower Project considering that it is the largest hydropower project and so far the single largest investment in any IPP in Pakistan/AJ&K. Further, the project is also a vital component of China-Pakistan Economic Corridor and has achieved significant progress so far.

The Board gave advice to government of AJ&K and PPIB to expeditiously resolve all pending issues of this project on priority basis. The Board also considered proposal for processing of small hydropower projects that have been issued Letter of Interest (LOI) by provinces/AJ&K/GB and referred to PPIB for subsequent handling under Tripartite Letter of Support (TLOS) regime as envisaged under Power Generation Policy 2015. In this regard a uniform and transparent criteria was approved by the Board to apply on all small HPPs of provinces/AJK cross the Board. The Board also advised the NTDC and CPPAG for formulating proper planning for the purchase of Power and Power evacuation from indigenous and cheep hydropower resources and other renewables.

Various other projects being processed by PPIB were discussed during the meeting. In order to facilitate indigenous fuel based projects, the Board approved extension in the Financial Close deadline of 330 MW Siddiqsons Energy Limited and 330 MW Thar Energy Limited maintaining the Commercial Operations Date for these projects. The addition of 660 MW of affordable and reliable electricity will energise the national grid in true sense while it will also be instrumental in further developing the thar coal for power generation, saving of millions of dollars of foreign exchange annually, generate economic activities as well as employment opportunities for the people of the remote area of Thar and will also entail improvement of the basic infrastructure in the vicinity of these projects under Corporate Social Responsibility.

The Minister said that present government is working on economic revival of country for which electricity is the most important sector. He in particular commemorated the recent visit of Saudi Crown Prince Muhammad Bin Salman to Pakistan which paved the way of huge investment of US$ 20 billion in Pakistan. He maintained that under the charismatic and able leadership of Prime Minister Imran Khan, world's renowned business groups like ARAMCO and ACWA Power of Saudi Arabi are coming to invest in Pakistan while many other top rated business groups are also lining up to come to invest in Pakistan which will change the fate of Pakistan in coming times.-PR

https://fp.brecorder.com/2019/02/20190220448697/

NEWS COVERAGE PERIOD FROM FEBRUARY 11TH TO FEBRUARY 17TH 2019

GOVT TO TAKE ANOTHER $1.4BN LOAN TO CURB POWER SECTOR ARREARS

ISLAMABAD: Government plans to borrow another 200 billion rupees ($1.44 billion) to help clear power sector debt destabilising the finances of the government and private power producers, a senior official tasked with energy reforms said.

Pakistan's economy and society have been racked by a decade of chronic electricity shortages which have crippled its manufacturing industries and stoked voter anger in the South Asian nation of 208 million people.

Electricity shortages have eased in the last 12 months but years of mismanagement and funding shortfalls for subsidies have led to accumulated power sector payment arrears, or "circular debt", soaring to 1.4 trillion rupees ($10.1 billion).

Independent power producers (IPPs) angry with late government payments have warned they face a financial crisis, while economists fear rising circular debt will further widen Pakistan's yawning fiscal deficit, a key part of ongoing bailout talks with the International Monetary Fund.

Pakistan earlier this month raised 200 billion rupees through an Islamic bond to ease a financial crunch in its power sector, but critics say much more needs to be done.

Nadeem Babar, head of the Task Force on Energy Reforms created by new Prime Minister Imran Khan, told Reuters the government plans to ease financial pressures on power generation companies by taking another 200 billion rupee loan by April.

"That total of 400 billion will not bring the outstanding amount down to zero, but it will pay it down substantially to a point where no generator will be at risk of shutting down or having liquidity issues," Babar told Reuters on Thursday.

The loans are a key part of the government's strategy to rethink how it deals with power arrears and will give the government breathing room to enact wide-ranging reforms, Babar added.

He said Khan's government is looking to save money by moving power sector arrears from the balance sheet of the independent power producers (IPPs) on to the balance sheet of government-owned distribution companies.

Under Pakistan's power purchasing system, IPPs bill the government monthly for the power they produce, but when the government fails to pay up, power generators take commercial bank loans to stay afloat and the government is hit with financial penalties for late payments.

"In the past, to keep debt off the government's power companies' balance sheet, the government has allowed a run up of the same debt on IPP balance sheets – but at what cost?," said Babar, who is currently writing Pakistan's 25-year future energy policy.—Reuters

https://epaper.brecorder.com/2019/02/16/18-page/763706-news.html

CABINET ORDERS GAS, ELECTRICITY FOR INDUSTRIAL ZONES

By Our Correspondent Published: February 15, 2019

ISLAMABAD: The federal cabinet on Thursday decided to provide gas and electricity to various industrial zones on an immediate basis in order to facilitate investors, Information Minister Fawad Chaudhry said.

The cabinet met in Islamabad with Prime Minister Imran Khan in the chair. Briefing the media about the decisions, Chaudhry confirmed that the next round of talks between the US and the Afghan Taliban representatives would take place in Pakistan.

“There are many irregularities in the gas sector,” he said. “Taking note of the irregularities,” the minister added that the cabinet had asked the authorities concerned “to ensure provision of gas and electricity to the industrial zones” across the country.

He told the media that the upcoming visit of the Saudi Crown Prince Mohammed bin Salman was highly significant for Pakistan. “It is a milestone in path to numerous successes of the government on the foreign policy front,” he added.

“Pakistan has met with lots of foreign policy successes, as the country once again becomes a key player in Middle East politics. Pakistan is attracting large investments from all over the world,” the minister said, adding that Saudi Arabia alone would invest $8 billion in an oil refinery in Gwadar.

Chaudhry said the government was making sincere efforts to bring peace in Afghanistan. “The upcoming negotiations between Taliban and the US will bring regional stability which will ultimately promote peace, business and prosperity in the region,” he added.

The Minister said that the cabinet also reviewed the progress of its previous decisions. Previously, cabinet sessions were infrequent but the current government in the first six months held 26 meetings and took 440 decisions. “Of these, 243 decisions have been implemented.”

He said that a law to govern social media is already there, while the Federal Investigation Agency (FIA) regulations are also there to combat cybercrimes. “Those spreading chaos and anarchy will see action,” the information minister said.

The information minister said the cabinet gave its approval for the restructuring State Life Insurance Company (SLIC), draft proposal for merger of Earthquake Reconstruction and Rehabilitation Authority and National Disaster Management Authority and the Board of Pakistan Institute of Management Sciences.

During the meeting, the minister received a briefing on Supreme Court orders pertaining to Shaikh Zayed and Jinnah hospitals, Chaudhry said, adding that a committee had been set up for water payment surcharge issue to Azad Kashmir. The National Anti-Narcotics Policy was also laid before the cabinet, he said.

https://tribune.com.pk/story/1910620/2-cabinet-orders-gas-electricity-industrial-zones/

SNGPL SUSPENDS SUPPLY TO FERTILIZER, CNG, NON ZERO-RATED INDUSTRY

RECORDER REPORT | FEB 12TH, 2019 | LAHORE

Gas supply to fertilizer, CNG and non zero rated industry has been suspended by the Sui Northern Gas Pipelines Ltd (SNGPL) due to the non berthing of Pakistan State Oil Cargo on Monday.

According to the spokesperson of the SNGPL in view of non-berthing of PSO cargo today, RLNG re-gasification from T1 Engro Terminal has now been reduced to 220 MMCFD. Total RLNG available is 600 MMCFD at this time.

The weather condition at port may become more severe by tomorrow and resultantly berthing of PLL upcoming cargo tomorrow may get into difficulty. This may reduce RLNG availability to only 400 MMCFD in case of such an eventuality. Under the circumstances we have shut down GPPS with immediate effect along with fertilizer CNG and non zero rated industry. So that domestic consumers will face minimum problems. As soon as system improves gas supply shall be restored.

https://fp.brecorder.com/2019/02/20190212446380/

NEWS COVERAGE PERIOD FROM FEBRUARY 4TH TO FEBRUARY 10TH 2019

UNANNOUNCED GAS LOAD-SHEDDING HITS KARACHI CONSUMERS

Dawn Report Updated February 09, 2019

KARACHI: Many domestic consumers of the Sui Southern Gas Company (SSGC) have been complaining about low gas pressure or not getting any gas at all since the beginning of winter in the city, and the situation has worsened over the last couple of days.

The areas that have never experienced such a problem before are now also facing unannounced gas load-shedding or very low pressure in their stoves. The water in water geysers has turned cold as there is no gas to keep its flame on.

According to the SSGC spokesman, the company's gas system is losing pressure due to getting less gas than usual. But, he said, the situation was likely to improve as soon as the volume of stored gas in the line-pack improved. As a measure of damage control, he said, the SSGC had stopped the availability of compressed natural gas at CNG stations since 10pm on Thursday night and the shutdown would continue till Saturday morning.

Sindh Assembly passes resolution seeking end to gas outages; CM wants CCI to take up the issue

Meanwhile, Sindh Chief Minister Syed Murad Ali Shah has expressed deep concern over the incessant and prolonged gas outages across the province, which produces largest share of natural gas in the country.

This suspension of gas supply was creating lots of difficulties to the domestic as well as commercial consumers and badly affecting the provincial economy, he said and added that it was also a violation of Article 158 of the Constitution.

Article 158 reads: "The province in which a well-head of natural gas is situated shall have precedence over other parts of Pakistan in meeting the requirements from that well-head, subject to the commitments and obligations as on the commencing day."

The chief minister in a DO letter sent to Prime Minister Imran Khan has conveyed his deep concern over the incessant and prolonged gas outages across Sindh which is the largest contributor to nationwide gas production.

Mr Shah said that due to gas shortage, the domestic as well as commercial consumers were facing a lot of difficulties in the province. “This is gravely impacting the province’s economy, industries and homes,” he said.

The CM further said that gas production from Sindh was between 2,700-3,000 mmcfd and against that the SSGC was supplying less than 1,200 mmcfd to the province. Quoting Article 158 of the Constitution, he said that the people of Sindh had priority over the 2,700-3,000 mmcfd of gas produced in the province.

He requested the prime minister to intervene in the matter and direct the ministry concerned to ensure regular supply of gas to Sindh as per its requirement and in line with Article 158 of the Constitution.

Meanwhile, the Sindh Assembly on Thursday unanimously passed a resolution demanding that the federal government immediately end gas load-shedding in the province as the shortage of gas in houses, industries, and businesses could compel distressed people of the province to resort to protests.

A resolution on the subject was also tabled in the Sindh Assembly by an opposition lawmaker from the Muttahida Qaumi Movement, Mohammad Hussain Khan, the other day.

The chief minister, speaking on the resolution, said the federal government should convene a meeting of the Council of Common Interests (CCI) at the earliest to discuss the issue of gas shortage.

The CM lamented that the last CCI meeting, held on Sept 24, 2018, had not taken up the issue of gas supply in the country though the Sindh government had asked the centre to include it in the agenda.

“We are hopeful that the federal government will ensure the due constitutional rights of Sindh. We want to work together with the federal government,” he added.

Mr Shah also mentioned that the current CCI comprised three federal ministers who belonged to Sindh. He called upon the political parties, to which the three ministers belonged, to raise voice for the rights of the province as defined in the Constitution.

Meanwhile, Karachi Chamber of Commerce and Industry (KCCI) president Junaid Esmail Makda has claimed that gas supply has remained suspended to industries in different parts of the city, particularly the Site area, for the last three days.

Elsewhere, he said, the SSGC had kept gas pressure very low affecting production and causing problem for timely export shipment.

The business and industrial fraternities of Karachi were already suffering because of high cost of doing business and suspension of gas supply would prove detrimental for the industry and lead to worsening the economic crisis, besides raising poverty and unemployment, Mr Makda warned.

He hoped that Prime Minister Imran Khan would ask the ministry concerned to look into this serious issue on priority basis and take steps to restore gas supply to industries at adequate pressure so that they could smoothly operate without any kind of trouble.

Published in Dawn, February 9th, 2019

https://www.dawn.com/news/1462743/unannounced-gas-load-shedding-hits-karachi-consumers

PLAN READY FOR POWER PLANTS IN TRIBAL DISTRICTS OF K-P

By APP Published: February 9, 2019

PESHAWAR: The Khyber -Pakhtunkhwa government has prepared a comprehensive programme to tap rich power generation potential of tribal districts for facilitation of people, said Advisor to the Chief Minister for Energy Hamayatullah Khan said on Friday.

On the directives of Prime Minister Imran Khan and Chief Minister Mehmood Khan, he said provincial ministers and advisors have started visits to tribal districts to get detail briefing on available resources, requirements of tribal people and oversee development works on ground.

In this connection the advisor visited Mohmand and Bajaur districts in the first phase where he received detailed briefing from respective deputy commissioners about water reservoirs and resources for generation of inexpensive electricity for people, agriculture and industrial consumption.

The advisor was accompanied by Additional Secretary Energy Zafarul Islam, PEDO General Manager Engineer Bahadur Shah, Chief Engineer Zahid Akhtar Sabri, Engr Qayyum Zaman and others.

Mohmand Deputy Commissioner Iftikhar Alam and Bajaur DC Deputy Usman Mehsud appraised him about available resources and funds required for generation of inexpensive electricity and water reservoirs in their respective districts.

In his address to tribal elders and people, the adviser said services of Energy Department and its allied organisations would be extended to tribal districts by opening offices at local level. He inspected under construction 40MW Koto hydropower project at Dir Upper and said this project would be completed this year.

He also reviewed pace of work on 102MW Shago Katch hydropower project in Lower Dir district and directed officials to expedite work on it.

Published in The Express Tribune, February 9th, 2019.

https://tribune.com.pk/story/1906589/1-plan-ready-power-plants-tribal-districts-k-p/

NEWS COVERAGE PERIOD FROM JANUARY 28TH TO FEBRUARY 3RD 2019

TEXTILE SECTOR FOR UPFRONT SUBSIDY IN GAS BILLS

Nasir Jamal February 02, 2019

LAHORE: Punjab’s textile industry continues to be at loggerheads with the Ministry of Petroleum over the payment mechanism for subsidy on imported gas to five zero-rated export-oriented sectors.

The industry wants upfront payment of subsidy and is demanding that the ministry should instruct the Sui Northern Gas Pipelines Limited (SNGPL) to make it a part of the bills by charging them the new reduced price of $6.5mmBtu.

The ministry, on the other hand, is insistent that factories pay the bills raised on the basis of actual price of liquefied natural gas (LNG) as the amount paid on their bills beyond the subsidised price would be reimbursed to them and adjusted in their next billing cycle. This means the additional amount paid by the industry on their January bills will be adjusted in their February bills.

“We have proposed to the SNGPL that the utility should raise our gas bills on the 16th of every month after receiving the subsidy amount from the ministry instead of 1st of every month,” All Pakistan Textile Mills Association (Aptma) Chairman Ali Ahsan told Dawn on Friday.

He said the factory owners were already facing significant liquidity crunch due to a variety of reasons including the inordinate delays in release of their tax and other refunds by the Federal Board of Revenue (FBR).

“The monthly subsidy amount on the gas bills of the five zero-rated industry in Punjab is estimated to be between Rs2 billion and Rs2.5bn. This is a huge amount and unless our proposal is accepted, it would worsen the liquidity crunch facing the exporters.”

The government has already transferred a sum of Rs25.7bn to the petroleum ministry to subsidise the gas bills of the zero-rated sectors till June end.

Minister for Finance Asad Umer had announced the subsidy in September on the use of LNG by the export industry from Punjab to equalise fuel prices across the country.

Exporters in Sindh and Khyber Pakhtunkhwa enjoy priority access to domestic gas since both the provinces are gas producing regions. However, the industry in gas-starved Punjab was forced to use expensive imported gas and paying more than double of what industry in Karachi or Khyber Pakhtunkhwa pays.

The subsidised gas price had come into force from October 15 but many users have gone to the court to prevent the gas company from charging them beyond the new rate.

Published in Dawn, February 2nd, 2019

https://www.dawn.com/news/1461329/textile-sector-for-upfront-subsidy-in-gas-bills

FEB 2019: OGRA RAISES LPG PRICE BY RS65 PER CYLINDER

By Our Correspondent Published: February 1, 2019

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has increased the price of 11.8kg cylinder of liquefied petroleum gas (LPG) by Rs65 for February 2019.

A notification issued by Ogra read that the revised price of 11.8kg domestic cylinder would be Rs1,426.70, which was Rs1,361.70 in January.

However, contrary to the government’s notified price, LPG is being sold at exorbitant prices, indicating weak administrative control of the government. In different parts of the country, including the main urban centres, LPG is being sold at more than Rs1,950 per cylinder.

According to the notification, the producer price of LPG – propane 40% and butane 60%, the two components of LPG – has been determined at Rs63,738.16 per ton. The producer price included the excise duty of Rs85 per ton but excluded the petroleum levy. Based on the per-ton price, the producer price of 11.8kg cylinder has been calculated at Rs752.11.

Marketing and distribution margins have been set at Rs35,000 per ton and Rs413 per 11.8kg cylinder and petroleum levy at Rs4,669 per ton and Rs55.09 per cylinder.

Meanwhile, an Ogra spokesman warned that violation of government's notified prices would be dealt with strict action.

Published in The Express Tribune, February 2nd, 2019.

https://tribune.com.pk/story/1901801/2-lpg-price-hiked-rs6-per-kilogramme/

PETROL PRICES SLIGHTLY REDUCED

WASIM IQBAL | FEB 1ST, 2019 | ISLAMABAD

The federal government has maintained the prices of high speed diesel (HSD) while slightly reduced the prices of other petroleum products for the month of February. Partially accepting the recommendations of Oil and Gas Regulatory Authority (OGRA) on petroleum prices, the government reduced the prices of petrol by Rs 0.59 per litre but maintained the HSD at current price for the month of February.

A statement of Finance Division said that the price of petrol is reduced by Rs 0.59 per litre, kerosene oil by Rs 0.73 per litre and piece of light diesel oil (LDO) has been slashed by Rs 0.25 per litre.

The price of high speed diesel will maintain at Rs 106.68 per liter and new price of petrol will be Rs 90.38 per litre. Light diesel oil price will come down to Rs 75.03 per litre from Rs 75.28 per litre and kerosene oil price will dip to Rs 82.25 from Rs 82.98 per litre.

The OGRA had recommended a decrease of Rs 4.00 per litre in the price of HSD and Rs 0.59 per litre in petrol. Earlier, the Oil and Gas Regulatory Authority recommended the federal government to reduce prices of petroleum products for February 2019. In a summary sent to the Ministry of Finance for final decision, the OGRA recommended to reduce the price of petrol by Rs 0.50 per litre, HSD by Rs 4.00 per litre and kerosene oil by Rs 2 per litre. However, the regulator asked the government to increase the price of LDO by Re 1 per litre.

The federal government had raised petroleum levy (PL) on petrol by 42 percent and high speed diesel by 126 percent from January 1, 2019. The OGRA had proposed a reduction in price of POL based on a 17 percent across the board levy of sales tax. This was accepted by the federal government; however it then raised PL to partially meet the shortfall in the revenue collections during the first six months of the current financial year.

According to FBR, sales tax on motor spirit, high speed diesel oil; kerosene and light diesel oil remained unchanged at 17 percent from February 1, 2019. There is no change in the sales tax rates on POL products during February 2019. The standard rate of 17 percent sales tax would continue in Feb 2019.

https://fp.brecorder.com/2019/02/20190201443883/

OGRA RECOMMENDS REDUCTION OF RS4 IN DIESEL PRICE

By Our Correspondent Published: January 30, 2019

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has recommended a reduction of Rs4 per litre in the price of high-speed diesel for February 2019.

Diesel is widely used in transport and agriculture sectors. Any upward revision in its price has a direct impact on inflation numbers.

Earlier, the government reduced the price of high-speed diesel by Rs4.26 per litre for the current month of January. The reduction came after the regulator recommended a price cut of Rs15 per litre.

In a summary sent to the Petroleum Division on Wednesday, the regulator recommended that the price of petrol – which is used in motor vehicles – should be slashed by Rs0.50 per litre.

Recently, the consumption of petrol, especially in Punjab, has increased because of unavailability of domestically produced gas for compressed natural gas (CNG) retail outlets.

The government had slashed the petrol price by Rs4.86 per litre for January in response to the regulator's recommendation for a reduction of Rs9.50 per litre.

Ogra has suggested a reduction of Rs2 per litre in the price of kerosene oil for February 2019. This fuel is used in far-off areas where liquefied petroleum gas (LPG) is not readily available for cooking and heating purposes.

For January, the government had slashed the price of kerosene oil by Rs0.52 per litre and that of light diesel oil by Rs2.16 per litre.

Final decision will be taken by Prime Minister Imran Khan after seeking input of the Ministry of Finance. According to officials, the finance ministry will oppose any reduction in prices of petroleum products and insist on making some adjustment in tax rates in order to earn more revenue in the ongoing fiscal year 2018-19.

https://tribune.com.pk/story/1900267/2-ogra-recommends-reduction-rs4-diesel-price/

TAXES ON SOLAR, WIND POWER EQUIPMENT MAY BE WAIVED TO BOOST PRODUCTION

Imran Mukhtar Updated January 30, 2019

ISLAMABAD: The federal government has proposed to eliminate taxes associated with manufacturing of solar and wind energy equipment in the country, in an effort to boost the production and use of renewable power and overcome power shortages.

A new government bill, expected to be approved in parliament within a month, would give renewable energy manufacturers and assemblers in the country a five-year exemption from taxes.

The country is paying the heavy cost of an ongoing energy crisis prevailing for the last many years, Finance Minister Asad Umar said last week in a speech in parliament about a mini-budget.

In this difficult time, the promotion of renewable energy resources like wind and solar has become indispensable.

Only five to six per cent of power to the national electricity grid currently comes from renewable energy, according to the Alternate Energy Development Board (AEDB).

A new government bill to give renewable energy manufacturers, assemblers a five-year exemption from taxes

The proposed tax reduction should boost that by encouraging greater local manufacturing of equipment needed for renewable power expansion, said Asad Mahmood, a renewable energy expert with the National Energy Efficiency and Conservation Authority, which sits within the Ministry of Energy.

But manufacturers said the tax breaks would not be sufficient to spur expansion of local renewable energy industries.

Naeem Siddiqui, the chairman of Ebox Systems, which assembles solar panels in Islamabad, said the new tax breaks were good news but Pakistani manufacturers would still struggle to compete with tax-free, low-priced imports of foreign-built solar panels and other renewable energy equipment.

The government had already waived off taxes and duties on the import of renewable energy products, and local manufacturers could not compete with the low-priced imported items, he added.

"Pakistan today imports more than 95 per cent of the solar panels and other renewable energy systems it uses, largely from China," said Aamir Hussain, chief executive officer of Tesla PV, one of the largest manufacturers of solar energy products in Pakistan.

As long as the government did not impose duties on the import of finished products, the local market could not grow, he added.

Pakistani manufacturers might also need the government help in pushing sales of new Pakistani clean energy products abroad in order to build bigger markets and lower manufacturing costs, Mr Siddiqui said.

Mr Mahmood, of the energy ministry, said he believed the government would also move to cut the existing duties on the import of components used in manufacturing finished renewable energy products in order to help Pakistani manufacturers.

Taxes on those components had pushed up prices of Pakistan-made renewable energy systems, making them harder to sell and leading several companies to the brink of failure, he added.

Local manufacturers should work with the government to determine which components should be manufactured locally and which imported to ensure that costs of locally made wind and solar systems were competitive, he said.

Muhammad Abdur Rahman, managing director of Innosol, a company that imports and installs renewable energy systems, said that cheap imports of renewable energy systems from China remained the main barrier to building more such systems in Pakistan.

"The local industry is facing pricing issues because of low-quality solar energy appliances being imported that are very cheap as compared to the local market," he added. That might be resolved in part by the government starting a certification system for renewable energy products to grade them according to quality, he said.

Amjad Ali Awan, chief executive officer of the Alternate Energy Development Board, said the aim of the new policies was for renewable energy to supply 28 to 30 per cent to national grid by 2030.

Published in Dawn, January 30th, 2019

https://www.dawn.com/news/1460680/taxes-on-solar-wind-power-equipment-may-be-waived-to-boost-production

KP TO GET RS40 BILLION HYDEL PROFIT NEXT MONTH

By Manzoor Ali | 1/29/2019 12:00:00 AM

PESHAWAR: The federal government is set to pay the Khyber Pakhtunkhwa government Rs40 billion from the province`s Rs65 billion share in net profit and its arrears projected for the current fiscal, of ficials said.

A senior official of the finance department told Dawn that the payment was likely to reach the province next month.

He said the department had projected the net profit for hydel power generation in financial year 2018-19 at Rs39.98 billion and the relevant arrears at Rs25.29 billion totaling over Rs65 billion.

Regarding the payment of the Rs25 billion arrears, the official said the province was likely to get details in that respect from the centre within a week.

The KP government has also been press-ing the federal government to implement the AGN Kazi formula to calculate the net hydel profit proceeds eyeing a surge in payments fromRs20 billion to Rs200 billion by 2023.

Both governments are currently holding talks on the issue. The Council of Common Interest had examined in April and Sept this year the implementation of the AGN Kazi formula for calculating profits on hydroelectricity production and formed a committee to determine the NHP figures under that formula.

On March, 2013, the then Pakistan Muslim League-Nawaz-led federal government and the Pervez Khattak-led provincial government had agreed to uncap the province`s net hydel profit proceeds and the payment of Rs70 billion to the province on account of the arrears of uncapped NHP after the reconciliation of mutual claims in the power sector and as full and final settlement.

Following the agreement, the province`s uncapped net hydel profit has gone up considerably.

The province received Rs18.7 billion hydel profit in the financial year 2015-16, Rs20 billion in 2017-18 and Rs28.78 billion for the current fiscal.

Of the Rs70 billion arrears, the provincial government has received the first and second tranche of Rs25 billion and Rs15 billion for the 2015-16 and 2016-17, respectively.

However, the Water and Power Development Authority has yet to release two tranches of Rs10 billion and Rs15 billion for 2017-18 and 2018-19, respectively.Last week, Khyber Pakhtunkhwa

Chief Minister Mahmood Khan met Prime Minister Imran Khan in Islamabad and requested him to resolve the issues regarding the payment of net hydel profit and its arrears to the province and the implementation of the AGN Kazi formula for the purpose.

`Mahmood Khan briefed the premier about the NHP issues and asked him to resolve this issue under the AGN Kazi formula,` a government statement issued here had said, adding that the premier assured the chief minister of the resolution of issues about the payment of NHP and its arrears under that formula.

The finance department`s White Paper 2018-19 said the KP government believed that the AGN Kazi committee`s methodology to determine net hydel profit, which was duly approved by the CCI, was neither implemented by Wapda nor was it honored by the federal government.

It called for the implementation of that formula.`Sinc the aforementioned arrangement being interim; therefore, the provincial government decided to approach CCI for implementation of KCM and related issues which are now under consideration by committee constituted by CCI in its meeting on April 24, 2018 to deliberate the issue for determination of rates in accordance with KCM,` the white paper said.

https://epaper.dawn.com/DetailImage.php?StoryImage=29_01_2019_007_005

March 2019

NEWS COVERAGE PERIOD FROM MARCH 25TH TO MARCH 31ST 2019

SOLAR PAKISTAN SHOW OPENS TODAY

RECORDER REPORT | MAR 28TH, 2019 | LAHORE

After exhibiting successfully for the last seventh consecutive years the International Exhibition for Renewable Energy is now going to organize its 8th Edition of Solar Pakistan 2019 from March 28 to 30 (Thursday-Saturday) at Expo Centre Lahore. The mega show of the renewable energy, organized by the FAKT Exhibitions, has now developed into a major platform for Solar Industry.

https://fp.brecorder.com/2019/03/20190328459067/

NEELUM-JHELUM POWER PLANT RUNNING AT PEAK CAPACITY

By Islamabad Published: March 30, 2019

OUR CORRESPONDENT: With the onset of summer increasing the flow of Neelum River, the Neelum-Jhelum Hydropower Project has reached its peak capacity of producing 969 MW of electricity. All four production units of the plant are running at their maximum. Each unit can produce 242.25 MW electricity.

According to a statement issued on Friday, the Neelum-Jhelum Hydropower Project became operational with the commissioning of its first unit on April 13 last year.

All four units of the project were commissioned successfully by August 14. However, the generation decreased with water flow reducing during winter.

Since its commissioning, the Neelum Jhelum Hydropower Project has so far injected over 2.1 billion units (kWh) to the national grid. Ninety per cent of the project is located underground.

The project, constructed on Neelum River in Azad Jammu and Kashmir, has a dam at Nauseri, an underground waterway system based on 52-km long tunnels and an underground powerhouse at Chattar Kalas with four power generating units.

The project provides about 4.6 billion units of electricity to the national grid every year and significantly contributes to meeting the electricity requirements of the country.

https://tribune.com.pk/story/1940119/1-neelum-jhelum-power-plant-running-peak-capacity/

OIL SET FOR BIGGEST QUARTERLY RISE SINCE 2009

By Reuters Published: March 29, 2019

LONDON: Oil prices rose on Friday amid OPEC-led supply cuts and US sanctions against Iran and Venezuela, putting crude markets on track for their biggest quarterly rise since 2009.

May Brent crude oil futures were up $0.83 at $68.65 a barrel by 1232 GMT, set for a gain of nearly 28% in the first quarter. The more active June contract was up $0.89 at $67.99 a barrel.

US West Texas Intermediate (WTI) futures were at $60.44 per barrel, up 1.14 cents, and on track for a rise of more than 33% over the January-March period.

For the two futures contracts, January-March 2019 is the best-performing quarter since the second quarter of 2009, when both gained about 40%.

Oil prices have been supported for much of this year by an agreement between the Organisation of the Petroleum Exporting Countries (OPEC) and allies such as Russia to cut output by around 1.2 million barrels per day.

"Production cuts from the OPEC+ group of producers have been the main reason for the dramatic recovery since the 38% price slump seen during the final quarter of last year," said Ole Hansen, Head of Commodity Strategy at Saxo Bank.

Barclays bank said on Friday oil prices "are likely to move still higher in Q2 and average $73 per barrel ($65 WTI) and $70 for the year".

Prices shrugged off a tweet from US President Donald Trump on Thursday, calling for OPEC to boost crude production.

"While OPEC, and above all Saudi Arabia, appeared in November to be obeying US President Trump's repeated demands to increase oil production, his tweets now are more likely to fall on deaf ears," Commerzbank said in a note.

OPEC and its allies are scheduled to meet in June to set policy, but some cracks in the union are emerging.

OPEC's de facto leader Saudi Arabia favours cuts for the full year while Russia, which joined the agreement reluctantly, is seen as less keen to restrict supply beyond September.

US sanctions on OPEC members Iran and Venezuela are also buoying prices. Washington is exerting further pressure on oil traders to cut oil dealing with Venezuela or face sanctions themselves.

Bank of America said it expected oil prices to rise in the short term, with Brent forecast to average $74 per barrel in the second quarter. Heading towards 2020, however, the bank warned of a recession.

A monthly Reuters' survey of economists and analysts forecast Brent would average $67.12 a barrel in 2019, about 1% higher than the previous poll's $66.44.

https://tribune.com.pk/story/1939903/2-oil-set-biggest-quarterly-rise-since-2009/

PETROL RATES LIKELY TO GO UP BY RS12

By Zafar Bhutta Published: March 29, 2019

KARACHI: Oil prices are likely to increase by up to 12.8% due to fluctuation in global oil prices for April 2019.

In a summary moved to the Petroleum Division on Friday, the Oil and Gas Regulatory Authority (Ogra) proposed that the price of high speed diesel be raised by Rs11.17 per litre or 10% and petrol prices be hiked by Rs11.98 per litre or 12.8% for the next month.

The regulator has also requested an increase in prices of kerosene oil of Rs6. 65 per litre or 7.7%, while a rise of Rs6.49 per litre or 8.4% has been recommended for light diesel oil (LDO).

If the government accepts this recommendation, then diesel prices would inflate from the existing Rs111.43 to Rs122.60 per litre, petrol from the current Rs92. 89 to 104.80 per litre, LDO from Rs77. 54 to Rs84.03 per litre and kerosene oil would go up from Rs86.31 to Rs92.96 per litre.

The government will take the final decision on Ogra's recommendation on Sunday.

At present, the government is charging Rs18 per litre petroleum levy on high speed diesel, Rs14 per litre on petrol, Rs6 per litre on kerosene oil and Rs3 per litre on light diesel oil. In addition to this, the government is also collecting billions of rupees on account of general sales tax from the consumers.

High speed diesel is widely used in agriculture and transport sectors and therefore increase in its price would have a direct impact on life of a common man due to inflationary impact. The petrol is used in vehicles. Kerosene is used in remote areas for cooking where LPG is not available.

https://tribune.com.pk/story/1939867/2-petrol-rates-likely-go-rs12/

POWER TARIFF TO BE GRADUALLY INCREASED BY OVER RS2 PER UNIT: MINISTER

The Newspaper's Staff Reporter Updated March 27, 2019

ISLAMABAD: The government announced on Tuesday that electricity tariff would be gradually increased by Rs2.25-2.50 per unit in three phases and circular debt would be brought down to Rs250 billion by the end of December.

Speaking at a press conference, Minister for Power Omar Ayub Khan said the first increase of about Rs1 per unit or so would come into force over the next two to three months. The remaining increase would follow in about two quarters.

Replying to a question on conflict of interest because of appointment of Nadeem Babar as head of the prime minister's task force on energy sector as he is a key player among the independent power producers, the minister said while Mr Babar was a professional, it was the responsibility of the power minister and the power secretary as principal accounting officers to filter whatever proposals came forward. "The buck stops at me as the power minister," Mr Khan said, adding that Mr Babar had no executive role.

He said the previous government had delayed notification of tariff determined by the National Electric Power Regulatory Authority (Nepra) because of its electoral compulsions. Nepra had determined the power tariff increase of Rs3.66 per unit, but it was not passed on and, as a result, the circular debt ballooned to worrisome level, he said. "It was not passed on to get political gains and left for the next government to face the brunt."

The minister said the present government had rationalised the tariff by increasing on average Rs1.27 per unit instead of Rs3.66 per unit.

He said there was Rs200bn of capacity payment for two quarterly adjustments as per Nepra determination that was still overdue but the government did not charge it from the public. Now the government would charge it from consumers and it will be charged in installments.

He alleged that the previous government had also allowed full power supply to high loss areas to win votes. "Currently, the circular debt is at Rs803bn and we would bring it down to Rs250bn by the end of December," the minister said. "We are also going to issue a second round of Rs200bn Sukuk bonds."

He said the government had now improved the distribution companies' recoveries and increased it by Rs40bn during last three months, after taking strict actions against power theft. "We are going to further improve the recoveries of these Discos." He added.

Asked whether the government would continue load management in coming summers, the minister said loadshedding would be generally very minimal but high loss feeders would face maximum load management.

Besides, 600 megawatts would be added to the national grid from renewable resources in near future, he added.

He said the government was working on a new renewable energy policy which would be finalised by next month. "We are targeting to increase share of renewable in our energy mix to 20 per cent by 2025 and then to 30pc by 2030. While adding 30pc share of hydel sources, it would reach up to 60pc. "This would reduce power cost and our dependence on imported fuel and expenditure on its import for power generation," Mr Khan said.

He said the government was working on solarisation of 29,000 agriculture tubewells to get rid of huge subsidies being provided by the federal and provincial governments.

Published in Dawn, March 27th, 2019

https://www.dawn.com/news/1472138/power-tariff-to-be-gradually-increased-by-over-rs2-per-unit-minister

10MW SOLAR PROJECT LAUNCHED

From the Newspaper March 27, 2019

KARACHI: Reon Energy Ltd (REL) on Tuesday announced its latest 10MW captive Solar Power Project for Eni New Energy Pakistan at Bhit, Sindh.

REL chief executive Mujtaba Haider Khan said the project is expected to produce approximately 20 GWh annually. The output energy will be used on-site, reducing gas consumption and avoiding around 140,000 tonnes of CO2 equivalent emissions in the next 10 years, said a press release.

Published in Dawn, March 27th, 2019

https://www.dawn.com/news/1472156/10mw-solar-project-launched

UP TO 145PC RISE IN GAS PRICES SOUGHT

The Newspaper's Staff Reporter Updated March 25, 2019

ISLAMABAD: Up to 145 per cent increase in prescribed gas prices with effect from July 1, 2019 has been sought to meet revenue requirements of the gas utilities for the next financial year, it emerged on Sunday.

The Sui Northern Gas Pipelines Limited (SNGPL) and the Sui Southern Gas Company Limited (SSGCL) have filed their petitions for tariff increase at a time when the Pakistan Tehreek-i-Insaf (PTI) government was still grappling with the political fallout of the 35pc increase it had allowed in October 2018.

In the process, four managing directors of the two companies have since been removed.

The Lahore-based SNGPL that serves Punjab and Khyber Pakhtunkhwa has demanded an average increase of Rs723 to Rs1,224 per MMBTU (Million British Thermal Unit), suggesting a rise of almost 144pc with effect from July 1 for the financial year 2019-20, said an announcement by the Oil & Gas Regulatory Authority (Ogra).

Ogra receives petitions from gas utilities seeking increase in prices from July 1

The regulator said the SNGPL had submitted the revised petition on March 19 with the request for an "increase of Rs722.51 per MMBTU in its normal business of natural gas w.e.f July 1, 2019". As such, the SNGPL's average prescribed price per unit would rise to Rs1,224 from its existing rate of Rs501.19.

On top of this, the company has also demanded about Rs111.32 per MMBTU under the head of diversion of RLNG to domestic consumers and Rs6,086 per MMBTU on account of LPG business.

Interestingly, the cost of SNGPL's gas has increased by Rs66 per unit to reach Rs566.97 per unit or about 14pc when compared to its existing average prescribed price of Rs501 per unit but it was trying to recover shortfalls in revenue requirements of two years, including that of the current fiscal year.

Seeking increase in average prescribed price, the SNGPL gave a break up saying it be compensated for Rs62.3 per MMBTU, Rs98 per unit for operating cost, Rs70 per unit for guaranteed return on assets and Rs23per unit for late payment surcharge and short-term borrowing. The company demanded Rs381.54 per unit shortfall during fiscal year 2017-18 and Rs56.95 per unit for shortfall in 2018-19.

Separately, the other gas company, the SSGCL, has sought about Rs106.54 increase in its average prescribed price of Rs591.67 per unit to reach Rs698.21.

The cost of SSGCL's gas has estimated an increase of about Rs50 per unit to Rs642 per unit from its existing prescribed price of Rs592 per unit. It sought an increase of Rs64 per unit increase in operating cost, Rs17 per unit depreciation and Rs22 per unit increase for return on assets.

Domestic gas prices are linked to international oil prices under various petroleum policies.

Prime Minister Imran Khan has repeatedly said the gas companies were losing more than Rs50 billion to theft and mismanagement.

Under the law, the regulator is required to hold public hearings on the request of gas companies and then forward its determination to the government latest by May 20.

The government is required under the law to seek any change, if it considers so, to the proposed increase for various consumer categories within 40 days to Ogra for notification with effect from July 1 but without affecting the overall determined revenues.

The gas prices are changed twice a year – on the first of July and January. Because of political transition, the last gas price increase came into effect on September 27, 2018 instead of July 1. The 35pc average price increase of September was affected with a target to recover additional revenue of Rs116 billion, while high-consumption domestic consumers faced the highest 143pc increase.

Ogra had originally recommended an 186pc increase for the first two slabs of domestic consumers and a 30pc increase for most of other categories in industry, commercial, power sectors, etc. The government, however, diverted the burden from domestic consumers to electricity, industry, commercial and fertiliser sectors that would indirectly spread out to all consumers and categories.

Published in Dawn, March 25th, 2019

https://www.dawn.com/news/1471715/up-to-145pc-rise-in-gas-prices-sought

NEWS COVERAGE PERIOD FROM MARCH 18TH TO MARCH 24TH 2019

OIL PRICE RISING AS GLUT EVAPORATING

Syed Rashid Husain Updated March 24, 2019

Crude oil prices are on the rise. Last week WTI topped $60 a barrel for the first time since Nov 9, 2018 and Brent hit a four-month high at $68.69 on Thursday.

The determination of the Organisation of Petroleum Exporting Countries (Opec) and its allies, Russia included, to continue with their experiment of cutting output to get rid of the glut in the market seems working.

Fresh evidence of the success of Opec's strategy arrived last Wednesday when the US Energy Information Administration posted a large and unexpected drop in its crude inventories. US stockpiles fell 9.6 million barrels against analysts' expectations for an increase of 309,000 barrels. The draw was the largest since July 2018 and brought stockpiles to their lowest since January, sending US oil prices higher.

Markets psyche plays a big role in determining crude prices. When Saudi Arabia squeezed its exports to the US, the reasoning was apparent. It wanted to generate headlines; glut is evaporating. And since the US data gets reported every week, it ought to have a big impact on the global psyche, signalling the balance is getting tighter. This was a shrewd move by Riyadh.

In the meantime, the US sanctions against the oil exports of Iran and Venezuela are also sending bullish signals to markets. A stronger dollar also helped the rally.

Rising oil prices at the start of 2018 prompted President Donald Trump to unleash a barrage of strong tweets aimed at Opec. In the wake of the ongoing bullish trend, is President Trump going to embark on his tweet diplomacy again? Most now expect so. "It's surprising he hasn't tweeted anything yet," Matt Smith, director of commodity research at ClipperData told the press.

"You've got to believe we're due for a Trump tweet at some point," John Kilduff, founding partner at Again Capital was quoted as saying.

Beyond tweeting, Trump could also influence the oil market by renewing waivers to some of the Iranian customers, allowing them to keep buying crude from the sanctioned-country. Opec and its allies are standing guard against the possibility.

Saudis are defiant. Recent history makes them overly cautious. The scenario was similar last autumn too. Sanctions on Iran were getting in place. Markets were tightening. President Trump's tweet diplomacy was at its peak, asking Opec to restrain its act and not to tighten the markets at a point in time when screws were being tightened on Iranian crude.

The Saudis gave in and bowed to intense pressure from Trump. But then, they were in for a real surprise. Out of blue and without any notice, the Trump administration gave waivers to eight countries. This stunned Riyadh.

Hence the defiance, this time around. When Trump tweeted on Feb 25, that Opec should "relax" its stance on tightening supplies, he was gently rebuffed by Saudi Energy Minister Khalid Al-Falih who favoured maintaining output curbs in the second half of the year. This defiant tone was backed by actions.

Saudi Arabia has now cut production by even more than it pledged and intends to continue doing so next month. "We're going to see quite a different Saudi Arabia than what we saw in the fall," Mohammad Darwazah, a director at Medley Global Advisers, told the press. "I don't think they're going to be as accommodative (to Trump)."

And although higher oil prices may appear bad for consumers, Trump advisers are now suggesting the US may eventually benefit from high prices. "If the United States becomes an annual net exporter of petroleum, higher oil prices would, on average, help the US economy," the Council of Economic Advisers said in its annual economic report.

And with growing domestic output, the US clout on crude markets is going up. Washington now seems wanting to exploit it politically, with Secretary of State Mike Pompeo urging the US oil industry to work with the administration to promote US foreign policy interests, especially in Asia and in Europe, and to punish what he called "bad actors" on the world stage.

Pompeo added that America's new-found shale oil and natural gas abundance would "strengthen US hand in foreign policy."

The Arabs using oil as a tool of foreign policy is now a page of history. Now it's the turn of the Americans. What a change in fortunes.

Trump is faced with a tricky situation. Should he squeeze Opec to open taps or should he use high prices to boost the US energy clout? It may not be easy for him to decide.

Published in Dawn, March 24th, 2019

https://www.dawn.com/news/1471524/oil-price-rising-as-glut-evaporating

SSGC SEEKS RS 106.54 PER MMBTU PRICE INCREASE

RECORDER REPORT | MAR 23RD, 2019 | ISLAMABAD

Sui Southern Gas Company Limited (SSGCL) has filed a petition before Oil and Gas Regulatory Authority (Ogra) seeking a price increase of Rs106.54 per mmbtu for the next financial year 2019-20.

In estimated revenue requirements (ERR) for financial year 2019-20, the SSGCL requested to increase the average prescribed price from Rs 591.67 per mmbtu to Rs 698.21 per mmbtu for the next financial year 2019-20.

The average prescribed price includes cost of gas, Rs 641.92 per mmbtu, operating cost, Rs 64.58 per mmbtu, depreciation, Rs 16.88 per mmbtu, subsidy for LGP Air Mix Projects, Rs 5.43 per mmbtu, UFG adjustment, Rs -2.10 per mmbtu, UGF adjustment on RLNG volume Rs -24.72 per mmbtu, staggering of financial impact, Rs -10.29 per mmbtu, and other operating income Rs -15.64.

The company has estimated tariff related to LNG consumers at Rs 32.60 per mmbtu. The Ogra has invited consumers for public hearings in Karachi and Quetta before finalising the ERR for gas companies. The public hearing in Karachi and Quetta will be held on April 8 and April 10, respectively.

https://fp.brecorder.com/2019/03/20190323457915/

PAKISTAN TO START PRODUCING POWER FROM THAR COAL IN FEW DAYS

By Salman Siddiqui Published: March 19, 2019

KARACHI: Pakistan's decades-old dream of producing electricity from the world's seventh largest coal reserves in Thar has almost come true. The country is all set to start generating power with the help of coal in the next few days.

"We are scheduled to test one of the two 330-megawatt power plants based on Thar coal any day between March 20 and 25," revealed Engro Powergen Thar CEO Ahsan Zafar Syed while talking to The Express Tribune.

The company will test the second plant in late April.

"We are four months ahead of the timeline set for switching on the power plants," he said. "The project is almost done well within the budgeted cost (investment) of $1.1 billion while we have significantly saved cost of the mining project, which was originally estimated at $845 million."

Both the plants will be connected to the national grid one by one through the 232km Thar-Mitiari transmission line during their testing phase.

In June, both the plants would formally start commercial production "as the commercial operation date (COD) of the first mine-mouth power project is set for June 2019," he said.

Pakistan discovered the Thar coalfields in 1991. These contain the world's seventh largest coal reserves of 175 billion tons, more than the combined oil reserves of energy-rich Saudi Arabia and Iran, and 68 times higher than Pakistan's total gas reserves. Singh Engro Coal Mining Company (SECMC) – a group of seven stakeholders including the government of Sindh with 51% majority stake as well as Engro, the Habib Group and Hubco – has dug 148 metres down block-II in Thar coalfields in the past nine years.

SECMC has been allotted block-II which carries only 1% of the total reserves in Thar. "Coal deposits in block-II are enough to produce 5,000MW of electricity for the next 50 years," Syed said. "We have invested a lot of time, money and human resources to make the dream come true."

The two plants need 12,500 tons of coal each day (or 3.8 million tons per annum) to produce 660MW of electricity. This is one of the early harvest projects marked under the China-Pakistan Economic Corridor (CPEC) – a multibillion-dollar initiative of Beijing aimed at developing Pakistan's infrastructure and power sectors.

"The two projects (power plants and coal mining) carry around $800 million in foreign loans, mostly from China," he said, adding that the projects had a ratio of 25% equity and 75% debt.

The mine-mouth power plant would produce electricity at a 30-year levellised tariff of 11 US cents per unit (or Rs13 per kilowatt), he said, adding that the share of power from coal-fired projects was set to increase to 11% in the near future from around 7% at present. "It stood at around 1% two years ago." However, Pakistan would be far away from the average 40% of electricity from coal-fired projects, Syed pointed out. He called Thar coal the answer to the existing power crisis in the country. "There is still a shortfall of 4,000MW between power demand and supply," he said.

He pointed out that the locally produced coal, which is better known as lignite, was best for power production and similar coal was being utilised by European nations such as Germany and Poland. He shared that Thar coal would, in the long run, reduce burden on the country's foreign currency reserves as Pakistan imported a huge quantity of oil and gas for power production.

In the second phase of Thar coal block-II project, two other companies – Thar Energy Limited (TEL) and ThalNova – will each set up 330MW power plants by 2021. Block-II will increase coal production by 3.8 million tons in each phase. It has a total of five phases and the first one is nearing completion.

"We dream of producing a total of 5,000MW through the supply of 30 million tons of coal by the time fifth phase is completed. However, timelines for the fifth and the last phase are yet to be determined," he said.

Published in The Express Tribune, March 19th, 2019.

https://tribune.com.pk/story/1932289/2-pakistan-start-producing-power-thar-coal-days/

NEWS COVERAGE PERIOD FROM MARCH 11TH TO MARCH 17TH 2019

KP APPROVES SALE OF 18MW POWER TO GADOON'S INDUSTRIES

RECORDER REPORT | MAR 15TH, 2019 | PESHAWAR

The provincial government of Khyber Pakhtunkhwa has given node to the sale of 18MW electricity generated by Pehur Hydro Power Station to the industrial units of Gadoon Amazai Industrial Estate at wheeling charges.

The provision of cheap electricity to industries will help in escalating industrial promotion and ensure generation of better employment opportunities in the province, cabinet members agreed.

The approval was given by the provincial cabinet, which met here the other day with Chief Minister, Mahmood Khan in chair. The meeting was attended by provincial ministers, advisors, special assistants, chief secretary, administrative secretaries, IGP and other concerned officers.

The cabinet authorized Energy and Power Department to sale electricity generated by the Pehur Hydel Power Station to industries in Gadoon Industrial Estate through open bidding in accordance with the relevant laws.

The objective behind the decision is expansion and promotion of industrial sector of the province, they added. In the wake of decision, industries in Gadoon will not get electricity at a rate ranging between Rs6.5 per unit to Rs10.5 against the prevailing rate of PESCO of Rs14 per unit.

The cabinet also gave approval to amendment in section 28 of Pakhtunkhwa Child Protection and Welfare Rules 2016. The amended rule envisages age limit for appointment of Chief Protection Officer. The cabinet also approved development budget of 2018-19 for Mardan district.

Presiding over the meeting, the Chief Minister issued directives for holding of cabinet meeting after every 15 days. In cabinet meetings, briefing would be held about pace of ongoing development work in merged districts, he instructed. The meeting will also take a review of implementation on decisions taken in the previous meeting, he further directed.

The Chief Minister also issued directives for amendments in rules and laws pertaining to promotion of investment in the province so that economic activities could be accelerated and people would be given opportunity of employment and progress.

It was also decided in the meeting that details about implementation of all the approved rules and laws will be presented in the next meeting of the cabinet so that government should ensure that people are getting benefits of these decisions.

The Chief Minister also directed for inclusion of additional services in Right to Public Service Commission Act so that masses be provided services at their door steps. The meeting also decided that cabinet members and administrative heads of government departments would pay regular visits to merged districts and brief people about the 10 years development plan.

https://fp.brecorder.com/2019/03/20190315455522/

IGCEP SUBMITTED TO NEPRA: NTDC ESTIMATES PEAK DEMAND TO REACH 80,000MW BY 2040

MUSHTAQ GHUMMAN | MAR 14TH, 2019 | ISLAMABAD

National Transmission and Despatch Company (NTDC) has submitted Indicative Generation Capacity Expansion Plan 2018-40 (IGCEP) according to which peak demand will be around over 80,000MW to be produced from all sources. The IGCEP has been submitted to the National Electric Power Regulatory Authority (Nepra) which will evaluate the estimates of NTDC and give its recommendations/suggestion to alter the 164 pages expansion plan. In spite of massive generation capacity additions over the last five years, after witnessing acute electricity shortages since 2006, electricity demand, at certain times during the year, still exceeds the generation capacity. However, the difference is relatively quite small and demand-supply projections ensure that there will be sufficient capacity to meet the demand in the coming years.

According to the Plan, in 2018, the nominal capacity and demand match quite closely as the nominal/de-rated capacity from all generation sources hovers around 27,715MW whereas the demand is close to 26,700MW. From year 2019, the gap between nominal capacity and the demand is steadily widening, and the same starts surpassing the peak load of the system.

The expansion plan says that in order to ensure regulatory compliance and sustain it on annual basis, as required by the Grid Code, NTDC in collaboration with CPPA-G has formulated the IGCEP (2018-2040) by considering all the existing as well as firm future power plants.

In Pakistan, the generation capacity additions in past five years have been remarkable. However, planning remained fragmented all-across the energy value chain of which electricity is a subset.

In the year 2032, the cumulative nominal capacity is approximately 62,979MW whereas the peak load is projected at 50,306MW, thus a wide disparity of around 13,000MW exists between the two parameters and the capacity is in surplus as compared to demand.

As per the study outcome, in the year 2040, the total nominal capacity in the system stands at 98, 091 MW against a peak load projected as 80,425MW. Therefore, it can be observed that a significant surplus of around 17,600MW persists between the projected demand and the installed capacity.

In order to balance a projected peak load of 80,000 plus MW by the year 2040, the Wein Automatic System Planning (WASP) model gives a target of managing around 95,000MW as the nominal generation capacity.

Currently, Pakistan's electricity sector has a flexible generation mix with 69 percent share of thermal and 26 percent share of hydro generation and its turnover now exceeds 100 TWh thresholds. It comprises 18 Nos. 500 kV, 42 Nos. 220 kV and about 1,000 Nos. 132 kV substations.

Salient features of the study are as follows: (i) massive utilization of indigenous coal based power ;(ii) balancing the overall basket price with increased share of hydro power ;(iii) less reliance on imported fuel i.e. coal, R-LNG, RFO;(iv) renewable accounts for a share of 16% of the overall capacity. Meanwhile, by the year 2040, a capacity of around 9,000MW is meant to be retired.

The drastic change in capacity factor of some plants between the years 2028 to 2032 is due to certain rationale: up to the year 2032, the power purchaser is obliged to utilize 66 percent of the RLNG fuelled plants under contractual obligations. Beyond 2032, these take or pay fuel contracts of 4 x RLNG plants will expire and the results of capacity factors are thus different. Due to this reason, the capacity factors of coal-based plants, imported as well as Thar coal, are lower in the period from 2028 to 2032 and then onwards, there is a rising trend. In order to honour the contracts of RLNG plants, the model has been developed in a way, that up to 2032, the capacity factors of RLNG plants are higher than 66%. If the contracts of these plants are not modelled in the tool, these plants are dispatched way below the guaranteed dispatches of 66 percent that will result in additional burden to the electricity customer as the sector will end up paying for fuel not utilized below these capacity factors. Due to this constraint, the Thar coal-based projects are dispatched at lower capacity factor.

As these constraints are released in 2032, the capacity factors of the RLNG plants, being a costly option, reduce and those of Thar Coal based projects increase substantially which means that Thar coal is a cheaper option in the future. The gradual decrease in the capacity factors of other older plants is the result of efficient and cheap generation addition in the system. However, the sudden drop of capacity factors of certain economical plants from high utilization factors to zero is because of the expiry of respective PPAs, particularly, HCPC, Uch and Liberty Power fall in this category. These are indigenous gas based economical plants which are expected to be dispatched at high capacity factors till the expiry of their corresponding PPAs.

https://fp.brecorder.com/2019/03/20190314455201/

PAKISTAN, TURKMENISTAN SIGN DEAL FOR TAPI GAS PIPELINE

Khaleeq Kian iMarch 13, 2019

ISLAMABAD: Pakistan and Turkmenistan on Tuesday signed a Host Government Agreement (HGA) for implementation of up to $8 billion Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline and agreed to set up a working group to finalise an agreement on transmission line of up to 1,000MW electricity.

The signing of HGA would enable the Interstate Gas Company — a subsidiary of Pakistan's petroleum division — and TAPI Project Company Ltd (TPCL) — a joint company of the four countries — to enter into a formal technical implementation agreement for the ground-breaking ceremony (GBC) of the section of pipeline in Pakistan within two to three months.

Similar GBCs for construction of about 200km pipeline in Turkmenistan and about 800km in Afghanistan have already taken place and project implementation has started. Turkmenistan holds about 85pc shares of TPCL while remaining shares are equally held by Pakistan, Afghanistan and India at the rate of 5pc.

Work on section of pipeline in Pakistan likely to begin within two-three months

The HGA was signed by Petroleum Secretary Mian Asad Hayauddin from the Pakistani side and CEO of TPCL Amanov. Pakistan's Minister for Petroleum Ghulam Sarwar Khan and Turkmen Foreign Minister Rashid Meredov and Energy Minister Döwran Rejepow attended the signing ceremony.

Mr Khan welcomed the signing of HGA as an important event to push forward the TAPI gas pipeline project and reiterated Pakistan's complete commitment towards early and successful implementation of the project.

The Turkmen foreign minister apprised the Pakistani side of Turkmenistan's initiatives in ensuring that the timelines of the project were being met and appreciated the signing of HDA as a major milestone and Pakistan's continued commitment to and active interest in the TAPI gas project.

Mr Meredov said his country was working on a plan to make a transport and energy corridor between Pakistan and Turkmenistan via Afghanistan and to lay an optic-fibre network parallel to the route of the pipeline and see its possible extension till China.

The TAPI gas pipeline project aims to bring natural gas from Gylkynish and adjacent gas fields in Turkmenistan to Afghanistan, Pakistan and India. The Asian Development Bank is acting as the facilitator and coordinator for the project.

The project is a 56-inch diameter 1,680km pipeline with design capacity of 3.2 billion cubic feet of natural gas per day from Turkmenistan through Afghanistan and Pakistan up to Pak-India border.

There are two phases of this project. The first phase is free flow phase with estimated cost of $5 to $6bn while the second phase is the installation of compressor stations with estimated cost of $1.9bn to $2bn. Civil works of the project have already commenced in Afghanistan after the project's ground breaking (Afghan section) was held last year.

Both Turkmenistan and Pakistan resolved to hold the Steering Committee meeting of the project during the current month. The tenders relating to this project will be analysed in the next two months and construction equipment will be procured in May 2019, according to a statement issued by the petroleum division. It said the land would be acquired in July 2019.

At a separate meeting with power division led by Minister Omar Ayub Khan, the visiting Turkmen ministers also decided to set up a joint working group to conclude negotiations on CASA-1000 transmission line project at the earliest.

The visiting delegation also had a meeting with Minister for Finance Asad Umar and discussed economic cooperation between the two friendly nations. Mr Umar explained benefits of China-Pakistan Economic Corridor (CPEC) to the delegation saying Pakistan was set to become the hub of economic activities once the project was completed.

Published in Dawn, March 13th, 2019

https://www.dawn.com/news/1469315/pakistan-turkmenistan-sign-deal-for-tapi-gas-pipeline

GOVT TO FORM NEW ZONES FOR OIL, GAS EXPLORATION

By Zafar Bhutta Published: March 12, 2019

ISLAMABAD: Prime Minister Imran Khan on Monday gave in principle approval to unveil a comprehensive package which includes offering better prices to oil and gas exploration companies drilling in risky areas of Balochistan and Khyber Pakhtunkhwa (K-P).

Under the new plan, there would be a shift from regulatory framework to information based system to end bureaucratic hurdles for exploration companies doing business in Pakistan.

The government would offer better ‘wellhead price’ to the oil and gas exploration companies in two new zones comprising a high-risk area of Balochistan and the K-P areas bordering with Afghanistan – in order to boost oil and gas production. The government has also decided to set up a special force to ensure the security of foreign companies.

Currently, there are three zones for onshore exploration activities based on risk and investment.

Zone-I comprises west Balochistan, Pishin and Potohar basins; Zone-II consists of Kirthar, east Balochistan, Punjab, and Suleman basins while Zone-III includes the Lower Indus Basin.

The government plans to introduce two more zones – one comprising frontier areas of K-P and the other risky areas for Balochistan. An official said the government would offer a better price to companies working in these two new zones to attract foreign companies.

Officials said the Pakistan Muslim League-Nawaz (PML-N) last government focused on imported gas and not a single new block was offered to gas companies. The present government had offered 10 blocks but the response was not encouraging. In a bid to attract more companies, the government wants to announce a compressive package to offer to foreign companies to invest in Pakistan.

They said the Petroleum Division on Monday also informed the prime minister that it wanted to introduce a package of better prices for the companies operating in the existing blocks for the speedy recovery of gas from the remaining reserves in the existing fields.

Officials said the PM was informed that bureaucratic hurdles were the main reason for lack of investment in the oil and gas sector. Due to these hurdles, several foreign companies had left Pakistan.

According to the new policy, the government would abolish the condition of approving development plan and there would be a shift from the regulatory regime to information based regime.

Under this mechanism, the oil and gas exploration companies would have to inform about the business plan only to the government and they would not require any approval.

Officials said the newly proposed package would be submitted before the Council of Common Interests (CCI) for approval. After its approval, the government would conduct roadshows in different countries like the US, the UK, and Russia to attract foreign firms to invest in Pakistan’s oil and gas sectors.

During the meeting, the prime minister directed the Petroleum Division to provide security to the foreign companies and it was decided to set up a special force in this regard.

The meeting also reviewed measures to reduce theft and losses faced by the Sui Northern Gas Pipeline Limited (SNGPL) and the Sui Southern Gas Company Limited (SSGC).

https://tribune.com.pk/story/1927613/2-govt-form-new-zones-oil-gas-exploration/

AFFORDABLE FUELS FOR POOR TO IMPROVE LIVING CONDITIONS IN RURAL AREAS

By SYED AKHTAR ALI Published: March 11, 2019

ISLAMABAD: Only 20% of Pakistan's population has access to clean piped natural gas (PNG) while the rest use biomass in the form of uplahs and shrubs or even trees, which causes deforestation.

Most of the biomass, in the manner it is used, causes health issues as smoke and carbon dioxide create lung and eye syndromes and uplas involve bad hygiene. A smaller percentage uses expensive liquefied petroleum gas (LPG) or kerosene. If rural migration is to be discouraged, lives in these areas have to be improved.

The PNG network cannot be extended to these areas. LPG, biogas and kerosene are the alternative clean fuel options. Already, small and poor consumers in urban centres are being offered PNG at highly subsidised rates. However, the poor in rural areas are without any subsidy in this respect.

According to the Oil and Gas Regulatory Authority (Ogra) report (2016-17), annual LPG consumption stood at 1.2 million tons, with share of domestic, industrial and commercial sectors at 37%, 36% and 27% respectively. The LPG's share in gas market stands at less than 8% and 58% of LPG demand is met through local production and the rest is imported.

LPG is almost as expensive as petrol. LPG in February 2019 was sold for Rs121 per kg at Ogra-controlled rates and Rs150 per kg in the black actual market. In terms of British thermal units, which enable us to compare prices across fuels, this boils down to Rs2,669 per million British thermal units (mmbtu) at controlled rates and Rs3,309 in the actual market.

Compare it with the PNG tariff of Rs142, LPG prices are 19 times higher and comparing with the highest PNG tariff, which is being contested, LPG prices are 83% higher. Only 20% of people have access to the PNG network while the rest are consuming biomass and the wealthier ones use LPG. Clearly, some reforms are required in LPG prices.

LPG is subsidised in India for the poor and the subsidy is transferred directly to the accounts of LPG consumers to avoid misuse. On February 8, the subsidised LPG price was INR493.53 per cylinder of 14.2 kg. There is a subsidy of around INR200 per cylinder. In Pakistan, the Ogra controlled/suggested price is Rs1,427 per cylinder of 14.2 kg, which is 30% higher than the corresponding price in India.

However, India is trying to substitute LPG with PNG. Possible motivation could be convenience, safety and price. In Pakistan, the retail LPG price of Rs2,669 ($19.34) includes 23.3% of GST and other taxes per mmbtu as opposed to the highest gas tariff of Rs1,460 against which there is a lot of hue and cry.

LPG prices are almost equal to gasoline prices and twice those of compressed natural gas (CNG). Thus, it appears that, there is practically no advantage in using LPG as a substitute of gasoline. However, CNG prices are almost 50% of LPG and gasoline prices, a clear substitution case.

Kerosene at Rs82 per litre is 77% of high-speed diesel (HSD) price and 91% of gasoline price. The incentive for adulteration is there by mixing cheaper kerosene with expensive HSD and is reportedly being done.

In India, kerosene is sold for PKR56 per litre as opposed to Rs82 per litre in Pakistan. In some states like Chennai, it is sold at 50% of the price elsewhere. India is moving towards PNG and LPG and kerosene demand is going down there.

There has been and continues to be a major adulteration problem in India of mixing cheaper kerosene with expensive gasoline and HSD. Kerosene subsidies are going down in India. Kerosene and LPG rates are almost equal there in terms of mmbtu.

There is a general case of subsidies on LPG, if LPG prices are compared with PNG prices. At a minimum, exemption from all taxes may be considered – after all largesse and support should not be restricted to the areas on PNG network. LPG-air mix plants have been set up keeping this in view. However, these plants benefit the rich who live in the developed network areas. Poor invariably lives in remote and least developed areas.

As a reference, the gas tariff of LPG-air mix plants of Rs600 per mmbtu may be kept in mind. However, it may be too much of a subsidy, if extended to the LPG cylinder. LPG-air mix and LPG cylinder should have some comparability, if not equality.

In northern areas, there is a humanitarian case as well as environmental one to provide cheaper alternative fuel. Poverty is widespread there and trees are cut for household fuel needs. LPG is sold in the black market at much higher prices than in lower areas.

There is a strong case for providing subsidies both for kerosene and LPG in these areas. The minimum subsidy is the waiver of petroleum levy and GST. This subsidy can be a general one and additional subsidies out of the budget should be provided to the poor. Although reference to India is not liked, one is prone to suggest Indian subsidised LPG pricing.

On the same argument, there is a case for subsidy on kerosene. So long as poverty and inequality persists, there will be a strong argument for subsidies to the poor, be it in fuel or elsewhere.

Subsidies are always misused and opposed by the International Monetary Fund (IMF). Cheaper LPG meant for northern areas may be sold in lower areas or for commercial vehicles. No perfect safeguard is available against malpractices.

However, solutions can be explored and implemented. Involvement of public-sector companies in distribution, special cylinders, etc can be adopted as a safeguard.

Eighty per cent of the population is using LPG, kerosene or biomass. Biogas can be cheaper and competitive in agricultural rural areas, requiring attention of the policymakers. LPG-air mix plants have been installed and the present government has not cancelled those schemes.

Biogas may substitute LPG in agricultural areas. Biogas-based small distribution networks are feasible. Provincial governments and local bodies may be encouraged and facilitated in establishing these plants.

Biogas is not a new concept. It has not acquired a market share as it could have. Most of the biogas schemes have been for small family-sized production for individuals. There has not been much of a movement for community-based production and distribution.

Public-sector companies like SSGC and SNGPL are in best position to play a facilitating role. A policy is required to encourage and finalise such systems. Technical assistance, demonstration projects, cheaper credit and loans can go a long way in increasing the role of biogas and improving living conditions in rural areas.

Punjab and Sindh are adequately positioned in this respect. Community solar and biogas is the name of the new order.

The writer has been member energy of the Planning Commission

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https://tribune.com.pk/story/1926870/2-affordable-fuels-poor-improve-living-conditions-rural-areas/

NEWS COVERAGE PERIOD FROM MARCH 4TH TO MARCH 10TH 2019

GOVT PLANS TO INCREASE LNG IMPORT FROM QATAR

By Zafar Bhutta Published: March 8, 2019

ISLAMABAD: Pakistan has decided to increase import of liquefied natural gas (LNG) from Qatar in an effort to ease a widening shortfall in natural gas supplies in the country.

The decision came despite investigation by the anti-corruption watchdog into a previous long-term deal with Qatar for LNG supply to Pakistan for 15 years – an agreement signed during the tenure of previous Pakistan Muslim League-Nawaz (PML-N) government.

At present, Pakistan is importing 500 million cubic feet of LNG per day (mmcfd) from Qatar and has planned to step up imports to 700 mmcfd in order to run the second LNG terminal at Port Qasim at maximum capacity.

“A Pakistani delegation left for Qatar on Thursday to negotiate additional supply of 200 mmcfd of gas,” an official said, adding Petroleum Secretary and Task Force on Energy Chairman Nadeem Babar was part of the delegation.

However, the appointment of Babar as chairman of the energy task force has raised questions due to the conflict of interest.

The current Pakistan Tehreek-e-Insaf (PTI) government has been critical of the LNG import deal signed with Qatar by the PML-N government and the National Accountability Bureau (NAB) is investigating the matter.

The anti-corruption watchdog recently wrote a letter to Railways Minister Sheikh Rashid Ahmed, asking him to provide proof that the LNG deal with Qatar had been inked at a higher price of 13.37% of Brent crude. A special audit has pointed to a loss of billions of rupees due to the deal with Qatar.

Total capacity of the second LNG terminal is 750 mmcfd, but the government has allocated a capacity of 600 mmcfd. Pakistan LNG Limited (PLL) has secured dedicated supply of 200 mmcfd of LNG and the remaining 400 mmcfd is being imported through spot purchases.

"The government is of the view that spot purchase of LNG is not a solution and it needs long-term supplies to run the terminal at full capacity," the official said, adding that the private sector had been seeking the allocation of idle capacity of 150 mmcfd at the second LNG terminal.

However, "now the government seems to be planning to utilise the entire terminal capacity as it is going to seek additional volume of 200 mmcfd of LNG from Qatar," the official said.

PLL, Sui Northern Gas Pipelines and LNG consumers like independent power producers (IPPs) and compressed natural gas (CNG) filling stations were required to sign an agreement, but the private sector was reluctant to ink deal on a 'take and pay' basis.

Last year, the second LNG terminal was running at a low capacity in the wake of failure of state-run enterprises to import more LNG and refusal by power producers to place firm demand orders for LNG supply.

Consumers paid an additional cost of $45 million for the unutilised capacity of the second LNG terminal in 2018. "They are also likely to pay an extra $40 million in the ongoing calendar year if the tussle between the LNG supplier and consumers continues," the official said.

Published in The Express Tribune, March 8th, 2019.

https://tribune.com.pk/story/1925165/2-govt-plans-increase-lng-import-qatar/

HASCOL'S OIL STORAGE CAPACITY BECOMES LARGEST IN PRIVATE SECTOR

By Salman Siddiqui Published: March 7, 2019

KARACHI: Hascol Petroleum Limited has become the largest oil marketing company in the private sector in terms of oil storages nationwide, a top official said on Wednesday.

"Hascol, in collaboration with Dutch company Vitol, has added 232,000 cubic metres of oil storage capacity at Port Qasim (Karachi) with an investment of $65 million," Chief Executive Officer Saleem Butt told The Express Tribune.

"With this, our oil storage capacity has surged to 28 days (of consumption) from 16 days earlier," he said, adding that other oil marketing companies had storage facilities for less than 20 days each.

Hascol Terminals Limited, an associated company of Hascol Petroleum Limited, has completed the process of commissioning its storage facility at Port Qasim.

"The terminal…has started operations. First shipment of motor gasoline (petrol) will reach on March 6, 2019 (Wednesday)," said Company Secretary Zeeshanul Haq in a notification to the Pakistan Stock Exchange (PSX) on Tuesday.

"With this, the total installed storage capacity surged to 400,000 tons with us. This has turned Hascol into a company that owns the largest oil storage facility in the private sector and second largest in the country after state-owned Pakistan State Oil (PSO), which manages 1.2 million tons of storage facility," Butt said.

The latest storage facility at Port Qasim is connected with 700km pipeline of Pak Arab Pipeline Company (Papco) from Karachi to central Punjab. The facility will greatly help in ending blackouts at fuel stations in Punjab. "Sometimes, a three-day suspension in supplies from Karachi to Punjab (via roads) results in blackouts at petrol pumps in Punjab," he elaborated.

He said it took almost two years to establish the latest storage facility at Port Qasim. Hascol has 49% shareholding while Dutch company Vitol owns the majority 51% shareholding in the facility. National Bank of Pakistan has also played a role in construction of the facility.

"Vitol has 28% shareholding in the overall business of Hascol Petroleum Limited," he said. The company, which also appears to be the second largest oil marketing company in terms of market share, which stands at 13.7% at present, after PSO, which has market share of 37%, will open 100 more filling stations nationwide in 2019.

At present, the company runs its business at 590 sites and is expected to manage 690 pumps by December 2019.

"We have a plan to add 100 sites every year till we reach 1,200 sites in the country," the CEO said.

Most of the new pumps will obviously be opened in Punjab as 60% population of the country resides there and 70% of demand for petroleum products comes from the province. "Pumps will be opened in that ratio," he said.

The demand for petrol was on the rise despite economic slowdown in the country, he said, adding, "petrol sales have surged 9% in the last two months in contrast to 20% drop in diesel sales."

Butt said Hascol, in collaboration with foreign firm FUCHS, is in final stages of setting up a lubricant blending plant.

The plant, which is being established with an investment of $20 million, is targeted to start production from May 1, 2019.

Hascol has started construction of a lube oil blending plant to produce FUCHS-branded lubricants and greases in Pakistan.

Published in The Express Tribune, March 7th, 2019.

https://tribune.com.pk/story/1924339/2-hascols-oil-storage-capacity-becomes-largest-private-sector/

PM ORDERS INCREASE IN OIL RESERVES

By Zafar Bhutta Published: March 6, 2019

ISLAMABAD: Prime Minister Imran Khan directed the Petroleum Division on Tuesday to increase the strategic oil reserves to provide an uninterrupted supply to the armed forces in the wake of ongoing tensions between Pakistan and India.

Chairing a meeting to review progress on energy-related projects, Khan directed for chalking out a strategy to enhance the strategic oil reserves to handle any war-like situation so that the armed forces could be provided uninterrupted supply to handle the possible aggression by India.

Finance Minister Asad Umar, Petroleum Minister Ghulam Sarwar Khan, prime minister's advisers Abdul Razzak Dawood and Dr Ishrat Hussain, Petroleum Secretary Mian Asad Hayauddin and senior officers attended the meeting.

The meeting reviewed progress on the petroleum and gas-related projects. During the meeting, an official said, an overview of all gas projects like TAPI, offshore gas pipeline, IP and North-South Gas Pipeline projects was given.

The meeting was informed that Pakistan had sufficient oil stocks in the country and that the oil marketing companies had also been directed to maintain enough stocks to provide oil supply to the armed forces in case of any Indian strike.

On the TAPI project, officials said that it was at an advanced stage and the TAPI Company was going to achieve financial close. The officials said that the project had been inaugurated in Turkmenistan and Afghanistan but Pakistan had yet to hold the inauguration ceremony.

On the Pakistan-Iran Gas Pipeline Project, the officials informed the prime minister that progress on IP project could not be made because of the US sanctions imposed on Iran.

It was also informed that Pakistan and Russia had signed a deal for an offshore gas pipeline project. Under the deal, Russia would conduct a feasibility study to build the project to provide 500 mmcfd to 1bcfd Russian gas to Pakistan.

The meeting was informed that the North-South pipeline project to be laid from Karachi to Lahore to transport imported gas. Officials said that the US sanctions had also caused a delay in implementing this project.

Russia had proposed different structure of companies to implement this project but the issue had not been resolved, officials told the meeting, adding that Russia had also proposed new model of entity to implement the project. The proposal had been forwarded to Law Division to vet the draft.

During the meeting, LNG-related issues also came under discussion. It was informed that the government wanted to set up one more LNG terminal. This terminal, officials said, would be set up by private sector and that no government guarantee would be involved.

It was also informed that the government wanted to build underground gas storages, which could be used in case of emergencies. The Petroleum Division informed the meeting that these storages would help address the issue of gas crisis in the country, especially in the winter season.

https://tribune.com.pk/story/1923794/2-pm-orders-increase-oil-reserves/

NEWS COVERAGE PERIOD FROM FEBRUARY 25TH TO MARCH 3RD 2019

OGRA SETS NEW TARIFF FOR GAS UTILITIES WITH 23.37PC HIKE

Khalid Mustafa March 2, 2019

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) Friday set on the higher side a new full gas cost price for both the utilities — Sui Northern and Sui Southern — at Rs623.62–631.86 per MMBTU for all consumer categories for estimated revenue requirement of ongoing financial year 2018-19.

According to new gas tariff determination, of which a copy is available with The News, the regulator has worked out the new gas cost price of both the utilities at Rs623.62–631.86 per MMBTU from July 1, 2018 with increase of 21.76-23.37% per MMBTU if compared with current average gas sale tariff that stands at Rs512,17 per MMBTU.

And if the IMF demand of setting the average sale gas tariff on a par with full gas cost price of both the gas companies is kept in mind, then the gas tariff hike is feared to increase over Rs119 per MMBTU. However, it all depends upon the government how much it increases the gas sales tariff from July 1, 2019. The IMF is stressing the government to end every kind of subsidy to gas consumers to make the gas sector sustainable. It also wants the government to recover full cost of gas from every consumer.

The regulator has set the new prescribed gas price of Sui Northern at Rs631.86 per MMBTU for estimated revenue requirement of the gas company for 2018-19 against the demand of Rs727 per MMBTU.

The regulator has also fixed the prescribed gas price for Sui Southern at 623.62 per MMBTU against the demand seeking price at Rs671.86. The regulator has come up with new gas cost of both the state owned companies to overcome of deficit of Rs50 billion and cope up with the price gap that got increased because of Pak Rupee depreciation by over 30 percent.

Both the gas utilities filed the review petition for estimated revenue requirement for 2018-19 as the earlier regulator fixed prescribed gas price at Rs629 per MMBTU for estimated revenue requirement of Sui Northern for 2018-19 and Rs595 per MMBTU for Sui Southern.

However, gas companies did not stay complacent and filed the review petitions and to this effect Sui Northern submitted a review petition seeking Rs727 as prescribed gas price for estimated revenue requirement for 2018-19 based on shortfall of Rs146.76 per MMBTU and likewise Sui Southern sought the gas cost price at Rs671.86.

The Ogra's senior official explained that on account of over Rs50.54 billion shortfall the companies facing and Pak Rupee depreciation, the new prescribed have been set at higher side. However, he said that for final revenue requirement of 2017-18, a shortfall of Rs96 billion has not yet been included on the directive of the government in the regulator's current determination which was demanded by the petitioner.

The PTI government has earlier increased the gas prices by 10-143 percent to recover Rs97 billion but still there is a shortfall of Rs50.54 billion for Ogra has come up with new average prescribed gas to meet the estimated revenue requirement for 2018-19 and the government keeping in view the new gas prices determined by Ogra, needs to increase the gas price by over Rs119 per MMBTU.

But the government will take the decision from July 1, 2019 about increase in gas sale tariff also keeping in view with estimated revenue requirement of 2019-2020.

To a question, the official said the government was currently extending Rs25 billion to zero-rated (textile, carpet, surgical, sports and leather) industry till June 2019 and Rs28 billion for some domestic consumers. The tandoors are also being given subsidy to contain Roti price.

https://www.thenews.com.pk/print/438692-ogra-sets-new-tariff-for-gas-utilities-with-23-37pc-hike

OGRA NOTIFIES 22PC RISE IN GAS PRICE

Khaleeq Kiani Updated March 02, 2019

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) on Friday notified a seven per cent increase in the price of liquefied petroleum gas (LPG) and allowed about 22pc rise in the prescribed rate of natural gas.

In separate determinations under revised revenue requirements for the current year, Ogra has allowed an increase of Rs119.68 per unit to Sui Northern Gas Pipelines Ltd's (SNGPL) prescribed price and Rs69.1 per unit to Sui Southern Gas Company Ltd (SSGCL) to meet their revenue requirements for 2018-19 by setting the average prescribed price at Rs631 per mmBtu.

According to the officials, about Rs111 per unit increase in prescribed prices was necessitated by unmet revenue requirement during the current year because of a lopsided tariff rise allowed in October last year and remaining Rs9 per unit because of increase in cost of gas.

Increase to take effect after govt approval

Under that structure, the government did not jack up gas rates for 90pc of consumers in nine months of the year and parked the entire increase in three winter months that raised a public outcry. On top of that, the tariff for zero-rated sectors was significantly reduced and maintained for special roti tandoors. As a consequence, the revenue requirement of gas companies fell short of approved targets and hence the need for fresh increase of about Rs120 per mmBtu.

The government had already allowed recovery of an additional Rs95bn from consumers in October that jacked up domestic consumer prices by up to 143pc.

This decision would allow an additional revenue of about Rs75bn to two gas utilities – Rs50bn to SNGPL and Rs25bn to SSGCL.

Under the law, the government is required to notify consumer prices on the basis of prescribed prices approved by Ogra or advise how the approved rise should be spread among various consumer categories.

The lower prescribed price of SSGC will not benefit consumers in Sindh and Balochistan because of a government formula currently in vogue that maintains a uniform natural gas tariff across the country. This policy requires the implementation of a higher-than-average prescribed price of either gas utility.

The higher tariff collected from consumers to ensure uniformity then results into gas development surcharge that goes to the provinces on the basis of their share in gas production.

The regulator noted that about $2 billion worth of gas was stolen per annum across the country, making a major contribution to more than 11pc unaccounted for gas losses. Ogra said it had held in its Final Revenue Requirement (FRR) for 2017-18 that if gas prices were not increased for 2018-19, total revenue shortfall as on June 30 would be approximately Rs164bn. Recovery of this amount in the remaining period till June 30 may require manifold increase in gas prices by the government.

Ogra expressed its displeasure over incorrect application of pressure factor in gas bills applied by the SNGPL. It asked the company to pass on reversal/adjustment to the affected domestic consumers due to application of pressure factor above eight inches of water column across the board for the period July 2018 to February this year.

The company was also directed to strictly follow this standard and stop application of pressure factor above eight inches of water column in domestic consumer gas bills in the future.

“In case of non-compliance, the volume booked by SNGPL by the application of said pressure factor, which is not in compliance with the consumer contract shall be reversed in the final revenue requirement,” the regulator said.

LPG price: Separately, Ogra also increased the price of indigenous LPG by Rs9 per kg or Rs95 per 11.8kg for March. According to a notification, the new price of 11.8kg domestic cylinder would be Rs1,523, up from Rs1,427.67 last month, showing an increase of 6.69pc.

It’s the third consecutive increase in LPG rates during 2019, as announced by Ogra and is mainly attributed to the surge in international prices.

The producers’ price for an 11.8kg domestic cylinder, including excise duty of Rs85 per metric tonne, worked out at Rs833.32. With an addition of Rs413 per cylinder marketing and distribution margin, consumer price worked out at Rs1,301 per cylinder and ended up at Rs1,522 after the 17pc general sales tax.

Published in Dawn, March 2nd, 2019

https://www.dawn.com/news/1467170/ogra-notifies-22pc-rise-in-gas-price

SINDH SEEKS COMPENSATION FROM CENTRE AGAINST GAS SUPPLIES

The Newspaper’s Staff Reporter March 02, 2019

KARACHI: Sindh Chief Minister Syed Murad Ali Shah has demanded the federal government pay the province compensation for supplying its natural gas to fertiliser and power sectors and the entire country at the expense of Sindh which has the first right to utilisation of indigenous gas under Article 158 of the Constitution.

Sindh had also asked the federal government to give representation to provincial governments in national institutions including OGDC, OGRA, PIA and others, said the chief minister at a high-profile meeting at the Chief Minister House on Friday.

The meeting discussed proposed amendments to OGRA Ordinance 2002 and decided to write a letter to the federal government asking it to convene a meeting of the Council of Common Interests which had been due for three months.

The chief minister, in this connection, asked Sindh Minister for Energy Imtiaz Shaikh to prepare a case and send it to the CCI secretariat to be taken it up in its next meeting. Under Article 158 of the

Constitution the province where wellhead of natural gas was situated had the first right to utilisation of indigenous gas “but on the contrary, the gas produced in Sindh is supplied to other provinces and requirements of the province are not being met,” he said.

He said: “In addition, the natural gas produced in Sindh is also supplied to fertiliser and power sectors and the entire country benefits from power and fertiliser.” Sindh, therefore, might be compensated for the amount of gas not provided to its consumers of different sectors, he said.

He said that if the natural gas had been supplied to Sindh’s industrial, commercial and domestic consumers, the province could have benefited greatly.

The Sindh government had also demanded the federal government should give representation to provincial governments in the national institutions such as OGDC, OGRA, PIA and others, he said.

The federal government has allowed SNGPL to inject RLNG for consumption by domestic and commercial consumers provided OGRA allows volumetric adjustments and financial impact on cost-neutral basis in line with Economic Coordination Committee’s decision of May 11, 2018.

The ECC had directed cabinet division to make necessary amendments to OGRA Ordinance 2002 so as to bring the RLNG supply chain within its ambit in consultation with petroleum division and OGRA.

The Sindh government has proposed an amendment to Section 3(3) and the amendment reads: “The authority shall consist of a chairman to be appointed by the federal government and four members, one from each province, to be appointed by the federal government in consultation with the provincial government concerned.”

The meeting, attended by Minister Imtiaz Shaikh, principal secretary to CM Sajid Jamal Abro, energy secretary Musaddiq Ahmed, finance secretary Najam Shah, MD TCEB Tariq Ali Shah and other officers concerned, also proposed an amendment to Section 3(13) which reads: “There shall be a vice chairman of the authority, appointed from amongst the members for a period of one year, by rotation, starting with Balochistan, then Sindh, then Khyber Pakhtunkhwa and Punjab.”

On the subject of “powers of the federal government to issue policy guidelines” the Sindh government proposed that the federal government could issue policy guidelines to the authority but with prior approval of CCI.

The Sindh government also urged the CCI to decide provincial government’s proposals such as amendment to the Regulation of Mines and Oil Fields and Mineral Development Act 1948, Petroleum Concession/Supplemental Agreement, and amendment to The Mines Act 1923 etc.

Published in Dawn, March 2nd, 2019

https://www.dawn.com/news/1467134/sindh-seeks-compensation-from-centre-against-gas-supplies

PRICES OF PETROLEUM PRODUCTS RAISED BY UP TO RS4.75

Khaleeq Kiani Updated March 01, 2019

ISLAMABAD: The government on Thursday increased the prices of petroleum products by up to Rs4.75 per litre for the month of March to pass on the impact of higher international prices to consumers.

In a decision announced by the Ministry of Finance, the price of petrol was increased by 2.76 per cent and that of high speed diesel (HSD) by 4.45pc. The price of kerosene oil was increased by 4.85pc and that of light diesel oil (LDO) by 3.33pc.

The ministry said the ex-depot price of petrol (MS 92 RON) had been raised to Rs92.88 per litre from Rs90.38, showing an increase of Rs2.50. The Oil and Gas Regulatory Authority (Ogra) had worked out an increase of Rs4.71 per litre.

Likewise, the ex-depot price of HSD was raised to Rs111.43 per litre from Rs106.68, showing an increase of Rs4.75. Ogra had calculated an increase of Rs9.44 per litre.

The government fixed the ex-depot price of kerosene at Rs86.31 per litre, up by Rs4 from Rs82.31. The regulator had proposed Rs8.06 per litre increase.

Similarly, the ex-depot price of LDO was increased to Rs77.53 per litre from Rs75.03, up by Rs2.50. The regulator had worked out Rs5.12 per litre increase.

The government has generally charging 17pc GST on all petroleum products, besides petroleum levy at a rate of Rs18 per litre on HSD, Rs14 on petrol, Rs6 on kerosene and Rs3 on LDO.

Petrol and HSD are two major products that generate most of revenue for the government because of their massive and yet growing consumption in the country. Sales of HSD are touching 800,000 tonnes per month and of petrol around 700,000 tonnes. Sales of kerosene and LDO are generally less than 10,000 tonnes per month.

Published in Dawn, March 1st, 2019

https://www.dawn.com/news/1466855/prices-of-petroleum-products-raised-by-up-to-rs475

GOVT REVIVES BLOCKED RENEWABLE ENERGY PROJECTS

Khaleeq Kiani Updated February 28, 2019

ISLAMABAD: The government on Wednesday decided to allow partial revival of renewable energy projects blocked in March last year by the PML-N government subject to a revised tariff mechanism and greater decisive role to National Transmission and Despatch Company (NTDC) to provide interconnection facility.

It also provided an opportunity to the Sindh government to provide interconnection grid facility for renewable projects (RE) projects that it had issued letters of interest (LoI) but were affected by the government’s decision of March 2018.

The decision was taken at a meeting of the Cabinet Committee on Energy (CCoE) presided over by Finance Minister Asad Umar. The meeting also reviewed about 20 per cent increase in revenue collection by power distribution companies through increase tariff, fuel price benefit, loss reduction and better recovery.

The CCoE noted that between November 2018 to January 2019 collection of power bills amounted to Rs244 billion compared to Rs204bn, showing an increase of almost Rs39.7bn. The major increase of Rs16bn came from increase in tariff while Rs13.3bn higher revenues were earned due to improved recovery from consumers. About Rs6.1bn saving was achieved in three months through loss reduction and Rs4.5bn through higher fuel price adjustment.

The CCoE approved proposals from the Power Division, providing for all future RE investments to be treated in line with the Renewable Energy Policy 2019 that envisages a framework consistent with the current international market norms and greater consumer benefits. The policy is currently being reviewed by stakeholders and would be formally taken up by the CCoE later but guiding principles were approved on Wednesday.

It was decided that all projects which have been granted letters of support (LoS) by the Alternate Energy Development Board (AEDB) shall be permitted to proceed towards the achievement of their requisite milestones as per the Renewable Energy Policy 2006. However in those cases where more than a year has elapsed since tariff determination by the National Electric Power Regulatory Authority (Nepra), the rates would have to be reviewed by the regulator as per policy.

The committee was informed that the 2006 policy offered liberal risk covers and attractive power purchase tariffs to the private sector with gradual transition to open market competition with utilities free to choose between supply options competing against each other. It was reported that a number of projects had issued LoI by the provinces. Several of these projects were granted tariffs and generation licences by Nepra and LoS by the AEDB but the then government stopped all these projects beyond a cutoff date without a revised policy for the transition.

It was decided that any resource risk linked with RE projects being considered as pipeline projects under the 2006 policy would be consistent with the Nepra's decisions taken in various tariff determinations dealing with such projects and resource risk for wind, solar and hydro would be henceforth borne by the seller.

Also, all processing of the subject projects would be linked with the date of grid interconnectivity as provided and confirmed by NTDC.

All projects that have been issued LoI, granted determination of tariff by Nepra and issued a generation license would be allowed to proceed ahead towards the achievement of their requisite milestones as per the 2006 policy. However, if the tariff determination has been done since more than one year or if the tariff validity period, has elapsed, Nepra would be requested for review of the same to make it consistent with the current market environment, lower cost and consumer interest.

In case of wind projects that fall in the above categories and are situated in the wind corridor of Jhimpir, Sindh, the NTDC and Sindh government would work on the latter's proposal for the construction of evacuation facilities from the said corridor by the provincial government and would be reflected in a firm agreement between the two.

Based on the NTDCs confirmation of evacuation and as per the timeline decided for completion of the projects, the Central Power Purchasing Agency-Guarantee would consider granting of consent. Also projects that have been issued Lol prior to the expiry of the of RE Policy 2006 on March 08, 2018 but have not received a tariff determination from Nepra would be allowed to proceed ahead subject to becoming successful in the competitive bidding process to be undertaken by the AEDB.

For projects which are regarded successful in the bidding process, LoS shall be issued subsequently allowing the projects to achieve Financial Closing as per the time period allowed in the document. The sponsors willing to proceed with the development of their respective projects under this mechanism shall be required to provide an undertaking to withdraw all lawsuits against federal and provincial government and their entities without prejudice.

Published in Dawn, February 28th, 2019

https://www.dawn.com/news/1466587/govt-revives-blocked-renewable-energy-projects

UP TO 10PC HIKE IN PETROLEUM PRICES PROPOSED

Khaleeq Kiani Updated February 28, 2019

ISLAMABAD: With increased rate of petroleum levy, the government is estimated to raise the prices of petroleum products by up to 10 per cent effective from March 1.

A senior government official told Dawn that the Oil and Gas Regulatory Authority (Ogra) on Wednesday forwarded its calculations on petroleum prices to the government on the basis of increased rates of general sales tax and petroleum levy.

Based on revised tax rates and import parity price of Pakistan State Oil (PSO), Ogra has worked out about Rs9.44 per litre increase in the price of high speed diesel (HSD), Rs4.71 in petrol, Rs8.06 in kerosene and Rs5.12 in the price of light diesel oil (LDO).

As such, the ex-depot rate of HSD has been calculated at Rs116.12 per litre from about Rs106.68, showing an increase of 8.8pc.

Likewise, the petrol price has been proposed to go up to Rs95.09 per litre, from the existing rate of Rs90.38, up 5.2pc.

The price of kerosene oil has been proposed at Rs90.37 per litre instead of Rs82.31, showing an increase of 9.8pc. The ex-depot price of LDO has been worked out at Rs80.15 per litre instead of existing rate of Rs75.03pc litre, showing an increase of 6.8pc.

Last month, the government had increased general sales tax rate on all petroleum products to 17pc across the board to generate an additional revenue of about Rs11bn per month. Until Dec 31, 2018, the government was charging 0.5pc GST on LDO, 2pc on kerosene, 8pc on petrol and 13pc on HSD.

Besides the 17pc GST, the government has more than doubled the rate of petroleum levy on HSD to Rs18 per litre instead of Rs8, while levy on petrol had also been increased by 40pc to Rs14 instead of Rs10 per litre. The petroleum levy on kerosene oil and LDO remains unchanged at Rs6 and Rs3 per litre, respectively.

Over the last two months, the government has started increase petroleum levy rates because it remains in the federal kitty unlike GST that goes to the divisible pool taxes and thus about 57pc share is grabbed by the provinces.

The petrol and HSD are two major products that generate most of revenue for the government because of their massive and yet growing consumption in the country. Total HSD sales are touching 800,000 tonnes per month against monthly consumption of around 700,000 tonnes of petrol.

The sales of kerosene oil and LDO are generally less than 10,000 tonnes per month.

The petroleum prices have generally been on the rise since early 2017, apart from a couple of reductions. Over the last couple of weeks, the international benchmark – Brent prices – has slightly increased and the government has been mopping up tax rates in run up to finalisation of an IMF assisted stabilisation programme.

Published in Dawn, February 28th, 2019

https://www.dawn.com/news/1466586/up-to-10pc-hike-in-petroleum-prices-proposed

ECC APPROVES POWER PURCHASE AGREEMENT

By Our Correspondent Published: February 27, 2019

ISLAMABAD:The Economic Coordination Committee (ECC) approved a power purchase agreement for the fourth 1,263-megawatt liquefied natural gas (LNG)-based power plant in Punjab to overcome electricity crisis in the upcoming summer season.

In a meeting chaired by Finance Minister Asad Umar on Tuesday, the ECC approved the power purchase agreement and a gas sale-purchase agreement would be signed between Sui Northern Gas Pipelines Limited (SNGPL) and Punjab Thermal Power Limited for gas supply to the LNG-based power plant, an official said.

Three LNG-based power plants of 3,500MW accumulated generation capacity are already operational in Punjab.

During the Pakistan Muslim League-Nawaz (PML-N) government, the Private Power and Infrastructure Board (PPIB) had approved the construction of a 1,250MW LNG-based power plant near Trimmu barrage in Jhang district, Punjab at an estimated cost of $802 million.

The National Electric Power Regulatory Authority (Nepra) has already approved a tariff of Rs5.9084 per unit for the combined-cycle 1,263MW LNG-fired power plant for 30 years. The tariff for the combined-cycle power plant to be run on high-speed diesel has been fixed at Rs11.1659 per unit for 30 years.

However, the tariff for simple-cycle operation has been determined at Rs9.3042 per unit. The simple-cycle tariff on the basis of units delivered with LNG as fuel will only be applicable during the availability of gas turbines for the simple-cycle operation for a maximum of 349 days before the commercial operation date of the power complex on combined-cycle operation.

According to a statement, the economic decision-making body also approved a supplementary grant of Rs46.4 million for the payment to families of deceased employees of the Petroleum Division.

The ECC approved a proposal of the Finance Division on placement of a summary before the federal cabinet for Rs200.075-million supplementary grant to Balochistan. It also approved immediate release by the Finance Division of a supplementary grant of Rs20 million for the Ministry of National Food Security and Research for the establishment and operation of the Plant Breeders’ Rights Registry.

The ECC approved a proposal of the Commerce Division for tobacco seed analysis at Eurofins Lab Germany aimed at production of good-quality tobacco for domestic and export purposes.

It also approved a supplementary grant of Rs11.441 million for the Ministry of Privatisation to meet expenses on the relocation of its offices.

Published in The Express Tribune, February 27th, 2019.

https://tribune.com.pk/story/1919059/2-ecc-approves-power-purchase-agreement/

HYDROPOWER POTENTIAL IN KP: MARKHOR ENERGY, INFRACO ASIA SIGN ACCORD

RECORDER REPORT | FEB 25TH, 2019 | KARACHI

By developing five hydropower projects totalling 100MW in power output, Markhor Energy and InfraCo Asia aim to open up future private sector investment in small to medium hydropower projects in the KP province, and lower electricity prices by reducing reliance on imported fuel. Markhor Energy and InfraCo Asia Development Pte. Ltd. (InfraCo Asia), a company of the Private Infrastructure Development Group (PIDG), announced the signing of a Joint Investment and Development Agreement (JIDA) for the development of portfolio of 5 hydropower projects with a projected combined power potential of approximately 100MW in Khyber Pakhtunkhwa (KP) Province of Pakistan. The projects will be implemented by Equicap Asia, InfraCo Asia's contracted Developer Team for South Asia.

This agreement will help fulfil InfraCo Asia's aim of enabling and accelerating investment in small to medium hydropower plants in Pakistan. Growth in hydropower will help diversify the energy mix in Pakistan and will also help reduce the overall electricity tariff in the country.

Presently, approximately 60 percent of Pakistan's total energy mix is based on imported fuel (oil and RLNG), which increases the off-take price due to changes in the price of oil in the international market. Developing hydropower projects will reduce the import bill of the country and reduce its carbon emissions. Hemayatullah Khan, Advisor to the Chief Minister of Khyber Pakhtunkhwa on Energy and Power said, “We welcome InfraCo Asia to the KP Province and I am extremely pleased that they have chosen our hydropower sector for their first investment. There are huge opportunities under our policy framework for experienced and credible investors like InfraCo Asia in this sector. Clean, renewable energy is central to Pakistan's future development plans and the provincial government, under the leadership of our Chief Minister, is ready to provide all facilitation to ensure investors' interests are protected.”

Pakistan has a hydro power potential of 41,700MW out of which 24,000MW is in KP province. There are currently no small to medium hydro power projects in operation in the private sector. While private sector investors have expressed interest in small to medium size projects (less than 100MW) in the KP province, they have not moved forward because the current risk profile is high.

InfraCo Asia CEO Allard Nooy said, “InfraCo Asia's investment in the KP hydropower projects is aimed at providing a proof-of-concept for future small to medium hydropower project development throughout Pakistan. It supports InfraCo Asia's aim to serve as a catalyst for private sector investment. By developing the KP projects in a sustainable manner that supports the health of local economies, we hope to chart a path that other firms will follow in the future.”

Markhor Energy CEO Ali Maskatiya said, “Markhor Energy passionately believes that energy independence is paramount for Pakistan's sustainable future development. Pakistan is blessed with abundant renewable sources of energy, all of which now offer rates of electricity consistently cheaper than their thermal based alternatives. Hydropower is the oldest and most established form of renewable energy and Pakistan has a substantial part of its energy contributed by large scale projects developed early in the country's history.

These projects are still functional today and are testament to hydropower's efficacy as a long-term provider of clean and cheap electricity. We are excited to be partnering with InfraCo Asia as the pioneers of a small to medium hydropower platform and we hope to benefit from InfraCo Asia's deep experience and skill in developing portfolios of this nature.

We are encouraged by Pakistan's newly appointed government's public endorsements of renewable energy projects and we look forward to playing our part in delivering on those promises, and also act as a torch bearer for others to follow."-PR

https://fp.brecorder.com/2019/02/20190225449871/

April 2019

NEWS COVERAGE PERIOD FROM APRIL 1ST TO APRIL 7TH 2019

NEXT FISCAL YEAR 2019-20: 3,720MMCFD GAS DEFICIT PROJECTED: REPORT

RECORDER REPORT | APR 7TH, 2019 | ISLAMABAD

The Oil and Gas Regulatory Authority (Ogra) has projected 3,720MMCFD gas deficit in the next financial year 2019-20 in its report for the fiscal year 2017-18 entitled 'State of the Regulated Petroleum Industry.' In the report, the Ogra stated rising demand from various sectors particularly power, domestic, fertilizer, captive power and industry resulted in insufficient gas supply to cater the demand. The demand-supply gap during financial year 2017-18 was 1,447 MMCFD and this gap is expected to rise to 3,720 MMCFD by financial year 2019-20.

The gap between the supply and demand is expected to increase to the tune of 4,600 MMCFD in financial year 2022-23 and 6,700 MMCFD by the financial year 2027-28 without the imported gas, according to the report.

The report suggested that possible gap can be bridged through enhancement in indigenous gas exploration & production through incentivising this sector, import of interstate natural gas (through development of cross-country gas pipelines) and increased import of LNG.

The power sector was the main consumer of natural gas during financial year 2017-18 by consuming 37 percent of the total gas followed by domestic sector, 20 percent, fertilizer, 17 percent, captive power, 10 percent, industrial sector, 9 percent, transport, 5 percent, and commercial sector, 2 percent.

The province-wise gas consumption revealed that Punjab's share was the highest with 50 percent, followed by Sindh, 39 percent, Khyber Pakhtunkhwa, 9 percent, and Balochistan, 2 percent, during the year under review.

The natural gas supply during the year was 4,357 MMCFD. Sindh supplied 50 percent to the total gas supplies, whereas Khyber Pakhtunkhwa, Balochistan and Punjab supplied 12, 11 and 4 percent respectively. The remaining 23 percent of gas was imported in the form of LNG.

During the financial year 2017-18, the total number of new gas consumers by both gas companies was 678,872. It had reportedly said that the Pakistan Muslim League-Nawaz (PML-N) government had ordered a record one million additional gas connections for domestic consumers on the recommendations of parliamentarians, mostly in Punjab to win votes in general election 2018.

The consumption of petroleum products during financial year 2017-18 decreased to 24.6 million tonnes (including energy and non-energy) as compared to 26.0 million tonnes of the last year, showing a decline of 5.3 percent. The negative growth came from power sector which witnessed a decline in fuel oil consumption to 23 percent due to alternate fuel availability (i.e LNG) in the said sector.

https://fp.brecorder.com/2019/04/20190407462037/

AZERBAIJAN WILLING TO GIVE OIL, GAS TO PAKISTAN ON DEFERRED PAYMENT

April 7, 2019

ISLAMABAD: Federal Minister for Energy and Petroleum Ghulam Sarwar Khan has said Pakistan is aggressively exploring oil and gas sources both offshore and otherwise.

He said there are encouraging prospects of the current offshore drilling by Exon Mobil, NNIO, GDCL and PPL joint venture and Pakistan is expecting good news. Quoting a US study, he said nearly 95 TCF gas and 15 billion barrels of oil could be procured from the country’s offshore sources.

He was addressing an international energy conference convened by the Jang Media Group and Geo TV Network held in collaboration with the Ministry of Energy and Petroleum and Byco on Saturday.

Ghulam Sarwar said Pakistan like other developing countries also faces energy shortfall and is dependent on importing huge amounts of oil which is a major source of trade deficit. “We require a cheaper energy source to meet the energy requirements growing at 8 pc rate per annum. Pakistan needs to be self-sufficient in refined oil products,” he said.

Ghulam Sarwar said our oil sector lacks deep sector refineries while the five existing refineries are only hydro skimming catering to 120m tonnes petroleum products annually which is far deficient to meet 250m tonnes of annual requirement. He said the prospective refineries from KSA and UAE will also offer help to overcome national needs. The domestic crude oil production amounts to only 15 per cent of the national requirement.

The minister said the government has decided to cut down consumption of furnace oil in the thermal energy plants. The existing refineries will have to cut down furnace oil production.

Minister for Maritime Affairs Ali Zaidi said we have started night navigation to overcome the rush at the ports. He said the challenges and issues of the ports including KPT and Port Qasim are known to all. He said soon the inquiry report of the Byco affair would conclude addressing the problem and its remedy.

The Ambassador of Azerbaijan Ali Alizada said they are also prepared to give Pakistan oil and gas on deferred payment. Turkmenistan's Ambassador Atajan N. Movlamov, said besides diesel they can also provide oil and gas products.

Geo News will telecast Oil and Gas Conference today (Sunday) evening organised by the Jang Group.

Federal ministers, heads of different departments, companies, many ambassadors and oil and gas experts participated in the conference.

They included Ghulam Sarwar Khan, Federal Minister for Petroleum, Ali Haider Zaidi, Federal Minister for Maritime Affairs, Muhammetmyrat Amanov Chairman Board & CEO TAPI Pipeline Co. Ltd, Ali Alizada, Ambassador of the Republic of Azerbaijan, Atajan Movlamov, Ambassador of Turkmenistan, Stefano Pontecorvo, Ambassador of Italy, Abdul Aziz Al Neyadi, Deputy Head of Mission UAE Embassy, Iqbal Z. Ahmed, Chairman Pak Gas Port LNG Terminal, Nadeem Nazeer, CEO Pakistan LNG Terminals Ltd, Fadi Mitri, CEO Trafigura Pakistan, Anser Ahmed Khan, CEO Energas LNG Terminal (Pvt.) Ltd, Asad Rafi Chandna, Chairman Port Qasim Authority, M Wasi Khan, Director & former CEO of Byco Petroleum, Mumtaz Khan, Chairman HASCOL, Jehangir Ali Shah, MD Pakistan State Oil, M Ilyas Fazil, former CEO, Oil Companies Advisory Council (OCAC), Sohail Butt, former Deputy Director PSO & Energy Expert, Adnan Gillani, CEO LNG Pakistan Ltd, Taimur Khan, Chief LNG Chemicals & New Ventures HASCOL Petroleum, Christophe Miaux TOTAL, Gas Division, Project Director LNG Pakistan, Anser Ahmed Khan, CEO Energas LNG Terminal (Pvt.) Ltd, Zahid Mir, MD OGDC, Moin Raza, MD PPL, Andrzej Kaczorowski, MD Polish Oil & Gas Company, Saeed Khan Jadoon, Executive Director OGDC, Mobin Saulat, MD Interstate Gas, Kamran Ahsan Nage, Senior General Manager SSGC, Shahzad Qasim Special Assistant to Prime Minister on Power, Adil Bashir, Chairman APTMA Punjab, Dr Fatima Khushnud, CEO Independent Power Producers Association (IPPA), Ghiyas Abdullah Paracha All Pakistan CNG Association (Group Leader) & CEO UGDC.

https://www.thenews.com.pk/print/454444-azerbaijan-willing-to-give-oil-gas-to-pakistan-on-deferred-payment

SUBSIDY BURDEN PUT ON POWER DISTRIBUTION COMPANIES

By Zafar Bhutta Published: April 6, 2019

ISLAMABAD: The Pakistan Tehreek-e-Insaf (PTI) government has shifted the burden of Rs3-per-unit subsidy being given to industrial consumers to power distribution companies, including K-Electric.

The previous Pakistan Muslim League-Nawaz (PML-N) government had announced this subsidy for the industrial sector. Following the recent development, the government will not give money through budgetary support.

The Finance Division has issued a notification informing distribution companies that any claim under the Industrial Support Package beyond June 30, 2017 would no longer be entertained. This means that the Rs3 per kilowatt-hour (kWh) subsidy being provided to industrial consumers will continue but the impact will no longer be borne by the Finance Division. The memorandum issued on March 21, 2019 states that effective June 30, 2017, the power distribution companies will now be expected to bear the impact of the subsidy and offset this through efficiency gains.

The Power Division and distribution companies have been directed to reduce ongoing losses and ensure fresh recoveries to the tune of Rs60 billion for the current fiscal year. In addition to this, the distribution companies have also been directed to ensure past recoveries to the tune of Rs80 billion.

The decision, while supporting the industrial sector, is alarming for the distribution companies, which are already facing a severe cash crunch because of the circular debt. Despite multiple efforts by various governments, the circular debt has proved to be a mammoth challenge.

K-Electric has also been conveyed to implement this decision. In Karachi, which is home to the largest number of industrial concerns in the country, the receivables of K-Electric have soared to almost Rs160 billion. Not only is this making it difficult for the power utility to keep supplying industries with uninterrupted electricity, but it has also created hurdles in the way of a number of projects, which were essential to meet growing demand.

K-Electric’s receivables have surged to Rs158.8 billion from different provincial and federal organisations, including KWSB, which owes Rs31.9 billion.

According to the utility, its receivables are nearly twice its payables, which total Rs82.2 billion. Of this, Rs13.7 billion is actual principal payment due to be paid to SSGC for gas supply, while the remaining dues relate to the NTDC and other federal and provincial entities.

Published in The Express Tribune, April 6th, 2019.

https://tribune.com.pk/story/1944525/2-subsidy-burden-put-power-distribution-companies/

RS480M GAS THEFT TRACED

By Our Staff Reporter | 4/5/2019 12:00:00 AM

LAHORE: The Federal Investigation Agency (FIA) on Thursday detected gas theft at a steel mills on Lahore-Sheikhupura Road and arrested its owner for causing a loss of Rs480 million to the national exchequer.

According to FIA Lahore spokesman Altaf Gohar Wattoo, on the direction of the agency’s Punjab Zone-I Director Waqar Abbasi, a team headed by Fayyaz Hamid conducted a raid at Yaqoob Steel Mills on Lahore-Sheikhupura Road on a secret information.

“A direct by-pass of two-inch diameter was installed with the connivance of the SNGPL staff which was directly fitted with 18-inch main pipeline. The mills caused a loss of Rs480 million to the exchequer,” he said.

A case has been registered against the mills owner who was arrested “red-handed”.

https://epaper.dawn.com/DetailImage.php?StoryImage=05_04_2019_002_006

NEPRA ALLOWS 81-PAISA INCREASE IN POWER TARIFF

By Khaleeq Kiani | 4/5/2019 12:00:00 AM

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) on Thursday allowed around 81 paisas per unit increase in consumer tariff for exWapda distribution companies (Discos) for a month on account of fuel cost adjustment.

The decision would generate Rs5.2 billion revenue for Discos. The Central Power Purchase Agency (CPPA) had demanded an increase of Rs1.23 per unit to generate Rs7.9bn, but Nepra found some double entries that were disallowed. Also, the higher than reference transmission losses in tarif f were rejected.

The decision was taken at a public hearing presided over by Nepra cice chairman Rehmatullah Baloch and attended by member from Punjab Saifullah Chattha and member from Sindh Rafique Shaikh. The Nepra team pointed out that some bills on account of Quaid-i-Azam Thermal Power Station, Havelli Bahadur Shah and Balloki had been adjusted in previous month`s fuel adjustment but were claimed for the second time.

The higher rates for electricity consumed in February would berecovered from consumers in the upcoming billing month i.e. May 2019. The higher rates would not be charged to lifeline consumers using up to 50 units per month, but all other consumer of all categories, including industrial sector and agriculture tubewells, would have to bear the additional burden. The revised rates would not apply to K-Electric`s (KE) consumers.

The CPPA on behalf of Discos claimed an additional cost of Rs1.23 per unit under base tariff 2015-16 on the grounds that consumers were charged a reference tariff of Rs3.97 per unit in February, while the actual fuel cost turned out to be Rs5.20 per unit. The regulator, however, concluded that actual fuel cost was Rs4.785 and hence an increase of 81 paisas per unit.

Total energy generation from all sources in February 2019 was recorded at 6,687 GWh against 7,763 GWh in January. The total cost of energy generated in February amounted to Rs32.6bn, having an average per unit fuel cost of Rs4.87, according to the CPPA.

However, about 6,425 GWh were sold to Discos for Rs33.42bn with high transmission losses of 3.7pc, significantly higher than maximum permissible limit of 3pc. The transmission losses have generally remained lower than 2.7pc almost over the past few years but have started to go beyond 3pc since October-December 2018.The hydropower generation made a healthy contribution of 23pc to the generation mix in February, compared to a nominal share of 6.15pc in January but was still short of its full potential. The locally produced gasbased electricity production achieved almost 24pc share the highest in total power supply.

The share of coal-based generation maintained third position with 17.5pc contribution in February, but slightly lower than 18.7pc in January. The share of power generation based on re-gasified liquefied natural gas (RLNG) slightly improved to 17pc in February, compared to 14.7pc in January.

There was no fuel cost on hydroelectricity, while coal-based fuel cost increased to Rs7.9 per unit in February significantly higher than Rs6.80 per unit in January. The furnace oil-based plants generated electricity at a cost of Rs11.91 per unit even though its contribution was less than 2pc.

Nuclear energy contributed about 11.13pc electricity to the national grid at a fuel cost of 95 paisas per unit, while power produced by sugar mills accounted for 1.5pc share at a fuel cost of Rs6.2 per unit. The electricity imported from Iran had a cost of Rs11.57 per unit and its total share in generation was 0.42pc.

Wind produced 3.18pc electricity at zero fuel cost, while 0.79pc contribution came from solar energy, again at no cost.

https://epaper.dawn.com/DetailImage.php?StoryImage=05_04_2019_003_005

HYDEL PROFIT SHARE TO GO DOWN BY RS9 BILLION

Bureau Report | 4/5/2019 12:00:00 AM

PESHAWAR: Khyber Pakhtunkhwa finance minister Taimur Saleem Jhagra on Thursday said that the province`s share in net hydel profit for the current fiscal would come down from the projected Rs65 billion to Rs56 billion on account of electricity production.

Mr Jhagra told a presser here that the province recently received Rs20 billion NHP payment from the centre.

He said the provincial government had requested the federal government and power industry to share the actual power production data with it and that afterrationalisation with the help of data, the province`s projected NHP share had come down by Rs9 billion.

The minister said the rationalised amount was likely to be around Rs56 billion and that since power consumption increased in the summer season, the final picture on it would be clear thereafter.

He said the provincial government had thus far released 78 percent of the annual development programme`s funds, while its departments had utilised 66 percentofthosefunds.

Mr Jhagra said the recent release of NHP payments by the centre had spurred the ADP spending by the province and that it was likely to gain further impetus in the last fiscal.

Regarding development spending in the merged districts, the minister said spending in the region remained somewhat sluggish first due to the interim government and later transition issue but since Jan, it had begun gaining momentum.He said out of Rs24 billion development program funds, Rs9 billion had been released by the end of Feb, while for third quarter, Rs7.9 billion would be released soon.

Mr Jhagra said a grant of Rs10 billion had been approved for the merged areas` development programme.

He said the government was trying to streamline the ADP for next year.

The minister said the province had seen little ef fort for revenue generation in the past but the current government despite facing a hit of Rs6 billion on account of taxes from the telecom sector, the KP Revenue Authority would hopefully surpass the last year`s revenue figures.

`We are planning to increase the province`s annual revenue collection from Rs10 billion to Rs50 billion,` he said.

Additional chief secretary of the planning and development department Dr Shahzad Bangash said the province had so far released Rs119 billion on account of ADP funds and of it, Rs90 billion had been utilised.

He said the utilisation didn`t include the district ADP and foreign funded component of the development programme.

https://epaper.dawn.com/DetailImage.php?StoryImage=05_04_2019_007_004

DELAY HITS $3.2B SAUDI OIL FACILITY FOR PAKISTAN

By Zafar Bhutta Published: April 5, 2019

ISLAMABAD: Pakistan faces a delay in going ahead with a bailout package of $3.2 billion on account of a deferred oil and gas payment facility offered by Saudi Arabia as the latter wants the deal on its own terms.

The two countries had inked a financing agreement for the import of petroleum products, crude oil and LNG on February 17 this year during the Saudi crown prince's Islamabad visit.

Now, the petroleum division has tabled a summary before the Economic Coordination Committee (ECC) on an urgent basis asking it to relax rules so the deferred payment facility could be availed to ease pressure on the country's foreign exchange.

Under the financing agreement, the Pakistani government would import crude oil, LNG and petroleum products from Saudi Arabia costing around $ 3.2 million annually – that amounts to $270 million per month on a 12-month deferred payment basis.

However, the agreement may be extended to cover two more years if the two parties consent to it. The Pakistani government would provide an unconditional and irrevocable sovereign financial guarantee.

However, Islamabad not been able to move ahead with this deal as Saudi Arabia does not want the Pakistani Oil and Gas Regulatory Authority (Ogra) and another agency the Hydrocarbon Development Institute of Pakistan (HDIP) involved in the testing of petroleum products to be imported from the Kingdom under the deferred payment facility.

Under the agreement, the Pak-Arab Refinery Company (Parco) and the National Refinery Limited (NRL) would procure crude oil from the Saudi Aramco Product Trading Company. Similarly, the Pakistan State Oil (PSO) and the Pakistan LNG Limited (PLL) would procure petroleum products and LNG from the Saudi company respectively.

Parco and the NRL are already procuring crude oil from Saudi Arabia under long-term arrangements while PSO will have to enter a sale purchase agreement with Saudi Aramco for the import of petroleum products.

The PSO is a public sector company and bound to import petroleum products in line with the provision of the Public Procurement Rules 2004. It cannot follow the condition of an open competitive bidding under the financing agreement. However, rule-5 of the public procurement rules provides an exemption in cases where the federal government is involved in international and inter-governmental commitments.

The HDIP laboratory tests products at the discharge port prior to unloading. However, while negotiating the terms and conditions of the sales purchase agreement with the PSO, Saudi Aramco has insisted that the procurement should be based on the cost, insurance and freight (CFR/CIF)) terms in line with the International Chamber of Commerce's Incoterms 2000. Under these terms, the quality would be determined and finalised at the load port based on the test results of an independent laboratory.

If Pakistan accepts this condition, the existing procedure for sampling and testing of imported petroleum products by Ogra would have to be relaxed in the case of supplies arranged by the PSO from Saudi Arabia.

Therefore, the petroleum division is seeking a waiver from the ECC to secure the deferred payment facility.

https://tribune.com.pk/story/1943920/2-delay-hits-3-2b-saudi-oil-facility-pakistan/

ADB ESTIMATES PAKISTAN'S GROWTH TO SLOW DOWN TO 3.9%

By Shahbaz Rana Published: April 4, 2019

ISLAMABAD: The Asian Development Bank (ADB) has painted a worrying picture of Pakistan's economy, saying that economic growth will slow down to 3.9% with higher inflation and there will be continued pressure on the exchange rate and current account deficit.

The Asian Development Outlook 2019 – the flagship publication of the Manila-based lending agency – has affirmed all the apprehensions about the flagging economy for at least two years.

"Until macroeconomic imbalances are alleviated, the outlook is for slower growth, higher inflation, pressure on the currency and heavy external financing needed to maintain even a minimal cushion of foreign exchange reserves," said the report.

The gross domestic product (GDP) growth will decelerate for the second consecutive year and could hit 3.9% in the current fiscal year ending June 30. For the next fiscal year 2019-20, the economic growth could further slow down to 3.6%, it added.

At 3.9% growth rate, Pakistan's economy will be the sixth slowest growing economy in a bloc of eight South Asian nations.

The ADB noted that average inflation at the end of current fiscal year would be 7.5% due to continued heavy government borrowing from the central bank, hike in domestic gas and electricity tariffs, further increase in regulatory duties on luxury imports and the lagged impact of currency depreciation.

The current account deficit will remain high at 5% of GDP or $14 billion because of a large trade deficit, according to the ADB. However, it will be $5 billion less than the last fiscal year.

Financing the high current account deficit in FY19 will require substantial borrowing and will consume much of the bilateral lending support announced in the early months of 2019 to finance the deficit in balance of payments. The Pakistan Tehreek-e-Insaf (PTI) government has so far obtained loans of $7.2 billion from three friendly countries to avoid default on international debt payments.

Also, the foreign exchange reserves, which dropped to $8.1 billion in February 2019, will likely remain stressed at the end of FY19. The reserves later increased to $10.6 billion after another injection of $2.1 billion by China.

The ADB underlined that macroeconomic stability was needed to create an environment that inspired business confidence and was conducive to investment and trade. Facing twin deficit in fiscal and current accounts, the government has long been bedeviled by difficult policy choices that pitted improved tax revenues against enhanced competitiveness.

The bank predicted that the government would miss its revised budget deficit target of 5.6% of GDP.

Public debt will also remain elevated in the current fiscal year, which increased to 72.5% of GDP by the end of last fiscal year, above the 60% threshold stipulated in the Fiscal Responsibility and Debt Limitation Act.

Finance Minister Asad Umar said on Wednesday the public debt as a percentage of GDP would gradually fall, but it would still remain far above the statutory limit of 60% of GDP.

However, the most worrisome aspect is the slowing of the real economy, which will increase unemployment and poverty in the country.

The ADB said the supply side of the economy was already showing signs of slowdown. Agriculture is expected to underperform and miss the 3.8% growth target after water shortages struck as wet season crops were being sown.

Large-scale manufacturing contracted 1.5% in the first half as domestic demand shrank and rising world prices crimped demand for raw material. The contraction hit all key categories, including a 0.2% decline in textiles. A slowdown in agriculture and industry as domestic demand shrank would keep growth in services subdued, it added.

The ADB stated that the International Monetary Fund (IMF)-backed stabilisation policies and rising inflation were likely to contain growth in private consumption and investment, while public-sector development spending had already slackened. With exchange rate flexibility and declining imports, net exports are expected to contribute to growth.

The government also faces serious problems in managing its budgetary books. Budget expenditure increased 5.5% in the first half of FY19 over the same period a year earlier as current spending rose for interest payments and defence.

Lower revenue collection and higher current expenditure pushed the budget deficit from 2.3% of GDP in the first half of FY18 to 2.7% a year later. This situation will make it a challenge for the government to achieve reduction in the budget deficit it targets for FY19.

The second supplementary budget, adopted on March 6, 2019, without information on the projected deficit, focuses on an economic reform package envisaging incentives and measures to encourage investment and exports, enhance the ease of doing business and strengthen export-oriented activities, added the ADB.

Published in The Express Tribune, April 4th, 2019.

https://tribune.com.pk/story/1943107/2-adb-estimates-pakistans-growth-slow-3-9/

OIL SALES PLUNGE 25PC

The Newspaper's Staff Reporter April 02, 2019

KARACHI: Oil sales plunged by 25 per cent to 13.635 million tonnes in the first nine months of the current fiscal year (9MFY19) due to a steep 58.7pc fall in furnace oil (FO) sales.

Total FO sales stood at 2.173m tonnes as compared to 5.265m tonnes in 9MFY18. Petrol sales slightly went up by 1.6pc to 5.525m tonnes in 9MFY19.

High speed diesel sales (HSD) came down by 19.3pc to 5.407m tonnes from 6.702m tonnes in 9MFY18, said a report of Shajar Capital Research, attributing slowdown in FO and HSD sales to change in government's policy on power generation and economic cyclicality.

In March 2019, the total off take of oil marketing companies (OMCs) plummeted by 18.3pc to 1.459m tonnes. Petrol sales in March 2019 rose by 8pc to 645,536 tonnes as compared to same month 2018, while HSD sales witnessed 21.3pc drop to 544,755 tonnes (year-on-year).

One of the main reasons behind falling diesel output is the persistent downward trend in sales of locally assembled trucks when went to 4,288 units in 8MFY19 from 5,859 units in same period last fiscal. However, bus sales grew to 648 units from 420 units in the same period, figures of Pakistan Automotive Manufacturers Association (Pama) show.

Three days closure of CNG in Sindh and increase in the fuel's price by almost Rs23 per kg in Oct 2018 also shifted many vehicle owners to opt for petrol.

Car sales slightly fell to 140,462 units in 8MFY19 from 142,383 units in same period last year.

Published in Dawn, April 2nd, 2019

https://www.dawn.com/news/1473303/oil-sales-plunge-25pc

LPG PRICE RAISED BY RS 3/KG

RECORDER REPORT | APR 2ND, 2019 | ISLAMABAD

The Oil and Gas Regulatory Authority (Ogra) has increased the price of liquefied petroleum gas (LPG) by Rs 3 per kilogram. Following an increase of up to 12 percent in the prices of the petroleum products on Monday, LPG prices were also hiked by Rs 3 per kilogram. According to a notification, the Oil and Gas Regulatory Authority (Ogra) has fixed the LPG price at Rs 133 per kg. With an increase of Rs 41, 11.8kg domestic cylinder will now be sold for Rs 1,564 for the month of April 2019, up from Rs 1522.6 in March.

It"s the fourth increase during 2019 as announced by OGRA. The main reason for the price increase in the LPG prices is the surge in international prices.

According to the Ogra notification, the producers" price of LPG (propane 40 percent and butane 60 percent – two components of LPG) has been determined at Rs 73,609.72 per metric tonne (MT), increased from Rs 70,620.09 per MT determined for March by the regulator.

The producers" price included excise duty of Rs 85 per metric tonne, excluding Petroleum Levy. Under this head, the producer price of 11.8kg cylinder has been worked out at Rs 868.59, said the notification. As per the notification, the marketing/distribution margin has been set at Rs 35,000 per MT and Rs 413 per 11.8 kg cylinder, a Petroleum Levy of Rs 4,669 per metric tonne will be also charged, which is Rs 55.09 for 11.8kg cylinder. Ex-GST or prior to General Sales Tax (GST) imposition, the consumer price will be Rs 113,278.82 per metric tonne and the 11.8kg cylinder price is Rs 1,336.68. The GST of 17 percent or Rs19,257.38 per metric tonne will be imposed and it will be Rs 227.24 for 11.8kg cylinder.

https://fp.brecorder.com/2019/04/20190402460301/

THAR COAL-FIRED POWER PROJECT TO BE INAUGURATED ON APRIL 10

By Our Correspondent Published: April 2, 2019

KARACHI: Sindh Chief Minister Syed Murad Ali Shah will inaugurate the two Thar-Coal power projects of 330 mega-watts each on April 10.

"This inauguration of power generation on Thar coal is historically important because the project was conceived and founded by then Prime Minister Shaheed Mohterma Benazir Bhutto and her [Pakistan Peoples Party] government in Sindh has realised her dream of Roashan Thar, Roashan Sindh and Roshan Pakistan," he said at a meeting convened to finalise the arrangements for the inauguration ceremony.

The meeting was attended by Energy Minister Imtiaz Shaikh, CM's Adviser on Information Murtaza Wahab and other officials.

CM Shah said that in 1996, Benazir Bhutto had laid the foundation stone of the coal-fired power project to generate 1,300MW by 1999 and then every year 1,300MW would have been added to the system until a total of 5,200MW of electricity was generated by 2002. "I am proud to say that my father, then Sindh chief minister Syed Abdullah Shah, was also present at the stone-laying ceremony and was part of the project." He added that the cost of electricity produced from this project was as low as 4.6 cents/pkh.

Shah deplored that when work on the project was to be commenced, the PPP government was removed undemocratically and this project of national importance was abandoned. As a result, Pakistan plunged into darkness of load shedding, he said.

It took another 22 years for the PPP government to inaugurate the Thar Coal Power Plant which would generate 660MW of electricity. "Today, the soul of Shaheed Mohtarma Benazir Bhutto must be feeling content as her lieutenants, President Asif Zardari, Chairman Bilawal Bhutto and myself [Chief Minister Syed Murad Ali Shah] worked day and night and realised her dream of generating electricity from Thar Coal," he said.

As part of the inauguration ceremony, coal would be lifted from the coal mine, Block-II, and poured in the boilers of power plants to generate electricity. The produced power would be added into the national grid through the transmission line laid from Thar to Matiari. "This would be a historic activity of power generation which is bound to lift the future of Pakistan," Shah concluded.

Published in The Express Tribune, April 2nd, 2019.

https://tribune.com.pk/story/1941817/1-thar-coal-fired-power-project-inaugurated-april-10/

PETROL, DIESEL PRICES TOUCH NINE-MONTH HIGH

Khaleeq Kiani Updated April 01, 2019

ISLAMABAD: The government on Sunday increased prices of all petroleum products by up to 6.45 per cent for the month of April as the international crude price inched up by less than 2pc over the last month.

Petrol and diesel prices were increased by Rs6 per litre while kerosene and light diesel oil (LDO) were jacked up by Rs3 per litre with immediate effect, according to an official announcement.

With the decision, the ex-depot price of high speed diesel (HSD) was set at Rs117.43 per litre — the highest since July 2018 — instead of existing rate of Rs111.43 per litre, up by 5.36pc.

Likewise, the ex-depot price of motor spirit (petrol) was fixed at Rs98.89 per litre — also a nine-month high — instead of current rate of Rs92.89, showing an increase of 6.45pc.

The ex-depot price of kerosene oil was increased to Rs89.31 per litre — the highest since October 2014 — from Rs86.31 per litre, indicating an increase of almost 3.5pc.

Govt increases rates of petrol, HSD to Rs98.89 and Rs117.43 for April

The ex-depot price of LDO was increased to Rs80.54 per litre — a five-month high — from the previous rate of Rs77.54 per litre, up by 3.9pc.

However, the government did not pass on the full price hike calculated by the Oil & Gas Regulatory Authority (Ogra) last week and reduced tax rates to minimise political backlash.

Based on import parity price of Pakistan State Oil (PSO) for purchases in March, Ogra had worked out about Rs11.17 increase in the price of HSD per litre, Rs11.91.71 hike in petrol price, Rs6.65 rise in kerosene price and Rs6.49 increase in LDO price.

Crude price (Brent) had increased by less than 2pc over the last month from $66.57 on Feb 28 to $67.86 per barrel on March 28.

The government had already increased general sales tax (GST) on all petroleum products to standard rate of 17pc across the board to generate additional revenues. Until January 2019, the government had been charging 0.5pc GST on LDO, 2pc on kerosene, 8pc on petrol and 13pc on HSD.

Besides the 17pc GST, the government had more than doubled the rate of petroleum levy on HSD in recent months to Rs18 per litre instead of Rs8 per litre, while levy on petrol had also been increased by 40pc to Rs14 per litre instead of Rs10 per litre.

Over the last two months, the government started increasing petroleum levy rates to partially recoup a major revenue shortfall faced by the Federal Board of Revenue (FBR). The petroleum levy remains in the federal kitty unlike GST that goes to the divisible pool taxes and thus about 57pc share is taken by the provinces.

Petrol and HSD are two major products that generate most of the revenue for government because of their massive and yet growing consumption in the country. Total HSD sales are touching 900,000 tonnes per month against monthly consumption of around 700,000 tonnes of petrol. The sales of kerosene oil and LDO are generally less than 10,000 tonnes per month.

The petroleum prices have been on the rise since early 2017, barring only a couple of times when they were reduced.

For the past two weeks, the international benchmark Brent prices have been inching up and the government has also been mopping up tax rates in run up to finalisation of an IMF-assisted stabilisation programme.

The government has already announced that it will gradually increase electricity and gas rates over the next few months.

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https://www.dawn.com/news/1473183/petrol-diesel-prices-touch-nine-month-high

GOVT LAVISHES FUNDS ON SOUTH PUNJAB

Intikhab Hanif Updated April 01, 2019

LAHORE: Development schemes worth billions of rupees are being approved for South Punjab reportedly on the recommendation of Chief Minister Usman Buzdar, or simply because of the realisation that this is the priority area for the PTI provincial set-up.

The schemes are being approved in the meetings of the standing committee of the cabinet on finance and development.

One such scheme is worth Rs4.1932 billion which has been approved for inclusion in the ADP 2018-19. Funds would be decided by the Planning and Development Board in consultation with the finance department after the ADP review.

Funds will be decided by the Planning and Development Board in consultation with the finance department after the ADP review

The road sector schemes of the package were announced by the chief minister during his visit to Dera Ghazi Khan in November last year. These include improvement of Taunsa city roads, construction of approach road up to Sasti Basti, rehabilitation of metalled road from Zain to Bharthi, widening of road from Basti Buzdar via Mangrotha, construction of metalled road from Mangrotha Chowk Taunsa to Basti Buzdar, rehabilitation of metalled road from Indus Highway Morr to Sokar to Bughlanai, construction of metalled road from Indus Highway Nari Janubi to Bair Meer Basti Harnay Wali, metalled road from Head 22 to Indus Highway, construction of Taunsa Bypass and widening of road from Kathgarh to Khad Buzdar.

Officials said funds for the execution of the schemes would be diverted from the ADP scheme titled “Punjab Special Development Programme” reflected in the ADP 2018-19 with an allocation of Rs4 billion.

The committee approved widening of road from Lohdran to Jalalpur Pirwala costing an estimated Rs1.592 billion. The approval was for release of Rs300 million for it in the current budget.

Other approved schemes include establishment of dispensary at Zindapir and Mubarki, upgradation of RHC (rural health centre) Shadan Lund as model RHC, upgradation of RHC Vehova as RHC, missing facilities at Civil Hospital Sakhi Sarwar, upgradation of RHC Barthi into 60-bed THQ hospital and upgradation of THQ Hospital Taunsa Sharif from the existing 100-bed to 190-bed hospital.

They will cost several millions of rupees and funds for them are being provided from the current ADP.

Five schemes worth Rs1.211 billion and announced by the chief minister during his visit to Dera Ghazi Khan were also approved. Initially Rs666.966 were approved from the current ADP.

These schemes include beautification of Manka Canal, Dera Ghazi Khan, laying of sewer lines along Manka Canal, restoration of City Park, Nawaz Sharif Park and Ghazi Park, construction of 58 rural water supply schemes in tehsil Taunsa and beautification of exit-entry points of Dera Ghazi Khan and Taunsa.

The committee has approved creation of 38 posts in the Dera Ghazi Khan Development Authority restored by the chief minister costing Rs65.852 million. The department concerned has been asked to rationalise the demand of 12 vehicles for field and staff duty in the same development authority.

It has approved Rs80 million scheme of establishment of Panaah Gah/Musafir Khana at Dera Ghazi Khan, releasing Rs20 million through supplementary grants in the current budget.

A Rs85.795 million scheme of establishment of synthetic turf hockey ground in the Dera Ghazi Khan City Park has been approved.

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https://www.dawn.com/news/1473120/govt-lavishes-funds-on-south-punjab

POWER CRISIS TO HIT COUNTRY IN SUMMER, WARNS PML-N

The Newspaper's Staff Reporter Updated April 01, 2019

ISLAMABAD: Pakistan Muslim League-Nawaz (PML-N) leader and a former minister for power Awais Leghari has alleged that the present government has no policy to deal with energy crisis in the country and warned the people to be ready to face worst load-shedding this summer.

Speaking at a news conference at the National Press Club here on Sunday, Mr Leghari said that due to incompetence of the Pakistan Tehreek-i-Insaf (PTI) government, people were being burdened with hike in power tariff every now and then.

The PML-N, which ruled the country during 2013-18, claims that when the Pakistan Tehreek-i-Insaf (PTI) assumed power in August last year, there was no shortage of electricity and gas in the country. The party alleges that the government is generating electricity through furnace oil, which is the most expensive way of producing electricity.

Awais says PTI govt's 'incompetence' has burdened people with tariff hike

Mr Leghari, who had also served as minister in the military regime of retired Gen Pervez Musharraf, urged the government not to put more burden of price hike on the poor people as it could not hide its "incompetence".

Mr Leghari claimed that the power distribution system in the country was at the verge of collapse and this summer, the people would have to face the worst-ever load-shedding.

The PML-N leader regretted that the present government had not taken any step to prevent power theft. Similarly, he said, the government had failed to control the circular debt due to absence of any policy in this regard. He said the issue of the circular debt had never been discussed in any of the meetings of the federal cabinet during the nine-month rule of the PTI government. He alleged that those responsible for the mounting circular debt of nearly Rs200 billion per annum were sitting in distribution companies (Discos).

The only solution the government had found to resolve the power issues was to increase power tariff, he said.

Similarly, he alleged that the government had not devised any plan to find alternative energy resources, and to improve distribution system in the country. He said the government had completely failed in “power sector governance” and was putting the burden of its mistakes on the people of this country.

In January, PML-N leader Shahid Khaqan Abbasi during a news conference had alleged that the government had closed down “the world’s cheapest power plants” and called for constituting a joint investigation team (JIT) to probe the matter.

The former prime minister had alleged that the government was generating some 4,200 megawatt of electricity through furnace oil, which was the most expensive way of producing electricity.

“The world’s cheapest power plants have been closed and electricity is being produced through most expensive fuel causing a daily loss of one billion rupees to the national exchequer,” Mr Abbasi had stated, demanding that an inquiry should be ordered to probe as to why these power plants had been closed.

Mr Abbasi said when the PML-N had assumed the power in 2013, the country was facing worst electricity and gas load-shedding and it was the PML-N government which brought the country out of the energy crisis under the leadership of Nawaz Sharif.

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https://www.dawn.com/news/1473175/power-crisis-to-hit-country-in-summer-warns-pml-n

NEWS COVERAGE PERIOD FROM APRIL 8TH TO APRIL 14TH 2019

GOVT DISCUSSES LNG SUPPLY DEAL WITH SAUDI ARAMCO

Israr Khan April 14, 2019

ISLAMABAD: A delegation of the world’s biggest crude oil producer Saudi Aramco has visited Pakistan to discuss a deal of liquefied natural gas (LNG) supply with Pakistan that might see its LNG demand triple in the next three to five years, a senior official said on Saturday.

“A delegation of Saudi Aramco arrived in Pakistan to discuss sale of LNG with us,” the official, privy to the development, told The News. “But nothing has finalised,” the official said. The delegation reached later this week, according to sources.

Pakistan’s LNG import could increase to as high as 15 million tons this year from seven million tons last year.

The fuel import would further grow to 25 million to 30 million tons over the next three to five years, a government official told Reuters, making the country a global big LNG consumer.

Currently, the country has two LNG terminals having a regasification capacity of 1.3 billion cubic feet per day (bcfd).

Domestic gas demand was estimated at 6.9 bcfd for 2017/18 as opposed to 3 bcfd production, causing severe gas shortages in the country of 208 million.

“We need two more such terminals,” Nadeem Babar, head of Prime Minister Imran Khan’s task force on energy reforms said.

Sources said the government is in talks with 15 LNG suppliers, including Indonesia, Qatar, Italy, Saudi Arabia, UAE, Malaysia and others.

“We would import LNG from the country where we get good price,” an official said.

Saudi Arabia, UAE and Malaysia have also offered Pakistan to ship LNG cargoes and they have already quoted the prices which are less than what Pakistan is currently getting from Qatar under a 15-year agreement.

gas company Mubadala Petroleum has also expressed its interest in supplying LNG, oil and gas exploration projects and

establishment of first propylene gas plant in the country.

Executive Officer Musabbeh Al Kaabi expressed the company’s interest in the projects during a meeting with the Minister for Petroleum and Natural Resources Ghulam Sarwar Khan.

An estimate said energy shortfall in the country could shear GDP growth by two percentage points.

International financial institutions have already projected the country’s growth to sharply fall to 2.5 to 3 percent during the current fiscal year from 5.2 percent in the previous fiscal year.

Last government initiated various energy projects under the China-Pakistan Economic Corridor framework and managed to overcome energy crisis.

But, the gap between energy demand and supply is again increasing rapidly, calling for more energy resources.

The government is encouraging foreign oil and gas exploration companies to come and invest in Pakistan, but as the projects take time the LNG supply offers quick relief.

Saudi Aramco takes Pakistan’s route to

expand into a new LNG business domain and it wants to supply liquefied natural gas cargoes to the country on a spot or short-term basis.

The energy behemoth doesn’t produce LNG, but it is developing LNG business centered on trading and marketing of the supercool fuel.

https://www.thenews.com.pk/print/457462-govt-discusses-lng-supply-deal-with-saudi-aramco

BILAWAL INAUGURATES 660MW COAL-BASED POWER PLANTS

Hanif Samoon April 11, 2019

MITHI: Pakistan Peoples Party chairman Bilawal Bhutto-Zardari on Wednesday inaugurated 660-megawatt power plants and the first open-pit coal mine in Thar that he said was set to brighten the entire country with its coal energy.

Praising the people of Thar, who worked day and night for the completion of the project, the PPP chairman said: “This is new Pakistan.”

Mr Bhutto-Zardari announced setting up of a multi-disciplinary university as well as a campus of NED University of Engineering and Technology in Tharparkar and pledged provision of free electricity to the residents of Islamkot.

‘This is new Pakistan,’ says PPP chairman while announcing two universities for Thar, free power supply to Islamkot residents

He said the people of Thar had the first right to the electricity being produced with Thar coal. As under an agreement, the provincial government had no authority to provide electricity directly to the people of Thar, “I have directed the Sindh government to pay monthly electricity bills of domestic power consumers of Islamkot from its resources,” the PPP chairman said. In the next phase, he added, a similar arrangement would be extended to other parts of Thar as well.

Mr Bhutto-Zardari said he inaugurated the power generation project on behalf of his mother, Benazir Bhutto, who had performed its groundbreaking. He said this was the same land that the PPP founder Shaheed Zulfikar Ali Bhutto had got vacated from India in 1973.

Mr Bhutto-Zardari said the completion of Thar coal-based power project was the manifestation of good governance and service delivery by the PPP government.

Terming it a historic day for Pakistan and his party, the PPP chairman said: “On April 10, Constitution Day is observed because on this day 1973 Constitution was framed, Shaheed Mohtarma Benazir Bhutto landed in Lahore on April 10, 1986 after ending her exile where she was received by three million people and it is again historic this year when we have inaugurated the first indigenous Thar coal-fired power plant.”

He said Thar needed the most prestigious university. “On my directive Sindh Chief Minister has vowed to establish a campus of NED University in Thar in the first phase and then the campus would be made a full-fledged university,” he said.

He recalled that Benazir Bhutto after coming into government had visited Thar along with then chief minister Syed Abdullah Shah and had performed groundbreaking of coal mining. “Today, I on behalf of Shaheed Mohtarma Benazir Bhutto, and on behalf of Syed Abdullah Shah, his son Chief Minister Murad Ali Shah, have inaugurated the Thar coal-fired power plant,” he said.

He said the Thar power plant launch was not just the success of the PPP but of the entire country and its economy. “It is the success of the vision of Zulfikar Ali Bhutto and Benazir Bhutto,” he said.

Talking about the partnership of the Sindh government with M/S Engro, he said the vision of national development through public-private partnership was given by his mother. She gave the plan to involve industrialists, developers and investors for executing mega projects for the country's development. "Learning from her vision, the Sindh government constructed roads, a bridge on the Indus and hospitals on the public-private partnership," he said.

This governance model had been acknowledged by The Economist, a well-reputed international magazine that ranked Sindh at the sixth position in entire Asia, he said.

Sindh Chief Minister Syed Murad Ali Shah said the power generation from Thar coal was as big an achievement as making Pakistan a nuclear power. "Mr Bhutto was the founder of our nuclear power [defence] and his daughter was the pioneer of Thar coal power," he said.

He said Thar had changed the destiny of Pakistan by generating 660 megawatts from indigenous coal. He said it had been termed impossible and waste of money. The PPP government made it possible despite extreme opposition and discouragement, he said.

Mr Shah narrated the entire account how then president Asif Zaradri had directed the Sindh government to constitute Sindh Energy Board which undertook the task of establishing coal mining on the basis of public-private partnership.

When the Sindh government started the coal mining project, the opponents used to say that there was no coal and whatever was available there had high sulphur ratio and termed it inferior for power generation. "Since we were committed with the vision of Ms Bhutto, therefore without taking a 'U-turn' we have implemented the project and today it is generating electricity," said Mr Shah.

The chief minister said Thar coal power was the only mega project in the country where 71 per cent jobs had been given to locals, the people affected by the mining had been given houses besides Rs100,000 per annum for each family.

M Shah said 75 local engineers [of Thar] after receiving training from China returned to work on the mining and power plants.

He said the entire amount to be generated from the royalties of Thar coal mine and power projects would be given to Thar Foundation for local development. He also vowed to protect the rights of locals while developing other projects.

Energy Minister Imtiaz Shaikh lauded the efforts of Chief Minister Syed Murad Ali Shah and former chief minister Syed Qaim Ali Shah.

Addressing the gathering, former chief minister Syed Qaim Ali Shah said that Thar coal power plant launch was a big success. He said that on the instruction of Ms Bhutto he had taken then president Farooq Leghari to Thar despite his reluctance to support the project and had showed him the coalfield.

Consul General of China in Karachi Wang Yu said he was taking pride in attending the inauguration of the Thar-coal power plants which was among the China-Pakistan Economic Corridor projects. Of the six top projects, Thar coal-fired power plant was the most important in terms of its significance in the national uplift of Pakistan, the Chinese consul general said.

He said it was the first step to establish Thar coal-fired power plant. In the second phase, it would be expanded in terms of its capacity and power generation as Thar coal had the capacity to meet the entire electricity requirement of Pakistan.

Samad Dawood, vice chairman of Engro Corporation, said there was no country which had ever attained its development goals without taping its indigenous energy sources. “In Thar, we have vast reserves of coal to meet the entire power requirement of the country,” he said.

SECMC chairman Khursheed Jamali said this was Pakistan’s only project which had been started at an estimated cost of $854 million and completed at $670. The money saved would be utilised for the expansion of the project to generate 4,000 megawatts, he added.

PPP lawmakers from Thar, Umerkot, Badin, Mirpurkhas as well as a large number of leaders and workers attended the ceremony.

Earlier, the PPP chairman visited New Senhri Dars village which has been established for 172 families affected by the coal mining.

He was briefed that 72 families comprising 500 members had already settled in the newly built houses while the vacant houses would be occupied by the allottees soon.

Later, Mr Bhutto-Zardari along with the CM, energy minister and SECMC chairman went 164-metre deep into the coal mine and met the miners working there.

Published in Dawn, April 11th, 2019

https://www.dawn.com/news/1475287/bilawal-inaugurates-660mw-coal-based-power-plants

‘CIRCULAR DEBT TO BE RS50-60 BILLION BY JULY 2020’

BR Research April 8, 2019

An interview with Nadeem Babar, Chairperson Energy Reforms Task Force

Nadeem Babar is a senior executive with extensive worldwide experience in power generation, infrastructure finance and corporate finance. During his career, he has developed, financed and/or managed over 150 power plants of all commercially available technologies, as well as other energy sector assets. He has also been involved in social sector development, especially education.

Mr. Babar started his career as in investment banker in the Project & Structured Finance Group at the investment banking firm of Drexel Burnham Lambert in late 80s. Later, he became a partner in a boutique investment bank focusing on the energy sector. He moved to the corporate sector in 1995 from his last investment banking position at Credit Suisse First Boston where he specialised in International Project Finance. Initially at Coastal Power, and then subsequently at El Paso International after the merger of Coastal Corporation and El Paso Corporation in February 2001, Mr. Babar headed the power business first for Asia, and then globally for these companies.

Mr. Babar was founder and CEO of Orient Power Company (Pvt) Limited until August 2018. He has served on numerous boards in the past. Currently, he serves as the Chairperson of Task Force of Energy Reforms. He is also the Board of Port Qasim Authority, Sarmaya-e-Pakistan and an independent director on the Board of Samba Bank. He is the Chairman of the Board of Progressive

Education Network, a section 42 companies that runs 226 schools adopted from the government, with over 48,000 students.

Mr. Babar holds a M.S. in Civil Engineering Management from Stanford University, a B.A. in Economics from Columbia University and a B.S. in Civil Engineering from Columbia University. He was elected to Phi Beta Kappa (Liberal Arts) and Chi Upsilon (Civil Engineering) honor societies for academic excellence.

BR Research sat down with Mr. Babar where he discussed at length the issues faced by the government in the power sector as soon as it took power, the circular debt situation and the way forward. The edited transcripts of the conversation are produced below:

BR Research: Let's start with what you inherited when the government took charge.

Nadeem Babar: I would first like to explain two major concepts before going to what challenges we faced in the power sector when we came to the office. The first is net hydel profit, and the second is how NEPRA sets tariffs.

The formula for net hydel profit was set 30-40 years ago by AGN Kazi. At that time, there was no private generation, everything was under WAPDA. He coined the term net hydel profit where the idea was to distribute a part of the profit made by WAPDA on hydel generation to the province that provided the hydel source. Unfortunately, as the time passed, there was a general realization that the formula was not only ambiguous and incorrect in some cases, but also not implementable. And eventually the concept of net profit for WAPDA completely changed after new thermal generation capacity started coming online in both the public and the private sector.

KP and Punjab receive a share of net hydel profit, and recently it has been decided that AJK would be getting its share of the profit soon after the completion of Neelum Jhelum Project.

About 10-11 years ago, the federal government stopped releasing funds regularly to the provinces under the argument that the Kazi Formula for net hydel profit is not workable. Roughly about the same time, Council of Common Interests (CCI) was formed after the 18th Amendment, and electricity was shifted to Federal Legislative List Part 2, which essentially meant that all policy related approvals for electricity now rested with the CCI.

The CCI being a representative of the federation as well as the provinces was in constant tussle with the provinces over the disbursement of funds and the workability of the net hydel profit formula. Paying royalty on water became even more complicated with NEPRA in the play as it was part of the generation cost.

Eventually in 2015-16, an agreement was signed between the federal government and the provincial governments of KP and Punjab where KP and Punjab government agreed to the arrears payable to them up until that point; and moving forward until any resolution of the different interpretations of the AGN Kazi Formula was resolved, a rate of Rs1.10 per kilowatt hour was used by NEPRA– irrespective of "profit".

Keeping in mind that up until the time of the agreement, Punjab had received relatively small amounts, while KP did get some disbursements every now and then, Punjab had a larger share in arrears than KP. Roughly, Rs153 billion was the amount payable in arrears to the provinces where Punjab was owed around Rs82 billion, and KP was owed around Rs71 billion. It was decided that these amounts would be paid in a phased manner in the next 2-3 years.

NEPRA's tariff determination for the next year is based on DISCOs' purchase cost in the current year and future commitments in the coming year adjusted for prior year adjustments, which could be positive or negative. At present, the fuel price adjustment takes place every month with about a two-month lag. All other costs – whether it is new plant additions, or exchange movements on fixed cost, or interest rate movements, or taxes etc. – are adjusted quarterly now. In the past, these were adjusted annually.

NEPRA determines tariffs for all the ten DISCOs individually. Historically, NEPRA used to send these tariffs to the government where DISCOs with lower losses had lower tariffs and those with higher losses had higher tariffs; and the government would then announce a uniform tariff across the country for a particular type of customer, which used to be the lowest tariff amongst all DISCOs. The difference between the NEPRA approved tariffs and the tariffs notified by the Ministry was the tariff differential subsidy (TDS), which the government paid to equalize the gap.

More than a year ago, an amendment was made to the NEPRA Act, which everyone is now criticizing and will probably result in further amendments. A new mechanism was introduced where NEPRA could announce uniform tariff. Effectively, what it meant was that rather than the government equalizing the tariff, NEPRA should determine the tariffs, equalize and announce one uniform tariff for a particular slab or customer category. With this amendment, the government lost its right to put surcharge on high-end customers, which it used to offset some of the TDS. This is where we stand today.

With this background, we come to the main problem that this government faced when it took office at the end of August 2018. There was Rs226 billion of prior year adjustments that the previous government had decided not to pass on. Two major portions of that were the net hydel profits, and the capacity payments incurred on CPEC energy projects that had started operating. These prior year adjustments not passed on were based on the indexations that NEPRA had to apply only till the end of 2017; all capacity payments on new additions and the 35 percent exchange movement since the beginning of 2018 up until now had also not been passed on. So, in todays indexed, corrected and passed on cost, we are looking at Rs425billion additional amount that has to be put in the bills.

DISCOs had not been updating their costs to NEPRA for tariff determination for two years due to political pressures, and it was only after the previous government left the office and the interim government took charge that the DISCOs submitted the information that NEPRA had been asking for tariff determination. The existing tariff was at Rs11.71; and in October 2018 – NEPRA notified a tariff of Rs15.31 after incorporating the prior year adjustments of Rs2.18 up until 2017, plus around Rs1.6 for the ongoing year until October 2018. Technically, when the PTI government came into power, the rate should have been around Rs14 had Rs2.18 on account of prior year adjustment having been passed into the rate already. But since it wasn't, NEPRA proposed a tariff increase of Rs3.82.

There was a lot of debate on this when the matter was taken to the ECC; on one hand, we faced the issue of such an enormous increase in tariffs after only one month of taking charge; on the other hand, the KP government was banking on receiving the net hydel profit disbursement of Rs70+ billion in the current year out of its total development budget, and the CPPA was waiting to pass on the remaining capacity payments for the additional CPEC projects that had come online. After much debate and discussion between the government and NEPRA, the cabinet eventually increased the tariff only by Rs1.27 in January 2019, with further increases to come later in various stages, all to account for past cost not having been passed through.

BRR: What is the deal with the circular debt? Where does it stand?

NB: Let's start from 2018. In January 2018, circular debt stood somewhere between Rs450-475 billion. The government at that time decided to clear Rs200 billion; between January and May 2018, the then government paid Rs150 billion by borrowing, and another Rs50 billion was sought approval in the last week of the PMLN government, but that never got disbursed. On June 30, 2018, the circular debt stood at Rs600 billion even after all the payments that were made. Why? Because they did not take into account the circular debt being generated during five months of 2018 i.e. Jan-May.

In 2016 and until latter half of 2017, the government was following a policy of revenue-based load shedding, which technically meant that high loss areas had higher load shedding. This kept the circular debt from crossing Rs300-325 billion at any time. In late 2017, the government decided to change this policy and load shedding was reduced to minimal levels ahead of elections; and in the next six months leading up to the elections, there was an additional Rs100 billion circular debts created because of this change in the policy.

The actual creation of circular debt in FY18 that included 11 months of PMLN government and 1 month of interim government was Rs453 billion–about Rs1.3 billion per day. Essentially, three extraordinary elements contributed gigantically to this sum. One, other than the TDS, there was Rs175 billion worth of unfunded subsidy i.e. announced by the government, passed onto the customer, but never paid to the distribution companies. This included no allocations made for the subsidy that was announced and was being paid under the industrial support program and the agri support program for cheaper electricity. Also the Balochistan tube wells subsidy and AJK subsidy remained unfunded.

The second element was changing the revenue-based load shedding policy. Third was not incorporating and passing on the actual cost that the government had agreed with the provinces as NHP and paid to new projects as capacity payment. The fourth element, which wasn't new, was the continued losses that added to the circular debt stock. On a consolidated basis, AT&C losses were around 24 percent for 2016-17. These increased to 29 percent for 2017-18 – the highest ever. This is all what the new government had to contend with when it took charge.

BRR: Where does it stand now given that you have been in power for the last 6-7 months?

NB: The rate increase of Rs1.27 came into effect on January 1, 2019 after a couple of months of deliberation, debate, and review. Government told NEPRA that the tariffs cannot go up by Rs3.82 in one go. What was essentially done was that some tariff rationalisation where the increase proposed was reduced from Rs3.82 by about 50 paisa and NEPRA was asked to spread it over a two-year period – Rs1.27 of which has already been jacked up in January. Let me remind you that out of the remaining Rs2.15., there is a one-time element in the shape of prior year adjustments, which will drop off once it is recovered over the two-year time period.

Coming to your question now; the consequence of all this was a higher run rate of circular debt for the 1HFY19 as the tariff increase came into effect only in January 2019, which translates roughly into a circular debt of Rs220-230 billion for the first six months which is the same run rate that was continuing in 2017-8. However, this number will come down to Rs100-110 billion for 2HFY19, which means that the circular debt being created for the ongoing fiscal year, 2018-19 will stand around Rs320-330 i.e. Rs100 billion lower than what it was in 2017-18.

In 2019-20, two more rate increases would have to come into effect as per NEPRA, and our estimates show that the circular debt for the year 2019-20 would drop to Rs110 billion. And when the following fiscal year starts in July 2020, our estimates suggest that the circular debt will be down to Rs50-60 billion for the whole year, which would be manageable.

BRR: What policy is the government adopting for load management now?

NB: We have gone back to the previous regime where any feeder with AT&C losses of less than 20 percent will not have any load shedding. Around 50-60 percent of the feeders in the 10 DISCOs have no load shedding policy because their AT&C losses are below 20 percent. We have four categories of losses for load management: 20, 30, 40 and above 60 percent. On average, total revenue based load shedding, based on this policy in the country is around 2500MW. However, wherever the AT&C losses drop down, the revenue based load shedding is reduced accordingly.

BRR: Can you tell us a bit more about the unfunded subsidies? What is government doing to address this problem?

NB: In November 2018, when all this was being debated in the Cabinet, I made an impassioned plea to the Prime Minister and the Finance Minister to stop the practice of unfunded subsidies if things are to be fixed. They both readily agreed. The Finance Minister was right in saying that he had no budgetary room for more subsidies and has committed to pay the subsidies for zero-rated export sector, which amounts to Rs24 billion.

Programs like agri support where electricity is being charged at Rs5.35, and industrial support program where industries are getting a discount of Rs3 are continuing as it is difficult to finish them. However, the government was able to solve the AJK issue in the Cabinet where rate has been increased to Rs5.79 versus the previous rate of Rs2.73. The ECC has approved it and it will be in effect soon.

A large part of the Balochistan tube well subsidy that has both the provincial as well as a federal component has not been paid for the past 10 years. This subsidy is the single largest component or around Rs197 billion in the Rs950 billion receivables of the DISCOs from all types of customers. Ten years ago, the estimated cost of a tube well at that time was calculated to be Rs75,000. And agreement was reached back then that the farmer will pay Rs10,000 of the cost, while the federal government and the Balochistan government will pay 40 and 60 percent of the remaining Rs65,000. In case the cost was above Rs75,000, the excess was to be paid by the farmer. To address this situation for the future, the government has planned to solarise all these tube wells in Balochistan. This will take at least two years, and we have found international donors as well as commercial companies that are interested.

BRR: If you could summarize, what are the key focus areas for the government today?

NB: Against this backdrop, I identified a few areas for the government in late September last year. After several rounds of meetings with the PM, ECC, CCoE we agreed to follow these areas, which should bring down the run rate in the circular debt to Rs100-150 million a day by July 2020.

First, there will be no unfunded subsidy in the upcoming budget. Second, DISCOs must recover the prior year actual costs. Almost 50 percent of these past costs have to go to the two provinces in shape of net hydel profit, while the remaining 50 percent is the additional capacity payment that remains unrecovered. As I mentioned earlier, there is a time horizon for this. In case we don’t drop off once these costs are recovered and keep them part of the tariff for some time we can actually generate money to retire all the circular debt that was parked on the balance sheet of Power Holding Company earlier. If we drop these items off, we will have to deal with the circular debt separately through a longer program.

Third is the theft control program that was launched mid-November 2018 in Punjab, and mid-December in Sindh and KP. Effectively, we have 2.5-3 months' worth of data, which shows that we have been able to increase revenue by Rs42 billion in this time, out of which Rs20 billion has come from higher units sold and hence higher rates charged since January 2019, and Rs22 billion has come purely from reducing AT&C losses. The AT&C losses have come down by 1.8 percent in 2.5 months. Our target is to bring the AT&C losses down by 3-4 percent to 25-26 percent by the end of June 2019. The target for next year i.e. FY20 is to bring it down to 22 percent, which would essentially mean that we would have contained the leakage to about 6 percent given that NEPRA's threshold for AT&C losses is 16 percent.

The theft control program has two parts: law enforcement and technology intervention. Law enforcement is in full swing; there are over 20,000 FIRs registered against electricity theft; more than 2000 customers are in jail; more than 500 government personnel are behind bars. On the technology side, we are trying our best to reduce manual intervention to minimal.

Coming to the last item; we have to reduce our generation cost. Our average, generation cost is high and 42 percent of it is based on imported fuel. In the last one year, the cost of generation has gone up by Rs1.5 per unit only from the 35 percent currency depreciation during the year. Our average weighted basket cost of generation at all the plant gates in January 2018 was about Rs10.5. And the actual T&D costs were around Rs2.10-Rs2.15, which included the distribution and transmission staff costs, O&M costs, etc. So, the true cost of delivery without taking into account the losses was around Rs12.7. After including the 16 percent allowed losses by NEPRA, the true cost of delivery would mean a cost of over Rs14.5. Adding the 13 percent disallowed losses – 29 percent total losses minus 16 percent allowed losses – the figure would be over Rs16. So there was a big gap between this figure and the weighted average rate of Rs11.71 at that time, which was piling up and going into circular debt.

Also, we have to realise that we cannot just look at the present day analyses; we have to look at the future implications over the next five years. One of the first things I told the government was that we need to plan our generation on the basis of a 25-30 year forecast preferably month by month. The PM was very supportive; so I launched something I called Pakistan100, which for me is a 28-year plan for power; I will follow this for the petroleum side and then integrate the two. The first draft for power has been submitted. The idea behind this analytical exercise is to get out of these alternating cycles of shortages and excesses; start planning at the generation level and match it with transmission and distribution planning; redirect our fuel mix by policy; shutdown a good chunk of power plants from the existing fleet that are too inefficient; and change the forex dependability.

BRR: We've been hearing about smart metering for some time now? Is the government doing anything in this regard?

NB: Yes. To curtail losses, we are launching the AMI Program, which is the smart metering system. We have received the first tender for IESCO, funded by ADB. This month we are launching for LESCO. And by the end of the year, we will be floating the tenders for PESCO, HESCO and SEPCO. AMI or Advanced metering infrastructure is an integrated system of smart meters, communications networks, and data management systems that enables two-way communication between utilities and customers. There has been a lot of controversy around this idea in the past, but that has been addressed, and I believe that the program should be effective.

BRR: When do you expect to see smart meters at the household level?

NB: Converting all meters to smart meters across the country is a five-year program. If you talk about IESCO, the contract will be awarded in June this year and the program is for 2 years. LESCO contract is expected to be awarded in July 2019, and it will also take around two years.

BRR: One issue raised on the AMI is the local meter manufacturers don't qualify due to some conditions in the ADB contract, which technically means that the equipment will be imported. They argue that this would affect local business and job creation that could get a boost otherwise. What's your take on this?

NB: This is half true. They have approached the High Court in Islamabad. The tender has some technical and some financial conditions for you to bid. Initially when the program was conceived some 4 years ago, technical conditions proposed that if you are a sole bidder, you need to have the experience to deploy these kinds of devices in at least 3 locations globally, which these local players didn't have. The current tender says that if you are part of a consortium, at least one member of that consortium has to have experience in 3 locations. It further says that if you want to be a named subcontractor, you need experience in one country, which could be your own. The local players technically qualify the subcontractor condition. So local players can meet these conditions either as part of a consortium or a subcontractor.

On the financial side, there are two triggers. The first one is that the annual turnover of the single bidder or the consortium should be $80 million for last three years. Second condition is that if you are part of a consortium, then as a member of the consortium to have to have an annual turnover of $20 million for last three years. According to these local players, none of them qualify the $20 million annual turnover condition. It is my belief that at least PEL qualifies.

BRR: Coming to generation, what are your plans and targets going forward?

NB: Our current name plate capacity is 33,000MW, while 26,000MW is the dependable capacity. By 2030, we plan to increase generation capacity to 52,000MW; and the imported fuel component of generation that stands at 42 percent today, we plan to bring it down to 20 percent by 2030.

In the next 5-10 years, our main focus will be on renewable energy; the hydel plants that are in process – committed and identified; Thar coal plants that are awarded, in construction or in various stages of contracting; and finally three nuclear plants under construction. The policy is strictly no new imported coal plant; no new imported LNG plant. By 2030, hydel and renewables would account for 65 percent.

BRR: Renewables have a criticism that they cannot become the base load because of fluctuation in power generation as well as the demand in that area. But your targets seem to show that at 65 percent, renewables will become the base load. How do you address this query?

NB: We are bringing a new renewable policy, which will address these issues. The new policy has a radically different approach. The cost of renewables at this time is in most cases lower than the fuel cost of oil, and in some cases RLNG. If inducting renewables lowers our average cost of generation, then we are not worried about additional capacity because it improves our financials. It is correct that variable renewable energy (solar and wind) causes problems of voltage fluctuation for the weak grid that we have.

How we plan to counter this is by setting a target for renewable share and identifying what we need to do for the grid to absorb them at the least cost without any variations. We have just signed up with the World Bank for a study of the entire country on resource mapping together with interconnection mapping, which they have promised to finish in 6 months. There is another study being conducted in parallel by Lahmeyer, Germany funded by the World Bank to identify what points in the main grid need strengthening if we plan to increase renewables to 20-25 percent in the system. Based on the results of these studies, our new policy includes capacity auctions every year for solar, wind and biomass.

BRR: What is stopping you from commercialising solar panels in the residential and commercial sector especially when we need to increase indigenous generation?

NB: Nothing is stopping us. If the new renewable policy is approved as is, it has an entire section on this issue. I have proposed to completely open up this segment: billing, net-metering, wheeling and excess being sold back. This will attract resistance though. DISCOs have a legitimate concern that their better paying clients will start to shift and we have to address this concern through market forces.

BRR: Coming to furnace oil, what is the way forward?

NB: Back in November, when the refineries threatened to shut down, I was called in to sit with them. We have had three rounds of negotiations with all the refineries and we reached an understanding on a long term program. We have worked out a two staged program. In the first phase, the refineries need to have their export channels developed as soon as this summer is over.

We are going to add some minor infrastructure at the port to have reversed pumping and reverse decanting to fill a ship with FO for export. PSO has been instructed to remodel the storage capacity to increase the pumping capacity by the end of this summer to be able to ship out a cargo of 50-60K tons every 10 days. Our production of FO is about 300,000 tons a month.

The next step is that like the new refinery policy with tax concessions, we are going to give a 5-year window to the existing refineries with similar concessions to upgrade. We have also suggested that rather than every refinery having its own hydrocracking unit, they should all have a single unit in the country that should do the job. To recap, refineries will export furnace oil for the next two years where we will give them some financial incentive in the first six months as FO is a negative margins product due to import price parity. After that, they have to compete on their own or go to deeper conversions.

https://www.brecorder.com/2019/04/08/486813/circular-debt-to-be-rs50-60-billion-by-july-2020/

NEWS COVERAGE PERIOD FROM APRIL 15TH TO APRIL 21ST 2019

NEELUM-JHELUM PROJECT FACES FINANCIAL CONSTRAINTS

By Irshad Ansari Published: April 21, 2019

ISLAMABAD: The Neelum-Jhelum hydropower project is facing immense financial difficulties, which have been aggravated by the depreciation of the rupee against the US dollar and delay in disbursement of $280 million by the Exim Bank of China.

The Neelum-Jhelum Hydropower Company expects the project cost to be restricted to approximately Rs470 billion as against the initial approved cost of Rs506.8 billion as per fourth revised PC-I. However, there is a shortfall of Rs108 billion, of which Rs70 billion is the local cost component and Rs38 billion is the foreign cost component.

It has been revealed that China has refused to lend the agreed amount due to certain conditions imposed outside of the contract. The requirement of foreign cost component can be met by persuading the Exim Bank of China at the government level to release the loan whose expiry date is August 2019.

Due to the financial crisis, the Ministry of Water Resources has allowed contractors to raise Rs55 billion immediately for the payment of bills and meeting other necessary expenses through a government-guaranteed Sukuk. It has also asked for exemption from taxes and has prepared and sent a summary to the Economic Coordination Committee for approval.

According to documents available with The Express Tribune, it has been said in the summary sent to the ECC that all four units of Neelum-Jhelum hydropower project are operational and generating electricity depending on availability of water in Neelum River.

The summary also stated that since funds would be raised under the Islamic mode through Sukuk, it should be declared SLR-eligible security under Sections 13 and 29 of the Banking Companies Ordinance 1962, so that the cost burden was minimised.

Published in The Express Tribune, April 21st, 2019.

https://tribune.com.pk/story/1955450/2-neelum-jhelum-project-faces-financial-constraints/

75 TO 80 PERCENT RAISE IN GAS PRICE?

RECORDER REPORT | APR 18TH, 2019 | EDITORIAL

Chairperson Oil and Gas Regulatory Authority (Ogra) Uzma Adil while speaking at a public hearing stated that gas prices would have to be 'inevitably' raised by between 75 to 80 percent from next fiscal year commencing 1 July 2019 adding that gas prices had not been raised during the past two years. The latter claim is inaccurate; while the previous PML-N administration resisted attempts to raise gas prices thereby extending subsidies and allowing a rise in the circular debt of the gas sector yet during the Pakistan Tehreek-e-Insaaf (PTI) administration gas prices have been raised twice though not by enough to meet the final revenue requirements (FRR) as calculated by Ogra.

In October 2018, the PTI government approved recovery of 95 billion rupees from consumers that raised domestic consumer prices by up to 143 percent with the government maintaining that the bulk of the raise was limited to the rich. The three slabs consisting of lower to middle income earners were to bear a relatively small raise: (i) those consuming up to 50 cubic meters per month (estimated at around 38 percent of all consumers) would witness a 10 percent increase; (ii) those consuming from 50 to 100 cubic meters would bear a 15 percent increase; and (iii) those consuming between 100 and 200 cubic meters would experience a 19 percent increase.

During the last days of February 2019, the government notified a seven percent increase in LPG price and a 22 percent increase in gas price to meet unmet revenue requirements estimated at 75 billion rupees for the current year. This implied a 111 rupee per unit increase was necessitated in March as per Ogra, however, the government opted not to raise gas price for nine months and concentrated the entire raise in the winter months when demand is high in upcountry areas which created a public furore. Additionally, the government reduced tariff for zero-rated industries while keeping the rate for tandoors constant accounting for FRR falling further short of targets – decisions, it was maintained by Ogra in March this year, that would necessitate an increase in tariffs by about 120 rupees per MMBTU. This observation made last month no doubt explains Adil's statement that tariffs would have to be raised by 75 to 80 percent by 1 July 2019.

In March this year, Ogra also revealed that approximately 2 billion dollar worth of gas was stolen every year across the country – a factor responsible for the bulk of the more than 11 percent unaccounted for gas (UFG) losses. And further contended that a massive revenue shortfall, of about 164 billion rupees, would be evident by 30 June 2019 until and unless the government opted to raise gas rates during the current fiscal year, which explains Adil's contention that a raise is inevitable.

While the raise in gas tariffs has not kept pace with the raise in its purchase price, leading to the persistent failure as well as rising shortfall in meeting the FRR of the two gas companies yet given that the tariffs are set in dollars the steady rupee depreciation has also contributed to the need to raise rates. At present, the government levies excise duty as well as 17 percent general sales tax on gas as well as levies a gas infrastructure development cess (not realized revenue due to court cases) though the government is currently negotiating with those collecting GIDC but not crediting it to the treasury to pass on a certain percentage of collections. And natural gas development surcharge budgeted to generate 16 billion rupees in the current year (with 23 billion rupees collected last year under this head). Thus by manipulating taxes, the government can absorb not passing on the rate rise to consumers though its own finances would suffer significantly as a consequence.

There is little doubt that in the event the government goes on an IMF bailout package, the pressure to raise rates would be significant for the short-term; and in the medium-term the Fund would urge a resolution of the GIDC-related court case as well as to improve the performance of the sector that is increasingly suffering from the same malaise as the electricity sector: rising circular debt that is creating severe liquidity problems requiring periodic government releases.

https://fp.brecorder.com/2019/04/20190418465446/

QUESTIONS RAISED OVER PROFITS OF POWER PRODUCERS

Khaleeq KianiUpdated April 17, 2019

ISLAMABAD: Amid criticism over dollar-based tariff indexations, unnatural profits in the power sector and over Rs664 billion capacity charges, the government is in negotiations with independent power producers (IPPs) to secure concessions in various heads and bring down overall power costs.

Briefing the Senate Stand-ing Committee on Power presided over by Senator Fida Muhammad, Secretary Power Division Irfan Ali said the government is currently in talks with the IPPs to get some concessions particularly in late payment surcharges and related issues. However he declined to disclose further details at this stage of ongoing negotiations.

He said the IPPs had guaranteed agreements with the Government of Pakistan but they had shown willingness to correct certain things voluntarily in recent meetings. “Let us reach a conclusion in another meeting or so on an agreement and then report back,” he said.

Ali said Prime Minister Imran Khan also desires that the government should hold talks with the IPPs and improve the terms of agreement. He acknowledged that there were some faults from the government’s side and some claims might not have been genuine from the private sector.

Talks underway to reduce penal interest charges, other matters; dollar indexation of returns comes under spotlight

A spokesperson for the IPPs told Dawn that the talks with the government are part of an out of court settlement that is under negotiation on the order given by the London Court of International Arbitration (LCIA). According to the spokesperson, the IPPs are discussing possible reductions on the penal interest charges on outstanding payments owed to the power producers. These charges currently stand at Kibor plus 4.5 per cent. The discussions revolve around bringing these down to Kibor plus 2pc, provided they are cleared within a stipulated time period. That time period also remains under negotiation.

The LCIA ordered the government to pay about Rs16bn in favour of the 10 IPPs under the 2002 Power Policy that had petitioned the arbitral court for redressal of their outstanding payments. The IPPs have since moved the Lahore High Court for implementation of the order, following which the government offered an out of court settlement.

Responding to Senator Nauman Wazir Khattak, the federal secretary explained that dollar-based indexation was originally allowed under the 1994 and 2002 power policies to investors who were making foreign investment in the power sector, but this continued on even local investments re--portedly under a decision of the Economic Coordination Committee (ECC) of the cabinet. “This should not have happened,” said Mr Ali.

A senior official of the National Electric Power Regulatory Authority (Nepra) said the government used to offer upfront tariffs with different rates of return on equity and later the ECC issued guidelines to the regulator to allow Internal Rate of Return (IRR) based re--turn on equity with dollar indexation.

Central Power Purchasing Agency CEO Abid Lodhi informed the committee that total capacity charges amounted to Rs664bn during fiscal year 2017-18.

Senator Khattak said it made sense for foreign investment to have dollar indexation for any exchange rate loss but it was unfortunate that investment in rupee is also allowed 15-17pc return on equity and that too based on dollar indexation. “The exchange rate for example had gone down from Rs104 to Rs140 over the past few months; imagine what impact it would have on capacity payments, energy payments and the overall tariff,” he said.

“This is unacceptable” he added and advised that average consumer tariff of about Rs20 per unit was not only unaffordable but rendering industry uncompetitive.

The Nepra representative agreed but said an exercise initiated by the power regulator was thwarted by the IPPs through restraining court orders on the ground that they were doing business under guaranteed app-roved power rates by the government and the regulator and their profitability could not be called into question.

Senator Khattak said the fuel used by power producers and claimed from power purchasers under Nepra rates could also be compared with fuel expenses reported to the SECP in balance sheets. “Many things would get exposed,” he said.

He sought details of agree--ments signed with IPPs and the copy of reported ECC guidelines sent to Nepra. The committee also sought month and year wise details of capacity payments made to IPPs during this fiscal year and the names of plants that were paid capacity charges without power supply or less than committed quantities.

Published in Dawn, April 17th, 2019

https://www.dawn.com/news/1476643/questions-raised-over-profits-of-power-producers

GAS PRICES LIKELY TO BE INCREASED BY 75% TO 80%

By Shahram Haq Published: April 15, 2019

LAHORE: The Oil and Gas Regulatory Authority (Ogra) has said prices of gas are likely to be surged by 75 per cent to 80 per cent in the next fiscal year as such hike has become ‘inevitable’.

“The prices of gas would likely to be increased by 75% to 80%. The new rates will be implemented from the next fiscal year,” said Ogra Chairperson Uzma Adil on Monday while talking to media after a public hearing of Ogra. “That surge in gas prices is inevitable,” she added.

She said purchase price of gas has increased, affecting the buying-selling difference. Gas rates have not been increased for two years. Increase in exchange rate of dollar is also a factor behind this increase.

The Ogra chairperson categorically said there is no chance of bankruptcy of any gas company and the government would not let that happen.

To a question regarding reasons behind gas overbilling in winters, the chairperson said the fourth gas slab and pressure factor were the reasons behind overbilling.

“The consumers who were overcharged will be refunded. The prime minister’s committee will determine who was responsible for overbilling,” she added.

Earlier, representatives of the Sui Northern Gas Pipelines Limited (SNGPL) and other companies demanded a hike in gas prices during the hearing.

Speaking at the public hearing, central leader of the All Pakistan CNG Association (APCNGA) Ghiyas Paracha said recovery of all the losses from the CNG sector is unjustified and unacceptable.

“Gas worth Rs48 billion is being stolen. 93% gas is stolen in the district Karak and gas officials are involved in this theft,” he added. Pointing out weakness in the gas billing and measurement system, he said gas consumers are being overcharged.

“The SNGPL has demanded Rs723 per mmbtu increase in gas tariff and Rs111 per mmbtu increase in the LNG tariff. If demand of the company is accepted then the burden of this price hike will be on consumers’ shoulder,” he added.

He said the volume of gas continues to increase but the charges of gas distributors are not decreasing but are rather increasing. He said payment for post terminal expanses like regasification, transportation, and UFG should be made in the rupee and not in the dollar.

"If our suggestions are accepted, gas prices will be reduced not increased," he added.

https://tribune.com.pk/story/1951472/2-gas-prices-likely-increased-75-80/

NEWS COVERAGE PERIOD FROM APRIL 22ND TO APRIL 28TH 2019

GAS SHORTAGE EXPECTED TO REACH 4.6BCFD IN FIVE YEARS

Our Correspondent April 28, 2019

KARACHI: Gas shortfall will likely more than double to 4,600 million metric cubic feet/day (mmcfd) in the next five years without the imported gas, a regulatory authority said.

Oil and Gas Regulatory Authority (Ogra) said the country is facing shortage of gas supply, "which will further increase in future".

"The gap between the supply and demand is expected to increase to the tune of 4,600 mmcfd in FY2022-23 and 6,700 mmcfd by the FY2027-28 without the imported gas," the Ogra said in its latest state of petroleum industry report 2017/18. The country currently produces around 4,000 mmcfd of natural gas – accounting for 48 percent share in the primary energy mix – against demand of more than 6,000 mmcfd. The demand-supply gap of gas during FY2017-18 was 1,447 mmcfd. "This gap is expected to rise to 3,720 mmcfd by FY2019-20," the Ogra said. The authority, however, said the possible gap would be bridged through enhancement in indigenous gas exploration and production through incentivising the sector, import of interstate natural gas – through development of cross-country gas pipelines – and increased import of liquefied natural gas. The Ogra said construction of two LNG handling terminals – each having re-gasification capacity of 650 mmcfd – are major milestones achieved to mitigate gas shortage in the country. The share of re-gasified LNG in the overall gas supply increased to 23 percent in the last fiscal year of FY2017-18.

In FY2018, the gas utility companies added 678,872 new consumers to their network. The total gas consumers were more than 9.2 million by the end of last fiscal year. There were 6.3 million and 2.9 million consumers on Sui Northern Gas Pipelines Limited and Sui Southern Gas Company Limited network, respectively. Natural gas supplies, during the last fiscal year, were 4,357 mmcfd. Sindh supplied 50 percent to the total gas supplies, whereas Khyber Pakhtunkhwa, Balochistan and Punjab supplied 12, 11 and 4 percent, respectively. The remaining 23 percent of gas was imported in the form LNG. The authority said power sector was the main consumer of natural gas during the last fiscal year, consuming 37 percent followed by domestic sector (20 percent), fertiliser (17 percent), captive power (10 percent), industrial sector (nine percent), transport (five percent), and commercial sector (two percent). The Punjab had the highest 50 percent share in gas consumption in FY2018, followed by Sindh (39 percent), Khyber Pakhtunkhwa (nine percent) and Balochistan (two percent).

The Ogra said the consumption of petroleum products decreased 5.3 percent to 24.6 million tons in the last fiscal year as power sector's consumption of fuel oil fell 23 percent due to LNG availability.

PSO was the leading player with the share of around 50 percent, losing almost five percent of its market share to other competitors compared to the previous year. Shell also shed its market share to seven percent from nine percent. The main beneficiary was Hascol, increasing its market share to 12 percent from eight percent and Attock Petroleum Limited slightly improved its share to nine from eight percent.

https://www.thenews.com.pk/print/463802-gas-shortage-expected-to-reach-4-6bcfd-in-five-years

WAPDA PLANS $500 MILLION GREEN EUROBONDS IN TRANCHES BY MARCH 2020

Mansoor Ahmad April 28, 2019

LAHORE: Water and Power development Authority (Wapda) aims to issue up to $500 million of long-term dollar-denominated green bonds by March 2020 to fund its long-stalled mega-projects, officials said.

The state-run utility has planned four to five tranches of the bond and it will tap the international environmentally-minded investors with $100 million worth of issue each year for the next five year period, they added.

“A deal with the consortium of investors would be finalised by the end of this year, and the first Green Eurobond of $100 million would be offered to the investors by March 2020,” a source said.

Hydro projects Mohmand Dam and Diamer Bhasha Dam will be funded by the green bonds.

“The funding needs of Mohmand and Bhasha are spread over several years; therefore, the Green Eurobonds would be offered in lots of $100 million over the next four to five years,” the source said.

A Wapda delegation headed by its chairman Muzzamil Hussain visited Dubai and London last week to pitch these projects in the international financial and capital markets. “During their visit, the delegation met a number of globally renowned institutions,” another source said.

“Most of these investors had prior exposure to Pakistan’s bond market. They showed interest in Wapda’s Green Eurobond transactions.”

The source said the interested investors included banks, hedge funds, and insurers.

Officials said sentiments show that $500 million could be collected in one go, but since the funds would not be utilised it would be prudent to launch the

bonds when money for the projects was needed.

Wapda in recent years has successfully generated funds for its development projects from the financial and capital markets. The Neelum-Jhelum and Tarbela 4 projects were completed from the funding arranged through local banks.

Since both projects were now operative and generating income for the utility, the servicing of the loans was not a problem for the authority. It was the first time that WAPDA got mega loans on the strength of its huge asset-base, officials said.

Encouraged by the success in arranging loans from the domestic market, WAPDA authorities decided to approach the international finance and capital markets taking advantage of strong liquidity for green issues.

Officials said the international investors recognise the fact that Pakistan has not been able to exploit its hydropower generation potential because of paucity of funds and also because the gestation period of hydro projects is very long.

“They also recognise that Wapda has somehow installed over 7,500MW hydro-electric capacity that generates a lot of funds for the authority,” an official said.

“They feel that new projects could be funded against the mortgage of existing projects when the repayments have sovereign guarantees.”

https://www.thenews.com.pk/print/463804-wapda-plans-500-million-green-eurobonds-in-tranches-by-march-2020

GAS SHORTAGE TO INCREASE BY 157PC NEXT FISCAL YEAR

Khaleeq Kiani Updated April 27, 2019

ISLAMABAD: With an addition of 700,000 consumers last year, Pakistan’s gas shortfall is estimated to jump by 157 per cent to 3.7 billion cubic feet per day (bcfd) in fiscal year 2019-20 — almost equal to total gas supplies at present.

The estimates have been made by the Oil and Gas Regulatory Authority (Ogra) that put the gas shortfall increasing almost continuously every year to 6.6bcfd by FY2028.

In its flagship “State of the Industry Report 2017-18”, the authority noted that the (natural gas) demand-supply gap during FY2017-18 was 1,447mmcfd and that this gap was expected to rise to 3,720mmcfd by FY2019-20. The regulator put the total gas demand at about 6.9bcfd in fiscal year 2019-20 compared to total supplies of about 3.2bcfd.

It said the demand would increase to 7.7bcfd by 2024 but domestic supplies would fall substantially to 2.3bcfd, leaving a shortfall at 5.5bcfd. The shortfall would practically be about 3.6bcfd in FY2024 as the gap would be partially met by about 1.9bcfd of imported LNG.

The domestic gas production would continue to decline from about 3.3bcfd at present to less than1.6bcfd by 2028 while the gas dem-and would keep going up to reach 8.3bcfd by that year. Ogra estimated that despite the induction of all the import options, including LNG, Turkmen-istan-Afgha-n-is-tan-Pakistan-India (TAPI) and Iran-Pakistan (IP) pipelines, the total supplies would decline to 3.7bcfd by 2028, creating a net shortfall of about 4.6bcfd, more than total supplies at present.

The regulator said the gap was rising because of higher consumption in almost all the major sectors particularly power, domestic, fertiliser, captive power and industry as the supplies were not keeping pace with higher demand.

Both the gas utility companies added around 0.7 million domestic, commercial and industrial consumers, in their respective systems, during fiscal year 2017-18. Consumer addition is incre-asing the gap between dem-a-nd and supplies, day by day. Especially in winter, the gas demand further increased and as a result the government is being forced to curtail supplies to various sectors.

Despite this, the natural gas is a major contributing fuel in the country's energy mix. Its share in the primary energy mix is around 48pc.

There is a significant rise in demand and consumption of gas by residential and domestic consumers owing to price differential vis-a-vis other competing fuels, i.e. liquefied petroleum gas (LPG), fire wood and coal. The LPG presently accounts for about 1.3pc of the total primary energy supply in the country.

The current size of LPG market is around 1.3 million tonnes per year. The LPG consumption has increased by 5.88pc in 2017-18 compared to the previous year.

LPG consumption during FY2017-18, stood at around 3,508 tons per day. Local production catered for around 58pc, the rest was imported.

The share of re-gasified LNG in the overall gas supply increased to 23pc in FY 2017-18. The total gas consumers were more than 9.2m by the end of FY2017-18, including 6.3m in the SNGPL network and 2.9m in the SSGCL network.

The power sector was the main consumer of natural gas during FY 2017-18, consuming 37pc, followed by domestic sector 20pc, fertiliser 17pc, captive power 10pc, industrial sector 9pc, transport 5pc, and commercial sector having 2pc share.

Punjab had the highest 50pc consumption, followed by Sindh 39pc, Khyber Pakhtunkhwa 9pc and Balochistan 2pc. Natural gas supplies during the year stood at 4.357bcfd, of which Sindh supplied 50pc, whereas Khyber Pakhtun-khwa, Balochistan and Punjab supplied 12, 11 and 4pc respectively. The remaining 23pc of gas was imported in the form LNG.

The report said the consumption of petroleum products during FY 2017-18 decreased to 24.6 million tonnes (including energy and non-energy) as compared to 26m tonnes of the previous year showing a decline of 5.3pc.

During FY2017-18, the consumption of high speed diesel remained steady with negligible growth of 0.4pc.

The market share of oil marketing companies witnessed a shift in the ranking of main players as compared to previous year. The PSO was the leading player with the share of around 50pc, loosing almost 5pc of its market share to other competitors. Shell also shed its market share by 2pc from 9 to 7pc. The main beneficiary was Hascol, increasing its market share from 8pc to 12pc and Attock Petroleum slightly improved its share from 8 to 9pc.

Published in Dawn, April 27th, 2019

https://www.dawn.com/news/1478633/gas-shortage-to-increase-by-157pc-next-fiscal-year

PAKISTAN, IRAN AGREE TO WORK CLOSELY ON PIPELINE PROJECT: FO

ALI HUSSAIN | APR 26TH, 2019 | ISLAMABAD

The Foreign Office said on Thursday that Pakistan and Iran have agreed to work closely for the implementation of Iran-Pakistan (IP) gas pipeline project which was duly discussed during Prime Minister Imran Khan's two-day visit to the country. Speaking at his weekly media briefing, Foreign Office Spokesperson Dr Mohammad Faisal said that during Prime Minister's visit to Iran, the two sides also discussed the Iran-Pakistan gas pipeline, among other projects, adding that both sides expressed their commitment and agreed to work closely for the implementation of the project.

About Iran's stance on the issue of Kashmir, he said that in the joint statement, the dispute of Jammu and Kashmir and Pakistan's stance on the issue had garnered emphatic support from the Iranian side.

"There is an entire paragraph which calls for the resolution of the Jammu and Kashmir dispute in light of the UN Security Council's resolutions. This is a significant victory of our diplomatic endeavours which should not be discounted or downplayed by anyone. The Kashmiris greatly appreciate the stance taken by Iran on the Jammu and Kashmir dispute," Dr Faisal said.

Asked whether the Prime Minister raised the Ormara terror attack with Iranian leadership, he said that the Prime Minister during his visit asserted that security issues and concerns of both sides need to be resolved completely through close engagement of concerned agencies. Both sides are ready to address this subject comprehensively, he added.

When his response was sought on Prime Minister Khan's remarks in relation to the Pakistani soil being used against Iran, Dr Faisal said that there has been a lot of debate about Prime Minister's statement on use of Pakistan soil.

"The statement has been largely taken out of context. Prime Minister Imran Khan was talking about non-state actors using Pakistani soil under foreign influence to carry out activities in Pakistan or coordinating from Pakistan, case in point is Commander Kulbushan Jadhav and local facilitators. In the same manner, Pakistan is attacked using soil of Iran and Afghanistan," he clarified.

He said that the same was clearly stated by the Prime Minister during his visit to Iran while referring to latest incident in Balochistan. "That is why the Prime Minister is making all-out efforts for peace across whole region," he said, adding that the PM's statement being linked to any other context is an effort to misinterpret the expression which doesn't serve Pakistan in any way.

To another question, he said that Pakistan stands ready to extend all-out support and cooperation to Sri Lanka in investigation into the recent terrorist attacks in which as many as 359 people were killed on Easter. He said that Sri Lanka has not yet officially sought any help from Pakistan in the investigation into the attacks.

He said that President Dr Arif Alvi, Prime Minister Imran Khan and Foreign Minister Shah Mehmood Qureshi called their respective Sri Lankan counterparts and affirmed that the people and government of Pakistan stood in complete solidarity with their Sri Lankan brethren. "Pakistan will provide every possible assistance that Sri Lanka requests…This has been conveyed at the highest level," he added.

He also stated that there was no Pakistani national among those killed in the terrorist attacks in Sri Lanka while three women namely Maheen Hasan, Muzna Humayun and Atika Atif, sustained injuries in the blasts and were subsequently discharged from the hospital. He said that High Commission in Colombo visited the injured women in hospital and connected them with their families, adding that all possible facilitation is being extended to their families who are in the process of traveling, as per their requirements.

To a question about his recent interview in which the spokesperson was attributed to have said that Dr Shakeel Afridi might be given to the US and that Dr Aafia Siddiqui does not want to come back to Pakistan, the spokesperson said that his remarks were quoted ‘out of context’. “We are in touch with Dr Aafia and her family and we will continue our efforts to bring her back to Pakistan. We encourage responsible journalism,” he said, adding: “We continue raising the issue in Islamabad as well as in Washington. We remain engaged with the US authorities.”

He said that Pakistan’s Consul General in Houston regularly visits Dr Aafia and the last visit took place on April 18, 2019. About Shakeel Afridi, he said that Pakistan has a stated position about him. However, he declined to repeat Pakistan’s position on Afridi when asked if he would like to repeat the stated position.

Responding to a question about suspension of cross-Line of Control trade between Pakistan and India, he said that Pakistan has condemned the unilateral suspension of trade by India. “We hope that trade is resumed soon, as it is a confidence-building measure between the two countries,” he added. About the Kashmiri leaders languishing in Indian jails, he said Pakistan strongly condemns the continued Indian atrocities in the occupied valley and detention of the Kashmiri leaders.

He said that Yasin Malik’s health is an issue of an extreme concern to Pakistan, adding, “We support his wife Mushaal Malik’s decision to visit him and hope that Indian authorities will issue a visa to her, so that she can see her ailing husband.” He said that Indian authorities have committed blatant violations of human rights and illegally incarcerated not only Yasin Malik but many other Kashmiris.

To another query about the announcement by Saudi Crown Prince Mohammed bin Salman to release Pakistani prisoners, he said that there is no delay in releasing of the prisoners, adding: “We are pursuing it actively and good news will be given soon.”

https://fp.brecorder.com/2019/04/20190426467371/

K-P DECIDES TO SET UP OWN POWER COMPANY

By Our Correspondent Published: April 24, 2019

PESHAWAR: The Khyber-Pakhtunkhwa government has decided in principle to establish its own power transmission and distribution company on the model of Peshawar Electric Supply Company (PESCO) and has submitted a proposal with National Electric Power Regulatory Authority (NEPRA).

The decision came during a meeting of the Board of Directors of Pakhtunkhwa Energy Development Organisation (PEDO). high level meeting was held here under the Chairman PEDO in Peshawar on Tuesday.

The meeting chaired by PEDO Chairman Nisar Muhammad Khan decided to refer the matter about establishing own transmission and power distribution system to the technical committee for thorough deliberations.

According to the details the province is likely to add 74 megawatt electricity to the national grid from the four hydropower projects being completed during the current year which will enhance revenue receipts of the province by Rs1.9 billion annually.

The board was informed that 36.6MW from Daral Khwar, 17MW from Ranulia, 18 MW from Pehur project and 2.6MW from Machai hydel power stations would be added to the national grid during the current year.

The process to sale out 18MW electricity to be generated from Pehur Hydel Power Station to the industrial sector on cheaper rates was underway. The meeting thoroughly debated administrative matters of the PEDO and decided to form a special committee to submit its report in a month time to the Board. The Board approved annual budget of the PEDO.

The members expressed anguish over inordinate delay in presentation of annual audit report of the organization and directed submission of the same by August this year.

The board also approved the process for appointment of permanent CEO for the PEDO on urgent basis. Secretary Energy Engr Sarfraz Durrani, Additional Secretary Revenue AKhtar Saeed Turk, Deputy Secretary Home Akmal Khattak and CEO PEDO Enger Bahadar Shah, and members Fawad Ishaq, Arbab Khudadad, Musavir Shah, Abdul Siddique, Dr.Hassan Nasir and GM Hydel Engr Zahid Akhtar Sabri were in attendance.

Published in The Express Tribune, April 24th, 2019.

https://tribune.com.pk/story/1957778/1-k-p-decides-set-power-company/

OIL IMPORT UP 3.8PC IN NINE MONTHS

The Newspaper's Staff Reporter Updated April 23, 2019

ISLAMABAD: The country's oil import bill went up 3.8 per cent year-on-year to $10.6 billion during 9MFY19, from $10.22bn in same period last year, according to data from the Pakistan Bureau of Statistics (PBS).

The rise in imported value of the petroleum group was led by surge in liquefied natural gas, higher by 49.3pc and crude oil 15.19pc. On the other hand, cost of petroleum product dipped 15.33pc during the nine-month period, whereas a 33.9pc decline was recorded in terms of the quantity imported, bringing the total down to 7.57 million tonnes.

The overall import bill during July-March FY19 fell by 7.96pc year-on-year to $40.75bn, leading to a 13pc decline in trade deficit to reach $23.67bn.

Barring petroleum and agriculture groups, all other categories saw their value of imports shrink during the period under review.

Food imports contracted 9.92pc to $4.73bn during July-March 2018-19, from $4.26bn in corresponding months last year. This decline was largely due to a 10.22pc fall in the value of palm oil, which decreased to $1.39bn in 9MFY19, from $1.54bn.

Import bill of the machinery clocked in at $6.74bn during the nine months, lower by 20.54pc, from $8.48bn in same period last year. The biggest contributor to the decrease was power generating machinery, which plunged by 49.09pc, followed by 17.26pc contraction is electrical and 8.86pc in telecom.

Similarly, transport group — another major contributor to the trade deficit – also receded during July-March FY19 as it posted a 35.7pc decline, with decrease in imported value of almost all sub-categories.

On the other hand, agriculture imports inched up by 1.6pc to $6.58bn, from $6.47bn on the back of 16.49pc increase in fertiliser, 13.32pc insecticides and 7.31pc medicinal products.

The textile and clothing export proceeds posted a paltry growth of 0.08pc year-on-year to $9.991bn during 9MFY19, as against $9.983bn in same period last year.

Product-wise details show that exports of ready-made garments went up by 2.02pc, knitwear 9.29pc, bedwear 2.69pc while those of towels declined 1.85pc and cotton cloth 2.09pc.

Among primary commodities, cotton yarn exports dipped by 15.44pc, yarn other than cotton by 3.23pc, raw cotton 71.84pc whereas made-up articles — excluding towels — increased by 1.26pc and tents, canvas and tarpaulin gained 3.49pc in value during the period under review.

The slow growth in textile and clothing exports comes despite government's support in the form of cash subsidies, special export packages and multiple rupee depreciations during the last year.

Published in Dawn, April 23rd, 2019

https://www.dawn.com/news/1477829/oil-import-up-38pc-in-nine-months

THAR COAL CAN HELP PRODUCE FERTILISER, STEEL AND GAS

By SYED AKHTAR ALI Published: April 22, 2019

ISLAMABAD: A power plant has been inaugurated recently in Thar and many other projects of the total capacity of 5,000 megawatts are in the pipeline.

However, electricity production is not the only possible use of Thar coal. Gas, fertiliser, and steel can be produced out of it – in some, it is used directly as raw material and in some, it is used as a source of energy.

Thar coal can also be used in extractive industry like cement, tiles, and glass-making directly. The economy can be energised and industrialised by saving foreign exchange and bringing growth in the economy.

Gas resources are depleting fast. There is a limit to LNG imports which drain foreign exchange. There has been no discovery of a significant gas field in Pakistan for a long time. Kekra-1 offshore may be a welcome development after many years.

Fertiliser production is mainly based on Mari gas. Mari gas can only last 10 more years, assuming no further fertiliser plant is added. What happens when Mari gas runs out as 200 billion cubic feet (bcf) of additional gas would be required per year.

The fertiliser is being produced in China from coal. In China, 50 million tons per annum (mtpa) of urea is produced from coal gasification, out of a total urea production of 70 mtpa. Mainly, Anthracite and sub-bituminous coal are used reportedly.

It should be noted that it is above-ground coal gasification that is being discussed here and not underground coal gasification (UCG) – the latter was unsuccessfully tried by local scientists in Thar and had to be closed down. Lately, lignite has also been included in the list of suitable raw material.

In North Dakota, they have started producing urea from lignite. They have been producing 12 other chemicals for a long time now. Urea production from lignite in North Dakota is of special significance if it is competing with cheap shale gas in the US. Also, all the doubts regarding the suitability of lignite for urea production have been removed. In earlier times, NLC in India used to produce urea from lignite, but the plant was closed down due to the emergence of natural gas as a better input, as has been the case with Pak-American Fertiliser (now renamed Agritech), which used to produce urea from local sub-bituminous coal, long before the emergence of Thar coal.

A number of alternatives are possible. Coal gasification may be done in Thar and synthetic gas may be transported to fertiliser plants near Ghotki. Alternatively, Thar coal can be transported to the existing fertiliser plants and one or two large coal gasification plants can be installed as a common facility or separate plants may be installed for every fertiliser unit.

There can be integrated power plants which may utilise waste heat, resulting in a lower cost of electricity for fertiliser production and other users. A feasibility study should be commissioned to assess all these options.

Earlier, the energy ministry had commissioned a study which was premature as Thar coal mining had not started and there was not an actual project. Also, natural gas was too much cheaper and RLNG was not there as an expensive reference justifying coal gasification.

Coal gasification may be a route midway between the local gas and imported LNG. An actual feasibility study would settle the cost issue. Thar coal may have to be sent for testing in Batch plants to establish process suitability and parameters.

Similarly, gas is being produced in China out of coal. Two major synthetic natural gas (SNG) projects have been launched – one producing SNG in Uygur and transporting it to other provinces.

Amazingly, a Danish company has provided technology to China to install a coal-to-SNG plant, which was commissioned in 2014 with a capacity of 146 bcf per year and with an investment of $1.1 billion.

The iron and steel industry is highly energy-intensive (25% share in cost), requiring cheap energy. There are possibilities of using Thar coal in producing iron and steel. In steel production, iron ore (Fe_2O_3, FE_3O_4) has to be reduced either through pure carbon (Coke), H_2 and CO_2 or a mixture of the two.

Pakistan’s steel consumption is growing fast due to increased construction and infrastructure projects. It will grow to 8 mtpa. Pakistan Steel is virtually closed and even if revived may not be able to cater to all the demand. In addition to the proposed Chiniot ore-based plant, small steel plants in the private sector can utilise Thar coal to fill the gap.

Annual consumption of coal in Pakistan has increased to 18 mtpa, an increase of 5-6 mtpa due to the installation of two imported coal-based power plants. Another 3 mtpa of coal imports would be added by next year. In the short run, nothing can be done to utilise Thar coal in these power plants.

However, in cement and other industries, coal import requirements of about 10 mtpa can be substituted by Thar coal. If existing fertiliser plants are converted, 20 mtpa of Thar coal would be required.

Fertiliser plants would be a comparable consumer of Thar coal. If one adds it all, Thar coal can produce more output than of electricity in terms of energising the larger economy with an output of some 40-50 mtpa.

While in the power sector, many alternatives are emerging such as solar and wind, for fertiliser production, RLNG is too expensive and local gas would no more be there very soon. Reportedly, Chinese investors are exploring the possibilities of entering into Pakistan's fertiliser sector. China has a lot of experience in fertiliser production from coal. In Pakistan, we have large organised companies which may be encouraged to have joint ventures with their Chinese counterparts.

However, the production cost at $47-60 per ton of Thar coal is not very encouraging. It has been responsible for the high cost of electricity with a levelised tariff of 8.5 US cents as compared to the international price of 5-6 cents.

Technology issues such as continuous mining and competitive bidding may be able to bring down the cost of Thar coal production.

The writer is a former member energy of the Planning Commission

Published in The Express Tribune, April 22nd, 2019.

https://tribune.com.pk/story/1956087/2-thar-coal-can-help-produce-fertiliser-steel-gas/

May 2019

NEWS COVERAGE PERIOD FROM APRIL 29TH TO MAY 5TH 2019

GOVT ALLOWS RS9.42 INCREASE IN PETROL PRICE

Mubarak Zeb Khan Updated May 05, 2019

ISLAMABAD: The federal government on Saturday night allowed a massive increase in the prices of petroleum products, raising the price of petrol by Rs9.42 and kerosene by Rs7.46 per litre.

The new prices of petrol and kerosene are Rs108.31 and Rs96.77, respectively.

The new price will come into effect from May 5 (today).

Through a late-night notification, the government increased the sales tax on motor spirit, excluding HOBC, by 10pc; high speed diesel by 4pc; kerosene oil by 9pc and light diesel oil by 8pc.

Previously, the rate of sales tax on motor spirit was 2pc, 13pc on high speed diesel, 8pc on kerosene and 9pc on light diesel oil.

The new price of petrol would be Rs108.31 per litre while the price of high speed diesel has been increased by Rs4.89 to reach Rs122.32 per litre.

The price of kerosene oil and light diesel has been increased by Rs7.46 and Rs6 per litre.

On Friday, the Economic Coordination Committee (ECC) of the cabinet had approved the recommendations of the Oil and Gas Regulatory Authority (Ogra) regarding increase in prices of petroleum products.

Ogra had suggested that the price of petrol be increased by Rs14.37 per litre, but the ECC meeting, chaired by Adviser to the Prime Minister on Finance Dr Abdul Hafeez Shaikh, approved an increase of Rs9.34 per litre in its price.

Sources said that a notification about the increase in the prices of petroleum products was directly sent to the oil marketing companies by Ogra.

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https://www.dawn.com/news/1480370/govt-allows-rs942-increase-in-petrol-price

RS1BN FOREIGN INVESTMENT IN WIND POWER PROJECTS AWAITS CENTRE'S NOD, PA TOLD

Tahir Siddiqui Updated May 03, 2019

KARACHI: The Sindh Assembly was told on Thursday that the federal government had been delaying the approval of several power generating projects, including 35 wind energy projects, for the past many years, while several other schemes and projects had been halted.

Furnishing a statement and replying to lawmakers' written and verbal queries during the Question Hour session in the assembly, Energy Minister Imtiaz Ahmed Shaikh told the house that foreign investment of over Rs1 billion was involved in 35 wind power projects, which was pending approval with the federal government.

He said that there were as many as 24 wind power plants working in the Thatta-Jhimpir wind corridor, the biggest wind corridor in the country, generating 1,236 megawatts.

"Wind power is the cheapest in terms of cost," he said adding that the federal government was not taking any interest in these projects only because they belonged to Sindh.

He also came down heavily on the opposition members of the Pakistan Tehreek-i-Insaf and asked them to play their role in resolution of the province's problems instead of creating rumpus off and on in the provincial assembly.

"The province is being pushed to the wall," the minister lamented and asked the PTI members if this was their love for the province.

He said that the economic solution of the country was in Thar, where huge reserves of coal were present, but the "oil mafia" had surrounded the PTI federal ministers to fail alternative means of low-price power generation such as coal and wind.

The minister also complained that Sindh produced gas and oil more than any other province, but had no representation in Oil and Gas Regulatory Authority and other energy related federal institutions.

Replying to a question asked by Grand Democratic Alliance's member Arif Mustafa Jatoi, the minister said the provincial government's equity commitment in joint venture with Sindh Engro Coal

Mining Company (SECMC) accumulated to $110.4 million for Phase-1 of the Thar coal power project.

He said that total equity contribution as well as Stand-by-Letters of Credit (SBLCs) issued by the provincial government through Sindh Coal Development Fund totalled to Rs11.561bn for Phase-I of the project.

Giving further details, the minister said that the SECMC achieved its financial close for Phase-I of the project for production of 3.8 million tonnes per annum coal on April 4, 2016 with an approved project cost of $845m, which was later revised down to approximately $734m.

"The Phase-1 of the mining project is being financed through debt/equity ratio of 75:25 and the cost of the Phase-II Expansion Project was approximately $216m through equity of $67m and debt of $149m," he added.

Responding to a supplementary question raised by Mr Jatoi, the minister said that the work on the Thar coal power project was launched in 1994 by the then federal government of Pakistan Peoples Party.

He said that the coal power plant at Block-I of Thar was generating 1,320MW.

Replying to a written question asked by the GDA member, he said that an amount of Rs6.5bn was spent on construction work for drainage of 50 cusecs waste water and effluent channel from mining area of Tharparkar.

The minister said that a strong effluent disposal system, required for Thar Coal Block-II, was built for drainage channel of 50 cusecs of sub-surface mine water, placing 37 kilometres pipeline of 48-inch diameter with seven kilometres stone pitching.

Published in Dawn, May 3rd, 2019

https://www.dawn.com/news/1479850/rs1bn-foreign-investment-in-wind-power-projects-awaits-centres-nod-pa-told

RENEWABLE ENERGY POLICY DRAFT FINALISED BY PD

MUSHTAQ GHUMMAN | MAY 2ND, 2019 | ISLAMABAD

Power Division has finalised draft Renewable Energy Policy 2019 to be presented to the Federal Cabinet for approval, envisaging 25 percent of total generation capacity from Alternative and Renewable Energy Technologies (ARET) by 2025 and 30 percent by 2030, well-informed sources in PPIB told Business Recorder.

The policy which was circulated to the stakeholders concerned for comments, is structured to cover projects to be inducted in the NTDC system, Karachi Electric (KE) or any other privatized utility in the future, to the extent that they wish to avail the available concessions. However, any contractual arrangements for projects in KE or a privatized utility shall remain the responsibility of the parties. Nepra shall be responsible for ensuring least cost generation for KE in procurement of its additional needs.

The policy covers all projects to be implemented with alternative and renewable energy technologies for producing power whether for sale to a public utility or for private sale to a consumer if the producer wishes to avail any or all incentives available in this policy.

This includes projects that may be developed in private sector, public sector, or in Public Private Partnership (PPP) mode. To the extent that a consumer wishes to generate power for his/her own use, certain concession available under this policy would apply, and are already codified in other regulations or statutory orders and, therefore do not require any specific action by such a consumer under this policy per se.

The technologies covered under this policy are both conventional renewable energy including solar, wind, geothermal, biomass, as well as alternative technologies like biogas, syngas, Waste to Energy (WtE), storage systems, ocean/tidal waves, as well as all kinds of hybrids. However, hydel projects shall not be covered under this policy. In addition any proprietary technology, or new technology to be developed during the applicability of the ARE policy, would also fall under its ambit.

All relevant parties shall be bound by the terms of this policy including but not limited to, NTDC, CPPA-G, Discos, AEDB, Nepra, KE and provincial energy boards to the extent they fall within this policy.

The Government of Pakistan (GoP) initiated development of Alternative and Renewable Energy (ARE) sector under a phased, evolutionary approach constituting a strategic policy implementation roadmap under a policy for development of Renewable Energy for power generation, 2006(RE Policy 2006) to increase the development of ARE Technologies (ARETs) in Pakistan. ARE promises a higher proportion of the national energy supply mix and helps ensure universal access to electricity in all regions of the country.

The GoP’s strategic objectives of energy security, affordability of electricity, availability for all, environmental protection, sustainable growth and social equity are further harnessed under the ARE Policy 2019, developed by the Power Division in consultation with key stakeholders. ARE Policy 2019 aims to create a conducive environment for the sustainable growth of ARE sector.

Alternative and renewable energies have seen growth in different parts of the world in the last decade in terms of development, technological advancement and cost competitiveness. Experience under RE Policy 2006 coupled with international best practices provide the basis for more comprehensive framework for ARE Policy 2019.

It has an expanded scope of encompassing all alternative and renewable energy sources, competitive procurement and also addresses areas like distributed generation system, off-grid solutions, B2B methodologies , and rural energy services. It carries forward most of the liberal and attractive incentives of RE Policy 2006 to maintain the investors’ confidence, and places greater emphasis on aggressive growth of grid-connected ARET applications as well as a programmatic development of depressed ARE power generation market on more competitive terms.

It has been decided that rather than induct RE projects on a reactive basis, a new policy direction be set whereby Pakistan intends to have 20 per cent of its capacity from ARET technologies by 2025 and 30 per cent by 2030.

According to a study recently conducted by consultants for the GoP, such targets can be achieved but will require upgradation of the transmission infrastructure, this exercise will be undertaken in parallel.

This target, together with over 30 per cent hydel, will result in one of the most environmentally friendly and affordable electricity mix compared to the heavy mix of imported fossil fuels in the past.

Salient features of the ARE Policy 2019 include variety of investment options for tapping different ARE resources different ARE resources for off-grid applications as well as encouraging consumer driver applications and initiatives.

According to the draft RE policy 2019, any production and use of electricity for self-consumption shall be treated as part of the normal business process for the purposes of income tax, but the sale of electricity from such projects to another entity, shall be exempted from income tax.

Any equipment imported for such projects shall enjoy same custom duty exemptions as enjoyed by projects intending to sell to the grid.

All the same incentives that are applicable to grid based projects shall remain available for private projects. The draft RE Policy 2019 further states that alternative / renewable energy based Independent Power Producers (ARE-IPPs) will be ARE based power generation companies established for dedicated sale of power under guaranteed agreements with NTDC/ CPPA-G/ Discos.

https://fp.brecorder.com/2019/05/20190502469029/

QATAR LOWERS LNG PRICE TO WIN PAKISTAN'S CONTRACT

By Zafar Bhutta Published: May 2, 2019

ISLAMABAD: Qatar has lured Pakistan by pushing down the price of liquefied natural gas (LNG) in a bid to win another multibillion-dollar supply contract amid stiff competition with Saudi Arabia in the energy market.

Saudi Arabia and the United Arab Emirates (UAE) have monopoly over Pakistan's oil market. However, during tenure of the previous Pakistan Muslim League-Nawaz (PML-N) government, Qatar won a $25-billion LNG export contract and other energy suppliers were ignored, which raised doubts over the agreed price.

Later, during the current Pakistan Tehreek-e-Insaf (PTI) government's rule, both Saudi Arabia and the UAE offered Pakistan to supply oil and LNG on deferred payments worth $6 billion.

Amid a race to win a multibillion-dollar LNG contract, Qatar is now luring Pakistan by offering LNG at lower prices to win a contract for supply of another 400 million cubic feet per day (mmcfd). At present, Doha is exporting 500 mmcfd to Pakistan under a 15-year agreement struck at 13.37% of Brent crude price. The price will be reviewed after 10 years.

Auditors, after conducting an audit of the deal, were of the view that Pakistan faced a loss of Rs75 billion because of the inking of the LNG supply agreement with Qatar at a higher price. The National Accountability Bureau (NAB) is also investigating the deal.

The anti-corruption watchdog wrote a letter to Railways Minister Sheikh Rashid Ahmed, asking him to provide proof that the LNG deal had been expensive. The minister later appeared before NAB and presented evidence.

At present, Pakistan wants to buy 200 mmcfd to utilise additional capacity of the second LNG terminal at Port Qasim. The terminal has dedicated LNG supply of 200 mmcfd and the remaining volume of 400 mmcfd comes through spot purchases.

“Qatar is eying to export over 400 mmcfd of gas to Pakistan,” an official said while pointing out that the petroleum secretary and then Task Force on Energy chairman Nadeem Babar visited Qatar in March to negotiate a contract for additional LNG imports. Later, Babar was appointed Special Assistant to Prime Minister on Petroleum.

Recently, according to sources, Qatar has quoted two prices for LNG supply to Pakistan. In the first proposal, it has offered LNG at 11.25% of Brent crude with price review after five years if Pakistan signs a 15-year deal.

In the second proposal, Doha has offered LNG at 11.5% of Brent crude with price review after five years if government strikes a deal for 10 years.

“A report in this regard has been sent to Prime Minister Imran Khan for consideration,” the official said.

Other countries including Russia, Azerbaijan, Malaysia, Oman and Turkey are also seeking to ink an LNG deal with Pakistan on a government-to-government basis. However, the current PTI government is giving priority to Qatar.

“If the agreement is signed with Qatar, it will lead to another scam as the government is focusing on only one country and ignoring other LNG suppliers,” the official said.

Total handling capacity of the second LNG terminal is 750 mmcfd, but the government has allocated it a capacity of 600 mmcfd. Pakistan LNG Limited has secured dedicated supply of 200 mmcfd and the remaining 400 mmcfd is imported through spot purchases.

Private-sector stakeholders have asked the government to allocate them the idle capacity of 150 mmcfd. However, “the government is planning to utilise the entire terminal capacity as it is seeking additional supply of 200 mmcfd from Qatar,” the official said.

Last year, the second LNG terminal was running at a low capacity due to failure of state-run companies to raise LNG imports as well as refusal on the part of power producers to place firm orders for LNG supply.

Consumers paid an additional $45 million for the unutilised capacity of the second LNG terminal in 2018. “They are also likely to pay an extra $40 million in the ongoing calendar year if the tussle between the LNG supplier and consumers continues,” the official said.

A former Pakistan Muslim League-Nawaz government official said that they had floated a simultaneous tender process for LNG to obtain the best price possible and asked Qatar to match that price.

“The current government has done no such exercise and that’s why it’s difficult to tell whether the price of 11.25% to 11.5% they are getting is the best possible price,” theol official remarked.

The best price these days is under 11% for a long-term contract and for spot rates the prices are around 10%.

Under such circumstances the government decision to go with Qatar in a government-to-government contract seems very curious, especially given that the government had been criticising the PML-N for doing the same.

The previous government of PML-N was able to get a price of 11.6% from a Swiss company Gunver two years ago when the price of LNG was much higher.

For this government to get 11.5% now in this soft market, traders say, is a very high price.

Published in The Express Tribune, May 2nd, 2019.

https://tribune.com.pk/story/1963643/2-qatar-lowers-lng-price-win-pakistans-contract/

CABINET DEFERS UP TO 14PC INCREASE IN OIL PRICES

Syed Irfan Raza Updated May 01, 2019

ISLAMABAD: The federal cabinet on Tuesday deferred up to 14 per cent increase in prices of petroleum products proposed by the Oil and Gas Regulatory Authority (Ogra) and referred the matter to the Economic Coordination Committee (ECC) for further consideration.

A meeting of the cabinet presided over by Prime Minister Imran Khan also condemned the Pashtun Tahaffuz Movement (PTM) for its alleged involvement in “anti-state activities” and announced that the civil and military leadership was on the same page on the issue.

It was also decided that Prime Minister Khan, Chief of the Army Staff Gen Qamar Javed Bajwa and former chief justice of Pakistan Mian Saqib Nisar would lay the foundation stone of the much-awaited Mohmand dam at a ceremony to be held on May 2.

The cabinet approved tabling of some bills in the National Assembly relating to whistle-blowing laws to curb corruption, timeline of cases in courts and provision of succession certificates in 15 days. It revised the timings of government offices for upcoming Ramazan and decided that working hours would be from 10am to 4pm.

Condemns PTM for ‘involvement in anti-state activities’, says civil-military leadership on same page on the issue

The prime minister’s recent visit to China also came under discussion and Mr Khan termed it a “successful one”. The cabinet was briefed on the government’s reforms agenda and the targets achieved in this regard.

“The Oil and Gas Regulatory Autho-rity had proposed 14pc increase in oil prices, but the prime minister disagreed with the proposal and was of the view that burden of internationally increased prices of oil should not be transferred to the people,” Special Assistant to the Prime Minister on Information Firdous Ashiq Awan said at a post-cabinet meeting press conference.

She said that according to Ogra, the prices of oil had gone up in the international market due to sanctions slapped on Iran by US President Donald Trump. “Orga was of the view that either the government has to bear losses or the effect of internationally increased prices of oil be transferred to the consumers,” she added.

“Considering the agony of the people, the prime minister did not allow the 14pc proposed increase in oil prices and referred the issue to the ECC which is meeting on May 2,” she said.

The government, Ms Awan said, had also decided to conduct an audit of the Rs1,300 billion circular debt it had inherited from the previous PML-N regime. “We want to bring facts before the people. Former rulers have left over Rs100bn debt only in Punjab,” she added.

Ms Awan said the civil and military leadership of the country was on the same page on the issue of the PTM whose leaders “are involved in anti-state activities”. Without mentioning a press conference of Inter-Services Public Relations Director General Maj Gen Asif Ghafoor in which he had hinted at a possible action against the PTM, she said that similar to a statement issued on Monday, the government would soon come up with its own comprehensive stance on the Pushtun ethnic rights movement.

The PM’s assistant said the PTM leadership, and not the youth of tribal areas associated with the organisation, was working against the interest of the country, adding that the government had to deal with an iron hand those who were misguiding the youth of the tribal areas. “The government will share its strategy with the media in this regard in the days to come,” she added.

Minister for Water Resources Faisal Vawda, who was accompanying Ms Awan during the press conference, gave details about the foundation stone-laying ceremony for Mohmand dam and said Prime Minister Khan, Army Chief Gen Bajwa and for Chief Justice Saqib Nisar would attend it.

Interestingly, the ceremony is being held on May 2 despite the fact that the matter related to the controversial award of Rs309bn dam project has been sent to the National Accountability Bureau by the Pakistan Peoples Party through a complaint.

Earlier, the government had to postpone two inauguration ceremonies of the Mohmand dam scheduled for Jan 2 and Jan 13 due to controversy over the award of the project.

Media reports suggested that the government itself had made the project controversial when it considered “single” financial bid of a consortium comprising three firms — Descon, the company owned by Prime Minister’s Adviser on Commerce and Industry Razak Dawood, China Gezhouba and Voith Hydro — as the second contestant — a consortium consisting of the Frontier Works Organisation, Andritz Hydro and Power China — was technically disqualified and its financial bid was not considered.

The technical bids of the two consortiums were opened in July last year and the financial bid of the consortium having Descon was opened in January this year, raising questions as to why the financial bid of the consortium was opened after a gap of six months.

On the other hand, the Water and Power Development Authority claimed that no “illegality” had been committed in the process of award of the project.

Cabinet approves bills Firdous Ashiq Awan said some proposed bills to be tabled in the National Assembly were approved by the cabinet. She said that under a whistle-blowing bill, a person who identifies corruption in government departments would be given protection and 20 per cent share in recovery in corruption cases.

She said that under another bill, the National Database and Registration Authority would be authorised to issue succession certificate in 15 days. “It will end lengthy process of issuance of the certificate by relevant local administrations,” she added.

The PM’s special assistant said the government would also introduce a bill to give timeline to the courts to decide cases in one-and-a-half to two years.

The cabinet also approved publishing of an advertisement for the appointment of chairman and members of the Capital Development Authority.

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https://www.dawn.com/news/1479443/cabinet-defers-up-to-14pc-increase-in-oil-prices

EXXONMOBIL KEEN TO DRILL MORE OFFSHORE WELLS

By Our Correspondent Published: May 1, 2019

ISLAMABAD: US energy giant ExxonMobil has expressed interest in drilling more offshore blocks in search for hydrocarbon reserves and is also looking to make investment in the liquefied natural gas (LNG) sector in Pakistan.

At present, ExxonMobil is drilling an offshore well namely Kekra-I as part of a joint venture with Italy’s Eni, Oil and Gas Development Company (OGDC) and Pakistan Petroleum Limited (PPL).

In a meeting with Federal Minister for Petroleum Division Omar Ayub Khan on Tuesday, a delegation of ExxonMobil said they were optimistic that energy resources would be discovered at Kekra-I. The delegation was headed by ExxonMobil LNG Market Development Chairman Alex Volkov.

ExxonMobil President Irtiza Syed briefed the minister and Special Assistant to Prime Minister on Petroleum Nadeem Babar about offshore drilling, saying Eni and ExxonMobil had started work on Kekra-I in January 2019.

He revealed that ExxonMobil was interested in drilling more offshore blocks and in LNG business. Apart from this, ExxonMobil could help Pakistan in framing an environment-friendly policy for offshore drilling.

The minister said Pakistan government would provide all assistance to international investors, adding that after completion of exploration work on Kekra-I, employment would be generated.

The joint venture is drilling Kekra-I well in ultra-deep waters in the Indus-G block. The well will be drilled up to the depth of 5,660 metres and the joint venture has so far reached the depth of 4,810 metres. The drilling has entered the phase where oil and gas deposits can be estimated.

The entry of ExxonMobil into Pakistan is a positive signal for the exploration and production sector of the country. The Petroleum Division has drafted Pakistan Offshore (Exploration and Production) Rules 2019 and Model Production Sharing Agreement 2019, which will be sent to the cabinet for approval.

In a bid to woo foreign investors, the government has waived duties and taxes on the import of drilling equipment.

The ExxonMobil delegation also met President Arif Alvi at Aiwan-e-Sadr, who was briefed about the company's ongoing and future investment projects in Pakistan.

The president appreciated ExxonMobil's entry into the LNG business and encouraged the company to make further investment in the upstream petroleum sector by taking benefit of the liberal foreign investment policy of Pakistan.

The president also underlined the need for collaboration between foreign investors and local partners by forging joint ventures.

Published in The Express Tribune, May 1st, 2019.

https://tribune.com.pk/story/1963020/2-exxonmobil-keen-drill-offshore-wells/

TURKMENISTAN, PAKISTAN DISCUSS TRANSMISSION LINE PROJECT

By Our Correspondent Published: May 1, 2019

ISLAMABAD: Federal Minister for Power Omar Ayub Khan has said that keeping in view the most competitive electricity prices offered by Turkmenistan, Pakistan is closely following an electricity transmission line project and is ready to conduct feasibility studies.

He underscored the importance of close brotherly relations between Pakistan and Turkmenistan and said such projects would further boost bilateral ties.

He was speaking to an energy-sector delegation of Turkmenistan, led by Turkmen Energo SPC Chairman Durdy Elyasov.

Power Division Secretary Irfan Ali and other senior officials of the division, NTDC, Private Power and Infrastructure Board (PPIB) and Central Power Purchasing Agency (CPPA) were present in the meeting.

The two sides discussed various aspects of the Turkmenistan-Afghanistan-Pakistan power transmission line project.

The Power Division secretary explained to the Turkmen delegation different electricity transmission models.

Published in The Express Tribune, May 1st, 2019.

https://tribune.com.pk/story/1963022/2-turkmenistan-pakistan-discuss-transmission-line-project/

K-ELECTRIC TO SET UP 700MW POWER PLANT

The Newspaper's Staff Reporter Updated April 30, 2019

KARACHI: K-Electric has planned to set up a 700MW power project with the assistance of a Chinese engineering firm, calling it a milestone project in the economic cooperation bet-ween China and Pakistan.

The project, it said, would directly benefit the country's economic hub and "meet the growing power demand of Karachi and its adjoining areas".

In a statement issued here on Monday, K-Electric announced that it had recently signed an agreement with China Machinery Engineering Corporation (CMEC) to establish a state-of-the-art 700MW IPP-based power

It said the project agreement and contracts were signed by K-Electric chief executive officer Moonis Alvi and CMEC chairman Zhang Chun in the presence of Adviser to the Prime Minister on Commerce and Industry Abdul Razak Dawood.

"I am sure that this is just one of a series of joint endeavours in the future that will translate into a win-win for shared prosperity in the region and beyond," the statement quoted Mr Dawood as saying. "Stable electricity supply infrastructure is critical for the country's sustainable progress, trade and industries and I urge all stakeholders to work together for its early completion to maximise the benefits to Karachi and Pakistan."

The statement said the project was being developed under an IPP mode structure, with K-Electric as the single off-taker. KE holds equity share in this IPP, whereas CMEC is both an equity partner and EPC (engineering, procurement and construction) contractor. The power project already has an approved tariff from the National Electric Power Regulatory Authority, whereas the land for the project has been acquired in the Port Qasim area.

Sharing his thoughts after signing the agreement, the CMEC chairman described Pakistan as a land of opportunities with tremendous economic potential. "We are delighted to be a part of this landmark occasion today and are confident about the role of this power plant in addressing Karachi's power needs and look forward to increased economic cooperation between China and Pakistan in future as well," Mr Zhang said.

The K-Electric CEO said the current project was one more in a series of investments by KE to further strengthen the city's power infrastructure and brought the power utility yet another step closer to the company's long-term commitment to enabling Karachi to fulfil its economic potential.

"KE has invested more than $2.1 billion in infrastructure upgrades across the energy value chain over the last nine years and plans to invest $3bn over the next few years. We are committed to increasing power generation and upgrading Karachi's transmission and distribution network," Mr Alvi said.

The statement said the construction of the plant was expected to commence in the first quarter of the next fiscal year. Once the project came online, it would not only help meet the growing power demand of Karachi and its adjoining areas but also allow KE to diversify its fuel mix, it added.

Published in Dawn, April 30th, 2019

https://www.dawn.com/news/1479319/k-electric-to-set-up-700mw-power-plant

OGRA PROPOSES UP TO 15PC HIKE IN PETROLEUM PRICES

The Newspaper's Staff Reporter Updated April 30, 2019

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has calculated an increase of Rs14.38 and Rs4.89 per litre in the price of petrol and high-speed diesel (HSD) respectively for the month of May.

The oil and gas regulator has estimated a 15 per cent increase in prices of all petroleum products following the rise in international crude prices amid rumours of supply shortage.

In addition to the petrol and HSD, Ogra has also calculated an increase of Rs7.45 and Rs6.41 per litre price for kerosene oil and light diesel oil (LDO).

HSD is usually used as fuel for heavy vehicles and machinery whereas LDO is used in vehicles with older engine models and small-scale mills which are mostly found in the rural areas.

Ogra has forwarded the summary of increase in petroleum prices to the Ministry of Energy (Petroleum Division) on Monday but sources at the division said the government is likely to bring down general sales tax (GST) on diesel from 17pc and make adjustments in petroleum levy (PL) on other products to prevent a sharp rise in prices ahead of Ramazan.

Ogra has calculated ex-refinery sale prices of petroleum products at standard 17pc GST and PL on petrol and HSD. The Ogra has proposed PL on petrol at the rate of Rs10 per litre, Rs8 for HSD, Rs6 for kerosene oil and Rs3 for LDO.

However, if the calculations made by Ogra are accepted by the government, the price of petrol for May would reach to Rs113.26 from the current Rs98.88 per litre. The price of HSD — most widely consumed petroleum fuel — will increase to Rs122.32 from the current Rs117.43 per litre.

LDO would go up from Rs 80.54 to Rs 86.94 per litre and per litre price of kerosene oil will jump to Rs96.76. The final decision is scheduled to be taken by the government on April 30.

Oil marketing company official explained that international oil prices have increased due to seasonal effects: rising demand in power generation in the warmer countries due to summer and demand from the agricultural sector due to wheat thrashing season.

The official also pointed out that in addition to the seasonal effects, “this time the oil rally has [also] been triggered due to international politics in recent days.”

Oil prices have gained momentum during the last ten days after US President Trump tightened sanctions against Iran by ending all exemptions offered to major buyers of Iranian oils.

However, speculations of an imminent supply shortage worsened after Tehran threatened to close the Strait of Hormuz in reaction to US actions.

The US sanctions on Venezuela and civil unrest in Libya have also added to the rumours of supply shortage in the coming weeks.

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https://www.dawn.com/news/1479357/ogra-proposes-up-to-15pc-hike-in-petroleum-prices

SINDH ASSEMBLY INFORMED: WORK STARTS ON 4500 MW THAR COAL POWER PROJECT

RECORDER REPORT | APR 30TH, 2019 | KARACHI

A fresh project of $100 million is all set to start in Thar, as work has been started on the next coal block to produce 4500 megawatts of electricity, Provincial Energy Minister, Imtiaz Shaikh told the Sindh Assembly on Monday.

The pre-budget discussion went on quite smoothly with no unpleasant incident, as opposition piled up its criticism to tag the Sindh government with 'poor governance' but the treasury widely defended its rule with tall claims of development and relief to the public.

In reply to the opposition speeches, Imtiaz Shaikh said that the Sindh government is working on big energy projects and work on the another coal block will start soon to generate about 4500 megawatts of electric power, saying that the investments in the country is taking place, as a project of $100 million is starting. At present, 660 megawatts of electricity being produced from the existing Thar coal field, the minister added.

However, MQM's legislator, Khawaja Izhar-ul-Hasan said that the PPP government continues to ignore the opposition's demands and proposals, adding that none of the ministers has detailed about the budgetary spending on the development of health, education, law and order and agriculture sectors. He said that the PPP government played havoc with the entire province in its 11 year term with no development schemes starting in the opposition legislators' constituencies.

Earlier, Sindh Local Government Minister, Saeed Ghani said that his party rule has started work on installing Bone Marrow Transplant at Dow University, adding that the world largest snorkel was handed over to the KMC. He said that his party government also established the highways and flyovers. He asked the MQM to accept that it had housed non-political terrorists that ravaged the entire city.

"I don't say that all of it [MQM] was based on terrorists as it has politicians too," he said, citing the MQM's founding leader's historic speech in India on the creation of Pakistan. Sindh Works and Services Minister, Syed Nasir Hussain Shah said that the province has allocated Rs32 billion of development budget for roads communication sector with a total of 349 schemes.

"This fiscal year we will complete 109 schemes while the remaining will be carried out next fiscal year," the minister said, adding that the government has chalked out a 20-year future roadmap for the province. He said that the agriculture sector had been allocated with Rs33 billion budgetary funds for uplift of which Rs 23 billion has been spent.

Khurrum Sher Zaman Khan of the PTI said that the PPP government failed to ensure provision of clean water to the people with corruption on the rise. He said that the 18th Constitutional Amendment has no threats from his party's federal government and rejected the PPP's criticisms in this connection.

GDA's Nand Kumar said that the opposition legislators have been spared from the funds the government has allocated to its treasury members. "The treasury members are given Rs40 million, each, but the opposition is ignored," he added.

https://fp.brecorder.com/2019/04/20190430468525/

HOW MANY BODIES DOES SINDH NEED FOR COAL?

By Razzak Abro nPublished: April 30, 2019

KARACHI: The importance of coal for the province of Sindh is undeniable, as it possesses the largest reserves of coal in the country. It is beyond comprehension, however, why the provincial government maintains not one, not two, but three administrative bodies for coal-related activities.

These three government bodies have separate workforces and offices. According to reports, the Sindh government spends millions of rupees every month for the operations of these bodies.

Previously, the Sindh Mines and Mineral Department was looking after the development of coal, along with other minerals, under the supervision of the federal government. After the discovery of huge coal reserves in the Thar Desert in 1992, the provincial government's focus turned exclusively to Thar coal. This led to a separate body, Sindh Coal Authority, being formed in 1993. The authority's singular focus was on development activities around Thar coal.

In the meantime, the Mines and Mineral Department continued to work on issues relating to coal reserves, including coal mining at other locations. It also continued issuing coal mining licences in the province. The department follows the National Mineral Policy, 1995 in all affairs of minerals in the province, as Sindh still does not have its own mineral policy, even after full control on minerals, including coal, was transferred to it under the 18th Constitutional Amendment.

In 2008, the federal government, headed by then-prime minister Yousaf Raza Gilani, began planning to establish the Thar Coal Authority to undertake coal development activities in the Thar coalfield at the federal level. The federal government eventually withdrew the decision soon after the Sindh government strongly objected to it, arguing that coal was a provincial subject.

Subsequently, the Sindh government constituted another body, Thar Coal and Energy Board, for development of the Thar coalfield. At the same time, the provincial government left the Sindh Coal Authority untouched. Now, the province has three parallel bodies at government level working on coal affairs – the Mines and Mineral Department, Sindh Coal Authority and Thar Coal and Energy Board.

Later, the Sindh government transferred all coal-related functions and power from the Mines and Mineral Department to the Energy Department. Now the Energy Department is fully authorised with all powers pertaining to coal. The Energy Department is a full-fledged department, having a complete secretariat, administrative secretary and minister in-charge. It has also established three attached departments exclusively on coal, Directorate General of Coal Mines, Directorate of Coal Energy Development and Inspectorate of Coal Mines.

According to Sindh Energy Department's website, its powers include "development of coal resources, grant of licenses, permits, leases and coal mining, regulation and monitoring of coal mining operations, collection of royalties, negotiations with private investors, import, purchase, distribution and price fixation of coal and coke".

Interestingly, despite authorising all the functions and powers relating to coal, the provincial government has also kept intact its previous bodies, the Sindh Coal Authority and Thar Coal and Energy Board. They have separate staff and offices and the staff is getting hefty salaries and allowances. Their officers are also enjoying other facilities, including cars and monthly fuel allowances, which cost the Sindh government millions of rupees every month.

Sindh Minister for Energy Imtiaz Ahmed Shaikh claims that both bodies still have independent roles in coal-related operations. He told The Express Tribune that apart from other functions, Thar Coal and Energy Board has a major role in price determination for Thar coal.

According to him, the Sindh Coal Authority was established much earlier than other bodies working on coal. It was formed to undertake the development of areas in which coal is available, such as the construction of roads and providing other required facilities in these areas. The minister said that its role in the development of coal areas, especially in Badin and Thatta, is still intact.

According to official figures of the National Electric Power Regulatory Authority (Nepra), the Sindh province has major coal reserves in Tharpakar, estimated at over 175.506 billion tonnes. The province also has coal reserves in other areas, including some 5.523 billion tonnes in Sonda-Jherruck mines, 1.328 billion tonnes in Lakhra, and 473 million tonnes in Jhimpir.

Published in The Express Tribune, April 30th, 2019.

https://tribune.com.pk/story/1962171/2-many-bodies-sindh-need-coal/

NEWS COVERAGE PERIOD FROM MAY 6TH TO MAY 12TH 2019

'THAR COAL POWER PLANTS TO START GENERATING 660MW BY MID-JUNE'

Dawn Report May 10, 2019

KARACHI: The two coal-fired power plants of 330MW each in Thar, inaugurated on April 10, have attained the capacity to generate 500MW during their testing period and will reach full capacity of 660MW by the second week of June, according to Sindh Minister for Energy Imtiaz Shaikh.

The minister shared this information in a meeting chaired by Chief Minister Syed Murad Ali Shah at the Chief Minister House on Thursday.

The chief minister termed generation of 500MW a significant milestone and said he would personally visit the plants when they started operating to their maximum capacity.

Sugar mills told to stop disposing of effluent into canal feeding Tharparkar

He directed the Sindh Engro Coal Mining Company (SECMC) to start expansion work of mining in its phase-I project so that two companies could establish their coal-based power plants in Thar.

The meeting was told that Hubco was setting up two power plants of 330MW each at the Thar Coal site in collaboration with its partners, Thar Energy Limited (TEL) and Thal Nova Power Thar Limited (TNPTL). These projects were part of mines phase-II of SECMC Block-II. TNPTL was in advanced stage of arranging finances.

Speaking at an earlier meeting held two days back, Mr Shaikh said that Nespak had been appointed for the study of pre-treatment system for LBOD [Left Bank Outfall Drain].

The work would be started once the study papers were submitted and then approved by the chief minister, he said and added the TEL would require water in June 2020, therefore the pre-treatment system would be made before this date.

Sindh Minister for Irrigation Nasir Shah told the meeting that the portions of LBOD schemes that had been delayed would be taken up shortly.

The chief minister directed the irrigation department to prepare water use agreement for TEL and TNPTL so that they could be signed after mutual agreement.

Sindh Minister for Environment and Climate Change Taimur Talpur on Thursday asked all sugar mills to treat waste water before releasing it into the LBOD as the untreated waste water was poisoning lands in Thar.

"Every sugar mill should have a treatment plant to ensure that water going towards Thar is safe and not harmful as it is at present," said the minister at a meeting at the Sindh Environmental Protection Agency office.

The minister ordered the officers of Sepa to immediately resolve the problem with all available resources and asked mills' owners that they should immediately install treatment plants as the canal water was a major source of water for the desert population and it had become even more valuable after the launch of Thar Coal project in the region.

"This is direly needed in Tharparkar as its need for water has increased with the beginning of generation of electricity," he said.

He warned the Sepa officials that he would review their performance again as he had so far not seen any improvement in their functioning. "Improve your performance else be ready for strict action.

He said that Sindh in general and Thar in particular was rich in minerals and coal that had enabled the government to generate 600MW electricity.

"Soon this generation will increase manifold and Thar will soon supply electricity to the province and the rest of the country," he said.

He said that the Sindh government had decided to take revolutionary steps to bring progress to the backward Thar region and the launch of coal-fired power plants were a step in that direction.

Energy Minister Imtiaz Shaikh spoke on the issues related to his department during the meeting and said the department was taking steps to make the province energy-efficient by using all available means including alternative energy resources.

Published in Dawn, May 10th, 2019

https://www.dawn.com/news/1481264/thar-coal-power-plants-to-start-generating-660mw-by-mid-june

CHEAP IRANIAN GAS TO BENEFIT PAKISTAN, SAYS HONARDOOST

ALI HUSSAIN | MAY 9TH, 2019 | ISLAMABAD

Ambassador of Iran to Pakistan Mehdi Honardoost on Wednesday said that Pakistan and Iran have no choice but to sit together and move forward on bilateral cooperation by setting aside the past misunderstandings.

Speaking at a roundtable/panel discussion on 'Pakistan-Iran Relations: Challenges and Prospects,' organised by Islamabad Policy Institute (IPI), the Iranian ambassador asserted that Pakistan and Iran have no conflict of interest and there is no fundamental dispute between the two neighbours.

"There is a lot of potential to enhance bilateral cooperation in various areas between the two countries including the energy sector. Iranian gas at cheap price will benefit Pakistan and help in addressing the energy crisis," he said, adding that Iran is not facing UN sanctions and the sanctions imposed by the US can be averted.

Referring to the two ports, Gwadar and Chabahar, the ambassador said that Iran has never considered Gwadar as a rival port to its Chabahar, adding that there is need for cooperation between the two ports.

Talking about the unity among the Muslim countries, he said that Iran has always advocated greater cooperation and unity among the Muslim Ummah. Without naming Saudi Arabia, he said that Iran is not convinced with the estranged relationship with the Muslim countries and it wants cooperation and good ties with all the Muslim countries.

As far as relations between Pakistan and Iran are concerned, he said that the two countries have no choice but to sit together to remove the misunderstandings of the past for the bight future of the people of the two countries.

Honardoost said true success of Prime Minister Khan's recent visit to Iran could be judged by keeping in view the fact that third party has been active to drive a wedge between the two countries. He said there is no conflict of interest between Pakistan and Iran, which provided a good basis for working for developing the relationship to its full potential.

In his view Pakistan's import of gas from Iran would not be affected by US sanctions which, he said, were unilateral and illegal. He said Pakistan and Iran have no choice but to come together. "They cannot turn their back on each other despite pressures," he stressed.

He categorically rejected allegations against Iran regarding terror incidents in Pakistan, saying: "Iran can never think about destabilising Pakistan or working against its interests."

Federal Minister for Maritime Affairs Ali Zaidi, in his key note speech, recalled how Prime Minister Khan and the Iranian leadership overcame their communication gap during the Premier's visit to Iran through some candid talk.

"It was a very positive visit. Ice has been broken and foundation has been laid for better ties. We now have to build on it," he said in his assessment of Prime Minster Khan's maiden trip to Iran.

He pointed out that several countries have continued trading with Iran despite sanctions, adding that Pakistan too needs to keep its interest supreme and explore ways for completing the Iran-Pakistan gas pipeline project. He noted that absence of banking channels has been a major hindrance in development of ties; therefore, a barter mechanism is under discussion for promoting bilateral trade.

Chairman Senate Foreign Relations Committee Senator Mushahid Hussain, while presiding over the session, said the two neighbouring countries enjoy convergences in geography and culture with Allama Iqbal being the cementing factor. He asserted that there is no incompatibility of interest on core issues.

However, he observed that there are concerns, mostly in security domain, which are being addressed through an ongoing and sustained security dialogue.

He said that Pakistan would never support a military adventure in the region and would not allow its territory to be used against Iran. He opined that scrapping of the Iran nuclear deal is detrimental for global and regional peace.

PPP leader Senator Farhatullah Babar hailed Prime Minister Khan's remarks on terrorism during his Iran's visit, saying relations can be improved only by beginning with a clean slate.

"There should be truth speaking on both sides and the issue of ungoverned spaces on either sides of the border needs to be tackled immediately," he said and regretted that in the past this important relationship was mishandled.

Convener of Pak-Iran Friendship Group in Senate Lt Gen Abdul Qayyum (retd) said there should be efforts for developing direct air link between Islamabad and Tehran and bilateral trade even if through barter to avoid sanctions.

Qayyum said Pakistan would never support aggression against Iran or its diplomatic isolation and economic strangulation.

Director General Institute of Strategic Studies Islamabad (ISSI) and former foreign secretary Aizaz Ahmad Chaudhry said that it is incomprehensible that Pakistan and Iran have not fully exploited the potential of their economic cooperation and trade.

He believed that border security issues should have been resolved long ago. These issues, he suggested, can be effectively addressed through security and intelligence coordination.

"There is no option for the two countries but to improve their bilateral cooperation and coordination," he emphasised. To avert the US sanctions on key projects such the IP gas pipeline project, he said that the two sides can trade in the local currencies.

Former foreign minister and President Pakistan Council on China Inamul Haque called for exploring ways through which bilateral trade can be enhanced with Iran despite the US sanctions, besides regularising illegal trade.

He also questioned fencing of the borders with the neighbours including Afghanistan and Iran.

Executive Director IPI, Sajjad Bokhari said it is a matter of record when it comes to concerns about external interference in Balochistan, Iranian authorities have always shown readiness to discuss it at the very highest level.

https://fp.brecorder.com/2019/05/20190509470869/

MINISTER CALLS FOR FINDING WAYS TO COMPLETE IRAN-PAK GAS PIPELINE

By Our Correspondent Published: May 9, 2019

ISLAMABAD.: Federal Minister for Maritime Affairs Ali Zaidi on Wednesday said Pakistan must explore ways to complete the multibillion-dollar gas pipeline project with Iran despite US sanctions.

He was speaking at a seminar on ‘Pakistan – Iran Relation: Challenges and Prospects’ organised by Islamabad Policy Institute (IPI). The discussion was held in the context of Prime Minister Imran Khan’s recent trip to Tehran

In his keynote speech, Zaidi recalled how PM Imran and the Iranian leadership overcame their communication gap during the premier’s visit to Iran through some candid talk.

“It was a very positive visit. Ice has been broken and the foundation has been laid for better ties. We now have to build on it,” he said in his assessment of the PM’s maiden trip to Iran.

The federal minister, while pointing out that several countries have continued trading with Iran despite sanctions, said, “We too need to keep our interest supreme and explore ways for completing the pipeline.”

Zaidi further noted the absence of banking channels had been a major hindrance in the development of ties, therefore a barter mechanism was under discussion for promoting bilateral trade.

Chairman Senate Foreign Relations Committee Senator Mushahid Hussain, while presiding over the session, said the two neighbouring countries enjoyed convergences in geography and culture with Allama Iqbal being the cementing factor; and compatibility of interest. “There is no incompatibility of interest on core issues,” he underscored.

However, he observed, there were concerns, mostly in security domain, which were being addressed through an ongoing and sustained security dialogue.

Hussain further added Pakistan would never support a military adventure in the region and would not allow its territory to be used against Iran. He opined that scrapping of the Iran nuclear deal was detrimental for global and regional peace.

Meanwhile, Pakistan Peoples Party (PPP) leader Senator Farhatullah Babar hailed PM Imran’s candid remarks on terrorism during Iran visit saying relations can be improved only by beginning with a clean slate.

“There should be truth telling on both sides and the issue of ungoverned spaces on either sides of the border need to be tackled immediately,” he said and regretted that in the past this important relationship was mishandled.

Convener of Pak-Iran Friendship Group in Senate Lt Gen (R) Abdul Qayyum said there should be efforts for developing direct air link between Islamabad and Tehran and bilateral trade even if through barter to avoid sanctions.

He said Pakistan would never support aggression against Iran or its diplomatic isolation and economic strangulation.

Director General Institute of Strategic Studies Islamabad (ISSI) Aizaz Chaudhry said it was incomprehensible that Pakistan and Iran have not fully exploited the potential of their economic cooperation and trade.

“There is no option for the two countries, but to improve their bilateral cooperation and coordination,” he emphasised.

Former foreign minister and President Pakistan Council on China Inamul Haque called for exploring ways through which bilateral trade can be enhanced with Iran despite the US sanctions and regularising illegal trade. He also asked for seeing why fencing was required on borders with Iran and Afghanistan.

Furthermore, Iranian Ambassador to Pakistan Mehdi Honardoost said, “The true success of PM Imran’s visit could be judged by keeping in view the fact that third party has been active to drive a wedge between the two countries.”

He said there was no conflict of interest between Pakistan and Iran, which provided a good basis for working for developing the relationship to its full potential.

In his view Pakistan’s import of gas from Iran would not be affected by US sanctions, which he said, were unilateral and illegal. He said Pakistan and Iran had no choice, but to come together. “They cannot turn their back on each other despite the pressures,” he stressed.

The ambassador categorically rejected allegations against Iran regarding security incidents and said that Iran can never think about destabilising Pakistan or working against its interest.

https://tribune.com.pk/story/1968992/2-minister-calls-finding-ways-complete-iran-pak-gas-pipeline/

PAKISTAN PETROLEUM LTD FINDS HYDROCARBONS IN JAMSHORO

Our Equities Correspondent Updated May 08, 2019

KARACHI: Pakistan Petroleum Ltd announced the discovery of hydrocarbons from exploration well Unarpur-1 ST-1 in the Kotri North block in Jamshoro, Sindh by joint venture partners of Exploration Licence of the block.

United Energy Pakistan Ltd is the operator holding 50pc working interest, followed by PPL with 40pc and Asia Resources Oil Ltd 10pc.

PPL said that the Unarpur-1 ST-1 was spud on Nov 2, 2018 and drilled to a total depth of 12,920 feet to test for hydrocarbon potential of the Lower Basal Sand of the Lower Goru Formation.

Based on wireline logs and drilling results, a completion integrity test was done in the promising zone, which confirmed hydrocarbons in the Lower Basal Sand.

Published in Dawn, May 8th, 2019

https://www.dawn.com/news/1481000/pakistan-petroleum-ltd-finds-hydrocarbons-in-jamshoro

JUL-APR FY19: OIL SALES DROP 24% TO 15.3M TONS

By Our Correspondent Published: May 7, 2019

KARACHI: Oil sales dropped by a significant 24% to 15.3 million tons in the first 10 months (July-April) of the current fiscal year 2019, mainly due to slowdown in economic activity evident from the disappointing large scale manufacturing (LSM) data, according to a local research house.

Declining reliance on furnace oil-fired power plants, especially during the winter season, also contributed massively in reducing the use of the petroleum oil nationwide during the period under review.

The breakup suggested that furnace oil sales dropped 57% to 2.5 million tons in the 10 months compared to 5.6 million tons in the same period last year. Similarly, sales of high speed diesel (HSD), which is mainly used in LSM sector, fell 19% to six million tons compared to 7.5 million tons.

However, the sales of petrol (motor gasoline) improved 3% to 6.2 million tons compared to six million tons in the same period last year. In April alone, the total oil sales declined 11% to 1.7 million tons compared to 1.9 million tons in the same month of last year.

On a month-on-month basis, the sales surged 14% mainly due to restarting of oil-fired plants during the current summer season and uptick in high speed diesel ahead of the fasting month of Ramazan as people prepare to celebrate one of the biggest Muslims' festivals, Eidul Fitr.

"The upcoming holy month of Ramazan may have been a crucial factor in the 14% month-on-month uptick in sales," JS Research said in a commentary.

The country's single largest oil marketing company (OMC), Pakistan State Oil (PSO), was ahead of the curve with a 17% month-on-month surge in total sales, "mostly on the back of a 69% increase in furnace oil (FO) sales," it said.

The state-owned OMC also saw a 12% month-on-month boost in HSD sales – the largest in the industry – most likely because of its vast retail network.

Attock Petroleum Limited (APL) witnessed an 8% month-on-month increase in total sales as FO and petrol sales increased by 32% and 9%, respectively.

Hascol Petroleum Limited sales remained flat at 123,000 tons on month-on-month basis. Shell Pakistan Limited (Shell), the second largest OMC by retail network, managed to increase its sales by 7% month-on-month, it said. In April 2019, PSO continued to hold a significant 44% of the total POL market share while APL came in second place with 10% of the share. As Shell catered to 8% of total demand, Hascol cut its market share down to 7%.

Published in The Express Tribune, May 7th, 2019.

https://tribune.com.pk/story/1967109/2-jul-apr-fy19-oil-sales-drop-24-15-3m-tons/

NEWS COVERAGE PERIOD FROM MAY 13TH TO MAY 19TH 2019

DRILLING OFF KARACHI COAST STOPPED AS NO RESERVES FOUND

Kalbe Ali Updated May 19, 2019

ISLAMABAD: Hopes for the discovery of large reserves of oil and gas off Karachi coast faded after it was officially announced on Saturday that the much-celebrated offshore drilling in Kekra-1 had been stopped because no reserves were found. The operators of the well have decided to plug it in the coming days.

Around 17 attempts have been made in the past, but all remained unsuccessful despite encouraging data from each drilling.

Talking to a private news channel, Special Assistant to the Prime Minister on Petroleum Nadeem Babar announced that the offshore drilling in Kekra-1 did not yield desired results.

Mainly due to political hype, Pakistanis were exceptionally hopeful about finding large oil and gas reserves in the country's territorial waters in the Arabian Sea. Kekra-1 well at Indus G-Block is located around 280 kilometres southwest of Karachi coast.

Operators decide to plug well and abandon project

A senior official of the petroleum division said that after drilling more than 5,500 metres reserves were not found. Therefore, he added, it had been decided to plug the well and abandon the project.

Around $100 million has been invested in the project, but the officials of the petroleum division maintain that the data received from the drilling and other seismic studies of the well will be useful for future exploration activities in the region.

At the same time, the officials say, oil and gas E&P is described as a 'high risk- high reward' business and the failures should not be taken as a loss. "India found offshore reserves from its 'Bombay High well' after 40 attempts," they add.

The drilling was initiated around four months back by ENI, an Italian oil and gas exploration and production (E&P) giant, which is the operator of Kekra-1.

The other four partners of the well were ExxonMobil of the US — one of the world's largest oil and gas firms — Pakistan Petroleum Limited and the Oil and Gas Development Company Limited (OGDCL).

"Based on previous data the prospects were high and at the start of drilling the chances of success were between 13 and 15 per cent, which is fairly good," OGDCL spokesman Ahmed Lak said, adding, "Among the highest prospects of finding the hydrocarbon reserve is 20 per cent, therefore, our record was good enough to proceed with drilling."

The last offshore activity was conducted by Dutch E&P firm Shell in 2005, but it failed to find hydrocarbon reserves. The first offshore well in Pakistani waters was drilled in 1963 by a US E&P company, the well was found dry.

Mr Lak said that Pakistan should continue its efforts to find hydrocarbon reserves because there was a large area where reserves had been predicted by experts. "US firm ExxonMobile has become a working partner in the block only because of encouraging data," he said, adding that international researches had shown that hydrocarbon reserves were found in the sea facing the river basins.

"Since Indus is an ancient river with a large basin, experts do not contest the views there is a huge pocket of hydrocarbon reserve in the Arabian Sea off Sindh," Mr Lak said.

"Because the well remained dry, now it will be plugged and abandoned," said Mr Lak.

Published in Dawn, May 19th, 2019

https://www.dawn.com/news/1483188/drilling-off-karachi-coast-stopped-as-no-reserves-found

GAS PRICE HIKE

By Editorial Published: May 20, 2019

Gas consumes are in for yet another price shock. The natural gas tariff is set to rise further, beginning the new financial year. Only a month after assuming power – in September 2018 to be exact – the PTI government had raised the gas tariff by a mammoth 143%. The objective was to keep the two gas utilities – SNGPL and SSGCL – floating without having to inject funds from the federal budget. And who else than the masses could have been better sucked at for bridging this revenue gap! And now with the dollar effect coming into play, Ogra has recommended another raise in the price of the commodity – 47%, on an average, in case of Punjab and Khyber-Pakhtunkhwa and 28% in case of Sindh and Balochistan.

The regulator's recommendations run contrary to what the government had promised a few days back. Dr Hafeez Shaikh, the PM's adviser on finance, revenue and economic affairs, had announced that the raise in gas price would be directly proportional to the amount consumed i.e. less raise for less consumption and vice versa. Whereas, the raise that Ogra has sought points towards a reciprocal proportion which is evident from its slab-wise recommendations: 18% to 32% for the consumers falling in the first three slabs while 4% to 12% for those falling in the last three slabs. That it is the government that will have the final say in the matter must go in favour of consumers.

The gas price, though, is not only thing playing on the minds of the masses since the pricier dollar is feared to take a toll on virtually everything. With the greenback gaining about ten rupees in just a couple of days last week, prices of petroleum products are anticipated to soar as the monthly adjustment time comes. The rise in petrol prices means a rise in transport fares too which will, in turn, jack up the prices of fruits and vegetables, among other things. CNG rates in Punjab have already been raised by up to Rs3 per kg. The prices of imported items are unlikely to spare the effect of the dearer dollar. That the imported items include industrial raw material means that even local produce will go costlier.

Published in The Express Tribune, May 20th, 2019.

https://tribune.com.pk/story/1976510/6-gas-price-hike-2/

SNGPL, SSGCL ALLOWED INCREASE IN GAS PRICES

WASIM IQBAL | MAY 18TH, 2019 | ISLAMABAD

The Oil and Gas Regulatory Authority (OGRA) has allowed Sui Northern Gas Pipelines Limited (SNGPL) an average gas price increase by 47 percent and Sui Southern Gas Company Limited (SSGCL) an average price increase by 28 percent for financial year 2019-20. However, the federal government will take the final decision of revenue requirement of Rs 564 billion for both Sui companies for the next financial year.

In their separate petitions, Sui companies SNGPL and SSGCL demanded an increase of 144 percent and 30 percent respectively to meet the revenue shortfall of previous year and financial requirement for fiscal year 2019-20.

In the decision, the OGRA has argued that it has significantly slashed the gas companies" demand for increase in gas prices for financial year 2018-19. The main reason for increase, however, is due to cost of gas owing to current dollar rupee exchange rate parity which for the financial year 2019-20 has been taken at Rs 150 per US $1. In case of SNGPL, 1/5th previous year"s revenue shortfall and in case of SSGCL pertaining to financial year 2018-19, has been accounted for in the instant determination.

The oil and gas regulator has allowed SNGPL, a total revenue requirement of Rs 293.3 billion against demand of the gas company of Rs 474.6 billion. These revenue requirements include Rs 264.5 billion for financial year 2019-20 and revenue shortfall of Rs 28.7 billion of financial year 2018-19. The SNGPL demanded Rs 309.5 billion for financial year 2019-20 and previous year revenue shortfall of Rs 165.1 billion.

The OGRA has allowed prescribed price of gas at Rs 738 per mmbtu against the demand of SNGPL of Rs 1223.7 per mmbtu. The existing average prescribed price of gas is Rs 501.19 per mmbtu. So, the total increase in prescribed price is Rs 236.81 per mmbtu. Sale volume of gas is 376,578 bbtu.

The regulator has also approved Rs 270.7 billion revenue requirement of SSGCL for next financial year 2019-20 against the demand of Rs 279.6 billion. The total revenue requirement is Rs 245 billion for next year while Rs 24.9 billion are for previous years up to financial year 2018-19 revenue requirements.

The regulator has determined an increase of Rs 159.58 per mmbtu in prescribed price for SSGCL against demand of an increase of Rs 176.41 per mmbtu. The existing average prescribed price is Rs 577.97 per mmbtu which is Rs 737.55 after an increase of Rs 159.58 per mmbtu.

The OGRA has determined the revenue requirement of gas companies SNGPL and SSGCL for financial year 2019-20 and has sent the same to federal government for gas sale price advice in respect of each category of consumers. In order to rationalise the tariff structure, the category wise prescribed prices in respect of the domestic and special commercial consumers in first two slabs have been decided at half of the average cost of service, 3rd slab has been determined at 75 percent of average cost of service, the 4th slab has been determined at 100 percent of cost of service and last slab has been determined at 150 percent of cost of service. The previous slab benefit has also been suggested. The remaining unabsorbed revenue shortfall determined by OGRA has been recouped by rest of categories of consumers across the board. Accordingly, bulk consumers of SNGPL and SSGCL observe average increase of 31 percent and 20 percent respectively.

https://fp.brecorder.com/2019/05/20190518476183/

OGRA RECOMMENDS 47% HIKE IN GAS TARIFF

By Zafar Bhutta Published: May 17, 2019

ISLAMABAD: The gas prices in Punjab and Khyber-Pakhtunkhwa may further increase by 47 per cent, while in Sindh and Balochistan by 28 per cent from the next fiscal year (July 1, 2019) due to the depreciation of the rupee against the dollar.

The Oil and Gas Regulatory Authority (Ogra) on Friday sent a summary to the government in this regard.

The Pakistan Tehreek-e-Insaf (PTI) government has already hiked the gas prices up to 143 per cent during the ongoing fiscal year.

The rupee hit a new all-time low of 149.35 to the US dollar in the interbank market on Friday.

However, Ogra had taken Rs150 per US dollar exchange rate to determine the prices of gas for the consumers for next fiscal year 2019-20.

The Sui Northern Gas Pipelines Limited (SNGPL) – which supplies gas to Punjab and Khyber-Pakhtunkhwa – had recommended an average increase in gas prices by 144 per cent. However, Ogra allowed 47 per cent average hike.

Similarly, the Sui Southern Gas Company Limited (SSGCL) – which supplies gas to Sindh and Balochistan – had recommended an increase in gas prices by 30 per cent. But the regulator allowed a 28 per cent average increase in prices.

Ogra has recommended increasing gas prices for consumers falling under the first slab by 18 per cent, second slab 29 per cent, third slab 32 per cent, fourth slab 12 per cent, fifth slab four per cent and sixth slab also four per cent.

Experts say Ogra allowed the increase in gas prices to enable the government to avail the International Monetary Fund (IMF) bailout package.

The government has already agreed to the IMF's demand of increasing prices of gas and electricity.

The SNGPL had estimated its revenue requirement of Rs474.6 billion, which includes Rs309.5 billion for the next financial year and an adjustment for the shortfall of Rs165.12 billion during the previous years.

The regulator allowed total revenue of Rs293.3 billion, including Rs264.58 billion for the next financial year 2018-19 and Rs28.7 billion revenue for previous years' adjustments.

The gas utility has been allowed to recover this revenue shortfall from the gas consumers by increasing prices of gas by 47 per cent.

The regulator has also allowed SNGPL to build an 8,000 kilometres-long distribution network with an initial cost of Rs5.3 billion.

It also allowed Rs1.12 billion to be recovered from gas consumers for rehabilitation of the system and unaccounted for gas (UFG) control.

The authority allowed Rs344 million for 450 industrial and 5,000 commercial gas connections.

An amount of Rs3.2 billion has been allowed for 400,000 new domestic gas connections.

The regulator allowed 6.30 per cent UFG. Of the total gas theft amounting to 49.06 billion cubic feet per day, Ogra has put the burden of 29.2 bcfd on the consumers. The total UFG has been assessed at 10.5 per cent.

The SSGCL projected its revenue requirement at Rs279.6 billion, including Rs254.7 billion for the next financial year 2019-20 and Rs24.9 billion for previous years' adjustment.

The regulator allowed Rs270.7 billion revenue, which includes Rs245.8 billion for next financial year and Rs24.9 billion for previous years' adjustment.

The total UFG of the company has been calculated at 15.69 per cent. The regulator allowed 6.30 per cent or Rs19.2 billion to be collected from the consumers.

https://tribune.com.pk/story/1975322/1-ogra-recommends-47-increase-gas-prices/

OIL, GAS RESERVES FOUND IN SINDH

Our Equities Correspondent Updated May 14, 2019

KARACHI: Oil and Gas Development Company Ltd (OGDCL) told the stock exchange on Monday that gas and condensate was discovered from its exploratory cum appraisal Mangrio Well 1, which is located in district Tando Muhammad Khan, Sindh.

The well was drilled down to the depth of 2,676 metres. It has tested 10.44mmscfd gas, 120 barrels per day condensate through choke size 32/64 inches at wellhead flowing pressure of 2,085 Psi from lower Guru B-Sand.

Pakistan Petroleum Limited (PPL) terminated Engi-neering, Procurement, Construction and Comm-issioning Contract with SPEC Energy DMCC, for the construction of a Gas Processing Plant for processing 60 MMScfd gas from the company's Shahdadpur field.

Published in Dawn, May 14th, 2019

https://www.dawn.com/news/1482184/oil-gas-reserves-found-in-sindh

20 PERCENT HIKE IN POWER TARIFF AGREED WITH IMF

MUSHTAQ GHUMMAN | MAY 14TH, 2019 | ISLAMABAD

The government and the International Monetary Fund (IMF) are said to have agreed on an increase of Rs 2.60 per unit (20 percent) of electricity instead of 25 percent across-the-board except domestic consumers using up to 300 units per month, raising the tariff to Rs 15.58 per unit from existing rates of Rs 12.98 per unit, well-informed sources told Business Recorder.

However, increase in tariff will be staggered in two phases. In the first phase, tariff will increase by Rs 1.30 per unit from July 1, 2019 whereas in the second phase increase of Rs 1.30 per unit will be effective from September 1, 2019. The current level of subsidies to domestic consumers will continue as per existing practice. The IMF had sought an increase of 25 per cent in power tariff from next fiscal year. The tariff rise is one the major conditionalities of the IMF's much negotiated bailout package of $ 6 billion, yet to be approved by the IMF Board of Directors.

An official told this scribe that the increase agreed with the IMF is over and above increase/decrease due to monthly fuel price adjustment, adding that since the price of fuel is constantly rising, the monthly FCA- based tariff will also increase, which implies that consumers may face the brunt of an even higher increase than negotiated with the IMF.

According to sources, the government has also given an assurance to the IMF that circular debt (as per specified definition) which is over Rs 600 billion will be brought down to Rs 96 billion. For this purpose, the government shared its plan with the IMF Staff Mission. The debt stock of Rs over 800 billion placed in the books of PHPL is over and above Rs 600 billion circular debt.

“The IMF is satisfied with current pace of reduction losses through anti theft drive and recovery from defaulters will improve the financial health of power sector,” the sources added.

The IMF was informed that in order to eliminate circular debt, following four major steps have been identified: (i) theft and recovery program; (ii) tariff to recover actual cost including uncovered prior year costs; (iii) eliminating of transmission constraints; and (iv) status of subsidies (Tariff Differential Subsidy “TDS” and others). For FY 2017-18 and projected figures for FY 2018-19 and 2019-20 show that tariff differential subsidy in FY 2017-18 was Rs 49 billion whereas it was Rs 52 billion till December 2018 and an additional Rs 48 billion for Jan-June 2018-19. The projected TDS during July-December 2019-20 will be Rs 47 billion and Rs 42 billion in January- June, totaling Rs 89 billion.

“Circular debt will be reduced from Rs 450 billion in 2017 to Rs 293 billion in 2018-19 and further reduced to Rs 96 billion in 2019-20,” sources said, adding that circular debt is targeted to be completely eliminated by 2020.

Efforts to eliminate circular debt have begun at various levels. Theft control drive was launched in late October 2018 and started showing results in December 2018. Collection improved by Rs 61 billion for the period between November 2018 to March 2019 as compared to the same period last year.

The sources said following measures are required to bring down losses to zero: (i) the impact of increase per unit on consumers would be from Rs 12.98 per unit to Rs 13.85 per unit in March 2019 and then Rs 15.31 per unit in June 2019 to stop flow of subsidies due to quarterly adjustments; (ii) the flow in 2018-19 will be Rs 223 billion (Rs 2.14 per unit) and flow in 2019-20 will be Rs 97 billion (Rs 0.94 per unit) after initiatives; (iii) to bring the flow to zero starting from FY 2019-20 in addition to quarterly adjustment notifications, an additional increase of Rs 0.94 per unit will be required; and (iv) total tariff will be Rs 16.24 per unit from Rs 12.98 per unit, indicating a net increase of Rs 3.26 per unit.

https://fp.brecorder.com/2019/05/20190514473249/

TAJIKISTAN SET TO SUPPLY CHEAP POWER TO PAKISTAN

By Our Correspondent Published: May 14, 2019

RAWALPINDI: Pakistan is facing energy shortage and Tajikistan is set to supply inexpensive electricity to Islamabad in order to meet its potential energy needs, said Ambassador of Tajikistan Ismatullo Nasredin.

The envoy expressed these views while talking to Rawalpindi Chamber of Commerce and Industry (RCCI) President Malik Shahid Saleem during his visit to the RCCI on Monday.

Electricity would be supplied to Pakistan under the Central Asia-South Asia (CASA-1,000) energy project, he added, highlighting that the CASA-1,000 power project is likely to be fully operational by 2020.

Tajikistan was ready to assist Pakistan and provide it with all the necessary support for development of bilateral economic and trade relations in different areas including hydropower, mining, pharmaceuticals, tourism, light industry, agriculture and construction, the ambassador said.

"Tajikistan attaches great importance to its relations with Pakistan and there is a huge potential to transform very cordial political cooperation into economic and trade ties," he added.

Nasredin pointed out that Pakistan and Tajikistan had a historical, cultural and religious background and the roots of their relations were very deep. He urged Pakistan's trade and business communities to come forward and take benefit of the emerging opportunities.

Earlier, the RCCI president expressed hope that the CASA-1,000 energy project would help Pakistan meet its energy requirement.

He said that exchange of cultural, business and trade information, visa facilitation, exchange of trade delegations and business-to-business meetings can be a good source of boosting trade ties between the two countries. Textile, mining, construction and pharmaceutical sector offer promising joint venture opportunities, he added.

Moreover, he said tourism between the two countries can also play a vital role and urged for direct flights between Dushanbe and Islamabad.

Published in The Express Tribune, May 14th, 2019.

https://tribune.com.pk/story/1972227/2-tajikistan-set-supply-cheap-power-pakistan/

IRANIAN TEAM TO VISIT PAKISTAN FOR GAS PIPELINE TALKS

By Our Correspondent Published: May 12, 2019

ISLAMABAD: A delegation from Tehran will visit Islamabad soon to discuss the stalled multibillion-dollar Iran-Pakistan gas pipeline project, an official said on Sunday.

"The delegation will visit Pakistan before Eidul Fitr. However, the final date will be decided after receiving a reply from Iran," said Interstate Gas Company Managing Director Mobin Saulat. "The talks will be held on a technical level," he added.

The official said Pakistan had signed the pipeline agreement with Iran and wanted the project to be completed.

Earlier, the petroleum ministry informed Iran that it was bound to execute the project but that was only possible after the sanctions imposed by the US on Tehran were lifted.

The ministry wrote to Iran in response to Tehran giving a notice to Islamabad in February this year that it would move the International Court of Justice for failing to lay down the pipeline in Pakistani territory in the timeframe stipulated in the bilateral agreement.

Saulat said Pakistan had up till August this year to legally respond to Iran's notice and settle the issue through negotiations.

Pakistan and Iran signed the agreement in 2009 and the project had to be completed by December 2014. It had the capacity to provide 750 MMCFD of gas.

However, Pakistan halted the project because of the sanctions imposed on Iran.

According to sources, Prime Minister Imran Khan held a meeting after Iran sent the notice and instructed the authorities concerned to explore opportunities to complete the project.

The premier also ordered that a reconciliatory approach should be adopted to resolve the issue with Iran.

Federal Minister for Maritime Affairs Ali Zaidi recently said Islamabad must work around a way to finish the project despite US sanctions.

He recalled how Imran and the Iranian leadership overcame their communication gap during the premier's visit to Iran through some candid talk.

The federal minister, while pointing out that several countries had continued trading with Iran despite sanctions, said, "We too need to keep our interest supreme and explore ways for completing the pipeline."

https://tribune.com.pk/story/1971502/2-iranian-team-visit-pakistan-gas-pipeline-talks/

NEWS COVERAGE PERIOD FROM MAY 20TH TO MAY 26TH 2019

NEW PETROLEUM POLICY IN FEW MONTHS: OMAR

APP May 26, 2019

ISLAMABAD: Minister for Petroleum Omar Ayub Khan Saturday said the PTI-led government would announce a new oil and gas exploration and production policy in next few months.

In a statement, he said they would also initiate auction of forty new oil and gas blocks from December this year. This would generate good activity in oil and gas sector.

Omar Ayub said the ground breaking of Khalifa Point Refinery project would be performed by end of this year. This eight billion dollar project was a joint venture of Parco and the United Arab Emirates, state run radio reported. He said the refinery would have output capacity of 250,000 barrels per day.

Earlier, Prime Minister Imran Khan also announced that the government is working on a new petroleum policy, which offers incentives to foreign exploration and production companies. He made these remarks after meeting a delegation led by Shaikh Nawaf Saud Al-Sabah, the Chief Executive Officer of Kuwait Petroleum. He promised to support the company to ensure smooth business operations.

https://www.thenews.com.pk/print/476617-new-petroleum-policy-in-few-months-omar

GOVT TO BRING CIRCULAR DEBT TO ZERO BY DEC '20: OMAR AYUB

Khaleeq Kiani Updated May 25, 2019

ISLAMABAD: The government is planning to recover Rs300 billion from electricity "defaulters and thieves", besides providing Rs50bn additional subsidy to exempt consumers using up to 300 units from tariff increase required under the International Monetary Fund programme.

The assertions were made by Energy Minister Omar Ayub at a press conference here on Friday. He said the government was also working to divide four of the larger power distribution companies into eight to improve their functioning and efficiency. Each of the Peshawar, Quetta, Multan and Lahore distribution companies would be divided into two so as to make them efficient and improve their service, he added.

Going forward, he claimed that the government aimed to bring the circular debt down from Rs450bn at present to zero by December 2020, adding that power companies had been able to recover Rs81bn from private defaulters over the past eight months of the current fiscal year and registered 30,000 FIRs for power theft with 4,000 arrests already made. Besides, he said, “stern departmental action” was being taken against officials of power companies for colluding on power losses.

Omar Ayub says crackdown on power theft launched, asks consumers to help identify thieves

The minister said these efforts were required to ensure that electricity tariff was not increased for consumers using 300 units per month. “We will set aside Rs230bn subsidy in upcoming budget to sec-ure these consumers having 300 units or less per month consumption.”

He said the National Electric Power Regulatory Authority (Nepra) had recommended an increase of Rs3.84 per unit in tariff, but the Pakistan Tehreek-i-Insaf government passed on only Rs1.27 per unit to consumers and even then protected the domestic consumers using up to 300 units per month. This segment accounted for 75 per cent of total consumers, he said, adding that 95pc small commercial consumers were also exempted from tariff increase.

“The same policy will continue even under the IMF bailout package,” he said, adding that tariff increase for other consumer categories would be determined by Nepra. He claimed that there was zero loadshedding on 80pc feeders in the country.

For example, Mr Ayub said, the consumers who had been receiving electricity for only four hours under the Tribal Electric Supply Company (Tesco) were now being supplied electricity for 10-and-a-half hours and there was no loadshedding at the time of Iftar and Sehri. He said the previous government could not be given credit for this improvement because they did not have the will for improvement in the power sector. Instead, he added, they had left behind Rs650bn circular debt for the PTI government, including Rs450bn built during the last year of the Pakistan Muslim League-Nawaz government’s tenure to win elections.

The minister said the PML-N government started giving electricity to loss-making feeders to win elections that resulted in Rs450bn addition to the circular debt. He said the fresh accumulation of circular debt at present was Rs38bn per month that would be reduced to Rs26bn by June and Rs8bn by June 2020 to completely wipe out the problem.

“We have set the target to collect Rs100bn from defaulters and Rs200bn from those involved in power theft by June next year,” he said, adding that the power system losses had also been curtailed by 1.8pc since September last year.

The minister appealed to the masses to join hands in what he called a “Jihad against power theft” on the remaining 1,500 feeders that accounted for 20pc of the total feeders by identifying thieves.

He said one of the main reasons behind high circular debt was the adverse energy mix as the power sector was dependent on 60pc imported fuels. “We have embarked on a plan to reverse this by 2030,” he said, adding that the current share of renewable energy in total mix was just 4pc that would be increased to 20pc by 2025 and to 30pc by 2030.

Likewise, he added, the share of nuclear energy would be increased to 10pc so that with 20pc contribution from hydel total dependence on local resources could improve to at least 60pc. This would also help reduce foreign exchange, he said.

The minister said the government was working on introducing new two-way meters that would also be installed at transformers to address the issue of power theft. “The supply of electricity to any consumer involved in power theft will be suspended by pushing one button,” he said, adding that the Islamabad Electric Supply Company had floated tenders and the Gujranwala Electric Supply Company was also going to invite bids to procure such meters.

Mr Ayub said the government had also launched crackdown on the mafia involved in power theft. Power distribution companies had shortage of staff for patrolling, he said, adding that 950 to 1,000 appointments would be made on merit in power companies. He said the government would allow independent power producers to find out their own clients once their existing contracts came to an end and the government would not be bound to take electricity from them.

Published in Dawn, May 25th, 2019

https://www.dawn.com/news/1484389/govt-to-bring-circular-debt-to-zero-by-dec-20-omar-ayub

GOVT TO CUSHION DOMESTIC POWER USERS WITH RS230B SUBSIDY

By Zafar Bhutta Published: May 25, 2019

ISLAMABAD: The government will allocate a subsidy of Rs230 billion in the upcoming budget to protect consumers using 300 or less units each month when it increases the electricity tariff in compliance with the International Monetary Fund (IMF) condition for a bailout package.

“The government has protected domestic consumers who are using up to 300 units per month. They account for 75% of the total consumers,” Power Minister Omar Ayub Khan said at news conference on Friday.

He added that 95% commercial consumers had also been protected.

The minister said the National Electric Power Regulatory Authority (Nepra) had sought an increase in the electricity rate by Rs3.84 per unit but the Pakistan Tehreek-e-Insaf (PTI) government only raised it by Rs1.27 per unit.

“The same policy will continue after availing the IMF bailout package and the government will allocate a subsidy of Rs230 billion in the budget.”

About the increase in electricity rates for consumers falling in other categories, the minister said Nepra would determine the tariff.

Omar maintained that 80% of feeders in the country were exempted from loadshedding.

He said the government had collected Rs81 billion from power sector defaulters during the last eight months. “An amount of Rs10 billion has been collected from defaulting government departments,” he added.

The minister pointed out that consumers in the erstwhile tribal areas were earlier supplied electricity for four hours only.

“Now, the Tribal Electric Supply Company (Tesco) is supplying power to them for 10 and a half hours and there is no power outage at Iftar and Sehri timings.”

Omar maintained that the previous governments lacked the will to improve the power sector.

He added that the Pakistan Muslim League-Nawaz (PML-N) government had passed on a circular debt of Rs650 billion to the present government, including Rs450 billion piled up during the last year of its tenure to win the general elections.

“The PML-N government started providing electricity to loss-making feeders to win the elections that resulted in a circular debt of Rs450 billion.”

The minister also unveiled a plan for reducing the Rs450 billion circular debt.

“At present, it is Rs38 billion per month that would be reduced to Rs26 billion in June next year and Rs8 billion in June 2020.

Omar claimed that there would be zero circular debt by the end of December 2020.

“By next June, we will collect Rs100 billion from defaulters and Rs200 billion from those involved in power theft,” he said adding that power losses had been reduced by 1.8%.

The minister also appealed to the people masses to join hands in the campaign against power theft at 1,500 feeders that account for 20% of their total number.

At present, the power sector is dependent on imported fuel by 60%. The minister announced increasing the share of electricity from local resources to 70% by 2030.

“The current share of renewable energy in the total mix is 4% that will be increased to 20% by 2025 and 30% by 2030,” he said.

He added that the share of nuclear energy would be increased to 10%.

Omar said the government planned to introduce new meters that would also be installed at transformers to address the issue of power theft.

“The supply of electricity to any consumer involved in power theft will be suspended by pushing one button,” he said.

“The Islamabad Electric Supply Company has floated tenders and the Gujranwala Electric Power Company is also going to invite bids to procure these meters.”

The minister said 30,000 FIRs had been registered against those involved in power theft. No defaulters would be allowed to go scot-free and even the connections of the Presidency and PM House would be disconnected over defaulting bills.

Omar said power distribution companies were facing a shortage of staff for keeping a check on power theft.

He added that 950 to 1,000 employees would hired by power companies on the basis of merit.

“The government also plans to split the power companies.”

The minister said the government would allow independent power producers, whose contracts were expiring, to search for new clients. “The government won’t be bound to buy electricity from them.”

Replying to question about offshore drilling, he said that government would continue its efforts to drill more wells.

After Omar’s news conference, Prime Minister Imran Khan lauded the minister and his team’s performance on Twitter telling them to “keep up the good work”.

https://tribune.com.pk/story/1979894/2-govt-cushion-domestic-power-users-rs230b-subsidy/

$3.2BN SAUDI OIL FACILITY TO BEGIN ON JULY 1

Khaleeq Kiani May 23, 2019

ISLAMABAD: The Saudi oil facility promised to Pakistan in October last year for supply of crude oil and its products on credit is set to begin from July 1, which will help partially offset increasing pressure on the exchange rate.

“The Saudi facility will get activated in July and provide about $3 billion worth of oil supplies on deferred payments,” finance ministry’s spokesman Dr Khaqan Najeeb told Dawn on Wednesday.

Adviser to the Prime Minister on Finance Dr Abdul Hafeez Shaikh later took to Twitter to thank Crown Prince of Saudi Arabia Mohammad Bin Salman for his continuous support for the people of Pakistan. “From 1st July 2019 KSA is activating the deferred payment for petroleum products facility of US$275m per month,” the minister said, adding that the facility amounting to $3.2bn per annum would be available for three years. “This will strengthen Pakistan’s balance of payments position,” Dr Hafeez said.

Saudi Arabia had agreed to a Pakistani request in October last year to provide a $6bn bailout — $3bn in safe deposit of the State Bank of Pakistan and $3bn in oil supplies on credit. The $3bn cash had been transferred to the SBP account in three equal monthly instalments, but the oil facility could not be formally activated.

Oil supply on deferred payments will help partially offset increasing pressure on exchange rate

Informed sources said that as the Pakistani rupee came under renewed pressure following the announcement of a staff level agreement with the International Monetary Fund for a $6bn bailout package, Pakistan authorities made fresh contacts with the Saudis authorities who agreed to formally activate the oil facility in July.

The United Arab Emirates had also promised a similar support for Pakistan — $3bn in cash deposit and $3bn oil supplies on deferred payments. The UAE had transferred $3bn in cash deposit, but the oil facility could not be materialised.

The sources said the UAE had declined to provide oil on deferred payments. When asked, Dr Khaqan said the UAE oil facility was “still under process”.

Pakistan’s oil imports are estimated at about $15bn and the government is trying to arrange half of those requirements through credit facilities. The country’s oil imports during the first 10 months of the current fiscal year stood at about $11.9bn, an increase of 4pc over the same period last year.

Besides the support from Saudi Arabia and the UAE, Pakistan had also arranged about $551 million worth of oil and LNG (liquefied natural gas) supplies through the Islamic Trade Finance Corporation (ITFC). Of this, about $240m worth of letters of credit have recently been opened for import of LNG.

This is the single largest financing from the ITFC — a subsidiary of the Islamic Development Bank — increasing the total facility to about $1.05bn during the current fiscal year. This is part of a $4.5bn package Pakistan and the ITFC had signed in April last year to cover oil and LNG imports over a period of three years at a rate of about $1.5bn per annum.

This year, however, the facility could not go beyond $1.05bn owing to limitations of partner banks of the ITFC. It previously extended about $500m funds in three installments of $271m, $125m and $100m during the current fiscal year.

The facility finances crude imports for Pak Arab Refinery Limited (Parco), petroleum products by Pakistan State Oil and LNG by Pakistan LNG Limited. The IDB through the ITFC has been facilitating oil import coverage and first time included LNG financing.

The Economic Affairs Division said last month the ITFC facility was “a part of framework agreement signed in April 2018 for a total envelop of $4.5bn over for a period of three years (2018-20)”. The credit facility is subject to about 2.3pc plus London Interbank Offered Rate.

The facility had formally become effective on July 1, 2018 when it rolled over about $100m loan. Before the 2018-20 framework agreement, the ITFC had extended about $3.2bn trade financing facility of similar tenure to Pakistan mostly covering crude oil and some petroleum products.

Published in Dawn, May 23rd, 2019

https://www.dawn.com/news/1484003/32bn-saudi-oil-facility-to-begin-on-july-1

NEW PETROLEUM POLICY ON THE ANVIL, SAYS PM

Syed Irfan Raza Updated May 23, 2019

ISLAMABAD: Prime Minister Imran Khan said on Wednesday the government was formulating a new petroleum policy to provide incentives to the oil exploration and production (E&P) companies working in the country.

“In order to capitalise on the potential of the sector, the government is working on a new petroleum policy, offering incentives to foreign E&P companies and removing impediments to undertaking smooth and profitable business ventures,” Mr Khan was quoted as saying during his meeting with the chief executive officer of the Kuwait Petroleum, Shaikh Nawaf Saud Al-Sabah, who called on him along with a delegation.

Federal Energy Minister Omar Ayub Khan, Punjab’s Energy Minister Dr M. Akhtar Malik and Petroleum Secretary Mian Asad Hayauddin were also present on the occasion.

Shaikh Nawaf briefed the prime minister about his organisation's business ventures in Pakistan's oil exploration sector that have been active since the 1980s. He expressed interest in expanding the organisation's business activities in the country.

Incentives will be offered to foreign exploration companies under the fresh policy

Prime Minister Khan assured the Kuwaiti delegation of his government's continued support to their company. He highlighted various steps that the government has taken to improve the environment and facilitate foreign investment.

Mr Khan praised the Kuwaiti company's contribution to imparting training to the local manpower in the E&P sector.

Punjab's energy minister briefed the meeting about various initiatives being taken by the provincial government in the petroleum sector.

Meanwhile, Dr Atta-ur-Rehman called on the prime minister and apprised him of the progress made so far in setting up the Pak-China University of Engineering and Emerging Technologies at the Prime Minister House, as announced by Mr Khan at his inauguration.

Dr Rehman also informed the prime minister of the projects undertaken by the Knowledge Economy Task Force.

State-run Kuwait Foreign Petroleum Exploration Company (KUFPEC) said on Wednesday its Pakistan unit had secured a concession for the Makhad oil block in Punjab, reports Reuters.

The KUFPEC said in a statement that it had signed a concession agreement with the Pakistani authorities on behalf of its subsidiary Kirthar Pakistan (KPBV).

"At this stage, KPBV anticipates acquiring seismic data and drilling one exploration well," it said.

The KUFPEC is the international oil and natural gas exploration and production unit of the Kuwait Petroleum Corporation.

The Makhad Exploration Licence and PCA was signed by Petroleum Secretary Hayauddin and Qazi Mohammad Saleem Siddiqui of the Directorate General of Petroleum Concessions on behalf of the Pakistani government and chief executive officer of the KUFPEC, according to a press release.

Published in Dawn, May 23rd, 2019

https://www.dawn.com/news/1483998/new-petroleum-policy-on-the-anvil-says-pm

WORLD NATIONS FAILING THE POOREST ON ENERGY GOALS

RECORDER REPORT | MAY 23RD, 2019 | WASHINGTON

More than 150 million people are gaining access to electricity every year, reducing the ranks of those who live without power, but this is not enough to meet global development goals, according to a report released Wednesday.

Furthermore, efforts to cut pollution from cooking food and promote renewable power for heat and transportation are likewise far behind the goals that world nations set in 2015, according to the report produced by the World Bank and other international bodies.

Fatih Birol, executive director of the International Energy Agency, which jointly produced the report, said the findings were a call to action.

“I am particularly concerned by the dramatic lack of access to reliable, modern and sustainable energy in certain parts of the world, especially in sub-Saharan Africa, a region where we need to really concentrate our efforts,” Birol said in a statement.

In 2015, all United Nations member states adopted 17 goals for sustainable development by 2030 in areas such as education, climate, and gender equality as well as access to energy.

The goals call for delivering universal access to energy, increasing the use of renewable energy and doubling the pace of gains in efficiency, among other objectives.

But with 11 years to go, according to the report released Wednesday, signs still point to failure.

About 89 percent of the world had access to electricity as of 2017, up from 83 percent in 2010, with notable recent progress made in Bangladesh, Kenya and Myanmar, according to the report.

But if governments do not make faster progress, 650 million will still live in the dark by 2030, 90 percent of whom will be in Sub-Saharan Africa, it said.

Furthermore, about three billion people, mainly in Asia and Sub-Saharan Africa, had no access to clean cooking in 2017, resulting in serious health problems – a figure that had barely budged over the prior seven years. On current trends, 2.2 billion should still be in this situation by 2030, according to the report.

Meanwhile, the share of renewable energy sources like wind and solar power in the overall mix hit 17.5 percent in 2016, a sluggish increase from the 16.6 percent recorded in 2010.

But only nine percent of heat came from renewable sources in 2017 and just 3.3 percent energy used in transport – and in the United States and Brazil most of this came from biofuels.

The report was also jointly produced with the International Renewable Energy Agency, the World Health Organization and the United Nations Statistics Division.

https://fp.brecorder.com/2019/05/20190523478609/

PAKISTAN FACES RS60B ANNUAL LOSS DUE TO OIL SMUGGLING

By Our Correspondent Published: May 22, 2019

ISLAMABAD: Pakistan faced an annual loss of Rs60 billion because of oil smuggling from Iran, a parliamentary panel was informed on Tuesday.

Senator Mohsin Aziz, while chairing a meeting of the Senate Standing Committee on Petroleum, said the smuggling of petroleum products had increased and the government was suffering an annual loss of Rs60 billion due to smuggling of Iranian oil.

Senator Jehanzeb Jamaldini said people living near the border had no other business and therefore it was difficult to control smuggling. “If you stop them from smuggling, they could carry guns,” he warned. He suggested that Pakistan State Oil (PSO) should relax the policy of setting up retail outlets in Balochistan.

Jamaldini said Iran wanted trade relations with Pakistan and setting up of retail outlets for petroleum products would help stop oil smuggling. Efforts should be made to set up Pak-Iran joint markets, he said. Senator Bahramand Khan alleged that government officials were also involved in the business. Senator General (Retired) Salahudhin said every border had the issue of smuggling, but it should be stopped when its volume increased.

Senator Mir Kabeer Shahi said people from the low-income group were involved in smuggling, but it would stop if the people were given employment opportunities. During the meeting, different initiatives were discussed to control the smuggling of petroleum products through the Pak-Iran border.

DIG Frontier Corps Balochistan Brigadier Rizwan said Balochistan had a long border with Iran and it was the responsibility of the Customs officials to stop smuggling. “FC provides only security,” he said, adding that there was no petroleum retail outlet on the 2,000km-long road. He suggested the setting up of retail outlets of petroleum products on the road to control smuggling.

Customs officials revealed that one official was deployed in an area of 1,119 kilometres. They suggested that an operational policy and legislation should be prepared to end the smuggling of Iranian oil.

They said they had given a proposal of setting up a border task force. The committee recommended more deployment of Frontier Corps personnel and Customs officials to stop smuggling. Moreover, officials of the Oil and Gas Regulatory Authority (Ogra) said motorbikes used 45% of petrol and that a proposal was being considered to introduce 80 and 82 RON petrol again for motorbikes in the country.

Published in The Express Tribune, May 22nd, 2019.

https://tribune.com.pk/story/1977821/2-pakistan-faces-rs60b-annual-loss-due-oil-smuggling/

UP TO 145PC RISE IN GAS PRICES SOUGHT

The Newspaper’s Staff Reporter Updated March 25, 2019

ISLAMABAD: Up to 145 per cent increase in prescribed gas prices with effect from July 1, 2019 has been sought to meet revenue requirements of the gas utilities for the next financial year, it emerged on Sunday.

The Sui Northern Gas Pipelines Limited (SNGPL) and the Sui Southern Gas Company Limited (SSGCL) have filed their petitions for tariff increase at a time when the Pakistan Tehreek-i-Insaf (PTI) government was still grappling with the political fallout of the 35pc increase it had allowed in October 2018.

In the process, four managing directors of the two companies have since been removed.

The Lahore-based SNGPL that serves Punjab and Khyber Pakhtunkhwa has demanded an average increase of Rs723 to Rs1,224 per MMBTU (Million British Thermal Unit), suggesting a rise of almost

144pc with effect from July 1 for the financial year 2019-20, said an announcement by the Oil & Gas Regulatory Authority (Ogra).

Ogra receives petitions from gas utilities seeking increase in prices from July 1

The regulator said the SNGPL had submitted the revised petition on March 19 with the request for an "increase of Rs722.51 per MMBTU in its normal business of natural gas w.e.f July 1, 2019". As such, the SNGPL's average prescribed price per unit would rise to Rs1,224 from its existing rate of Rs501.19.

On top of this, the company has also demanded about Rs111.32 per MMBTU under the head of diversion of RLNG to domestic consumers and Rs6,086 per MMBTU on account of LPG business.

Interestingly, the cost of SNGPL's gas has increased by Rs66 per unit to reach Rs566.97 per unit or about 14pc when compared to its existing average prescribed price of Rs501 per unit but it was trying to recover shortfalls in revenue requirements of two years, including that of the current fiscal year.

Seeking increase in average prescribed price, the SNGPL gave a break up saying it be compensated for Rs62.3 per MMBTU, Rs98 per unit for operating cost, Rs70 per unit for guaranteed return on assets and Rs23per unit for late payment surcharge and short-term borrowing. The company demanded Rs381.54 per unit shortfall during fiscal year 2017-18 and Rs56.95 per unit for shortfall in 2018-19.

Separately, the other gas company, the SSGCL, has sought about Rs106.54 increase in its average prescribed price of Rs591.67 per unit to reach Rs698.21.

The cost of SSGCL's gas has estimated an increase of about Rs50 per unit to Rs642 per unit from its existing prescribed price of Rs592 per unit. It sought an increase of Rs64 per unit increase in operating cost, Rs17 per unit depreciation and Rs22 per unit increase for return on assets.

Domestic gas prices are linked to international oil prices under various petroleum policies.

Prime Minister Imran Khan has repeatedly said the gas companies were losing more than Rs50 billion to theft and mismanagement.

Under the law, the regulator is required to hold public hearings on the request of gas companies and then forward its determination to the government latest by May 20.

The government is required under the law to seek any change, if it considers so, to the proposed increase for various consumer categories within 40 days to Ogra for notification with effect from July 1 but without affecting the overall determined revenues.

The gas prices are changed twice a year – on the first of July and January. Because of political transition, the last gas price increase came into effect on September 27, 2018 instead of July 1. The 35pc average price increase of September was affected with a target to recover additional revenue of Rs116 billion, while high-consumption domestic consumers faced the highest 143pc increase.

Ogra had originally recommended an 186pc increase for the first two slabs of domestic consumers and a 30pc increase for most of other categories in industry, commercial, power sectors, etc. The government, however, diverted the burden from domestic consumers to electricity, industry, commercial and fertiliser sectors that would indirectly spread out to all consumers and categories.

Published in Dawn, March 25th, 2019

https://www.dawn.com/news/1471715/up-to-145pc-rise-in-gas-prices-sought

June 2019

NEWS COVERAGE PERIOD FROM MAY 27TH TO JUN 2ND 2019

PETROLEUM PRICES TOUCH HIGHEST-EVER MARK

Khaleeq Kiani Updated June 01, 2019

ISLAMABAD: Despite a reduction in international crude price, the government on Friday increased the prices of petroleum products by up to 4pc for the month of June.

With this adjustment, the petroleum prices in the country are now at the highest-ever mark despite the international crude market price at $67 per barrel, which is almost half of the 2008 highest record of $147 when retail prices stood below Rs80 per litre.

An official told Dawn that the crude price had dropped by 7pc in the Arabian Gulf Market — the source of Pakistani imports — over the last month from $72 on April 28 to $67 per barrel on May 29, but the currency devaluation caused the major negative impact.

New prices of petrol, high speed diesel fixed at Rs112.68 and Rs126.82 per litre, respectively

Based on import parity price of Pakistan State Oil (PSO) for purchases in May, the government approved Rs4.50 per litre increase in the price of high speed diesel (HSD), Rs4.26 in petrol, Rs1.69 in kerosene and Rs1.68 for the price of light diesel oil (LDO). As such the ex-depot rate of HSD has been increased from Rs122.32 to Rs126.82 per litre, indicating an increase of 3.67pc. Likewise, the ex-depot petrol price has been increased from Rs108.42 to Rs112.68 per litre, up 3.92pc.

The price of kerosene oil has been enhanced from Rs96.77 to Rs98.46 per litre, showing a rise of 1.74pc. The new ex-depot price of LDO has been fixed at Rs86.94 per litre, which was previously Rs88.62 per litre, showing an increase of 1.93pc.

To make price adjustments, the GST rate has been set at 13pc for both petrol and HSD and 17pc for LDO and kerosene. Until January, the GST on LDO and kerosene was 0.5pc and 2pc, respectively. The GST on petrol and HSD was 8pc and 13pc, respectively.

Besides, the government has more than doubled the rate of petroleum levy on HSD in recent months. It was raised from Rs8 to Rs18 per litre. Similarly, the levy on petrol has also been increased (by 40pc) from Rs10 to Rs14per litre. The petroleum levy on kerosene oil and LDO remains unchanged at Rs6 and Rs3 per litre, respectively.

Over the past two months, the government has started increasing petroleum levy rates to partially recoup a major revenue shortfall faced by the Federal Board of Revenue.

Petrol and HSD are two major products that generate most of revenue for the government because of their massive consumption in the country. Total HSD and petrol sales are touching 800,000 and around 700,000 tonnes a month. The monthly consumption of kerosene oil and LDO are generally less than 10,000 tonnes.

Petroleum prices have generally been on the rise since early 2017 except a couple of reductions. Over the past couple of weeks, international benchmark Brent prices have been inching up and the government has been mopping up tax rates in run up to finalisation of an IMF-assisted stabilisation programme. The government has already annou-nced increasing power and gas tariffs over the next few months.

Published in Dawn, June 1st, 2019

https://www.dawn.com/news/1485827/petroleum-prices-touch-highest-ever-mark

FUEL PRICES SET TO RISE AS WEAK RUPEE BITES

The Newspaper's Staff Reporter Updated May 31, 2019

ISLAMABAD: Despite a reduction in international crude price, the government is likely to approve a substantial increase in the prices of major petroleum products for the month of June because of currency devaluation.

A senior government official told Dawn that the Oil and Gas Regulatory Authority (Ogra) on Thursday moved a summary to the government containing calculations on petroleum prices on the basis of existing rates of general sales tax and petroleum levy.

An official said that crude price had dropped by 7 per cent in the Arabian Gulf over the last month from $72 on April 28 to $67 per barrel on May 29 but the currency devaluation caused the major negative impact.

Based on import parity price of Pakistan State Oil (PSO) for purchase in May, Ogra has worked out about Rs8.99 per litre increase in the price of high speed diesel, Rs8.53 per litre in petrol, Rs1.69 per litre in kerosene and Rs1.68 per litre for the price of light diesel oil.

Up to Rs9 per litre increase proposed in petrol, diesel prices for next month

On approval, these would be the country's highest ever petroleum prices with international crude market at $67 per barrel — almost half of the 2008 highest record of $147 when retail prices stood below Rs80 per litre.

As such, the ex-depot rate of high speed diesel (HSD) has been calculated at Rs131.21 per litre from about Rs122.32, showing an increase of 7.34pc. Likewise, the ex-depot petrol price has been proposed to go up to Rs116.95 per litre from existing rate of Rs108.42 per litre, up 7.86pc.

The price of kerosene oil has been proposed to be set at Rs98.46 per litre instead of Rs96.77, showing an increase of 1.74pc. The ex-depot price of light diesel oil (LDO) has been worked out at Rs88.62 per litre instead of existing rate of Rs86.94pc litre, showing an increase of 1.93pc.

The government has already increased general sales tax on all petroleum products to standard rate of 17pc, except 12pc on petrol. Until January this year, the government was charging 0.5pc GST on LDO, 2pc on kerosene, 8pc on petrol and 13pc on HSD.

Besides the GST, the government has more than doubled the rate of petroleum levy on HSD in recent months to Rs18 per litre instead of Rs8 per litre, while levy on petrol had also been increased by 40pc to Rs14per litre instead of Rs10 per litre. The petroleum levy on kerosene oil and LDO remains unchanged at Rs6 and Rs3 per litre respectively.

Over the last two months, the government has started increasing petroleum levy rates to partially recoup a major revenue shortfall faced by the Federal Board of Revenue. Petroleum remains in the federal kitty unlike GST that goes to the divisible pool taxes and thus about 57pc cent share is grabbed by the provinces.

Petrol and HSD are two major products that generate most of revenue for the government because of their massive and yet growing consumption in the country. Petroleum prices have generally been on the rise since early 2017 except a couple of reductions. Over the last couple of weeks, the international benchmark Brent prices have been inching up and the government has been mopping up tax rates in run up to finalisation of an IMF assisted stabilisation programme.

The government has already announced to gradually increase electricity and gas rates over the next few months.

However, an official said the government was expected to pass on about half of price increase worked out by the Ogra because of upcoming Eidul Fitr even though its fiscal space was continuously contracting.

Published in Dawn, May 31st, 2019

https://www.dawn.com/news/1485647/fuel-prices-set-to-rise-as-weak-rupee-bites

OIL DEFIES TRADE FEARS AS PRICES RISE ON TIGHT SUPPLY

By Reuters Published: May 29, 2019

LONDON: Oil prices rose on Tuesday, supported by tighter global supplies that have helped to offset persistent worries that demand will be hurt by the continuing US-Chinese trade conflict.

Brent crude rose by $0.23, or 0.3%, to $70.34 a barrel by 1055 GMT. US West Texas Intermediate (WTI) was up $0.52, or 0.9%, at $59.15.

US crude futures were trading for the first time since Friday after a long holiday weekend. Investors, however, remain concerned that the trade war between the United States and China could hit the global economy and dent fuel consumption.

Brent futures last week registered a decline of 4.5% and WTI slid by 6.4% for its biggest weekly loss since December. “Oil prices lack direction because the oil market currently finds itself caught between supply risks and concerns about demand,” Commerzbank said in a note.

“A whole host of poor economic data from the major economic areas of the US, China and Europe, plus the entrenched situation in the trade talks, are not good news for the demand outlook.”

Published in The Express Tribune, May 29th, 2019.

https://tribune.com.pk/story/1982270/2-oil-defies-trade-fears-prices-rise-tight-supply-2/

CONVERSION OF FO-FIRED PLANT TO COAL: HUBCO SUBMITS PLAN TO GOVERNMENT

MUSHTAQ GHUMMAN | MAY 28TH, 2019 | ISLAMABAD

M/s Hub Power Company (Hubco) has submitted a plan to the government to convert furnace oil-fired plant into a coal-fired power plant prior to expiry of Power Purchase Agreement (PPA) in 2027. Hub Power Plant is a RFO-fired thermal power plant, situated at Hubco in Balochistan. The plant was built in 1997 with a Power Purchase Agreement (PPA) of 30 years and supplies 1200 MW (net) electricity to the national grid. It employs four units; each has a gross capacity of 323 MW with a designated boiler, stream turbine and generator.

The plant is being operated and maintained with a world-class maintenance regime along with the highest standards of Health, Safety & Environment (HSE) practices. Considering the world-class maintenance regime, Hubco is expected to operate well beyond its expected lifetime of 30 years.

Due to the imported mix with the addition of coal and Re-Liquefied Natural Gas (RLNG) based thermal and combined cycle power plants respectively, cheaper power is now available in the NTDC system. The supply of power is also higher than demand, resulting in low dispatch of RFO-fired power plants. The load factor of Hubco plant has fallen below 10 per cent in 2018-19 from a historical average of more than 65 per cent. In future, considering the demand and supply forecasts, RFO based plants would get minimal dispatch.

Currently, Pakistan has combined power generation capacity of approximately 27,000 MW. According to NDTC, the computed peak demand in 2018 was 25,717 MW, which indicates current surplus power generation of over 1000 MW.

Moreover, demand and supply forecast for 2025 suggest that there would be peak demand of about 36,000 MW – 43,000 MW at GDP growth rate of 4.3 per cent to 7 per cent. On the supply side, after incorporating the planned new projects which are currently under execution, the country would still have a supply surplus capacity at a GDP growth rate of 4.3 per cent. However, Energy Purchase Price (EPP) of plants dispatching lower on the merit order would be expensive in the range of $ 9 cents / KWh (on Brent at USD 60/ barrel). By adding cheaper power generation capacity, the government can achieve significant saving in the EPP. At 7 per cent GDP growth rate, the demand would increase significantly causing a supply deficit. In this scenario, it would be beneficial for the government to increase the base load power capacity at an economical tariff.

In 2013, the Government of Pakistan signed MoUs for the conversion of several oil-fired power plants, including Hubco, to coal to improve the generation fuel mix. However, at that time there was no provision for downtime as there was a supply deficit. In 2015, three coal conversion tariffs were issued by Nepra to K-Energy, Saba Power and AES Lalpir. These plants are of a similar size to Hub plant. The current scenario shows that the supply of power in the NTDC is greater than the power demand which implies that Hub power plant can be shut down for conversion.

Hub was developed on Build Operate and Own (BOO) model and started its commercial operations in 1997, on a 30-year PPA which will expire in 2027. Hubco aims to cerate a win-win solution which would be beneficial for the country. According to Hubco, post conversion the EPP would be reduced due to cheaper fuel, whole brownfield advantage would allow the completion of the project in significantly less Capex and shorter execution period as compared to Greenfield projects resulting in significantly low CPP. This would allow the government to benefit from this plant post 2027 at an extremely competitive power tariff.

The company maintains that RNLG and coal conversion were considered as part of the initial screening study. RLNG is a cleaner source of energy with a better environmental footprint. RLNG based power plants also have significantly higher efficiencies compared to RFO and coal based thermal power plants. However, RLNG is an expensive imported fuel.

On the other hand, coal is a cheaper fuel and even with lower efficiency, the coal plants are more economical in their overall tariff. With Thar coal on the horizon, there is an incentive to move toward indigenous coal-fired power plants to reduce import bill in the long term.

There are two possible conversion options: (i) Pulverized Coal (PC) boiler with imported sub-bituminous coal; and (ii) Circulating Fluidized Bed (CFB) boiler initially with imported sub-bituminous and eventually moving to Thar coal when it is available.

Post conversion of plant on coal in 2021, the 10 year levelized incremental tariff (including CPP and EPP) would be approximately 5.6 to 6.2 cents KWh for a 10 year project life and will be placed significantly higher on the forecast merit order. Although CFB boiler would result in a higher tariff however, it would enable the use of Thar coal when available.

Hubco understands that the government intends to transition to a merchant market mechanism and does not want to engage in a 25 year PPA. In case the government decides to get into a 25 year PPA, the incremental tariff would decrease by 2-3 per cent.

The company further states that to convert Hub power plant to coal the existing RFO-fired boilers will need to be replaced by new coal-fired boilers. The existing stream turbine and generator will be utilised along with other machinery and equipment of balance of plant. The new plant equipment that will be needed includes: (i) coal-fired boiler; (ii) coal handling/ conveyance system; (iii) limestone handling system; (iv) ash handling system and ;(v) flue gas treatment system.

In addition, a coal storage yard, and ash yard, for proper disposal, will be needed. A sub-bituminous coal with a net calorific value of 4,500 kcal/ kg will be imported for use until Thar coal becomes available. Approximately 6,000 tons per day of this coal will be consumed. Hubco intends to utilise the integrated jetty that has recently been constructed for the new CHHGC 2×660 MW coal-fired power plant. This will allow the reduction of coal transportation and handling costs. Any modification need in jetty will be made. The jetty currently handles approximately 12,000 tons of coal per day and has a total capacity to handle 18,000 tons of coal per day. The increase in volume will allow jetty to achieve economies of scale for port handling, thus reducing the jetty tariff for CPHGC as well. The conversion would take 24 months to complete and 6 months of outage would be required for boiler replacement.

The transmission lines designated for Hubco will be utilised by CPHGC once its 2×660 MW coal-fired power plants commence commercial operations. However, the transmission line designated for CPHGC are under construction, and are expected to come online by end of 2019. Dispatch from Hubco to the NTDC network will then be possible through the transmission lines designated for Hubco.

The coal conversion of two units of Hubco (2×323 MW) would be running for 8 months in non-winter months, with total tariff including incremental EPP and CPP of approximately $ 6 cents per unit, displacing the engine based RFO IPPs (Narowal, Atlas, Liberty, Nishat etc) with an EPP of approximately 9 cents per unit, resulting in annual savings of approximately Rs 14 billion for GoP.

The total CPP of the converted units for remaining four months would be around Rs 4 billion which would result in estimated net annual savings of Rs 10 billion for GoP.

Hubco maintains that once there is an in-principle agreement on the proposed concept, Hubco will initiate a detailed feasibility study for project through a reputable international consultant and engage lenders for financing the project. Relevant stakeholders from the government side would be engaged to discuss and finalise the regulatory requirements in parallel.

https://fp.brecorder.com/2019/05/20190528481091/

GOVERNMENT URGED TO FOCUS ON RENEWABLE ENERGY

RECORDER REPORT | MAY 28TH, 2019 | LAHORE

The government needs to undertake conscious planning for national energy transition to renewable energy sources, which is the need of the hour and should be treated as a national cause. Pakistan's total installed power capacity stood at 34 GW as on June 30, 2018 of which 4.2 percent was renewable energy. The country aims at achieving around 30% of its total on-grid electricity supply from renewables (excluding large hydropower) by 2030.

The solar energy potential is estimated to be over 100,000MW as Pakistan has a high solar potential since irradiation across the country is around 4.5-7.0 kWh/m²/day. "The government can initiate the transition to solar energy on smaller scale by moving offices of federal, provincial and city governments to solar energy as is being done in other countries," said an expert on renewable energy.

He said that the federal, provincial and city governments need to understand the strategic importance of energy transition and would need to be fully engaged in promoting a strong collaboration with other local stakeholders in defining their roles in the local energy transition. "Local communities, municipalities, cities, provinces, NGOs, SMEs can play an effective role in tapping this huge potential on different scales which is ultimately beneficial to the government and the country to ease the pressure on national grid as the extra electricity generated in the communities and households can be sent back to the national grid," he added.

Batteries' share in the cost of solar projects is more than 30 percent. In Pakistan, locally manufactured lead acid batteries are being widely used wherever battery backup is necessary while lithium ion based battery banks are also gaining popularity, sources said.

"Battery industry is an integral part of automobile industry in Pakistan but it has much more to offer to other industries and national energy storage needs with the government's attention and support," said an official of the battery industry. "All we need from the government is a clear focus on battery industry in terms of rules and regulations, a clear technology plan, research and development of existing technology and battery types," he added.

Moreover, the future growth and changing needs of power generation industry needs an organized and law abiding battery industry which can invest in research and development to make products with improved quality and performance instead of some are for fighting for existence whereas others are busy in tax evasion and flooding the market.

In Pakistan, he added, the battery industry contributes nearly Rs12.5 billion to national exchequer on account of sales tax and income tax but there is a need to eliminate the grey areas to provide level playing field to law abiding companies, giving them the peace of mind to invest in R&D to help bring down the cost of energy storage and make it publicly affordable," he added.

https://fp.brecorder.com/2019/05/20190528481148/

NEWS COVERAGE PERIOD FROM JUN 10TH TO JUN 16TH 2019

PETROLEUM DEMAND PLUNGES

The Newspaper's Staff Reporter Updated June 11, 2019

KARACHI: The country's overall oil sales plunged by 25 per cent to 16.972 million tonnes during the first 11 months of this fiscal year owing mainly to 57.7pc drop in furnace oil (FO) sales to 2.743m tonnes.

A drop of 19pc was witnessed in the high-speed diesel (HSD) sales to 6.764m tonnes. However, petrol sales inched up by 1.2pc to 6.808m tonnes.

Total offtake of petrol, oil and lubricants (POL) dipped 32pc year-on-year to 1.68m tonnes in May chiefly on the back of dreary FO sales. Similarly, motor spirit (MS) and HSD volumes tumbled by 5.2pc and 20.6pc year-on-year to 604,000 tonnes and 706,000 tonnes, respectively.

According to Shajar Capital report, petrol sales in May dropped by 10.7pc on month-over-month and 5.2pc in year-on-year due to rising petrol prices. It linked fall in sales of FO and HSD to economic cyclicality and shift in government's policy on energy mix.

Another reason of slowdown in diesel sales was persistent downward trend in sales of locally assembled trucks which fell to 5,120 units in July-April 2018-2019 from 7,703 units in same period last fiscal.

Petrol sales had also been going flat amid falling sales of locally assembled cars to 177,435 units in July-April 2018-2019 from 182,911 units in same period last fiscal. Two- and three-wheeler sales had been showing mixed trend.

According to Economic Survey 2018-19, domestic production of crude oil remained 24.6m barrels during July-March of 2018-19 compared to 21.8m barrels during the corresponding period last year.

During July-March period, the quantity of crude oil imported remained 6.6m tonnes valuing $3.4bn compared to the quantity 7.8m tonnes valuing $2.9bn during the same period last year. The decline was mainly due to increase in international prices.

The deferred payment on imported oil from Saudi Arabia will give an ease to the government on balance of payments, the survey said.

Published in Dawn, June 11th, 2019

https://www.dawn.com/news/1487472/petroleum-demand-plunges

ECONOMIC SURVEY 2018-19: GAS OUTPUT SEES NEGATIVE GROWTH OF 1.98 PERCENT

WASIM IQBAL | JUN 11TH, 2019 | ISLAMABAD

The production of natural gas has witnessed a negative growth of 1.98 percent in current fiscal year (2018-19) as compared with last fiscal year (2017-18), according to data released in Pakistan Economic Survey 2018-19 launched on Monday. The survey revealed that the production of indigenous natural gas decreased from 1,458,935 million cubic feet (mmcft) in fiscal year 2017-18 to 1,430,097 mmcft in current fiscal year (2018-19) which was 1,471,854 mmcft in fiscal year 2016-17.

The average natural gas consumption was about 3865 million cubic feet per day (mmcfd) including 785 mmcfd volume of RLNG during July 2018 to February 2019. Despite the shortage of gas, both utility companies-Sui Northern Gas Pipeline Limited (SNGLP) and Sui Southern Gas Company Limited (SSGCL) provided 428,305 additional gas connections including 425,404 domestic, 2,770 commercial and 131 industrial during the period.

It is expected that gas will be supplied to around 430,695 new consumers during the next fiscal year 2019-20. Gas utility companies have planned to invest Rs 7 billion on transmission projects, Rs 48 billion on distribution projects and Rs 18.5 billion on other projects bringing the total investment to around Rs 74 billion in next fiscal year.

Power sector was at the top with gas consumption of 1411 mmcfd, domestic consumption was 889 mmcfd, commercial 89 mmcfd, CNG 183 mmcfd, fertilizer 645 mmcfd and general industry consumed 648 mmcfd during July-February 2019. For viable growth of gas sector, government has approved provision of RLNG with fiscal incentives of gas infrastructure development cess (GIDC) at the rate of zero and sales tax at the rate of five percent.

The production of crude oil posted an insignificant growth of 0.47 percent during July-February 2019. The volume of crude oil extraction was 32,711 JSB (000) in fiscal year 2018-19 which stood 32,557 JSB (000) during last fiscal year 2017-18. Domestic production of crude oil was 24.6 million barrels during July-March 2019 compared to 21.8 million barrels during the corresponding period last year. As indigenous resources of oil are not enough, the quantity of crude oil imported remained 6.6 million tons at a cost of $ 3.4 billion during first nine months of current fiscal year compared to 7.8 million tons at a cost of $ 2.9 billion during the same period last year.

“The deferred payment on imported oil from Saudi Arabia will give an ease to the government on balance of payments”, the Survey states. Till March 31, 2019, paid up capital of four listed oil and gas exploration companies on Pakistan Stock Exchange was Rs 66.1 billion. The market capitalization of these companies was Rs 1332 billion and profit after tax stood Rs 131 billion.

The profit after tax of eight oil and gas marketing companies was Rs 31.9 billion. The paid up capital of listed companies at Pakistan Stock Exchange was Rs 14.6 billion. The market capitalization was Rs 249 billion. Listed four refineries had paid up capital of Rs 57 billion. The market capitalization was Rs 73 billion and profit after tax was Rs 7.8 billion.

https://fp.brecorder.com/2019/06/20190611485123/

PETROLEUM DIVISION TO SUBMIT NEW POLICY DRAFT BY AUGUST

WASIM IQBAL JUN 14TH, 2019 ISLAMABAD

The Petroleum Division will submit a draft of new petroleum policy for upstream oil and gas companies to the Cabinet before bidding for the next blocks, sources told this correspondent. The Division is deliberating on a new petroleum policy with incentives for foreign exploration and production (E&P) companies and the draft of new policy would be submitted to the Cabinet by August 2019, sources added.

Petroleum Division has identified as many as 40 new blocks but the bidding of these blocks will be held after road-shows some time in the third quarter of the current year. The government allotted 10 licences to E&P companies after holding competitive bidding on November 26, 2018 however no foreign company participated in the bidding process. During the five-year tenure of Pakistan Muslim League-N, no license was issued as the government had focused on import of LNG.

Dr Qamar Javaid Sharif, the newly-appointed board chairman of the Oil and Gas Development Company Limited (OGDCL) told Business Recorder that the company's current success ratio is 1:3, defined as for every three wells that are dug one rig pays off.

"Internationally, the ratio is 1:10. So even if we end up in the neighbourhood of 1:5, we are still good to go", he said. The draft of new E&P policy is expected to have seven major amendments and the three major amendments are as follows.

First, under the standard operating procedures (SOPs), the E&P companies had to get permission at very development phase but it has been decided to change the current regime to informatory regime. Thus under the new regime, exploration and production companies will inform and not seek permission.

Second, exploration and production activities will be offered more incentives. The official clarified that in the past when more than 60 percent oil and gas was recovered from a well, then most companies abandoned the well arguing that more technology and investment was required to extract the remaining 40 percent oil and gas, however the government has decided to provide more incentives to enable E&P companies to exploit the full potential of recovery of oil and gas.

Third, the draft of new petroleum policy will also address security concerns of the E&P companies working in various parts of the country and set up a task force for the purpose.

Overall imports of petroleum and products witnessed an increase of 4.01 percent during the first ten months of the current fiscal year 2018-19 as compared to the corresponding period of the last year. During the period under review, total imports of the petroleum and products stood at $11.89 billion, as against imports of $11.44 billion in 2017-18, according to the latest data issued by the Pakistan Bureau of Statistics (PBS). Five local refineries are producing only 12 million tons per annum of petroleum products against the current demand of over 25 million tons per annum.

https://fp.brecorder.com/2019/06/20190614486205/

KP PROPOSES 14 NEW ENERGY PROJECTS UNDER ADP

RECORDER REPORT JUN 14TH, 2019 PESHAWAR

The Khyber Pakthunkhwa Energy Department has proposed 14 new projects for Annual Development Programme (ADP) 2019-20 particularly the construction of new hydropower projects and setting up of the Provincial Transmission and Dispatch Company (PT&DC) and other projects in the province.

The proposed projects for budget 2019-20 includes construction of 496MW Spat-Gah hydropower project (HPP) in Kohistan under Public Private Partnership (PPP) and 188MW Naran HPP at Manshera costing Rs 70 billion and 157MW Maidan HPP in Swat costing Rs 65billion under PPP and Independent Power Producers (IPP).

Another mega project which would be included in ADP is the purchase of land for establishment of a state-of the art Petroleum Institute of Technology at Karak with an estimated cost of Rs 20 million besides construction of 96MW Batakundi HPP in Manshera costing Rs 40 billion and building of more hydropower projects at suitable places with an estimated cost of Rs 30 billion in different districts of Khyber Pakthunkhwa.

The department will also prepare feasibility studies for establishment of wind energy units with a cost of Rs 150 million and raising of KP’s own Provincial Transmission and Dispatch Company (PT&DC) for quick transmission of electricity generated from completed hydropower projects to the national grid for consumers, agriculture and industrial consumption.

Swat River cascade study would be conducted with an estimated cost of Rs 50.002 million whereas feasibility study for power evacuation from Chitral to Chakdara Lower Dir grid station would cost Rs 300.002 million.

Purchase of land and Project Management Organization (PMO) for three number HPPs would be conducted with an estimated cost of Rs 4000million whereas Khyber Pakthunkhwa hydro development project ie Kalkot Barikot Pattrak HPP of 47 MW and Patrak-Shringal 22MW, conducting of seismic study, exploration and production of Lakki Petroleum Concession Block and purchase of land for construction of access roads to power projects costing Rs 15 billion have been proposed for ADP 2019-20.

The 27 ongoing projects will continue in the upcoming fiscal year include construction of micro hydro projects (MHP) on rivers and tributaries costing RFs11465.41million, MHP on canals costing Rs 4351.510MW and solarization of schools and basic health units besides solar electrification of 4000 mosques in KP.

The others ongoing projects are detailed designs and construction of 6.5MW Mujahadin HPP on River Barando in Torghar district along with carrying out of transmission line with total cost of Rs 4195.644 million, restructuring of Electric Inspectorate of the Energy and Power Development KP, construction and completion of remaining mini macro-hydropower projects under 365MMHPPs with total capacity of 35.6MW costing Rs 52550.190 million and electrification of un-electrified villages through solar and alternate energy resources in remaining districts costing Rs 325.490 million of Khyber Pakthunkhwa.

Construction of 10 mini macro hydropower projects on canals costing Rs 19.905 million, solarization of Chief Minister’s Secretariat and CM House, rehabilitation of Reshan HPP costing Rs 806.520million, development of renewable energy in KP, purchase of land for hydel projects costing Rs 2160.85million, feasibility studies for potential raw sites with three schemes having capacity of 965MW including Kari Mushkur Chitral 446MW, Gabral Kalam 110MW and Torcamp Godubar Chitral 409MW, solarization of remaining departments of civil secretariat and electrification of 100 villages through solar and alternate energy resources costing Rs 241 million would continue in financial year 2019-20.

The others ongoing mega projects to be part of ADP 2019-20 includes Lawi HPP 69MW Chitral with total cost of Rs 20087.50 million, construction of Jabori HPP of 10 MW costing Rs 3798.260 million, construction of Balakot HPP of 300MW in Manshera costing Rs 85912.928 million and purchase of land and PMU Balakot HPP 300MW costing Rs 1934.680 million and solarization of 440 mosques in union councils PK-70 and PK-71 Peshawar.

The KP Energy Department will continue other programmes like capacity building programs in energy and power sector, construction of Karora HPP in Shangla and Mataltan-Gorkin HPP in Swat of 84MW costing Rs 20722.940 million, construction of Koto HPP of 40.8MW costing Rs 13998.896 million, purchase of land for Lawi HPP of 69MW in Chitral and for Mataltan HPPP Swat 84MW.

The officials said these projects were discussed at length with officials of Planning and Development Departments and would be included in budget 2019-20.

https://fp.brecorder.com/2019/06/20190614486213/

NEWS COVERAGE PERIOD FROM JUN 17TH TO JUN 23TH 2019

POWER TARIFF HIKE

By Editorial Published: June 17, 2019

A rise in taxes means a fall in people's incomes. New taxes being levied by the PTI-led government show that previous regimes had left the state coffers precariously depleted because of their alleged corruption, mismanagement, inefficiency and populist policies. After the government announced a tax-heavy budget a few days ago, on June 14 the National Electric Power Regulatory Authority (Nepra) allowed a uniform increase of Rs1.494 per unit in tariff for all the distribution companies (Discos) of ex-Wapda to recover Rs189.64 billion from consumers. Nepra has justified the rise in the amount of tariff on the ground that higher international oil prices, inflation and currency depreciation could necessitate further price hikes and put consumers to a sudden higher price shock.

Consumers will pay an additional Rs1.49 per unit for 15 months from July 1. This is in line with a staff-level agreement with the IMF. Lifeline consumers, having monthly consumption of less than 300 units, will be exempt from the new increase in power tariff. The government plans to give a subsidy of Rs52 billion on this count. It has made an allocation of Rs191 billion for Discos for ex-Wapda and Rs59.5 billion for K-Electric, putting the total power sector subsidies at Rs271 billion for the next fiscal year. It recently announced special subsidised rates for industrial consumers.

Recently, we have seen increase in many taxes and Federal Board of Revenue Chairman Shabbar Rizvi has announced that he will make best efforts to recover taxes and deal sternly with tax evaders. In Pakistan, tax evasion is rampant. A sizable majority don't pay taxes. We have a very low tax-to-GDP ratio. There is a dire need to eliminate the problems of tax evasion and tax avoidance. Greater tax collection is necessary to fund development programmes. We hope the government of Prime Minister Imran Khan will keep taxable capacity of the people in mind in its taxation policy.

https://tribune.com.pk/story/1993966/6-power-tariff-hike-2/

SINDH GOVT SELLING LAKHRA COAL AGAINST COURT ORDERS

By Hafeez TunioPublished: June 20, 2019

KARACHI: The Sindh government is allegedly selling coal from Lakhra coal mines in the open market without inviting competitive bids, flouting court orders.

According to sources privy to the development, provincial authorities are currently extracting between 700 and 800 tonnes of coal a day from the 120 mines at Lakhra and selling them in the open market for roughly Rs6,575 a tonne. This is despite high court orders binding the Sindh government from extracting coal until a competitive bidding process was carried out.

Slamming the reports as a 'malicious campaign', Sindh Energy Minister Imtiaz Shaikh denied that the provincial government had occupied the mines or sold the coal in the open market. He countered by saying that the "LCDC [Lakhra Coal Development Company] and PMDC [Pakistan Mineral Development Corporation] have been misusing the coal reservoirs by selling it in the open market".

A senior coal department official, however, admitted that the Sindh authorities have taken some decisions, "in haste by not adopting competitive bidding and other measures required by the court orders."

An LCDC union leader in Jamshoro also disputed the minister's statement on the occupation of the mines. "On the night of May 21, a heavy contingent of police and local administration reached the site and asked [LCDC staff] to leave the venue or face the consequences," said Mumtaz Khoso, who has been protesting along with dozens of other coal miners next to the National Highway. "The provincial government has cancelled our lease and encroached our mines," he said.

According to the coal department official, the LCDC lease at least was cancelled in accordance with the Sindh High Court (SHC) ruling. "Apart from ownership rights, Sindh was overselling its coal in the open market. After taking over control, the government itself has started this lucrative business through the district administration," he said.

"This land belongs to the Sindh government, which reserves the right to not renew the lease to anyone," stressed Shaikh, insisting that the provincial authorities had acted in line with SHC orders. "We will invite open tender in the next month and are getting a legal opinion from the law department on how to absorb LCDC employees in the Sindh government or the newly-formed Sindh Lakhra Coal Mining Company," he said.

The minister claimed that LCDC has not paid a dividend in a long time. When asked about compensating LCDC for the infrastructure, he said, "There is no such order in the verdict."

The LCDC union leader Khosa questioned the government's move to cancel the company's lease without compensation. "There are a total of 120 mines and each mine is developed at an estimated cost of Rs5 million. How can the government occupy these mines without paying us?" he asked, pointing out that the infrastructure LCDC developed by spending millions of rupees had been taken over in a single night.

Regarding the SHC ruling, Khosa said, “The matter is now sub-judice as we have challenged it in the Supreme Court.”

“Both parties have been issued notices. So how can the Sindh government come and take over the mines?” he asked.

The union leader referred to another 8,000-acre mine near Lakhra coal field and said the Sindh government awarded the contract to a private company called Fateh Mill in the 1990s to set up a power plant, but it never happened and almost all coal reserves were sold on the open market with the help of government officials. “That case is in a NAB court, where government officials are facing trials for this multi-billion rupee scam. The same has been repeated with our coal field,” he claimed.

LCDC was established 37 years ago with PMDC – a semi-autonomous corporation attached to the federal Ministry of Petroleum and Natural Resources – holding 50 per cent share and the Sindh government and the Water and Power Development Authority holding 25 per cent share each.

A dispute over the company and the Sindh government, which owns the mines, arose soon after the 18th Amendment came into force and devolved various federal departments to provinces. In 2013, provincial authorities sent a letter to the head of LCDC, stating: “Since the land belongs to the Sindh government, we want to cancel the lease of the coal mine and will establish our own power plant in the future. We suggest you resign and join our upcoming company that will be launched soon.”

“Despite its reservations, the provincial government, which heads the LCDC board, continued getting 25 per cent dividends till the occupation of the mines, but did they not renew our lease,” a senior LCDC official said, adding that after repeated threats and refusal to renew the contract, PMDC filed a petition in SHC against the Sindh government’s delaying tactics and threats. According to officials, the 2015 petition cited the violation of the original agreement, which states, “Whenever the lease comes to an end, the provincial government will renew it for [another] 15 years.”

During the course of the hearings, the provincial government launched the Sindh Lakhra Coal Mining Company after holding a meeting of the mining department and transferred mining permits for 120 mines to the newly-formed company. The notification was issued by the Sindh directorate of coal mines development on April 30, 2019.

After three years, the court gave its judgment on May 22 in favour of the Sindh government, but with conditions that the Sindh government had to fulfill. It said, “The petitioner cannot claim renewal of its mining lease as a matter of right and such renewal was at the discretion of licensing authority that is Sindh government.” The judgment also quoted the coal mines committee decision, which said, “PMDC is a federal entity and minerals is now purely a provincial subject, as per provision of the constitution of Pakistan.”

With the new development, the future of around 100 employees in various pay grades hangs in balance. “Most of the employees are highly qualified and have been working for decades. No one knows what will be our future,” said a senior officer in grade 20.

https://tribune.com.pk/story/1996119/1-sindh-govt-selling-lakhra-coal-court-orders/

NEWS COVERAGE PERIOD FROM JUN 24th TO JUN 30dh 2019

US COMPANY TO INVEST IN PAKISTAN'S SOLAR ENERGY SECTOR

By Irshad Ansari Published: June 26, 2019

ISLAMABAD: A US company has announced plans to invest in the solar power sector of Pakistan through a joint venture with a local company.

The US-based company has already introduced its mobile solar technology in Pakistan, which can be used for civil and military purposes and assist in overcoming the circular debt. The announcement was made by US Embassy Commercial Officer in Pakistan Mark Russel and US company Solar Stick's Pakistani partner Muslim Lakhani on Tuesday at a ceremony held in Islamabad.

The US diplomat said Washington wanted to expand its relations with Islamabad and US firms were interested in making investment in Pakistan as solar energy had a lot of potential in places where electricity could not be easily provided.

"We are making investment in Pakistan through a joint venture with Net Power Company. Solar energy promises enormous benefits to far flung regions of Pakistan," he said.

Speaking on the occasion, Net Power Pakistan Private Limited Chief Executive Muslim Lakhani said several areas of Pakistan were still deprived of electricity including rural regions of Sindh, Balochistan and Khyber-Pakhtunkhwa (K-P). He said US company Solar Stick was working in the solar energy sector all over the world, adding that the solar systems installed by the company in Afghanistan 10 years ago were properly functioning to date.

The total demand for electricity in Pakistan stands at around 26,000 megawatts while the shortfall is calculated at around 7,000 megawatts, which can be easily bridged through solar energy.

Net Power Pakistan could easily procure electricity for various sectors while solar energy could also lead to reduced cost of production, he said.

Pakistan could also invest in solar energy at the government level, Lakhani emphasised, adding solar energy could greatly improve the energy mix and also help control the circular debt.

https://tribune.com.pk/story/2000283/2-us-company-invest-pakistans-solar-energy-sector/

ECC APPROVES UP TO 191PC HIKE IN GAS PRICES

Khaleeq Kiani Updated June 27, 2019

ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet on Wednesday approved in principle up to 191 per cent increase in gas price and allowed signing of an agreement with Saudi Arabia for formal start of $270 million monthly oil imports on deferred payments.

The ECC meeting, presided over by Finance Minister Dr Abdul Hafeez Shaikh, also approved withdrawal of Rs3 per unit subsidy on electricity rates to export industries, except for peak hours and allowed Rs9bn worth of subsidy on power supply by Quetta Electric Supply Company (Qesco) to consumers of areas with low recoveries.

In doing so, it indirectly gave a go-ahead for notification of about Rs1.49 per unit increase in power tariff already under vetting by the law ministry after the determination of National Electric Power Regulatory Authority (Nepra). The average increase in gas and electricity tariff would be around 25pc and 12pc, respectively.

Informed sources said ECC decided that the rise in gas price should protect a maximum of 40pc domestic consumers in the lowest slab.

“The ECC approved the gas price summary of Petroleum Division without any significant change,” said a federal secretary. The average increase in gas rates would be around 25pc as opposed to 31pc recommended by the Petroleum Division based on determination of the Oil & Gas Regulatory Authority (Ogra). The difference would be covered through adjustments in the gas infrastructure development cess, he said.

The increase in gas and electricity rates would be notified with effect from July 1 under an agreement with the International Monetary Fund (IMF) after formal approval by the federal cabinet.

The rise in gas rates would generate about Rs510 billion next fiscal year for the two gas companies and meet their requirements of Rs487bn and create about Rs23bn surplus to take care of previous circular debt. The summary also required a change in the billing mechanism to allow the benefit of one previous slab to domestic consumers.

According to the summary, the tariff for consumers using less than 50 cubic meters will remain unchanged at Rs121 per million British thermal unit (mmBtu) and its monthly bill will also remain so at Rs285. The price for second slab (up to 100 cubic meters) will surge by almost 190pc to Rs369 per unit, from Rs127 per unit at present. The bill of this slab is estimated to go up by Rs361 or 63pc to Rs933 per month from Rs572.

The tariff for third slab (up to 200 cubic meters) will witness a jump of 102pc to Rs533per unit, from Rs264 and would result in a monthly bill of Rs3,872, up by 68pc, from Rs2,305. The price for fourth slab (up to 300 cubic meters) will go up by Rs168pc to Rs738per unit form the existing rate of Rs275 with estimated monthly bill to rise by 122pc (or Rs4,406) to Rs7,995, as against Rs3,589 currently.

The gas rate for fifth slab of 400 cubic meters will increase by about 42pc to Rs1,107 per unit from Rs780 which is precisely the average unit cost of gas supply. The bill for this category will increase by about 6.4pc to Rs14,373 per month from Rs13,508 because of the previous slab benefit. The sixth slab price of above 400 cubic meters will be charged at Rs1,476 per unit instead of its existing rate of Rs1,460. The slab benefit will, however, reduce its monthly bill to Rs25,534 from the existing Rs31,573, down by Rs6,039 or about 19pc.

Meanwhile, the rates for bulk domestic consumers would remain unchanged at Rs780 per unit. Monthly bill for special commercial consumers (roti tandoors) with consumption up to 300 cubic meters will be as per domestic slab but entire consumption above this level would be charged at commercial tariff of Rs1,283 per unit.

There will be a 62pc increase in feedstock for old fertiliser to Rs300 per unit, from Rs185 while tariff for all other categories will rise by 31pc.

Nepra had allowed on June 14 a uniform increase of Rs1.494 per unit in tariff for all the distribution companies (Discos) of ex-Wapda to recover Rs189.64bn from all consumers in 15 months in line with a staff-level agreement with the IMF.

The ECC also allowed some relaxations in laboratory tests for oil imports from Saudi Arabia under one year credit worth $3.2bn and asked Pakistan State Oil to sign formal agreement with Aramco's Product Trading Company (ATC). The oil facility was announced by Saudi Crown prince Muhammad Bin Sultan (MBS) in February this year under an agreement between the Government of Pakistan and Saudi Fund for Development (SDF), which could not be materialised so far.

Under the proposed agreement, PSO would import crude oil and its products besides LNG worth $270-274m per month on a 12-month credit with the possibility to extend the $3.2bn financing facility for another year. The government will provide irrevocable sovereign financial guarantee for the arrangement.

Given the special government-to-government arrangement, ECC also approved exemption from procurement rules that required competition and allowed for the first time the acceptance of laboratory tests of Incoterms 2010 of the International Chamber of Commerce at the port of origin unlike normal mandatory requirements of testing of imported oil and its products by Hydrocarbon Development Institute of Pakistan — a state regulator — at the port of discharge.

A price negotiation committee of PSO with the addition of two federal government representatives — a director general oil and a joint secretary of finance ministry — will finalise the product prices with Saudi ATC. Ogra had reservations over the relaxation in testing requirement saying the change in yardstick in any should be applicable for all oil imports.

https://www.dawn.com/news/1490662/ecc-approves-up-to-191pc-hike-in-gas-prices

GAS PRICE HIKE

By Editorial Published: June 28, 2019

Having already signed a deal with the International Monetary Fund (IMF) and raised gas tariffs already this year, the government has decided to further increase rates by a whopping 191 per cent. The new gas rates will be effective from July 1.

The Economic Coordination Committee of the cabinet has approved a summary, presented by the Petroleum Division, to raise gas prices. The average increase in gas rates will be around 25 per cent, against the 31 per cent proposed. It will generate around Rs510 billion in the next fiscal year, Rs23 billion more than the requirement of the two gas companies at Rs487 billion. The surplus will go towards addressing previous circular debt.

The government has divided the gas prices over six different slabs for the different consumer groups. At the bottom are the basic domestic consumers who use 50 cubic metres or less of gas per month. The government has decided to keep tariffs for the first slab unchanged at Rs121 per million British thermal units (mmBtu) or a maximum bill of Rs285.

But for the second slab, which uses up to 100 cubic metres, the price will surge by 190 per cent from Rs127 per unit to Rs369 per unit and will see their bill go up from Rs572 to Rs933. There are similar increases in subsequent slabs.

The government has gone to some lengths to protect those at the very bottom of the pile but it comes at some considerable cost. With corresponding increases in power prices and the diminishing value of the rupee, these increases will particularly hit the middle class quite hard. The economic growth of a country depends on its middle class, however.

Not only that, it will add a greater cost to producing goods, which could make them uncompetitive against cheaper alternatives made by competitors.

While it is crucial to meet IMF conditions to secure the $6 billion loan, complying with such conditions will only serve to push Pakistan further down the debt cycle, not out of it.

https://tribune.com.pk/story/2001618/6-gas-price-hike-3/

July 2019

NEWS COVERAGE PERIOD FROM JULY 1ST TO JULY 7TH 2019

POL PRICES REMAIN UNCHANGED FOR JULY

By Our Correspondent Published: June 30, 2019

ISLAMABAD: In a bid to provide relief to the masses, the government has decided not to increase the prices of petroleum products for the month of July.

"The existing price of June, 2019 will remain unchanged for the next month," said a statement issued by the Ministry of Finance late on Sunday.

The Oil and Gas Regulatory Authority (Ogra) had recommended to the government a reduction of Rs0.77 per litre in the petrol price and a hike of Rs2.30 per litre in the HSD price for July, 2019.

The regulator had also proposed an increase of Rs0.26 per litre in the price of light diesel oil (LDO) and a reduction of Rs2.94 per litre in the price of kerosene oil.

The regulator, on the other hand, has issued a notification of an increase of up to 168% in gas prices for domestic, commercial and industrial sectors, effective from July 1.

As per the notification, the authority has determined Rs121 per Million British Thermal Unit (MMBTU) for domestic consumers using up to 0.5hm3 (in cubic hectometers) gas per month, Rs300 per MMBTU for users of up to 1hm3, Rs553 per MMBTU for up to 2hm3, Rs738 on consumption of up to 3hm3, Rs1,107 and Rs1,460 per MMBTU for consuming up to 4hm3 and above 4hm3 respectively.

"The billing mechanism will be revised so that the benefit of one previous/preceding slab is available to domestic consumer (residential use)," it said determining minimum charges at Rs172.58 per month.

For government and semi-government offices, hospitals, clinics, maternity homes, government guest houses, armed forces messes, langars (free food distributions), universities, colleges, schools and private educational institutions, orphanages, and other charitable institutions along with hostels and residential colonies to whom gas is supplied through bulk meters including Captive Power, Ogra has fixed all off-takes at flat rate of Rs780 per MMBTU, with minimum charges of Rs4,680 per month.

In commercial sector, the authority has determined all off-takes at flat rate of Rs1,283 per MMBTU for all establishments registered as commercial units with local authorities or dealing in consumer items for director commercial sale like cafes, bakeries, milk-shops, tea stalls, canteens, barber shops, laundries, hotels including hotel industry, malls places of entertainment like cinema, clubs, theaters, private offices and corporate firms among others.

In category of Special Commercial (roti tandoors), the gas price has been determined for Rs121 per MMBTU for using up to 0.5 hm3 gas per month, Rs300 per MMBTU for using to 1hm3, Rs553 per MMBTU for using up to 2hm3, Rs738 per MMBTU for using up to 3hm3 and Rs1,283 per MMBTU for using above 3hm3.

For Ice Factories, all off-takes have been fixed at flat rate of Rs1,283 per MMBTU with minimum charges of Rs5,880 per month.

In general industrial sector, all off-takes have been determined at flat rate of Rs1,021 per MMBTU for all consumers engaged in the processing of industrial raw material into value added finished products irrespective of the volume of gas consumed but excluding such industries for which a separate rate has been prescribed. Minimum charges for this sector are Rs 26,301 per month.

For registered manufacturers or exporters of five zero-rated sectors and their captive power namely textile (including jute), carpets, leather, sports and surgical tools, the authority has determined all off-takes at flat rate of Rs786 per MMBTU, with minimum charges of Rs20,232 per month.

In Compressed Natural Gas (CNG), all off-takes have been fixed at flat rate of Rs1,283 per MMBTU with minimum monthly charges of Rs33,045.

For Cement Factories, a flat rate of Rs1,277 per MMBTU would be charged for all off-takes. Its minimum charges will be Rs32,877 per month.

For fertilizer companies, almost all off-takes have been fixed at flat rate of Rs300 per MMBTU for gas used as feed-stock and Rs1,021 per MMBTU for gas used as fuel for generation of electricity, steam and for usage of housing colonies.

However, Engro Fertilizer Company Limited will pay $0.70 per MMBTU for all off-takes at flat rate for gas used as feed stock, and Rs1,021 per MMBTU for gas used as fuel for generation of electricity, steam and for usage of housing colonies.

In power sector, all off-takes have been determined at flat rate of Rs824 per MMBTU for WAPDA, K-Electric’s power stations and other electricity utility companies, with minimum charges of Rs21,209 per month.

For WAPDA’s Gas Turbine Power Station, Nishatabad, Faisalabad, all off-takes would be at flat rate of Rs824 per MMBTU, while its fixed charges per month are Rs975.

For Liberty Power Limited’s Gas Turbine Power Plant (Phase-I) at Daharki, all off-takes have been determined at Rs1,283.47 per MMBTU with minimum charges of Rs43,278.61 per month.

For Independent Power Producers, all off-takes would be available at flat rate of Rs824 per MMBTU with minimum charges of Rs21,209 per month.

For Captive Power Plants, all off-takes have been fixed at flat rate of Rs1,021 per MMBTU with minimum charges of Rs26,301.60 per month.

With additional input from APP

https://tribune.com.pk/story/2003520/2-pol-prices-remain-unchanged-july/

IMPORT OF COAL LIKELY TO SURGE BY 2020

RECORDER REPORT JUL 1ST, 2019 LAHORE

Pakistan's coal imports may surge to 20 million tons per annum by 2020 due to the planned expansion of cement manufacturers and coal-based power plants scheduled to come online in a couple of years.

The country is handling coal import as per global standards at Pakistan International Bulk Terminal (PIBT), which is the only dirty bulk cargo terminal with state-of-the-art mechanised system having capacity to handle 12 million tons/annum and will further expand to handle the increase in coal import, sources said, adding that transportation of this much coal from PIBT and other terminals to different destinations across the country through trucks is a major challenge.

The government needs to adopt a holistic approach for freight transportation not only to protect the road network but environment also, analysts said, adding one of the important initiatives all over the world to protect environment is moving freight by rail instead of trucks as it not only lowers greenhouse gas emissions by 75 percent but also save millions of gallons of fuel every year. Pakistan can save billions of dollars in oil import bill by gradually moving to railroads.

"Such an initiative would be a win-win situation for the country, which is trying to revive loss making Pakistan Railways, protect highways by limiting axle load, and is also seriously striving for lowering greenhouse emissions to save the environment," Pakistan International Bulk Terminal Ltd (PIBT) CEO Sharique said. "It means more revenue to Pakistan Railways and less cargo on highways, protecting the road networks while emitting less greenhouse gases," he added.

"Using railroads is the best way to transport goods with a reduced carbon footprint while also generating more money for railways which globally make money from freight, not passenger traffic, which is always subsidized," said Sharique, adding: "Our policy makers must realize that our road infrastructure doesn't support smooth transportation of such items like coal which requires sophistication and technical expertise."

https://fp.brecorder.com/2019/07/20190701493343/

OPEC EXTENDS OIL CUT TO PROP UP PRICES

RECORDER REPORT JUL 2ND, 2019 VIENNA

Opec agreed on Monday to extend oil supply cuts until March 2020, three Opec sources said, as the group"s members overcame their differences in order to prop up the price of crude amid a weakening global economy and soaring U.S. production. The move will likely anger U.S. President Donald Trump, who has demanded Opec leader Saudi Arabia supply more oil and help reduce prices at the pump if Riyadh wants U.S. military support in its standoff with arch-rival Iran.

Benchmark Brent crude has climbed more than 25% so far this year after the White House tightened sanctions on Opec members Venezuela and Iran, slashing their oil exports. Opec and its allies led by

Russia have been reducing oil output since 2017 to prevent prices from sliding amid soaring production from the United States, which has overtaken Russia and Saudi Arabia as the world"s top producer.

Fears about weaker global demand as a result of a U.S.-China trade spat have added to the challenges faced by the 14-nation Organization of the Petroleum Exporting Countries. "Saudi Arabia is doing its best to achieve oil prices at $70 per barrel despite what Trump wants. But they haven"t accomplished that even with Iranian and Venezuelan oil exports dropping. And the reasons for that are weak demand and U.S. shale growth," said Gary Ross from Black Gold Investors.

The United States, also the world"s largest oil consumer, is not a member of Opec, nor is it participating in the supply pact. A jump in oil prices might lead to costlier gasoline, a key issue for Trump as he seeks re-election next year.

Brent initially rose as much as $2 on Monday towards $67 per barrel as traders cited Opec"s resolve to curb output. It later edged down to trade below $65.

WORSENING GEOPOLITICAL RISK The Opec meeting on Monday will be followed by talks with Russia and other allies, a grouping known as Opec+, on Tuesday.

Russian President Vladimir Putin said on Saturday he had agreed with Saudi Arabia to extend existing output cuts of 1.2 million barrels per day, or 1.2% of global demand, until December 2019 or March 2020.

Oil prices could stall as a slowing global economy squeezes demand and U.S. oil floods the market, a Reuters poll of analysts found. "I think nine months gives us enough runway to wait for the market to balance," Saudi Energy Minister Khalid al-Falih said.

He said Saudi Arabia would continue reducing supplies to customers in July.

"The reason for extending the deal by nine months instead of six is to assure the markets that the deal will remain in place through the seasonally soft demand period in the first quarter of 2020," said Amrita Sen, co-founder of Energy Aspects.

The meeting on Monday was in its fifth hour as ministers discussed a charter for long-term cooperation with non-Opec, Opec sources said, adding that Iran and Saudi Arabia were arguing about the content of a draft.

On Monday, Iran criticised Saudi Arabia for making decisions on Opec policy unilaterally with Russia, saying such action was the main challenge for the survival of the organisation.

Iran"s exports plummeted to 0.3 million barrels per day in June from as much as 2.5 million bpd in April 2018 due to Washington"s fresh sanctions.

Oil output in Opec"s exempt nations: https://tmsnrt.rs/2Fx7Lcc

The sanctions are putting Iran under unprecedented pressure. Even in 2012, when the European Union joined U.S. sanctions on Tehran, the country"s exports stood at around 1 million bpd. Oil represents the lion"s share of Iran"s budget revenues.

https://fp.brecorder.com/2019/07/20190702493480/

CNG DEALERS MULL NATIONWIDE STRIKE

By Our Correspondent Published: July 2, 2019

KARACHI: The All Pakistan CNG Association (APCNGA) may opt for a countrywide strike against the unprecedented hike in tariff of natural gas, a leader of the CNG sector announced on Monday.

“The extraordinary hike of 31% in the tariff of natural gas will leave the CNG sector bankrupt and thousands jobless,” said APCNGA Central Chairman Iftikhar Ahmed.

He said it would hurt not only the masses and existing businesses using gas but it would also put future investment in jeopardy, which included construction of liquefied natural gas (LNG) terminals with the help of foreign investment. He said compressed natural gas (CNG) dealers in three provinces of Sindh, Balochistan and Khyber-Pakhtunkhwa had increased CNG prices by up to Rs22 per kg while the price in Punjab had been raised by just Rs3 per kg. “Punjab is using imported gas, which has attracted 5% customs duty in the budget that has translated into Rs3 per kg,” he elaborated.

The leader of the CNG sector said the industry had rejected the higher price of gas, which would increase the consumption of petrol that would erode the country’s foreign exchange reserves. Ahmed pointed out that the current government had increased the price of energy many times in the past 10 months, dealing a blow to the masses, industry and agriculture.

“Economic activities are going down with the passage of each day,” he said, adding that the private sector could only pay taxes and provide jobs when their businesses were running.

He said the budget proposals forwarded by the APCNGA were not accepted and “now we will inform the minister of petroleum and the minister of finance about our reservations to save the CNG sector from collapse”.

Earlier, in a notification issued on Sunday, the prices of CNG were increased by up to Rs22 in the three provinces. “Punjab will remain immune from the upward revision in the tariff of natural gas as CNG stations in that province are using imported re-gasified LNG,” it said.

The price of natural gas for the CNG sector has been increased from Rs980 per million British thermal units (mmbtu) to Rs1,283 per mmbtu, the highest in the past one decade, said APCNGA Central Leader Ghiyas Abdullah Paracha in the notification.

He said the formula for sales tax had also been changed, which would increase the cost of economical fuel in the range of Rs2.25 to Rs2.74 in different provinces. Paracha said the new gas prices were unacceptable, therefore, the government should resolve the issue through consultations with the APCNGA and other stakeholders.

“The decision will reduce the demand for gas, increase demand for petrol and add to the oil import bill as well as environmental pollution,” he said, adding that increased import of petrol would require foreign exchange, which would adversely impact the drive to save US dollars.

He pointed out that the decision was detrimental to the survival of the Rs450-billion CNG industry, which was providing jobs to millions while it would also increase transportation costs and fares, and threaten budgets of poor rickshaw and taxi drivers. “Closure of the CNG industry will not only hit investments and jobs but will also affect revenues of the government, therefore, it should be reviewed,” he argued.

Published in The Express Tribune, July 2nd, 2019.

https://tribune.com.pk/story/2004133/2-cng-dealers-mull-nationwide-strike/

THE RISING FUEL PRICES

By Editorial Published: April 2, 2019

The first days of every month are a frightening time for people belonging to the low- and middle-income groups, in particular. That's when utility bills start landing on doormats. What adds to the wallet woes of poor consumers is the revision in petroleum prices that too happens every month. While each of the last few months has brought about a raise in one utility bill or the other, the last two monthly fuel price assessments have also cost the consumer's pocket dear. The raise for the month of April – Rs6 per litre both for petrol and high speed diesel – does speak of the typical callousness of the ruling class at dealing with the masses. At Rs98.89 a litre, the new rate of petrol – mostly consumed by public and private vehicles – has come too close to the three-figure mark. And high speed diesel, mostly used to run heavy machinery, will now be available at Rs117. 43 per litre.

Like its predecessors, the PTI-led government is also resorting to age-old tactics of squeezing poor consumers dry to shore up its fast-depleting coffers. Taxes and levies imposed on petroleum products are one of the biggest sources of revenue for the government which profusely utilises them to bridge revenue shortfalls and make up for their very own bad management and misgovernance.

That a rise in prices of petroleum products triggers a general price hike merits no debate. It impacts almost everything from the cost of inputs to outputs such as goods and services to even power generation — with the impact on the last mentioned is feared to reflect in power bills a few months down the line in another added burden for the masses. Coupled with the increase in interest rates by the central bank, the rising prices of petroleum products is bound to hit the businesses hard and result in further shrinking of the national economy.

Even though the government claims to be one gunning for change, trying to undo the mistakes of past regimes, it has yet to prove that in its fiscal management of the country.

Published in The Express Tribune, April 2nd, 2019.

https://tribune.com.pk/story/1941670/6-rising-fuel-prices/

MOU FOR SOLAR POWER PROJECT SIGNED

The Newspaper's Staff Correspondent July 06, 2019

QUETTA: The Balochis-tan government and a Ku-waiti company signed a me-morandum of understa-nding (MoU) on Thursday about leasing of land for a 100MW solar power project in Balochistan.

The MoU was signed at the Chief Minister House, and Chief Minister Jam Kamal Khan Alyani and Kuwaiti Consul General Abdullah Al Khaldi were present on the occasion.

Energy Secretary Pasand Khan Buledi and the chief executive officer of Inner-Tech Holding Company, Kuwait, Yasir Ahmed, signed the MoU.

The project would generate 100MW electricity which would help fulfill the energy requirements of the province.

Published in Dawn, July 6th, 2019

https://www.dawn.com/news/1492404/mou-for-solar-power-project-signed

POWER COMPANIES ENDURED RS45B LOSS IN FY18

By zafar bhutta Jul.07, 2019

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) has expressed serious concern over line losses and lower-than-expected recovery of electricity bills by the power distribution companies.

According to the Performance Evaluation Report of Power Distribution Companies for fiscal year 2017-18 released by Nepra, the distribution companies contributed a loss of more than Rs45 billion during the year on account of transmission and distribution (T&D) losses whereas they failed to recover Rs78 billion against the bills charged.

An examination of T&D losses revealed that none of the distribution companies, except for the Islamabad Electric Supply Company (Iesco), could meet the regulator’s expectations.

It is pertinent to mention that T&D losses of Peshawar Electric Supply Company (Pesco) were 38.1% against the 27.62% allowed by Nepra.

Keeping recovery of bills in view, Multan Electric Power Company (Mepco) and Islamabad Electric Supply Company (Iesco) performed better whereas Quetta Electric Supply Company (Qesco), with a recovery rate of 46.1%, stood at the lowest level among all the distribution companies in FY18.

On the other hand, K-Electric (KE) continued to take the lead by reducing T&D losses from 25.3% in 2013-14 to 20.4% in 2017-18.

Over the years, the performance of Pesco, Faisalabad Electric Supply Company (Fesco) and Hyderabad Electric Supply Company (Hesco) has remained worst in this indicator. The report suggested that T&D losses could be reduced further by adopting automated metering infrastructure.

The report acknowledged that as per figures submitted by the distribution companies, the distribution system of Pesco, Qesco, Hesco and KE seemed very healthy.

However, during visits by a Nepra team, the regulatory authority had found deteriorating condition of distribution networks of some of the distribution companies in the past.

Recovery rates of Qesco, Iesco, Gujranwala Electric Power Company (Gepco), Fesco, Lahore Electric Supply Company (Lesco) and Multan Electric Power Company (Mepco) fell whereas Pesco, Sukkur Electric Power Company (Sepco), Hesco and KE showed a marked improvement in recoveries in the past three years.

The report suggested that through good governance and management techniques, the distribution companies could further improve recovery rates.

Considering System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) indicators, Sepco's performance was the worst of all with the number standing at 568, followed by Mepco and Hesco with 316 and 180 respectively. On the other hand, Pesco, Lesco, KE and Qesco exhibited significant improvement.

The regulator noted with concern huge variations in SAIDI numbers and was of the view that reliable power could be supplied to end-users by improving SAIFI and SAIDI through regular maintenance of the distribution system.

In comparison to 2016-17, Pesco, Fesco, Lesco, Qesco and KE showed improvement in the provision of new power connections in 2017-18.

Iesco showed zero pendency for new connections, which was far from ground realities. Nepra

team expressed serious concern over the large number of pending applications during visits to different distribution companies.

In terms of reduction in average daily load-shedding hours in comparison to 2016-17, Fesco, Lesco, Mepco, KE and Hesco displayed improvement whereas Gepco ranked the worst with 11 hours of daily load-shedding, followed by Qesco and Pesco with 5.8 and 3.25 hours respectively.

It is of serious concern that the data submitted by some distribution companies was not based on facts, which was verified by the Nepra team during visits to different distribution companies and subsequent actions were also initiated. Furthermore, the data itself indicated surprising results, which were hard to believe. For example, Iesco reported SAIFI at 0.04, which meant that an individual customer experienced 0.04 interruption on average during the year 2017-18, which was beyond factual position.

The number of complaints received by the distribution companies over the last five years through different modes indicated a mixed trend with Lesco, Qesco, Sepco, KE and Hesco receiving a huge number of complaints in 2017-18 compared to 2016-17.

The data provided by the distribution companies showed that except for Gepco, Lesco and KE, all other companies did not receive even two complaints on average per complaint centre per day. This is not rationalised as the same was verified by the Nepra team during visits to different distribution companies.

Gepco reported the highest fatal accidents ie 29 in 2017-18, followed by Lesco, Iesco, Mepco, Sepco and Hesco with 21, 20, 17, 17 and 15.

Nepra noted with serious concern that these companies failed to adhere to the safety procedures and develop a safety culture. Distribution companies are required to prioritise safety as of the losses and recovery.

Published in The Express Tribune, July 7th, 2019.

https://tribune.com.pk/story/2007882/2-power-companies-endured-rs45b-loss-fy18/?amp=1

NEWS COVERAGE PERIOD FROM JULY 15TH TO JULY 21st 2019

GOVT TO FURTHER INCREASE POWER TARIFF BY RS3.5/UNIT

18 July, 2019

ISLAMABAD: The government is committed to further increasing power tariff by Rs 3.5 per unit as per agreement with the International Monetary Fund (IMF) by clubbing impact of hike in gas prices from current fiscal year, well informed sources told Business Recorder. Power Division, as per IMF prior condition, has implemented a quarterly automatic tariff adjustment in the electricity sector by about 10 percent to generate Rs 150 billion in additional revenues to reduce the circular debt accumulated over the first half of FY 2019.

The remaining quarterly adjustment costs will be subsequently passed on by end-August 2019. Moreover, the government will also notify the FY 2020 electricity tariff schedule as determined by the regulator by end-September, 2019 (structural benchmark). The sources said, Power Division recently suggested following measures to bring down losses to zero: (i) to stop any further addition in debt (flow) due to quarterly adjustments per unit cost for consumers would be between Rs 12.98 per unit to Rs 13.85 per unit in March 2019 and Rs 15.31 per unit in June 2019; (ii) the flow in 2018-19 is estimated at Rs 223 billion (Rs 2.14 per unit additional tariff) and flow in 2019-20 is projected at Rs 97 billion (Rs 0.94 per unit additional tariff) after the initiatives; (iii) to bring the flow to zero starting from FY 2019-20 in addition to quarterly adjustment notifications, an additional increase of Rs 0.94 per unit will be required; (iv) total tariff will be Rs 16.24 per unit from Rs 12.98 per unit, indicating a net increase of Rs 3.26 per unit; (v) this tariff adjustment is in addition to monthly FPA which will result in an increase of Rs 1.5 per unit on the basis of gas supply @ 824 mmcfd from July 1, 2019. On June 26, 2019, the Power Division had submitted the following proposals to the ECC: (i) to notify Nepra's approved quarterly adjustments after incorporating the targeted quarterly subsidy and additional charge so as to fully protect the lifeline consumers, domestic consumers consuming upto 300 units per month and partially protect consumers consuming above 300 units including the domestic TOU category from price escalation.

For this purpose subsidy of Rs 54 billion was approved along with additional charge of 31 paisa per unit maintaining uniform tariff on all category of consumers except lifeline and all domestic and agriculture consumers, so that the consolidated revenue requirements pertaining to quarterly adjustments would be as approved and determined by Nepra.

According to the IMF Staff Report, quasi-fiscal losses have increased further and represent a significant fiscal risk, and that following several years of steady decline in the flow of circular debt in the power sector, new arrears were accumulated over FYs 2018 and 2019, reaching close to Rs 800 billion (around 2 percent of GDP).

The authorities acknowledged that over Rs 200 billion of new circular debt was accumulated in the first half of FY 2019 from delays in updating tariffs. Introducing automaticity of quarterly tariff adjustments, similar to the process followed for automatic monthly fuel price adjustments, will be an important step to recover costs in a timely manner and reduce the flow of circular debt. "We will submit to Parliament by end-December 2019 changes to the Nepra Act to (i) ensure full automaticity of the quarterly tariff adjustments and (ii) eliminate the gap between the regular annual tariff determination and notification by the government (structural benchmark)."

The IMF Staff Report further stated that this is essential to eliminate the accumulation of circular debt as new capacity comes into the system to make the sector a more attractive investment opportunity. The authorities have initiated the automatic quarterly adjustment of tariffs with a first tariff increase of over 10 percent to generate Rs 150 billion in additional revenue. This adjustment will help address the circular debt accumulated over the first half of FY 2019. A second quarterly adjustment will take place before end-August. Moreover, the FY 2020 electricity tariff schedule will be notified as determined by the regulator by end-September 2019 (structural benchmark). Going forward, the authorities are committed to streamline and make more predictable the tariff notification process. To this end, amendments to the Nepra Act will be submitted to parliament by end-December 2019 (structural benchmark) with a view to (i) ensuring full automaticity of the quarterly tariff adjustments and (ii) eliminating the gap between the regular annual tariff determination by the regulator and the notification by the government.

https://epaper.brecorder.com/2019/07/18/1-page/791855-news.html

NEWS COVERAGE PERIOD FROM JULY 22nd TO JULY 28th 2019

OGRA SAYS IT PROVIDED RS107M RELIEF TO CONSUMERS

By APP Published: July 23, 2019

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has said that it provided relief of around Rs107 million to consumers by addressing their complaints against two state-owned companies – Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company (SSGC) in the last fiscal year.

The authority received 7,082 complaints, of which it decided on 5,909 cases and granted gas connections to 635 complainants besides providing Rs106.93 million relief to consumers by addressing their grievances, according to Ogra's Annual Performance Report 2018-19.

Ogra deals with complaints against licence holders under the Complaint Resolution Procedure Regulations 2002 without any fee, which can be sent through email, online, fax and normal post.

During the period under review, the regulatory body granted nine licences for establishing new oil marketing companies (OMCs), which would bring investment of around Rs4.5 billion for the construction of oil storage infrastructure over the next three years.

Besides, the permission was granted to six companies to initiate marketing of petroleum products after fulfilling their obligation of constructing oil storage infrastructure.

"New entrants into the marketing arena will increase competition, which will ultimately benefit the consumers," the authority, established in 2002 with the objective to "foster competition and increase private investment in the midstream and downstream petroleum industry," stated in the report.

Similarly, it granted permissions to the OMCs and other companies for operating their newly constructed oil storages and terminals at different locations including Sahiwal, Habibabad, Mehmoodkot, Machike, Daulatpur, Port Qasim, Shikarpur, Kotlajam and Pattoki.

"The addition of new oil storages will strengthen the oil supply infrastructure and the backup storage system," the report added.

Ogra also issued a licence for the construction of a new oil refinery with refining capacity of 200,000 barrels per day. The facility will help enhance the country's refining capacity with a corresponding decrease in import demand for refined oil products in future.

For liquefied petroleum gas (LPG), the authority issued around 96 licences for operation, marketing, storage and filling plants, construction of LPG auto refuelling stations and storage, construction of LPG air-mix plants and distribution of air-mix LPG through storage and handling terminals, and setting up an LPG production and storage facility besides authorising two manufacturers to manufacture LPG equipment.

https://tribune.com.pk/story/2019070/2-ogra-says-provided-rs107m-relief-consumers/

WAPDA HYDEL GENERATION SURGES TO RECORD LEVEL

RECORDER REPORTJUL 24TH, 2019

LAHORE: The Pakistan Water and Power Development Authority (Wapda) hydel electricity generation surged to the record level, as its hydel power stations generated 7591 megawatt (MW) electricity during the peak hours on Monday. This is the highest-ever hydel power generation in Pakistan, which became possible mainly due to power generation from Tarbela 4th Extension and Neelum Jhelum Hydropower Projects. Earlier, the highest-ever generation by Wapda was 7585MW, recorded on September 19 last year.
According to the details of Monday's hydel generation during the peak hours, Tarbela Hydel Power Station generated 2907MW, Tarbela 4thExtension 1372MW, Ghazi Barotha 1450MW, Neelum Jhelum 973MW, Mangla 210MW and Warsak 175MW, while other hydel power stations cumulatively contributed 504MW to the National Grid.
Since installed capacity of Wapda hydel power stations has risen to 9389MW with phased completion of its three mega hydropower projects namely the 969MW-Neelum Jhelum, the 1410MW-Tarbela 4th Extension, and the 108MW-Golen Gol, therefore, hydel generation this year is expected to touch new peaks beyond 8000MW with increased water flows, raised level of water reservoirs and increased water indent by Indus River System Authority (IRSA) in the days to come.
It may be mentioned that Wapda owns as many as 22 hydel power stations and provides about 31 billion units of hydel electricity on the average annually to the National Grid. The share of hydel generation greatly contributes in lowering the overall electricity tariff for the consumers, as electricity generated through other sources is far costlier than hydel electricity.

https://fp.brecorder.com/2019/07/20190724499753/

POWER T&D CAPACITY TO REACH 26,000MW NEXT YEAR

By Our Correspondent Published: July 24, 2019

ISLAMABAD: A parliamentary committee was informed on Tuesday that the power transmission and distribution capacity would be increased to 26,000 megawatts next year.

In the ongoing summer, an average of 21,000MW of electricity was transmitted by the system with the highest load of 23,000MW and it would be increased to 26,000MW next summer, said Power Division Secretary Irfan Ali while briefing the Senate Standing Committee on Power.

Last year, the transmission capacity was 19,000MW, he added. The Senate standing committee, chaired by Senator Fida Muhammad, discussed the installed capacity and peak season generation of hydroelectric power along with details of all power stations in the country.

The committee was informed that Water and Power Development Authority's (Wapda) total installed hydel generation capacity was 9,387MW and that of the independent power producers (IPPs) was 382MW.

Average daily hydel generation was said to be 5,191MW by Wapda and 252MW by the IPPs with maximum generation reaching 5,732MW and 302MW respectively.

The committee was told that some tunnels had been closed and maintenance work resulted in lower power generation by some units of Tarbela but they had been repaired now. Meeting participants were surprised to know that a major transformer of Mangla power generation system had been out of order for the last six months and the country was losing around 400-500MW of electricity.

The meeting was briefed that power generation depended highly on the level of water release indent given by the Indus River System Authority (Irsa) because power generation was a byproduct of water.

The members noted that the units that produced the cheapest electricity should be run at the highest possible efficiency and their maintenance should not be scheduled at the peak power consumption time. The committee was of the view that the discussion would be more fruitful if the Ministry of Water, Wapda and Irsa officials were also present in the next meeting.

The committee also discussed alleged overbilling and unscheduled load-shedding by K-Electric as reported in the print and electronic media. It was told that K-Electric had 29 business centres across the city and hence it was reachable for all customers through customer complaint call centres. The official said illegal hook connections in huge numbers had been removed and replaced by ABC connections. The committee was told that all billing was done according to guidelines of the National Electric Power Regulatory Authority (Nepra) and the system had a strong monitoring mechanism.

He added that customer and Nepra complaints had decreased over time. The power secretary told the committee that the rest of the country was also following this and slowly the system was switching to ABC transformers.

While discussing electricity theft, the committee members called for study of data of domestic and commercial theft. They also called for suggesting a well-researched proposal about whether AMI meters were the solution or the ABC meters.

The committee asked the energy ministry to have a meeting on what systematic changes were being proposed in the power sector.

https://tribune.com.pk/story/2019858/2-power-td-capacity-reach-26000mw-next-year/

OGDCL MAKES OIL, GAS DISCOVERY IN SANGHAR

RECORDER REPORT JUL 25TH, 2019 ISLAMABAD

Oil and Gas Development Company Limited (OGDCL) Wednesday announced to strike oil and gas discovery at its exploratory well Pandhi-01 in Bitrism block of District Sanghar, Sindh. "The well has tested 9.12 Million Standard Cubic Feet per day gas, 520 Barrels per Day oil through 32/64" choke at wellhead flowing pressure of 840 Pound per square Inch (Psi) from Lower Goru (Basal Sand) Formation," the company said in a press release.

The Bitrism Block is a joint venture between OGDCL (Operator) and Government Holdings (Pvt) Limited with 95 and 5 percent shares respectively. The structure of Pandhi-01 was delineated, drilled and tested using OGDCL's in house expertise. The well was drilled down to the depth of 3,600 meters.
The discovery is the result of aggressive exploration strategy adopted by the company in line with the government directives to explore and produce local oil and gas. "It would add to the hydrocarbon reserves of OGDCL and the country."

https://fp.brecorder.com/2019/07/20190725499973/

GOVT SET TO REVIVE WB-PROPOSED GAS REFORMS AMID RESISTANCE FROM PROVINCES

Khaleeq KianiUpdated July 26, 2019

ISLAMABAD: The government has revived the World Bank-supported gas sector reforms left unfinished by former Prime Minister Shahid Khaqan Abbasi amid resistance from provinces.

The proposed reforms envisage dismantling of two gas utilities – Sui Northern Gas Pipelines Ltd (SNGPL) and Sui Southern Gas Pipelines Ltd (SSGCL) – into at least five public sector companies, including a gas transmission company and four provincial distribution companies on the pattern of power sector companies.

Informed sources told Dawn that a World Bank mission was currently in Islamabad and has held detailed discussions with the government including the Ministry of Energy, gas utilities, the regulator and other stakeholders.

The sources said the Sindh and Balochistan governments have abstained from participating in the World Bank-led meetings while those of Punjab and Khyber Pakhtunkhwa have reiterated their reservations over the idea for purportedly being against the spirit of Article 158 and 172(3) of the constitution.

The federal government, these sources said, has conveyed its displeasure to Sindh and Balochistan for not attending the meetings. The sources added that the mission is likely to visit Quetta and Karachi next month.

After dismantling SNGPL and SSGCL, the reforms propose a plan to introduce multiple private operators in the distribution network with a common transmission company (Transco) as a gas network carrier/operator on the pattern of National Transmission and Disptach Company (NTDC) in the power sector.

Likewise, there would be four gas distribution companies having provincial boundaries as their sales areas besides dedicating domestic gas supplies to consumers within a gas-producing province to protect the spirit of Article 158 of the constitution.

The matter was taken up at the level of inter-provincial coordination committee and the Council of Common Interests (CCI) but could not be settled due to strong opposition from KP and Sindh governments.

The transmission network will provide open access distribution companies besides other private operators arising out of increasing imports of Liquefied Natural Gas (LNG).

The proposed Transco will not take a title to gas as it will only transport gas and get paid for a transportation charge to be set by the regulator for transporting local gas to be sold by the provincial distribution companies and imported LNG by private operators to their dedicated consumers.

The imported and domestic gas would be handled in two segments for all legal and practical purposes. This means the domestic gas would go to local consumers on as and when available basis and imported gas would go to large and bulk consumers on a firm supply basis.

The domestic consumers would not bear the financial impact of imported gas that would remain ring-fenced as at present to large consumers with full cost recovery. The price for domestic consumers would continue to be notified by the government and whereas that of the imported gas would be market based.

At present, the domestic gas supply was stagnating at four billion cubic feet per day (bcfd) with shortfall in excess of 2bcfd that is partially bridged through LNG imports.

The new model had been devised by consultants under the World Bank assistance to ensure customers anywhere on the network can get gas with security of supply and improved viability and sustainability of the sector while remaining within the constitutional provisions in relation to supply of domestic gas resources.

The federal government understands that the new structure would address concerns of the provinces that all costs of delivering Re-gasified LNG must be borne by its customers without placing any related burden on non-RLNG consumers.

These principles would be set by the CCI, but the actual implementation of tariff and market structure would involve a second-tier of public hearings under the Oil and Gas Regulatory Authority (Ogra) mechanism.

This would be done through Third Party Access rules of Ogra where a buyer could enter into a contract with a supplier using the Sui transmission system for a wheeling charge.

The larger consumers would have the freedom to select a supplier of their choice. The centre expects the move would lead to competition and transparency of cost allocations among LNG importers.

The four provincially defined distribution companies, to be created out of unbundling of SNGPL and SSGC, would help allocation of gas produced in a province delivered to its own customers.

Each distribution company will have an exclusive right to serve these local smaller consumers like the practice in vogue at present.

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 by 2026, and yet the prices would be cheaper than imported RLNG.

https://www.dawn.com/news/1496280/govt-set-to-revive-wb-proposed-gas-reforms-amid-resistance-from-provinces

SOLAR POWER SYSTEM PRICES GO UP

Aamir Shafaat KhanUpdated July 27, 2019

KARACHI: Despite sharp increase in the price of panels, inverters, dry batteries etc due to the steep rupee devaluation, the demand for solar power systems remains robust across the country amid higher electricity tariffs.

For example, the installation of 5kW and 10kW solar power system [panels, inverter and batteries] now costs Rs500,000 and Rs1 million, respectively, as against Rs400,000 and Rs800,000 a year ago.

“People especially from the rural areas where power is not available, are the main buyers of solar systems in the segment of 1kW to 4kW,” M. Saleem Memon, chairman Renewable Power and Vice-President Karachi Electronics Dealers Association (KEDA) said.

The 1kW solar system is now selling at Rs100,000 and the 2kW at Rs200,000, up 35 per cent in the last one year, he added.

He said rising cost has not affected sales, adding that the demand for solar power systems can be gauged from the fact that around 15-16 containers arrive daily at the port as compared to 10 containers per day a year ago. Solar panels arrive mainly from China while inverters land from China, Germany, Japan and Singapore.

One dollar was equal to Rs110 in January 2018 as compared to current rate of Rs158, making imported goods costlier in local markets. “Over 70 per cent of our sales go towards rural areas while cities and small towns hold the remaining share,” he said.

Various industries, educational institutions, private sector business operators and consumers in residential areas in major cities are also gradually shifting towards solar power, he claimed.However, importers are now highly perturbed as a large number of containers carrying solar panels, inverters and other equipment used in solar power installation are stuck up at the port following five new conditions amended in Import Policy Order (IPO) 2016 vide SRO 604 (I) 2019 issued on May 28.

Due to sudden amendment by the Ministry of Commerce, importers have delayed their future shipments which were booked prior to the fresh amendment in the SRO. Many consignments are in the pipeline.

“Around 500 containers worth Rs4bn are held up at the port,” he said adding importers would also bear shipment detention, port charges and container rents amounting to $150 per 40ft container.

He said the government has imposed new conditions to the SRO604 for import of solar panels which include PSQCA certificate, PSI certificate, certificate of conformance from exporting country, test report and accreditation certificate.

“The government has imposed these new restrictions to curb imports only without realising that solar panels are now becoming a need in view of rising power tariff by utility companies,” he added.

He said importers are not in a position to re-export all these consignments and import it again just to fulfil the condition of pre-shipment inspection.

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) last week also took up the issue of stuck up solar panel consignments with Adviser to Prime Minister on Commerce and Textile, Abdul Razak Dawood. Provision of Section 4 of the IPO-2016 provides that IPO conditions shall not be applicable to such imports where bill of lading or letter of credit were issued or established prior to the issuance of amending order. Later on, clarification regarding effectiveness of SRO604 was issued by commerce ministry on July 4, 2019, according to which the aforementioned SRO would not be applicable on goods for which BL or LC was established up till June 1, 2019.

FPCCI President Daroo Khan Achakzai had asked the commerce adviser to extend the date of implementation of SRO604 from June 1to July 31 to clear backlog at the port.

He said all importers believe to import quality goods on standards mentioned in the SRO but they have reservations on multiple inspections and certification from those organisations and inspection companies who have not their own labs and expertise to test the goods and issue certificates. The cost of doing business would rise by multiple inspections, he added.

https://www.dawn.com/news/1496515

PAKISTAN, GERMANY SIGN €22.4M AGREEMENT

By APP Published: July 27, 2019

ISLAMABAD: Pakistan and Germany on Friday signed an agreement under the Pakistan-Germany Development Programme for financial assistance of €22.4 million for existing projects of renewable energy, better grid connections and improved access to financial services through the microfinance initiative of the Pakistan Microfinance Investment Company (PMIC).

Economic Affairs Division Secretary Noor Ahmed and German Embassy Charge d'Affaires Dr Jens Jokisch signed the agreement. Federal Minister for Economic Affairs Hammad Azhar was present at the ceremony.

The agreement included support for social health protection schemes in Khyber-Pakhtunkhwa and Gilgit-Baltistan by providing health insurance to underprivileged people and investment in polio eradication in collaboration with the Ministry of National Health Services, Regulation and Coordination.

According to a statement issued by the Economic Affairs Division, the development cooperation between Pakistan and Germany dated back to 1961 with total financing to date amounting to more than €3 billion.

The two sides looked forward to strengthening cooperation and having meaningful deliberations in forthcoming government-to-government negotiations in Berlin in order to commit funds to future projects and proposals.

Speaking on the occasion, Azhar thanked the German government for the grant assistance geared towards betterment of people in Pakistan.

He was of the opinion that the financial assistance would support key priority sectors of the economy like renewable energy, social health protection and access to financial services.

"The government of Pakistan honours and appreciates financial cooperation from Germany and looks forward to strengthening bilateral relations in future, specifically after government-to-government negotiations in September 2019," Azhar said.

https://tribune.com.pk/story/2022229/2-pakistan-germany-sign-e22-4m-agreement/

PETROLEUM DIVISION SEEKS RS5.17B IN RLNG SUBSIDY

By Zafar Bhutta Published: July 28, 2019

ISLAMABAD: The Petroleum Division has approached the Economic Coordination Committee (ECC), seeking approval for the release of Rs5.17 billion on account of imported gas supply at a discounted rate to major export-focused sectors.

In the last fiscal year, the government had approved Rs25 billion in supplementary grant for the key export sectors on account of re-gasified liquefied natural gas (RLNG) supply at the concessionary rate of $6.5 per million British thermal units (mmbtu).

However, the Finance Division could not release Rs5.17 billion for the months of March, April, May and June 2019 by the close of last fiscal year. Therefore, the subsidy amount was surrendered to the Accountant General of Pakistan Revenue (AGPR).

A senior government official told The Express Tribune that the cabinet, in its meeting held on December 6, 2018, had approved a budgetary allocation of Rs25.7 billion in supplementary grant for disbursement to the export-oriented sectors – also known as zero-rated sectors – and their captive power units on a monthly basis.

So far, the subsidy amounting to Rs10.7 billion covering the period October 16, 2018 to February 28, 2019 has been released to Sui Northern Gas Pipelines Limited (SNGPL) based on monthly verified bills and claims out of the budgetary allocation.

The claim for March 2019 amounting to Rs2.54 billion was based on the supply of 100% RLNG instead of the 50:50 blend of RLNG and system gas, as approved by the ECC.

The Finance Division, in its letter on May 24, 2019, pushed down the original allocation of Rs25.7 billion to Rs16.9 billion. Subsidy claims for April 2019 amounting to Rs791 million and for May 2019 amounting to Rs886 million could not be paid by the Finance Division by the close of last fiscal year. For June 2019, the subsidy claim of Rs948 million had been received.

As per the demand of the Petroleum Division, the Finance Division has budgeted Rs24 billion in subsidy for the export-focused sectors in the current fiscal year.

The Petroleum Division has approached the ECC, seeking the release of subsidy claims for March (based on 100% RLNG), April, May and June amounting to Rs5.17 billion out of the budgeted allocation for the current fiscal year. Any resultant shortfall in the allocation at a subsequent stage should be met through a supplementary grant, it said.

“The ECC is likely to approve the request in its next meeting,” the official added.

https://tribune.com.pk/story/2022904/2-petroleum-division-seeks-rs5-17b-rlng-subsidy/

NEWS COVERAGE PERIOD FROM JULY 29th TO AUGUST 04th 2019

PCRET, UAF INK MOU TO WORK ON RENEWABLE ENERGIES

RECORDER REPORT JUL 31ST, 2019

FAISALABAD:Pakistan Council of Renewable Energy Technologies (PCRET) and University of Agriculture Faisalabad on Tuesday inked a Memorandum of Understanding to jointly work on renewable energies in order to make advancement and promote the technologies. The MoU was duly inked by UAF Vice Chancellor Dr Muhammad Ashraf and PCRET DG Dr Baqer Raza at UAF meeting room. UAF Energy System Engineering chairman Dr Anjum Munir, PCRET director Saeed Hussain and UAF director external linkages Dr Rasheed Ahmad also attended.
It was agreed upon that the both parties will jointly conduct the energy specific applied projects, leading to inventive upshots. The parties will share their available processing / testing facilities, and library facilities to the researchers / engineers working on the collaborations projects. It was agreed upon that PCRET may engage UAF students to carry out their research tasks as internees for the projects of mutual interests in accordance with their respective policies. The parties will arrange seminars, workshop and certification courses. Talking to the meeting, UAF VC Dr Muhammad Ashraf said the country was blessed with plenty of the resources that should be used for energy generation. He said UAF was converting energy block on solar and in the years to come, they are mulling multiplying it across the campus. He said renewable energy sources were getting a key focus across the globe because these were sustainable and clean environment resources of energy at an affordable cost.
Dr Baqer Raza said Pakistan Council of Renewable Energy Technologies (PCRET) was set up by merging the National Institute of Silicon Technology (NIST) and the Pakistan Council for Appropriate Technologies (PCAT). It is the prime institution in the country for coordinating research and development promotional activities in different renewable energy technologies.

https://fp.brecorder.com/2019/07/20190731501679/

PETROL PRICE LIKELY TO GO UP BY RS5.15 PER LITRE

By Our Correspondent Published: July 30, 2019

ISLAMABAD: Consumers are likely to face a hike of up to 10% in prices of petroleum products for August, 2019 following fluctuations in global crude prices.

The Oil and Gas Regulatory Authority (Ogra), in a summary forwarded on Tuesday, recommended the federal government to increase prices of petroleum products up to 10% for the month of August.

It made the recommendation after taking into consideration movement in crude oil prices in the international market.

The Ministry of Finance will review and set prices of petroleum products on Wednesday for August, 2019, keeping in view the government’s revenue collection target for the current fiscal year.

Ogra has calculated an increase of Rs5.15 per litre in the price of motor spirit (petrol), Rs5.65 per litre for high-speed diesel, Rs5.38 for kerosene oil and Rs8.90 for light diesel oil.

If the recommendation is approved, the price of petrol will jump to Rs117.83 per litre from the current Rs112.68, reflecting an increase of 5%.

Similarly, with a hike of 5%, the high-speed diesel price will go up from the existing Rs126.82 to Rs132.47 per litre. High-speed diesel is mainly used in transport and agriculture sectors and an increase in its price will have a direct impact on the consumers.

According to Ogra's recommendation, the price of light diesel oil will go up 10% to Rs97.52 per litre from the current Rs88.62. The price of kerosene oil is expected to rise by Rs5.38 to Rs103.84 per litre.

Light diesel oil is mainly used for industrial purposes whereas kerosene oil is consumed in remote areas for cooking purposes where liquefied petroleum gas (LPG) is not readily available.

As in earlier instances, the government is likely to pass on a partial increase in oil prices by adjusting the rate of general sales tax (GST) and petroleum levy in order to absorb most of the recommended increase in prices, sources in the Petroleum Division said.

Ogra has calculated ex-refinery sale prices of petroleum products at the standard 17% GST.

Average price of crude oil imported by Pakistan State Oil (PSO) in previous three months (April-June 2019) is $65 per barrel. In its outlook for 2019-20, the World Bank has forecast that crude oil prices will hover around $67 per barrel.

https://tribune.com.pk/story/2024683/2-ogra-recommends-increase-petrol-price-rs5-15/

PETROLEUM PRICES SCALE NEW PEAK

The Newspaper's Staff ReporterAugust 01, 2019

ISLAMABAD: Despite a reduction in international crude price, the government on Wednesday increased the prices of all petroleum products by a range of 4.5 to 10 per cent for August because of currency fluctuations.

With this adjustment, the petroleum prices in the country are now at the highest-ever mark with international crude market at $63 per barrel — almost 57pc lower than the 2008 highest record of $147 when average retail prices stood below Rs80 per litre.

Based on import parity price of Pakistan State Oil (PSO) for purchases in July, the government approved Rs5.65 per litre increase in the ex-depot price of HSD, Rs5.15 in petrol, Rs5.38 in kerosene and Rs8.9 per litre for light diesel oil (LDO). Retail prices are generally 30-50 paisa per litre higher in the market.

As such, the ex-depot rate of HSD has been set at Rs132.47 per litre instead of Rs126.82, with an increase of about 4.45pc. Likewise, ex-depot price of petrol has been fixed Rs117.83 per litre, about 4.6pc higher than existing rate of Rs112.68.

Similarly, the ex-depot price of light diesel oil was set at Rs97.52 per litre, up 10pc over the existing rate of Rs88.62. The price of kerosene has also been worked out at Rs103.84 per litre, showing an increase of about 5.5pc over the current rate of Rs98.46 per litre.

An official said the government was following an IMF programme and there was no option but to pass on to consumers the full price increase calculated by the Oil & Gas Regulatory Authority. He said because of shortfall in revenue collection in the first month of this fiscal year, it was all the more important not be lenient on revenue targets.

The prices of petrol and high-speed diesel (HSD) are now the highest in 16 years since July 2003 while kerosene is at a level last seen in 2014.

The official said the crude price had dropped by more than 12pc in the Arabian Gulf — the source of oil imports to Pakistan — from $72 on April 28 to $63 per barrel on July 30 but the government has been gradually increasing tax rates.

The government is currently charging 17pc general sales tax on all petroleum products. Besides the GST, it has also been charging petroleum levy ranging between Rs14-18 on petrol and HSD and Rs3-6 per litre on lerosene and LDO.

https://www.dawn.com/news/1497420

ECC REVERSES GAS TARIFF HIKE FOR TANDOORS

Khaleeq KianiUpdated August 01, 2019

ISLAMABAD: Amid public outcry over naan and roti (flat bread) prices, the government on Wednesday reversed increase in gas tariff for tandoors. It also imposed 10 per cent regulatory duty (RD) on cotton imports to encourage better crop output in coming season.

These decisions were taken at a meeting of the Economic Coordination Committee (ECC) presided over by Prime Minister's Adviser on Finance Dr Abdul Hafeez Shaikh.

The ECC "approved a proposal submitted by the Ministry of Energy to revise gas prices for roti tandoors with effect from July 1, 2019 in the larger interest of the general public," said an official announcement.

Prime Minister Imran Khan had directed the relevant ministries on Tuesday to immediately reduce gas price for tandoors to address public unrest.

A senior government official said the cost of reduction in gas price would be met out of public money. The Ministry of Finance would provide Rs1.5 billion compensation to the gas companies as subsidy to recoup their revenue loss, he added.

He said gas tariff for tandoors would now be reduced to Rs700 per million British thermal unit (mmBtu) for consumption above 300 cubic meters instead of Rs1,283 per mmBtu on the basis of which the tandoor owners had increased roti and naan price by Rs3-5.

Likewise, the rates for smaller tandoors were also approved for reduction to Rs110 per mmBtu for 50 cubic meters, Rs220 for 100 cubic meters and Rs300 for 200 cubic meters instead of existing Rs121 per mmBtu, Rs300 per mmBtu and Rs553 per mmBtu respectively.

The decision was taken despite the fact that price of wheat – which contributes 55-60 per cent to the price of roti – had remained unchanged while gas bills – which contribute 20-25pc to the price of roti – had also not been issued yet under the new tariff, having come into effect from July 1, 2019.

Under the decision, a detailed survey of tandoors across the country would be carried out in order to ensure that the benefit of revision in gas tariff was made applicable to stand-alone tandoors or roadside restaurants catering to the poor and no undue benefit was passed on to the tandoors in hotels or larger restaurants which were to be treated as commercial gas connections.

The ECC meeting also called for effective price control by provincial governments and relevant authorities to ensure the sale of roti at its old price and decided to review the decision after three months in case the tandoor owners failed to pass the benefit of reduced gas prices to the common man.

A report on wheat situation in the country was also presented to the ECC that put total stocks at 7.635 million tonnes available with Passco and provincial food departments.

It was also observed after the imposition of the ban on the export of wheat and wheat flour, there had been a considerable reduction in wheat prices in the market and the situation would eventually reduce the prices of roti and naan in the market.

On the summary moved by the Ministry of National Food Security and Research, ECC decided to impose 10pc RD on the import of cotton. The meeting was informed that cotton production and area under cotton cultivation had been continuously declining over the years.

The production had declined from over 13m bales a couple of years ago to less than 10m bales last crop season while over 450 textile units required over 14.5m bales including 1.5m bales of extra long staple not produced in the country to meet domestic and export demands.

Because of low production last season, the government wants to encourage more cotton cultivation which would not be possible if farmers are not offered better terms by discouraging imports. Cotton sowing has already been affected due to unhampered imports over the past six months which is not a good omen.

The ECC also approved the implementation of "Authorised Economic Operator Programme" (AEO) as envisaged under section 212 A(1) of the Customs Act, 1969 was also approved by the ECC. The decision is a requirement of the World Customs Organisation for standardised movement of goods for international trade.

The ECC also allowed the two LNG re-gasification Terminals (Terminal 1, Engro Elengy Terminal Private Limited and Terminal 2 Pakistan Gas Port Consortium Limited) to allocate additional re-gasification capacity of terminal, if any, to third parties on a commercial basis under mutually agreed arrangements without affecting guaranteed supplies to the government.

https://www.dawn.com/news/1497423/ecc-reverses-gas-tariff-hike-for-tandoors

INDUSTRIALISTS, TRADERS SLAM HIKE IN PRICES OF POL PRODUCTS

N H ZUBERI AUG 2ND, 2019

KARACHI: The industrialists and traders have strongly criticized the government decision to increase price of petroleum products and said that repeated increase in the prices of oil and gas in recent past has badly eroded Pakistan's competitiveness due to which the country is losing attraction for investment and this situation will further destabilize the economy.
They said petroleum prices were already at the highest level and any further increase would prove the last straw that breaks the camel's back.
They said that the prices of petrol have once again gone up. The government is running at the mercy of God. The present government has nothing to do with common people and industry. Let prices

skyrocket but this government has no care for the industry, export and common people.
They said that unabated and frequent increases in POL prices and utilities' tariff have already broken the backbone of the business community but despite big uproar by the trade and industry and even entire nation, the government is firm in its anti-economy and anti-nation decisions.
Businessmen Panel, Secretary General (Federal) and FPCCI Former Chairman Standing Committee, Ahmad Jawad said continues increase in POL prices through rising taxes has come as a big shock for the poor, industrialists and traders.
Jawad said, "We strongly reject the massive hike in petroleum prices and widely demand withdrawal of this decision since consecutive increases are adding to the distress of the business community in particular and the public in general, precisely before Eid ul Adha.
He said that the huge hike in POL price will affect agriculture sector and also export-oriented industry. It is not good news for Pakistan whenever oil goes up our economy suffers, he added.
Though oil prices in the international market didn't have gone up on that level as compared to recent past but why is the government not bringing down the number and ratio of duties and taxes imposed on petroleum products besides reducing non-development expenditure of the state instead of imposing high rates on POL prices and on Wednesday the finance ministry move is a novel example in this regard, he deplored.
He said the industrial sector will be the immediate victim of the hike in POL prices as it is one of the major raw materials for industries.
Jawad also said after the depreciation of exchange rate and now with the move of new POL prices, Industrial production and movement of raw materials and trading goods will be more costly and reduce the competitiveness of Pakistani goods in the international market and put the government's initiatives in reverse for boosting exports.
Mohammad Hussan while rejecting the unjustified increase in utility tariffs and POL prices said that the entire industrial sector was already facing multiple internal and external challenges and any new increase in POL prices would further aggravate the economic situation.
He said that the present government is constantly making cruel decisions to raise petroleum and other utilities prices to increase the woes of masses in order to continue with its lavish expenses instead of reducing its luxuries.
Khalid Mehmood said that how exports can would meet their commitment in the international market as they are unable to count to manufacture due to high piece of industrial inputs.
Another industrialist said petroleum prices were already at the highest level and any further increase would prove the last straw that breaks the camel's back.
He said the increase would hit all sectors of the economy that would jack up the inflation and resultant hike in mark-up rates and disturb the entire economic cycle.
If the fuel would be heavily price the entire economy would suffer and the same happened in Pakistan as the repeated increases in the POL prices had ruined the industrial and economic activities.

https://fp.brecorder.com/2019/08/20190802503703/

WAPDA HYDEL GENERATION CROSSES 8000MW MARK

RECORDER REPORT AUG 2ND, 2019

LAHORE: The hydel power stations owned and operated by the Pakistan Water and Power Development Authority (WAPDA) generated the highest-ever electricity during the peak hours Wednesday as WAPDA hydel generation crossed 8000 megawatt (MW) mark for the first time in Pakistan.

s per generation details, WAPDA delivered as much as 8158 MW of electricity to the National Grid during peak hours on July 31, 2019. This quantum of hydel power share registered an increase of about 600 MW if compared with that of previous years. This increased share of hydel electricity in the National Grid is the result of maximum power generation from Tarbela Hydel Power Station, Tarbela 4th Extension Hydropower Project and Neelum Jhelum Hydropower Project.
The statistics of today's hydel generation during the peak hours show that Tarbela Hydel Power Station generated 3496 MW, Mangla Hydel Power Station 280 MW, Tarbela 4th Extension 1410 MW, Ghazi Barotha 1450 MW and Neelum Jhelum 978 MW while other hydel power stations cumulatively shared 544 MW to the National Grid.
Since installed capacity of WAPDA hydel power stations has risen to 9389 MW with phased completion of its three mega hydropower projects namely the 969 MW-Neelum Jhelum, the 1410 MW-Tarbela 4th Extension, and the 108 MW-Golen Gol, therefore, now the hydel generation this year has touched new peaks beyond 8000 MW with increased water flows, raised level of water reservoirs and increased water indent by Indus River System Authority (IRSA).
It may be mentioned that WAPDA owns as many as 22 hydel power stations and provides about 31 billion units of hydel electricity on the average annually to the National Grid. The share of hydel generation greatly contributes in lowering the overall electricity tariff for the consumers, as electricity generated through other sources is far costlier than hydel electricity.

https://fp.brecorder.com/2019/08/20190802503716/

OIL SALES DROP 17% AS ECONOMY SLOWS DOWN

By Our Correspondent Published: August 3, 2019

KARACHI: Petroleum oil sales dropped 17% to 10.68 million tons in seven months ended July 2019 due to deceleration in economic activities and shift to imported gas – re-gasified liquefied natural gas (RLNG).

Sales of oil marketing companies stood at 12.89 million tons in the same period of previous year, according to data compiled and reported by Shajar Capital.

Sale of furnace oil plunged 42% to 1.86 million tons in Jan-Jul 2019 compared to 3.23 million tons in the corresponding period of previous year. It was followed by high-speed diesel, whose sales decreased 17% to 4.05 million tons compared to 4.89 million tons in the previous year.

Growth in sale of petrol also slowed down significantly. It improved just 3% to 4.34 million tons compared to 4.23 million tons last year, the brokerage house said.

“Economic slowdown and shift to RLNG in the power sector caused the drop in sales,” Topline Securities’ analyst Umair Naseer said in remarks made to The Express Tribune.

Accordingly, the sale of furnace oil, which remained a major fuel for power production in the past three decades, suffered a massive drop during the period under review, he said.

Furnace oil sales will continue to drop going forward as the government has decided to phase out oil-based power production gradually.

High-speed diesel remained a major fuel used in the transportation sector, including for the movement of industrial goods. Therefore, the deceleration in economic activities put the transportation sector in low gear and squeezed diesel sales, he said.

Industrial and agriculture sectors also use petroleum oil products. The dismal performance of the two sectors may have impacted oil sales as well.

A drop in sales of cars and hike in petrol prices caused the slowdown in petrol sales, he said.

Sales of petroleum products increased 13% to 1.53 million tons in July alone compared to 1.35 million tons in June following increase in electricity demand forced the government to switch on oil-fired power plants as well in the month.

Oil marketing companies' sales in July 2019 increased primarily due to a massive 22% surge in diesel sales and 6% growth in furnace oil sales. "This rise is explained by an increase in consumption by power plants to cope with increased power outages," Shajar Capital said.

In terms of individual companies, Pakistan State Oil (PSO), in the first month of FY20, posted a 17% increase in its total sales volume on a month-on-month basis, which was recorded at 751,000 tons.

Attock Petroleum Limited's (APL) sales remained flat at 153,064 tons in July due to drop in sales of petrol and diesel, but furnace oil sales improved.

Hascol registered 2% fall in its total sales volume in July 2019, which was largely contributed by a dip in the company's petrol and furnace oil sales.

https://tribune.com.pk/story/2026913/2-oil-sales-drop-17-economy-slows/

August 2019

NEWS COVERAGE PERIOD FROM AUGUST 05th TO 11th 2019

KARANDAAZ TO INVEST £15MLN IN RENEWABLE ENERGY

Our Correspondent August 8, 2019

KARACHI: The UK-funded Karandaaz on Wednesday announced to invest over £15 million for the promotion of renewable energy generation and efficiency measures in Pakistani businesses, a statement said.

This initiative is the part of the Department for International Development (DFID) Sustainable Energy and Economic Development (SEED) programme. The SEED programme will work with firms, businesses, and financial institutions to demonstrate the financial viability of enhancing investments in clean energy and energy efficiency improvements, it said.

Joanna Reid, head of DFID Pakistan, and Ali Sarfraz, chief executive officer of Karandaaz Pakistan, signed the agreement. Karandaaz board of director's chairperson, Dr Shamshad Akhtar was also present on the occasion.

Reid said that less than four percent of Pakistan's electricity is generated from renewable sources. "We are working to change that. I believe that this investment in sustainable energy will go a long way in promoting energy-efficient and environment-friendly options for businesses, and at the same time, help generate more jobs and achieve greater prosperity."

Dr Akhtar said that economic and urban development is a national priority for Pakistan. With 39 percent of the population residing in cities, Pakistan is not only the most urbanised, but also the fastest urbanising country in South Asia. Pakistani cities' contribution to its GDP growth; however, is much lower than in peer countries, she said.

"It has been estimated by the IFC that as much as 11-14 percent of the energy utilised in Pakistan could be saved through conservation and efficiency measures, which is equivalent to two hours of power supply each day," she added.

"This grant from DFID will help bridge the financing gap and enable the emergence of sustainable and efficient energy for Pakistan's private sector, resulting in more vibrant and economically friendly cities, more competitive businesses and more jobs all leading to Pakistan moving closer to its targets as set under SDGs," she added.

Sarfraz said, "Karandaaz is proud to have established itself in a short span of time as a trusted partner of DFID to implement this additional focused financing programme for sustainable energy and energy efficiency in Pakistan."

https://www.thenews.com.pk/print/509785-karandaaz-to-invest-15mln-in-renewable-energy

ECC MOVES TO REVAMP GAS PRICE INCENTIVES FOR EXPORT SECTOR

Khaleeq KianiUpdated August 09, 2019

ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet on Thursday approved mechanism for payment of subsidy on account of lower gas price of $6.5 per unit to export industry and also ordered to have a proper definition of export oriented sector to avoid misuse of public funds.

The ECC meeting presided over by Adviser to the Prime Minister on Finance and Revenue Dr Abdul Hafeez Shaikh also hinted at setting indicative price of Rs3,600-4,000 per bale for cotton crop 2019-20.

The meeting noted that gas subsidy to export sector was apparently also being enjoyed on every unit of gas even by non-export oriented industry which may result in additional burden on budget. The government has allocated Rs10 billion in the budget for gas subsidy to industrial sector against over Rs25bn utilisation last year.

The ECC directed the ministries of energy, finance and commerce and the Federal Board of Revenue to convene a meeting on the subject and resolve the issue regarding clarification of nomenclature of export-oriented sector. This clarification should ensure that benefits of concessional tariff remain limited to exporters under previous notified zero-rated regime. The explanation should also ensure that any exporter that was previously not beneficiary of concessional tariff would need certification of falling under the clarified regime from FBR.Discussing the gas/regasified liquefied natural gas (RLNG) supply to industries (including exporters of five zero-rated sectors) in the light of ECC decision Oct 16, 2018, the ECC approved the subsidy claims for the months of March, April-June 2019 (based on 100pc RLNG supply) amounting to Rs5.174bn based on actual verified bills of Sui Northern Gas Pipelines Limited (SNGPL) for release out of the budgeted allocation of current financial year.

In order to further simplify the subsidy disbursement process, the ECC also approved a proposal for allowing SNGPL to raise verified subsidy bills of preceding month by eight day of every month and Finance Division to release the subsidy within seven days of receipt of claim from Petroleum Division. Upon receipt of subsidy amount, SNGPL shall promptly issue adjusted invoices to export-oriented sector in the next bill cycle and take up for any shortfall in the budgeted allocation at subsequent stage through supplementary grant.

The ECC also approved the proposal for the export-oriented sector to pay the invoices at ECC approved tariff of $6.5 per mmBtu along with applicable taxes. The committee also waived late payment surcharge (LPS) charged by SNGPL on the amounts over and above the tariff of $6.5 per mmBtu during the FY2018-19 which was due to delayed subsidy release by the government. For FY2019-20, LPS shall only be charged on the delayed payment of $ 6.5 per mmBtu and it will not be applicable on the subsidy amounts to be released by the government to SNGPL.

The ECC, on a summary presented by the Ministry of National Food Security and Research (MNFSR) seeking minimum support price for cotton to protect the local farmers and encourage cotton cultivation in the country, decided to constitute a Price Review Committee led by Adviser to the Prime Minister on Commerce and Textile Abdul Razzak Dawood to review and suggest the indicative price and other measures to be taken in case of abnormal fluctuations in the prices of cotton.

The MNFSR also briefed the ECC on the wheat situation in the country. It said the Passco and provincial food departments had reported wheat stocks at the level of 7.519 million tonnes as on August 2, 2019 as compared to 11.183m tonnes of the corresponding period last year.

Similarly, the Pakistan Bureau of Statistics on July 25, 2019 had reported the local price of wheat and wheat flour at the level of Rs362.6 and Rs422.2 per 10 kg respectively, showing a decrease of 0.03 per cent for wheat and 0.69pc for wheat flour, as compared to the price level of second week of July.

The ECC directed the MNFSR to regularly monitor the wheat prices, availability of wheat stocks in the country and ensure release of wheat stocks to the local market throughout the year and to check tendency of increase in wheat price particularly in the winter season.

On another summary seeking requesting supplementary grant of Rs530m for locust control, the ECC directed the Ministry of Finance to look into the matter in consultation with the MNFSR.

The ECC considered a summary of the Ministry of Energy for extension of gas network and rehabilitation of existing network in oil and gas producing districts of Khyber Pakhtunkhwa at a cost of Rs9.039bn. It was reported that SNGPL would bear the cost of Rs4.668bn while the Khyber Pakhtunkhwa government would chip in with Rs4.371bn including Rs694.5m already disbursed amount as the first tranche by the provincial government. The ECC discussed the proposal and in the light of input from the members and directed the Ministry of Energy to resubmit the proposal after taking input from the Planning and Finance Divisions.

In compliance with a previous ECC decision, the Special Assistant to PM for Petroleum Division Nadeem Babar reported that movement of 16,148 tonnes of diesel had been shifted to Pakistan

Railways in the month of July that would increase to 35,000 tonnes in the current month after assessment of decanting facilities available with Shell, Parco and Hyderabad Electric Supply Company.

https://www.dawn.com/news/1498917/ecc-moves-to-revamp-gas-price-incentives-for-export-sector

FIVE EXPORT-ORIENTED SECTORS: PROCEDURE FOR PAYMENT OF GAS/RLNG SUPPLY CLAIMS APPROVED BY ECC

RECORDER REPORT AUG 9TH, 2019 ISLAMABAD

The Economic Coordination Committee (ECC) of the Cabinet has approved procedure for payment of gas/RLNG supply claims of five export-oriented sectors and directed Sui Northern Gas Pipelines Limited (SNGPL) to raise verified claim within eight days of every month and asked Finance Division to release the subsidy amount within seven days after receiving claim from Petroleum Division.

A meeting of the ECC chaired by Advisor to Prime Minister on Finance Dr Abdul Hafeez Shaikh considered a summary regarding gas/RLNG supply to industrial sector, including exporters of five zero-rated sectors, in the light of ECC decision dated October 16, 2018 regarding supplying system gas/RLNG to export-oriented sector (formerly zero-rated sector) including its process units as well as captive power plants.

The ECC approved the subsidy claims for the month of March (based on 100% RLNG supply), April, May and June 2019 amounting to Rs 5,173,701,600 based on actual verified bills/claims of SNGPL for release-out of the budgeted allocation of current financial year for any shortfall in the budgeted allocation at subsequent stage through supplementary grant.

In order to further simplify the subsidy disbursement process, the ECC also approved a proposal for allowing SNGPL to raise verified subsidy bill/claim of preceding month by 8th day of every month and asked Finance Division to release the subsidy within seven (7) days of receipt of claim from Petroleum Division. Upon receipt of subsidy amount, the SNGPL would promptly issue adjusted invoices to export-oriented sector in the next bill cycle.

The ECC also approved the proposal for the export-oriented sector to pay the invoices at the ECC approved tariff of US $6.5 per MMBTU along with applicable taxes. The meeting further approved waiver of interest/late payment surcharge (LPS) charged by SNGPL on the amounts over and above the tariff of $6.5 per MMBTU during the fiscal year 2018-19 which was due to delayed subsidy release by the government. For fiscal year 2019-20, LPS would only be charged on the delayed payment of US $ 6.5 per MMBTU and it will not be applicable on the subsidy amounts to be released by the government to SNGPL.

The ECC further directed the Ministries of Energy, Finance and Commerce and FBR to convene a meeting on the subject and resolve the issue regarding clarification of nomenclature of export-oriented sector so that benefits of concessional tariff be limited to exporters under previous notified zero-rated regime and to ensure that any exporter that was previously not beneficiary of concessional tariff would need certification of falling under the clarified regime from Federal Board of Revenue (FBR).

The ECC also constituted a committee to propose indicative support price of cotton and directed to regularly monitor the price of wheat and availability and release of stock in the local market to stabilise the prices of staple food items.

Ministry of National Food Security and Research (NFSR) submitted a summary to the ECC requesting to fix minimum support price for cotton and constituted a Price Review Committee headed by advisor on commerce & textile to review and suggest the indicative price as well as other measures to be taken in case of abnormal fluctuations in the prices of cotton.

The Ministry of NFSR also briefed the ECC on the wheat situation in the country, saying that PASSCO and provincial food departments had reported wheat stocks at the level of 7.519 million tonnes as on August 2, 2019 as compared to 11.183 million tonnes for the corresponding period of last year.

While Pakistan Bureau of Statistics (PBS) reported the local price of wheat and wheat flour at Rs 362.6 and Rs 422.2 per 10 kg respectively on July 25, 2019, which reflected a decrease of 0.03% for wheat and 0.69% for wheat flour, as compared to the price level of second week of July 2019.

The ECC directed the Ministry of NFSR to regularly monitor the wheat prices, availability of wheat stocks in the country and ensure release of wheat stocks to the local market throughout the year and to check tendency of increase in wheat price particularly in the winter season.

On a summary by the Ministry of NFSR seeking supplementary grant of Rs 530 million for locust control, the ECC directed Ministry of Finance to look into the matter in consultation with the Ministry of NFSR.

The ECC discussed a summary of Ministry of Energy for extension of gas network and rehabilitation of existing network in oil & gas producing districts of Khyber Pakhtunkhwa at a cost of Rs 9.039 billion. The ECC discussed the proposal and in the light of input from the members directed the Ministry of Energy to resubmit the proposal after taking input from the Planning and Finance Divisions.

Special Assistant to Prime Minister for Petroleum Division Nadeem Babar also briefed the ECC on the movement of diesel by Pakistan Railways by saying that 16,148 tonnes of diesel had already been moved inland through the Pakistan Railways in the month of July and the same was expected to increase to 35,000 tonnes in the current month of August after assessment of decanting facilities available with Shell, Parco and Hascol.

https://fp.brecorder.com/2019/08/20190809505347/

MINIMUM GAS CHARGES INCREASED BY 39PC

Khaleeq KianiUpdated August 10, 2019

ISLAMABAD: In less than 40 days after increasing gas tariff by up to 200 per cent, the government on Friday hiked minimum gas charges by 39pc for almost all consumer categories, except 9pc increase for commercial and no change for domestic consumers.

The decision was notified by the Oil and Gas Regulatory Authority (Ogra) on the advice of the Ministry of Energy — Petroleum Division. Minimum gas charges are payable by every consumer irrespective of consumption levels. This also means that even a closed premises having gas connection but zero consumption is required to pay this charge.

According to the notification, the minimum gas charges for residential consumers have been kept unchanged at Rs173 per million British Thermal Unit. All the increases in minimum charges have been made to come into force with retrospective effect from July 1, 2019.

The minimum charges on the other hand have been reduced by 17pc to Rs3900 per month from Rs4680 for government and semi-government offices, hospitals, official guesthouses, armed forces messes, Rangers, educational institutions, orphanages and bulk residential consumers.

The minimum charges for commercial consumers and ice factories have been increased by 9.1pc to Rs6,415 per month from Rs5,880 and those for general industries by 38.6pc to Rs36,450 per month from Rs26,302.

The minimum rates for registered manufacturers or exporters of five zero-rated sectors and their captive powers, including textile, jute, carpets, leather, sports and surgical goods, have also been increased by 38.6pc to Rs28,060 per month from Rs20,232.

The minimum charges for compressed natural gas (CNG) and cement have been increased by 38.6pc to Rs45,803 per month from Rs33,046 and those for the power sector, including Wapda, IPPs and K-Electric, by 38.7pc to Rs29,417 per month from Rs21,210.

The rates for captive power plants of industrial units carrying out the activity of power production for self-consumption or sale of surplus to others, including a distribution company or bulk consumer, have been increased by 39pc to Rs36,450 per month from Rs26,302.

When contacted, a Petroleum Division official said the gas charges were required to be increased along with consumer tariff as had been the practice in the past, but it could not be properly conveyed to Ogra in the last week of June when consumer-end gas prices were increased. He said the security deposit and minimum charges were always adjusted with direct proportion of consumer-end gas tariff to generally represent around three months of average gas consumption.

Responding to a question, the official said the Petroleum Division had not yet received in writing a recent decision of the Economic Coordination Committee (ECC) of the cabinet about a reduction in gas price for tandoors because it had not yet been formally endorsed by the cabinet. He said another notification would be issued once the ECC and cabinet decision for the reduction in gas price for tandoors was received.

The government had on June 29 increased gas tariff by up to 200pc for domestic and 31pc for all other categories under an agreement with the International Monetary Fund to generate about Rs510bn during the current fiscal year. The revised prices are required by the law to become effective on July 1 and Jan 1 every year.

https://www.dawn.com/news/1499075

‘GSOLAR COMMITTED TO ADDRESSING COUNTRY’S ENERGY DEFICIT’

RECORDER REPORT AUG 10TH, 2019 KARACHI

With an installed capacity of over 20 MW, GSolar is committed to addressing the rural, agricultural, residential, commercial & industrial markets in Pakistan. GSolar - a solar EPC company offering an in-house PPA facility was established by three experienced engineers with the objective of addressing Pakistan's energy deficit through sustainable and viable technologies and business models back in 2015.
The company's Chief Executive Officer (CEO) Zain Abdullah talking to *Business Recorder* said that GSolar has now become one of the largest solar EPC in the country with a nationwide presence. He said solar is becoming increasingly important part of the energy mix in the country. Large-scale solar plants, he said can help our industries reduce their overall energy costs and become more competitive internationally.

In addition, it is developing a 50MW solar IPP. GSolar's C&I business has clients across the spectrum including schools, banks, retail outlets, textile mills, steel mills and other manufacturing enterprises, eg, include Atlas Group, McDonalds, Daewoo, Institute of Business Management and JBL among others.
Currently, the global industry is undergoing massive paradigm shift. C&I solar plants are being deployed via Power Purchase Agreements (PPAs) rather than on a CapEx basis. GSolar is Pakistan's only solar EPC company offering an in-house PPA facility. C&I clients pay for the energy produced, while they take care of the project's CapEx, OpEx and O&M.
On the 20th of July, 2019, GSolar also hosted an event "Transforming Pakistan's Renewable Energy Landscape" at Sindh Governor House. President Dr Arif Alvi graced the occasion as the Chief Guest. At the event GSolar announced its financial partnership with Vitol and technical collaboration with BELECTRIC.
Chairman GSolar Mushtaq Chhapra said "We at GSolar are very pleased to have Vitol come onboard as our financial partner. This is further evidence of their commitment to Pakistan and proof of their belief in the long-term success of our economy. "We are also pleased to acknowledge BELECTRIC, our technology partners, who like us believe in the enormous opportunity of large scale solar plants in Pakistan. Today's announcement of our partnership with Vitol and BELECTRIC is a milestone for GSolar & Pakistan's solar industry."
Managing Director at Vitol, Dubai Farid Masood said: "We strongly believe in the transformative nature of solar as it becomes an integral part of the energy mix. Our partnership with GSolar, is further evidence of our commitment to Pakistan and to the renewable space. We are initially committing to create a platform to deploy 50MW per year of solar adoption in the commercial and industrial sectors."
Managing Director of BELECTRIC Gulf Martin Mock said: "We firmly believe that Pakistan is ideal for large scale solar because it is blessed with abundant solar resources. BELECTRIC plans to train GSolar's engineers using industry-leading and best -in-class practices in solar PV design, engineering and installation. We are very excited to work with our local partners GSolar in providing the latest solar engineering solutions for clients here in Pakistan."

https://fp.brecorder.com/2019/08/20190810505705/

NEWS COVERAGE PERIOD FROM AUGUST 19th TO 25th 2019

1,320MW COAL-FIRED HUB POWER PLANT COMMISSIONED

Khaleeq Kian August 19, 2019

ISLAMABAD: The government confirmed on Sunday successful commercial operations of a $2 billion 1,320MW coal-fired power plant set up by the China Power Hub Generation Company (CPHGC) under the China-Pakistan Economic Corridor (CPEC) project.

“M/s CPHGC has successfully undergone through commissioning tests as per the agreed procedure. The engineer has certified the successful commissioning of the complex,” said a notification issued by the Central Power Purchasing Agency (CPPA) — a government-owned subsidiary responsible for procuring power from plants and selling them to distribution companies.

The CPPA said the power producer had called for declaring its commercial operation date (COD) from Aug 17, 2019, while its engineer — SGS — had also issued certificate of initial tested capacity that came out at 1,249MW. Therefore, it called upon the National Power Control Centre (NPCC) to issue dispatch instructions to the CPHGC keeping in view the system requirements.

Separately, the CPHGC announced that it had successfully declared the COD of its 1,320MW (2x660) imported coal power plant and integrated jetty with coal transhipment capacity of 4.2 million tonnes per annum.

The CPHGC is a joint venture between the Hub Power Company (Hubco) and China Power International Holding (CPIH) and a part of early harvest energy projects under the CPEC framework agreement.

The government had approved the processing of 1,320MW imported coal-based power project at Hub in November 2014 and the joint venture of Hubco and CPIH was issued letter of intent in June 2015. The National Electric Power Regulatory Authority (Nepra) had approved the upfront tariff for the power project in February 2016. The Joint Cooperation Committee (JCC) of the CPEC included a 660MW unit of the project in the list of ‘priority projects’ and the remaining 660MW in ‘actively promoted projects’ under CPEC framework agreement of Nov 8, 2014.

As the questions about ‘capacity trap’ started arising, the government had decided in 2016 to give up one of the two 660MW plants to contain reliance on imported fuels and reduce foreign exchange losses. However, it was compelled to restore the full capacity after the Chinese partner of the joint venture took up the matter at the highest level and then followed it up at the 6th JCC meeting in December 2016.

The Pakistan government was told that commercial viability of the Hub power project on supercritical technology was possible only with 1,320MW for which it had also been given tariff by Nepra at the request of Islamabad. It also took the stance that negotiations and processing of the project starting in November 2014 pertained to 1,320MW for which financial arrangements had also been ensured and its unilateral reduction to 660MW at an advanced stage was unacceptable.

On Sunday, the company said it had developed the plant in a record time, as per schedule and within the projected cost, and would add nine billion units (kWh) of electricity to the national grid every year, meeting the electricity needs of four million households in the country.

The project’s two units achieved synchronisation with the national grid on Dec 28, 2018 and May 28, 2019, respectively, while the Integrated Coal Jetty became operational in December last year with the arrival of the first shipment of coal.

“The successful completion of CPHGC project has fortified the dream of energy independence of Pakistan,” said Khalid Mansoor, the chief executive officer of Hubco, adding that “Pak-China synergy has resulted in engineering excellence and has fulfilled our promise of providing Pakistan with affordable and ample energy”.

He said the project had on Aug 14 completed a reliability run test involving a weeklong uninterrupted power supply at different loads that formally completed the commercial operation date certified by independent engineers as required under the power purchase agreement. This was followed by net electrical output confirmation by engineers in the presence of representatives of the National Transmission & Despatch Company.

The company said the project had also delivered on various social commitments for improving the lives of the local community of Hub and Lasbella. Together with its partners, the CPHGC has set up a school in Gadani, a floating jetty for fishermen in Abbas village and conducted various training and development programmes for the youth of Balochistan.

The Pakistani principal of the project — Hubco — currently produces over 2,920MW through its four plants spread over Balochistan, Punjab and Azad Kashmir. Hubco is the only power producer in Pakistan with four projects listed in the CPEC, out of which three are under construction — Thar Energy Limited, Thalnova Power Thar (Pvt) Ltd and Sindh Engro Coal Mining Company — at Thar Block II. The power generation capacity of the company has increased to over 3,580MW after the completion of the latest project.

https://www.dawn.com/news/1500348

COAL POWER ADDITIONS

BR ResearchAugust 20, 2019

Where the previous government had spurred activity in infrastructure and development projects, the same has been missing in Pakistan Tehreek e Insaf's one year in office. And it's no surprise that the main reason has been the evolving nature of China Pakistan Economic Corridor (CPEC). Where previously the focus had been on energy and infrastructure projects, CPEC's focus is now on industrial and agricultural collaborations and setting up of Special Economic Zone (SEZs).

While there has been no new power projects announced under the present regime, coal is quickly becoming a significant part of the power generation mix as the announced projects under CPEC start to come online. The latest of the early harvest projects has been by Hub Power Company Limited. As per the notice on Pakistan Stock Exchange, the company's joint venture joint venture – China Power Hub Generation Company (Pvt) Ltd (CPGHC) – with China Power International Holding (CPIH) for a 1320-megawatt(2×660) imported coal-fired power plant achieved the commercial operations date (COD), and has officially started supplying electricity to the national grid. The project's integrated coal jetty is also operational with first shipment of imported coal coming in December last year.

The project was initially approved in 2014. However, recall that the project though completed in the set time duration had to face bottlenecks as the government decided to back off imported fuel power plants because of excess power generation capacity and related financial repercussions. But the project was among the lucky ones to be restored.

Hubco has also ventured into indigenous coal. It has acquired 37 percent stake in ThalNova PowerThar (Pvt) Limited through its subsidiary, Hub Power Holdings Limited. Back in 2016, ThalNova was granted a power generation license for setting up a 330-megawatt coal-fired power plant at Thar coal mine. The power company is also constructing a 330-megawatt coal power plant with Thar Energy Limited, and another one with Sindh Engro Coal Mining Company at Thar.

https://www.brecorder.com/2019/08/20/518568/coal-power-additions/

NEPRA SEEKS HELP OF PANEL AGAINST IPPS

ZAHEER ABBASI AUGUST 22,2019

ISLAMABAD: Power sector's regulator – National Electric Power Regulatory Authority (NEPRA) – Wednesday sought help of a parliamentary panel against Independent Power Producers (IPPs) to get

details and justification for Rs 40 billion extra profit earned by them.
A meeting of the subcommittee of Senate Standing Committee on Power, chaired by Senator Nauman Wazir Khattak, was presented a summary of financial results of the five IPPs, and the data reflected that IPPs' profit was considerably higher as compared to the determined tariff.
Chairman NEPRA Tauseef Farooqi said that issuance of directives by the committee would strengthen regulator's position for obtaining details from the IPPs. However, the committee was of the view that as per rules and procedure it can request the ministry and the ministry can forward its request to the regulator but it would require time. "We have to submit report to the main committee with recommendations by August 25, 2019; therefore, the regulator needs to get details from the IPPS before this."
The data of the NEPRA for fiscal years 2011-2018 disclosed that Atlas Power earned extra profit of Rs 3.791 billion as its total profit was stated to be at Rs 12.1 billion against the allowed Rs 8.39 billion while taking into account ROEDC (rate of return on equity during construction) and WHT.
The extra profit of Nishat Chunian, according to NEPRA data provided to the committee, was Rs 7.819 billion as it made Rs 14.807 billion against allowed profit of Rs 6.989 billion, Nishat Power earned extra profit of Rs 7.116 billion subsequent to total profit of Rs 13.952 billion as opposed to profit allowed in the tariff of Rs 6.837 billion.
The Liberty Power, the meeting was told, earned extra profit of Rs 9.247 billion as it was allowed profit of Rs 7.805 billion in the tariff while it earned a total Rs 17.052 billion profit during the period under review while Attock Gen's extra profit was at Rs 11.048 billion after its total profit was Rs 16.432 billion against the profit allowed in tariff of Rs 5.386 billion.

https://epaper.brecorder.com/2019/08/22/20-page/797475-news.html

INVESTORS, LENDERS CRITICAL OF RENEWABLE ENERGY POLICY

Khaleeq KianiUpdated August 24, 2019

ISLAMABAD: The private sector and lending agencies on Friday pointed out critical deficiencies in proposed Alternative and Renewable Energy (ARE) Policy 2019 and called for incentives to localise renewable energy technologies for lower projects costs, consumer tariffs foreign exchange outflows and greater job creation.

The concluding session of the two-day consultations on ARE Policy, co-chaired by PM's Energy Task Force chairman Nadeem Babar and Secretary Power Irfan Ali, was attended by representatives of lending agencies and private sector representative bodies.

These included the World Bank, IFC, ADB, USAID UNIDO and KfW, World Wind Energy Association, Renewable and Alternative Energy Association of Pakistan, Pakistan Wind Energy Association, Pakistan Solar Association, Solar Quality Foundation, Pakistan Sugar Mills Association, Energy Update Group, USPCAS-E and leading law firms and consulting firms.

The representatives of the lending agencies and private think tanks pointed out to the federal government that most of the ARE resources were mostly owned by and located in the provinces, AJK and Gilgit-Baltistan, but the proposed policy appeared to be centre-centric and proposed to be driven by a federal agency Alternative Energy Development Board.

Therefore, the provinces, AJK and GB would be least receptive to federal wishes and implementation priorities to have 30pc contribution in overall electricity supply to renewable sources by 2030 as opposed to the 2006 policy that provided the provinces a greater role in projects awards.

Secondly, the previous policy had greater clarity in terms of 9700MW target for renewable energy as opposed to new policy that set targets as percentage of existing generation capacity that was a moving number and hence sent confusing signals to investors.

A representative from a donor agency questioned the “wisdom behind killing investors of 8 gigawatt capacity (of 2006 policy) with one bullet and offering equivalent capacity to new investors under the new policy” and wondered how the government would attract fresh investors when previous investors cry foul.

The participants suggested that annual targets for each (wind, solar, biomass etc) technology should be set and followed up with implementation schedules.

An official said an ARE power expert in project development and operations Gul Hassan Bhutto was given the opportunity for detailed expert opinion while majority of about 30 participants were given two minutes each and then asked to file their written comments latest by Wednesday next.

He told the meeting that the policy should be a wise and wide document to ensure sustainable procurement and hence the draft required major revisions and changes in line with stakeholders comments so as to ensure sustainable, affordable, available and responsible use of the energy.

He said the previous policy appeared to be wiser but was approved by the Economic Coordination Committee of the Cabinet instead of Council of Common Interests (CCI).

He believed the same policy should have been improved and got approved by the CCI. As a way out, it was argued that a tripartite arrangement between among the federal and provincial governments and investors should be put in place so that none of the stakeholders had overwhelming discretion in decision-making.

The participants also proposed that 145 projects under the 2006 policy involving 8,900MW capacity should be given first right of refusal in case of fresh competitive bidding under clear terms and conditions because majority of them had created significant rights so far and should be given a transition period.

For example, 19 projects of 513MW capacity had been given letters of support, 22 projects of 1,200MW were tariff approval stages and 109 projects of 6,500MW had letters of interest.

It was also pointed out that thermal power plants under 2002 policy were covered by the 2015 policy that was approved by the CCI while similar treatment to ARE projects was being denied that was creating an impression of anti-ARE bias.

Nadeem Babar and Irfan Ali told the participants that investors of 2006 policy would be taken care of separately but majority of the participants showed scepticism as to how the CCI would approve a new policy without settlement of an outstanding matter.

The private sector representatives also highlighted that government was envisaging bidding for solicited projects without feasibility studies which could lead to cartelisation. Therefore, reverse competitive bidding should be considered under reference tariffs to be announced by the power regulator.

One of the participants proposed that the policy should be named as Renewable Power Policy because the ultimate objective appeared to be electricity against the ARE Resources concept of targeting 60 per cent heating and cooling, 30pc transport and 8-10pc power production.

Participants also proposed incentives to encourage localisation of cost factors like concrete poles, transformers, motors and generators etc to bring back manufacturers who had left the market or promote local job creation and least cost energy sources. Under the existing arrangement, the foreign investors would be utilising indigenous resources like wind, solar, land, steel poles, batteries etc and taking out foreign exchange in profits.

It was also pointed out that there was no mention of the resource potential in the policy particularly that of offshore wind. Moreover, the proposed government-to-government renewable energy projects should be considered in the light of lessons learnt from open bidding in Jamshoro Coal-Based Power Project under the ADB that attracted half the price when compared to Sahiwal coal power projects under the China-Pakistan Economic Corridor.

dawn.com/news/1501365

SINDH GOVERNMENT VOWS TO SUPPORT FORTHCOMING INTERNATIONAL WIND ENERGY MOOT

RECORDER REPORT AUG 25TH, 2019 KARACHI

The Sindh government has decided to fully endorse and support the upcoming 4th International Wind Energy conference to be held on August 30 as a way to promote usage of different resources of alternative energy in the province. The decision to this effect was reached as the organizers of the 4th International Wind Energy Summit met Sindh Energy Minister Imtiaz Ahmed Saikh at the latter's office.
Naeem Qureshi, chairman of the organizing committee of the summit who also led the delegation, informed the provincial minister that the upcoming summit would be held here at a local hotel on Friday (30th Aug). Speaking on the occasion, Sindh energy minister said that he himself and the relevant officials of the Directorate of Alternative Energy of his department would attend the upcoming summit in the city.
He expressed the hope that the upcoming conference would go a long way in achieving the vision of the Sindh government to promote and maximize the consumption of alternative energy resources in the province. He informed the delegation about efforts of his department in facilitating commissioning of the new wind projects in the country as one such step is to establish a dedicated grid company of the province.
The provincial minister said that clean energy generation from Gharo-Jhimpir wind corridor alone had reached up to 1200MW with commissioning of around 23 wind energy projects there. He said that the province would soon be generating many more megawatts of clean energy with commissioning of 15 more such wind projects in near future. He informed the delegation about the persistent non-cooperation on the part of the federal authorities concerned owing to which commissioning of new wind energy projects had been constantly getting delayed.
The minister expressed his pleasure that all the relevant stakeholders including the state and government authorities would be attending the upcoming summit as it would prove beneficial in

understanding each other's point of view and removing bottlenecks in the passage of new wind energy projects to be launched in the country.
Qureshi informed the provincial minister that the upcoming moot would hold a dedicated session on the issues concerning all the forms of alternative energy whose potential did exist in Pakistan. Qureshi further said the event is being supported by government of Sindh, Alternative Energy Development Board, IEEEP & others & speakers & panelists who will address on the occasion are Minister Energy Sindh Imtiaz Ahmed Sheikh, Minister Energy Punjab Dr M Akhtar Malik, Secretary Energy Baluchistan Pasand Khan Buledi, CEO AEDB Rana A Jabbar, Secretary Energy Sindh Musaddiq Ali Khan, Zafar Subhani Chairman Hardon Solar, Director Osmani & Company Dr Nasim A. Khan, Engr Irfan Ahmed Chairman IEEEP, Brigadier Tarique Quadir Lakhair GM Energy Engro Energy, Imtiaz Ali Shah CEO Sindh Renewable Energy Company, Danish Iqbal President Pakistan Wind Energy Association, Engr, Mehfooz kazi Director Alternate Energy Sindh, Farman Lodhi CEO Hawa Energy, Mujtaba Haider CEO Reon Energy, Rehan Hamid CEO STDC, Fouzan Waheed from Vestas, Muhammad Ali from JCM Power and others.

https://fp.brecorder.com/2019/08/20190825511373/

NEWS COVERAGE PERIOD FROM AUGUST 26th TO Sep 1st 2019

IMRAN'S CABINET MAY EMPOWER POLICE TO ARREST ELECTRICITY THIEVES

By Zafar Bhutta Published: August 27, 2019

ISLAMABAD: The cabinet, which is scheduled to meet on Tuesday, is likely to amend a law to make electricity theft a cognisable offence, grant powers to police officers to arrest the consumers involved in power theft without a warrant and initiate an investigation without permission of the court.

Courts have ruled that registration of FIRs with police by the power distribution companies without first filing a complaint with the court, which is the sessions court in this case, would be treated as void and arrests made by the police would be unlawful.

Sources told *The Express Tribune* that a summary had been sent to the cabinet for approval of an amendment to the existing law in order to give powers to police officers for arresting the people involved in electricity theft without warrant and permission of the court.

Through an amendment to the Criminal Procedure Code, the offences relating to electricity theft were made cognisable by law but Section 462-O made them “cognisable by the court” alone. Since the main 2016 Act prevails over the schedules, the courts had held that direct registration of FIRs with the police was void and arrests made by the police were unlawful.

Sources pointed out that police officers may harass power consumers if they were given a free hand. Hence, the amendment has been proposed to make the offence cognisable if the information is provided in writing by the police, a grade-17 officer of the government or the distribution companies.

Officials said the Power Division had proposed the amendment in a bid to control electricity theft in the country. Owing to the theft, the power distribution companies were facing problems in the recovery of electricity bills where the theft level was high.

In this backdrop, the government encountered a big challenge in the recovery of the full cost of power generation. Owing to this, it was compelled to give billions of rupees in subsidy to the electricity consumers every year.

The Pakistan Tehreek-e-Insaf (PTI) government has comparatively fared well in the power sector where the distribution companies collected an additional Rs121 billion from electricity consumers between October 2018 and June 2019. At the same time, transmission and distribution losses edged down 1.4%, causing a positive financial impact of Rs160 billion during the period under review.

The anti-theft campaign had been underway across Pakistan since October 13, 2018, in the wake of directives of Prime Minister Imran Khan amid the slogan of zero tolerance of overbilling and corruption.

So far, 36,000 FIRs have been registered, 5,318 people arrested and Rs1.368 billion recovered under the campaign.

https://tribune.com.pk/story/2042877/2-police-may-empowered-arrest-electricity-thieves/

20 BLOCKS TO BE AUCTIONED FOR OIL AND GAS EXPLORATION

APP Updated August 28, 2019

ISLAMABAD: The Petroleum Division is planning to hold open bidding for 20 new oil and gas exploration blocks by the year end, aimed at making the country self-sufficient in the energy sector.

The government, in the last year, awarded five new exploration blocks through a transparent bidding process, a senior official privy to petroleum sector developments said on Tuesday.

He said the government was preparing a summary for creation of new oil and gas exploration block in potential areas of erstwhile Federally Administered Tribal Areas (FATA) and Balochistan, which would be presented before the Council of Common Interests for approval.

Explaining the existing exploration licensing zones, he said the country had been divided into four zones: West Balochistan-Pishin-Potowar Basins, Kirthar, East Balochistan-Punjab platform-Suleman Basins, Lower Indus Basins and Indus and Makran Basins.

He said that earlier, some zones were considered high-risk areas, but now after the improved security situation these parts of the country are being added to the potential hydrocarbon areas.

Answering a question, the official said that currently, the country’s total sedimentary area was around 827,268 sq km out of which around 39 per cent was under exploration.

He said it was a fact that multinational companies were least interested in oil and gas exploration sector due to non-discovery of any major hydrocarbon reserves since long. However, the country has sufficient potential in different sedimentary pockets, but it needed a robust strategy.

He said the Oil and Gas Exploration and Production companies were planning to start work on some exploration blocks, which faced delay, due to security issues in different areas of Balochistan, to find new hydrocarbon deposits and meet ever-growing energy needs of the country.

Meanwhile, the OGDCL on the basis of satellite imagery completed in-house geological mapping of the Kohlu Block, covering an area of 2,459.1 sq km in districts of Kohlu, Barkhan and Dera Bugti.

While, efforts are underway to perform geological field work and 2D seismic data acquisition in the block pending since 2004, which will complete in eight to ten months, the official added.

https://www.dawn.com/news/1502036/20-blocks-to-be-auctioned-for-oil-and-gas-exploration

PTI GOVT LIKELY TO SHELVE TENDER FOR LNG PURCHASE

By Our Correspondent Published: August 30, 2019

ISLAMABAD: Pakistan may shelve a tender for spot purchase of 10 liquefied natural gas (LNG) cargoes at cheaper rates as a complex situation has emerged following refusal by power producers to lift the imported gas for electricity generation due to the economic merit order.

Following a dip in global LNG prices, Pakistan LNG Limited (PLL) had invited bids for supply of 10 LNG cargoes on spot basis. Spot prices had dipped in the international market in recent months, therefore, the government was hoping to secure LNG cargoes at cheaper rates.

The complex situation arose due to the absence of a firm gas supply agreement between different stakeholders like LNG importers, gas utilities and power producers.

Pakistan has a firm LNG import agreement with Qatar and Sui Northern Gas Pipelines Limited (SNGPL) wants LNG-based power plants to run smoothly in order to fully consume the available imported gas.

However, the Power Division has refused to allow these plants to operate because of the economic merit order. The Power Division secretary has told a sub-committee of the Public Accounts Committee (PAC) that they will operate LNG-fired plants only if the economic merit permits.

However, SNGPL wants the Power Division to operate the power plants on a “must-run basis” in order to consume the imported gas. Owing to this situation, three natural gas fields in the country had been shut down to ensure a smooth flow of imported gas and avoid payment of damages.

“Now, if the LNG-based power plants are not run due to the economic merit order, the consumers would have to pay billions of rupees in capacity charges,” an official cautioned, adding that the capacity charges would be paid to the LNG terminal operators.

Last year, SNGPL had asked PLL to cancel a cargo but after one week it again approached PLL for LNG import.

“The government must push ahead with the tender and by the end of September it should decide whether to order or not,” the official suggested.

The Power Division has revised its re-gasified LNG requirement for September to December 2019. "In this context, we wish to inform that based on the revised firm RLNG requirements of the Power Division, we are proceeding with cancellation of LNG cargoes and revision in LNG orders for the period September to December 2019," SNGPL said in a letter written to the Power Division on August 28.

SNGPL authorities also warned that once the LNG order and cargoes were cancelled, then the gas utility would not be able to order any additional LNG volumes again due to the constraint of minimum LNG procurement time period of 90 to 120 days.

"It may please be noted that any RLNG over and above the revised requirements, if required by the Power Division at a later stage, shall only be on 'as and when' available basis and any risks associated with any further revised RLNG requirements shall be solely at the risk and cost of the Power Division," SNGPL said in the letter.

At present, Qatar is exporting 500 million cubic feet of LNG per day (mmcfd) to Pakistan. Commodity trading firm Gunvor and Italy's energy giant Eni are exporting 200 mmcfd and 100 mmcfd on a contract basis.

The current government has recently allowed the private sector to import LNG at its own risk. Industries like compressed natural gas (CNG) stations, fertiliser plants and power companies also want to import LNG.

"This is the best way for the government to come out of the LNG business in order to reduce risks," the official remarked.

https://tribune.com.pk/story/2045245/2-pti-govt-likely-shelve-tender-lng-purchase/

PRICES OF PETROLEUM PRODUCTS CUT AFTER CONSIDERABLE CONFUSION

Khaleeq Kiani August 31, 2019

ISLAMABAD: Amid confusing statements by some cabinet members, the government on Friday announced a reduction in prices of petroleum products by up to 5.8 per cent for the month of September owing to decline in prices in the international market.

It all started when Special Assistant to the Prime Minister on Information Dr Firdous Ashiq Awan announced the price cuts through her Twitter account, saying the government would pass on the benefit of lower prices in the international market to the public.

Later, Special Assistant to the Prime Minister on Petroleum Nadeem Babar told Dawn that "as per policy implemented last month, the government has decided to pass full impact of price reduction".

However, this was soon contradicted by the finance ministry. "The new POL prices being reported in a section of the media are not correct. Official press release in this regard shall be issued tomorrow evening," said a ministry statement received through WhatsApp.

As the confusion continued and various cabinet members engaged in talks, Energy Minister Omar Ayub Khan took to Twitter to announce that the government was extending full benefit of the price reductions in the international market to the people. He also issued a written statement about price adjustments.

In time the cabinet members “agreed” to pass on partial benefit of reduction in the price of high speed diesel (HSD) to consumers. It was agreed that the price of HSD would be cut by 4pc and the government would retain 1.8pc as “windfall revenue”.

Over the past few months, the petroleum and finance divisions have refrained from announcing petroleum prices and have been quietly urging the oil companies to increase rates.

Based on import invoices of the Pakistan State Oil (PSO) and existing taxes at elevated levels, the Oil and Gas Regulatory Authority (Ogra) had worked out a reduction of Rs4.59 per litre in the price of petrol (motor spirit) and Rs7.67 per litre in that of HSD.

The Ogra had calculated Rs4.27 per litre cut in the price of kerosene oil and Rs5.63 per litre decrease in the rate of light diesel oil (LDO).

An official said the price of crude oil had declined by more than 12pc in Arabian Gulf, from $72 on April 28 to $59 per barrel on Aug 30, but the government has been increasing tax rates over the past few months to meet IMF targets.

Based on import parity price of the PSO for purchases in August, the ex-depot rate of HSD has been fixed at Rs127.14 per litre for Sept against Rs132.47 per litre at present.

Likewise, the ex-depot price of petrol has been brought down by about 3.9pc to Rs113.24 per litre instead of Rs117.83 per litre at present.

The ex-depot price of LDO has been reduced by Rs5.63 per litre (5.8pc) to Rs91.89 per litre instead of Rs97.52 at present. The price of kerosene oil has been fixed at Rs99.57 per litre instead of Rs103.84, showing a reduction of about 4.1pc.

The government is currently charging 17pc general sales tax on all petroleum products. Besides the GST, the government is charging petroleum levy at a rate of Rs18 per litre on HSD, Rs15per litre on petrol, Rs6 on kerosene oil and Rs3 per litre on LDO.

Petrol and HSD are the two major products that generate most of the revenue for the government because of their growing consumption in the country.

The petroleum prices in the country have generally been on the rise since early 2017.

https://www.dawn.com/news/1502700/prices-of-petroleum-products-cut-after-considerable-confusion

GAS SECTOR REFORMS

Editorial August 31, 2019

THE government has taken some bold decisions in the recently announced reforms of the gas sector, though some crucial gaps still remain. Two of the steps announced by the Special Assistant to the Prime Minister Nadeem Babar are the elimination of the role of the government in future contracts for setting up LNG terminals, and the offer made to the industry to pay half of their outstanding amounts due under the Gas Infrastructure Development Cess in return for a sharp discount on the remaining amount. Aside from this, there is a great deal of emphasis on reforms related to “ease of doing business" to cut down the number of approvals and other red tape required to invest in the oil and gas sector. The thrust of the reforms is to generate investor interest and unclog the payments pipeline in the matter of the GIDC, where outstanding dues have crossed Rs400bn and become the subject of a grinding dispute between private power producers and the government.

Now we will wait to see how the power sector responds to the government's offer, especially with the IPPs. If there is uptake on the offer regarding the GIDC payments, it will be a good start, since the matter has already gone into extended litigation. But this solution could be short-lived. Next, it will be important to note how much interest the five global companies that have been cleared to build the next LNG terminal show in the new framework announced by Mr Babar. The government is no longer offering any sovereign guarantees, capacity charges or off-take commitments for future LNG terminals, and operators have been told to arrange their own buyers, as well as third-party access to pipeline capacity. If interest in the proposition is weak, we will know that Pakistan's LNG markets still have a lot of growing to do before the sector can stand on its own feet.

Missing in all this is any mention of price reform, especially for domestic gas. The growing role of LNG in Pakistan's economy is forcing some pricing reform of its own, but until a more comprehensive shift towards greater market based pricing of the precious resource is not brought about, the true potential of private sector investment in the gas sector will not be unlocked. Granted this is likely to make gas more expensive, reflecting its true cost rather than a subsidised one. But without this price reform, easing the path of approvals for new investors, and facilitating one-off settlements of outstanding payments, will have limited and short-lived impact. The gas sector is in the midst of a critical transition as LNG imports grow, and it is important that the government's hand is not being driven by the force of circumstance when navigating the new terrain it has entered.

https://www.dawn.com/news/1502745/gas-sector-reforms

PM HOPES NEW POLICY WILL CUT ENERGY COSTS

By Rizwan Ghilzai Published: August 31, 2019

ISLAMABAD: Prime Minister Imran Khan has appreciated the steps taken for promotion of renewable energy under the new policy, saying the country has a lot of potential in this sector, which has not yet been utilised.

"This vital sector had been ignored in the past resulting in escalation in energy cost and pollution," said the prime minister while chairing a high-level meeting regarding the new policy being formulated on renewable energy on Friday.

The meeting was attended by Minister of Economic Affairs Division Muhammad Hamad Azhar, Minister for Energy Omar Ayub Khan, Special Assistant to the PM on Energy Nadeem Babar, Special Assistant to the PM on Information Dr Firdous Ashiq Awan, SAPM Shahzad Qasim, Power Division Secretary Irfan Ali and senior officials.

PM Imran hoped that the new policy would prove fruitful for the country as soon the problem of supplying costly electricity would be overcome using the wide availability of renewable energy resources.

PM's Special Assistant on Energy Nadeem Babar presented the proposed draft of the new policy of renewable energy to the prime minister.

He said, “The ratio of renewable energy in the energy mix is only 6% and the new policy is aimed to increase this ratio up to 20% by 2025 and 30% by 2030.”

He said electricity generation from renewable energy was the main purpose under the new policy where provision of cheapest electricity to the people could be made possible.

Briefing the prime minister about main features of the new policy, Babar said, “All hurdles in the way of promotion of renewable energy have been removed.”

He said under the new policy, investors interested in investment in the sector would be able to make bids in the annual auctions pertaining to renewable energy projects particularly aimed at increasing “our capacity”.

He said it was also the focus of the government that all machinery and its parts were manufactured locally, adding that all projects under the new policy would be installed through open auction with full transparency.

The special assistant informed the meeting that efforts were being made to utilise solar, wind, municipal waste, hydrogen, biogas and waves of ocean like renewable resources to produce energy, adding that new methods would also be used for storage of this energy.

Babar said, “All relevant federal and provincial departments, international departments, professional organisations, lawyers, bankers and all stakeholders related to the energy sector have been consulted in formulation of the new policy.”

He said after approval of the prime minister, the proposed draft policy would be presented before the Alternate Energy Development Board and after that it would be presented before the cabinet and Council of Common Interests (CCI) for approval.

The prime minister appreciated the efforts of Babar, Minister for Energy Omar Ayub Khan, Secretary Power and his team for formulating such a comprehensive policy.

https://tribune.com.pk/story/2046062/1-pm-hopes-new-policy-will-cut-energy-costs/

TAPI PIPELINE WINS NOD OF ENVIRONMENTAL BODIES

By Our Correspondent Published: August 31, 2019

ISLAMABAD: Environmental authorities of Punjab and Balochistan have given the go-ahead to the laying of pipelines under the Turkmenistan-Afghanistan-Pakistan-India (Tapi) gas supply project.

It was revealed during a meeting between a high-level delegation of Turkmenistan and Federal Minister for Energy Omar Ayub Khan.

The delegation comprised Tapi Pipeline Company Board of Directors Chairman Muhammetmyrat Amanov, Turkmenistan Ambassador Atadjan Movlamov and Tapi Pipeline Company (Pakistan Branch) Manager Batyr Berdiyev.

Delegation members highlighted the significant progress on financing arrangements and procurements for the multibillion-dollar pipeline project and expressed their determination to achieve financial close of the project in early 2020.

"Tapi pipeline is a strategic project that will connect two regions and ensure energy security in Pakistan," remarked Inter State Gas Systems (ISGS) Managing Director Mobin Saulat while talking to *The Express Tribune*.

He said the pipeline project was at the advanced stage and its construction work in Pakistan would kick off soon, adding that it would also help provide gas for the industries to be set up in the Special Economic Zones under the China-Pakistan Economic Corridor (CPEC).

The delegation apprised the energy minister of benefits of the pipeline project for the region, especially Pakistan. The gas pipeline offers competitive pricing, diversification of energy imports, social infrastructure programmes and job creation to all the participating countries.

The energy minister appreciated the progress and reiterated the current government's support for the pipeline. He emphasised the need for resolving all outstanding issues for early implementation of the project.

Separately, Saudi Arabian Ambassador Nawaf bin Said Al-Malki called on Omar Ayub at the Power Division. The envoy expressed the kingdom's keen desire to step up bilateral trade and investment relations between the two countries in diverse sectors in a mutually advantageous manner.

The minister called for exploring various investment opportunities in both the countries and voiced hope that bilateral initiatives would lead to grabbing of low hanging fruits in a right manner.

Riyadh has already announced billions of dollars in investment in different projects including the setting up of a hi-tech refinery in Gwadar.

https://tribune.com.pk/story/2046090/2-tapi-pipeline-wins-nod-environmental-bodies-2/

SINDH, BALOCHISTAN OPPOSE CENTRE'S RENEWABLE ENERGY POLICY DRAFT

By PPI Published: September 1, 2019

KARACHI: The Sindh government is of the view that the Council of Common Interests (CCI) is the appropriate constitutional forum where contentious issues between the provinces and the Centre, which hampered the growth of the renewable energy sector, should be referred to for an amicable resolution for the sake of increased clean power generation in the country.

This was stated in a statement given by Adviser to Sindh Chief Minister on Law and Environment Barrister Murtaza Wahab on Saturday during the 4th International Wind Energy Summit 2019 organised by Energy Update. Wahab, who is also the spokesperson for the Sindh government, said that the Constitution of Pakistan mandated the CCI to take up issues pertaining to energy and power sectors as the Centre could not take unilateral decision on these issues.

According to Wahab, issues pertaining to renewable energy projects such as transmission, distribution of electricity produced by them and their tariff determination, should be resolved at CCI's forum with consensus between the Centre and the provinces. The adviser stressed that this is the only method that would ensure a resolution of all issues.

Wahab said that the public-private partnership model would be adopted by the Sindh government to facilitate renewable energy projects. He gave the example of the Thar coal and energy project which had been commissioned under the same model.

According to Wahab, the provincial government is committed to the cause of development and expansion of the renewable energy sector. The adviser cited the establishment of the Sindh Transmission and Dispatch Company saying that it was th first of its kind in the country. He added that both the private sector and the government could ensure maximum generation of clean electricity in the country by combining their resources.

Earlier, Balochistan Energy Secretary Pasand Khan Buledi said that the Balochistan government had reservations over the draft of the new renewable energy policy of the country but the reservations were yet to be addressed by the federal government. He said that according to his province's government, if the policy is implemented in its current shape then it would not be of much use in harnessing the province's potential to generate clean electricity on the basis of wind and solar power.

"Balochistan hasn't produced a single megawatt of clean electricity and situation will not change much if the new renewable energy policy of the country is implemented in its present form without resolving the grievances of the province regarding the policy document," he said.

"You cannot call it a national policy if you cut out half of Pakistan from it," said Buledi while lamenting that Balochistan has not been given special consideration in the draft of the renewable energy policy. He added that this was despite Balochistan having the country's best wind corridor and sites for solar energy projects. "Exploitation of natural resources of Balochistan in the past has not helped in uplifting the socio-economic status of the local population," he said adding that the situation would remain the same in this sector too if the province isn't given due recognition in the new policy.

Buledi said that when the initial draft of the new policy was circulated among the provinces, he and the Balochistan chief minister had written letters to the relevant federal authorities to apprise them of the province's reservations. However, he added, those reservations remained unresolved when the revised draft of the policy was shared with the provinces.

"The provinces are supposed to implement such a policy but in case the provinces are not taken on board while finalising the policy draft then the [federal] government should not complain if the policy is not duly implemented," said Buledi. According to him, the roadmap contained in the draft renewable energy policy for generation and evacuation of alternative electricity did not take into account the potential of solar and wind power of Balochistan.

"We say that if renewable energy policy envisages 20 per cent of electricity generation in the country on the basis of renewable power by the year 2025 while increasing the same ratio to 30 per cent by the year 2030 then each province should know exactly how much clean energy it has to produce to meet this goal under the new policy," he said.

Referring to the potential of his province, Buledi said that up to 170,000 MWs of solar power could be produced if only one per cent of the total land mass of Balochistan was put to use for the purpose.

Brig Tariq Qadir Lakhair of Engro Energy said that Balochistan at present presented the best prospects available in the country for investment in the renewable energy sector. He said that law-enforcement agencies and the Pakistan Army in Balochistan had been providing security to people visiting the province with the intention to do wind and solar energy projects.

Mayura Botejue, a consultant on renewable energy projects, was of the opinion that regulatory impediments were one of the main reasons why wind and solar power in Pakistan didn't account for more than five per cent of the total electricity produced in the country.

He said that the government should clearly state its goals regarding expansion of the country's capacity to produce renewable energy. According to him, hybridisation of existing wind power plants is one of the methods to increase production of clean electricity along with the use of improved battery storage technology to harness the potential of solar power.

Naeem Qureshi, chairperson of the organising committee of the summit, said that the wind energy conference was held every year in order to gather all stakeholders of the alternative energy sector under one roof so that they could discuss issues pertaining to clean electricity production in the country.

https://tribune.com.pk/story/2046591/1-sindh-balochistan-oppose-centres-renewable-energy-policy-draft/

September 2019

NEWS COVERAGE PERIOD FROM SEP 2nd TO 8th 2019

EXPERTS TERM DRAFT RENEWABLE ENERGY POLICY DEFICIENT

Khaleeq Kiani September 02, 2019

ISLAMABAD: A group of energy sector experts have opposed the draft Alternative & Renewable Energy (ARE) policy saying it is unstructured, deficient and contradictory to various regulations and codes and fails to provide a clear roadmap for renewable energy development.

A 10-member panel of experts including former heads of public and private sector energy companies and regulators, and representatives of the provincial governments in letters to federal ministries and relevant agencies asked them to announce a workable policy that can attract fresh investment with clarity of targets.

They observed that the document finalised by the federal government appeared to be a conceptual working draft rather than complete procurement policy, based on which stakeholders, developers and investors and implementing agencies could join Centre's efforts for immediate bankable business model.

The panel comprised former managing director of National Transmission & Dispatch Company (NTDC) Dr Fiaz Chaudhry, ex-MD of Private Power and Infrastructure Board (PPIB) N.A. Zuberi, former deputy MD of Pakistan State Oil (PSO) Sohail Butta, former director of National Electric Power Regulatory Authority (Nepra) Naveed Siddique and energy sector consultants and lawyers Dr Shahid Rahim, Sultan Farooque, Irfan Ahmad and Dr Uneeb.

"Such draft ARE policy cannot be put to effect, because it is an unstructured, deficient and contradictory to various regulations and codes and does not provide any clear roadmap for the sector development," said a report jointly finalised by these experts.

They pointed out that the rights of the provinces regarding setting up of power plants proposed in the draft policy were confused and in conflict with the provisions of the Constitution. "The role of the provinces in issuing letters of intent (LOIs) has been completely circumscribed and the provinces have been limited to developing projects" to sell energy within their own boundaries.

The experts said that if the rationale was to give full powers for planning and approving projects to the federal government as the single power purchaser, then instead of excluding the provinces from the process the new policy should require issuance of tripartite consultation and agreement among the federal and provincial governments and the investors, as was currently the case for Azad Jammu and Kashmir.

Also, the provinces are currently required under Section 13 of the Power Policy 2015 to coordinate with the PPIB on hydropower projects — a principle that should also be followed in the case of ARE projects as part of the National Energy Policy to be approved by the Council of Common Interests (CCI).

The experts were of the opinion that the federal government should retain regulatory control on integration of provincial shares in development of energy sources and the provinces must retain administrative authority to develop their own ARE resources.

"Powers delegated in 18th Amendment must not be trespassed owing to provincial sensitivities involved," they wrote, adding that the Renewable Energy Policy 2006 being in use for more than 11 years should continue as the base document, with revised and additional clauses to accommodate federal government's desire to contract the ARE project on a government-to-government procurement mode for far-flung areas.

The report said that the provinces should be given targets to develop renewable projects of various technologies in line with proposed national energy policy and ensure that provinces meet their targets and timings. The provinces should spell out ARE zones as per resource availability.

Given the current status of draft ARE policy, the experts highlighted the need for restructuring of certain procurement, targets, business models and agreement mode and sharing it with the provinces before it was taken up by the CCI for approval and implementation as a bankable document.

They said the current draft policy conceptualised various business models, but respective domains were not clearly defined, and they were not mutually exclusive and was making stakeholders apprehensive. The draft policy was also short of bringing out indicative figure for new generation capacity. Also, the policy did not indicate technology wise maximum or minimum capacity addition cap on a yearly basis.

The experts said the proposed policy was unclear for the developer to determine its competitive advantage in the seller market and hence failed to take into account the development of competitive market, which was a key mandate of power regulator, central power purchases and the national grid company as emphasized by the parliament in recent amendments to Nepra Act, 1997. As such, the policy for procurement was not aligned with national grid code and amended Nepra Act 2018.

The policy did not provide the year-wise share or a floor and cap for the private sector and the treatment of government-to-government project treatment made it very difficult for the private sector to work out business plan for Pakistan market. There was also no competitive bidding for G2G projects in the policy that was a seriously undesirable flaw. “The current approach is liable to fail the new ARE policy if approved in same unwanted shape. Uncertainties and missing information (criteria, capacity targets, schedules, fees and timelines etc) would be factored in by developers and push up competitive bidding price,” it said.

https://www.dawn.com/news/1503037

POWER FIRMS SEEK TARIFF HIKE FOR JULY

The Newspaper's Staff Reporter Updated September 03, 2019

ISLAMABAD: The ex-Wapda Distribution companies (Discos) have sought about Rs1.93 per unit increase in consumer tariff on account of monthly fuel price adjustment due to higher than estimated power generation cost.

The National Electric Power Regulatory Authority (Nepra) will take up for public hearing on September 4 a petition for increase in consumer tariff for ex-Wapda distribution companies (Discos) on account of fuel cost adjustment of electricity consumed in July. The higher electricity rates, on approval by the regulator, would be recovered from consumers in the upcoming billing month.

The Central Power Purchasing Agency (CPPA) on behalf of Discos claimed an additional cost of Rs1.93 per unit under base tariff 2015-16.

The CPPA in its petition said it had charged consumers a reference tariff of Rs3.54 per unit in July while the actual fuel cost turned out to be Rs5.46 per unit and hence it should be allowed to recover Rs1.93 per unit additional cost from consumers next month.

Total energy generation from all sources in July was recorded at 14,231 GWh costing Rs74.90bn, having an average per unit fuel cost of Rs5.26. About 13,788 GWh were sold to Discos for Rs75.41bn.

The hydropower generation contributed the highest share of about 32.53pc to the overall production in July. This was followed by about 25pc from RLNG-based power generation while coal-based plants achieved third position with 14.33pc share.

Locally produced gas-based electricity production stood at 12pc while the nuclear power generation - contributed 5.81pc, followed by 5.5pc by furnace oil-based plants. The share of wind power plants stood at 4.2pc.

There was no fuel cost on hydroelectricity while coal based fuel cost stood at Rs5.6 per unit. The furnace oil based plants generated electricity at a cost of Rs14.9 per unit.

Nuclear energy fuel cost stood at Rs1.022 paisa per unit while power produced by sugar mills accounted for less than 1pc share at a fuel cost of Rs6.2 per unit. The electricity imported from Iran had a cost of Rs11.57 per unit and its total share in generation was 0.38pc.

Wind produced 2.01pc electricity at zero fuel cost while 0.42pc contribution came from solar energy again at no cost.

The higher tariff adjustment will not be charged to lifeline consumers using up to 50 units per month but all other consumer of all categories including industrial sector and agriculture tube wells would have to bear the additional burden.

The revised rates would also not apply to K-Electric consumers.

https://www.dawn.com/news/1503224

PAKISTAN SEEKS CHINESE INVESTMENT IN SOLAR POWER

By Our Correspondent Published: September 3, 2019

LAHORE: China has always provided support and assistance for Pakistan's economic and social development, said Federal Minister for Science and Technology Chaudhry Fawad Hussain.

Speaking at the inaugural ceremony of the seventh Pak-China Business Forum and Industrial Expo in Lahore on Monday, the minister highlighted that the China-Pakistan Economic Corridor (CPEC) had transformed ties between the two neighbours into greater economic cooperation.

"There are vast opportunities of investment in the solar power sector of the country," he said and invited Chinese investors to establish manufacturing plants for solar power products.

The minister voiced hope that China would grab the opportunities offered by Pakistan and invest in renewable sources of energy in the country. Turning to the situation in Kashmir, he said the occupied region had been turned into a jail by Indian Prime Minister Narendra Modi and the freedom struggle of Kashmiris would definitely bear fruit.

He also pointed out that Muslims in Assam had been stripped of their citizenship and they had started raising voice against the Indian government as well.

India was facing difficulties due to Modi's policies and its economy was deteriorating, he remarked.

Also speaking on the occasion, Comsats Rector Professor Dr Raheel Qamar said many opportunities were available in Pakistan for young graduates. "We need to develop them which is the major purpose of this event," he said.

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Regional Chairman Abdul Rauf Mukhtar was of the view that the Pak-China Business Forum would provide assistance for match-making, video conferencing, business-to-business meetings and more to help enhance bilateral relationship between the two countries. Everest International Expo Chairman Wang Zihai said the aim of the event was to explore untapped markets of China and Pakistan keeping in view the latest trends of business and technology in every industry.

"It is hoped that this event will also help attract foreign investment, resulting in global connectivity and enhanced job opportunities," Wang said.

https://tribune.com.pk/story/2047850/2-pakistan-seeks-chinese-investment-solar-power/

INCENTIVISING HYDROPOWER DEVELOPMENT

By Ali Maskatiya Published: September 5, 2019

Given the falling cost of electricity generation from solar and wind power, coupled with Pakistan's large investments in developing LNG and coal-powered generation, does hydropower have a part to play in our future energy mix? The answer to this is a resounding yes and the reason for this needs to be understood in the national interest.

The headline "tariff" announced by Nepra for any project uses the framework of "Levelized Cost of Energy" (LCOE) — which one may assume is an "average" rate that the government must pay over the course of a multi-year concession. In fact, this is a rate which does not reflect the actual cost the government incurs each year of the relevant concession and penalizes high capex projects with low operating costs in favour of low capex projects with a high cost of operation. An impression has therefore been created that imported fuel projects have a lower cost of generation than hydropower projects.

A closer look at the break-up of these tariffs reveals another story. RLNG plants commissioned in Pakistan were awarded a 25-year concession with levelized tariffs of 6.6 cents (variable — based on the cost of LNG). Pursuant to these tariffs, the government acquires power at 6.9 cents during the first 10 years and at 6.1 cents in the following 15-year period (when the project debt would have been fully repaid). In comparison, a hydropower project operating under a 30-year concession with a similar levelized tariff of 6.6 cents would incur a cost of power of 8.5 cents for the first 10 years and only 3 cents in the ensuing 20-year period following the settlement of the project debt. Therefore, whilst the headline levelized tariffs are the same for both projects, the cost of one kilowatt every hour would be approximately $16,800 from RLNG versus $12,900 from hydropower, without accounting for fluctuations in global LNG prices. Over time, the power generated from hydropower becomes cheaper whereas it either remains the same or becomes dearer for imported thermal power.

In addition to the cost of generation, Pakistan's energy sector suffers from a high dependence on imported fuels, which has contributed to the weakening of our currency and imbalances in our economy. In this regard, hydropower has unique benefits.

Approximately 70% of the cost of construction of a hydropower plant is incurred on locally produced goods and services such as cement, steel and labour, unlike other sources of power where approximately 80% of the cost is spent on imports. Hydropower investment is fed back into our economy, usually in underdeveloped parts of the country, which acts as a catalyst for Pakistan's economy, including the creation of local jobs. Furthermore, once a hydropower plant is constructed, it runs on indigenous resources and has no ongoing fuel cost, in contrast to RLNG plants which need regular imports in foreign currency.

Unlike any other form of power project open for investment in Pakistan, hydropower projects are being offered to investors under a Build, Own, Operate, Transfer (BOOT) model. Hydropower projects have a minimum life of 50 to 70 years, and after 30 years, their ownership transfers to the government free of cost. This represents long-term asset creation for the government and should alone be enough to justify a completely different incentive framework for the determination of tariffs for these projects.

Once under government ownership, the government can either elect to further privatise these assets or choose to benefit from effectively free of cost electricity. There can be no better examples of this in practice than our older projects like Tarbela and Mangla, which currently produce electricity at a negligible cost. In turn, these projects are subsidising the circular debt problem, otherwise being created by our reliance on imported fuels. Moreover, countries like Norway are still benefiting from hydropower projects that were built 120 years ago.

The widespread development of Pakistan's renewable energy sector has been stalled under various pretexts. Towards the end of its term, the previous federal government apparently made a policy decision to only award new renewable energy concessions via competitive bidding, but no policy was promulgated in this regard. Leaving aside the negative impact this mid-way change in policy has had on investor confidence, it appears that the new government will complete this policy direction and a new Renewable Energy Policy 2019 is rumoured to be published soon.

Given the strategic importance of Pakistan's hydropower resources and the unique benefits their development will bring, I would argue that hydropower projects be treated differently to other renewable energy projects. Whilst competitive bidding may make sense for technologies such as solar and wind, it is likely to lead to the premature death of the small/medium hydropower sector in Pakistan. There are very few variables one needs to consider while assessing the viability of a particular site for a solar or wind project. Taking solar as an example, one needs to assess the amount of solar irradiation available at a site, cost of land, and distance from the grid station. Such data is widely available, and professional assessments can be carried out at very low costs. In contrast for hydropower, the variables are many, including geological issues, social issues or technical issues. In order to fully assess a project, detailed feasibility studies need to be conducted. While these are all costly and time-consuming activities, failing to conduct them properly will lead to uncertainty about the viability of the project and therefore a higher estimated cost. It is highly unlikely that any investor will put this magnitude of resources at risk, simply for the opportunity to participate in a bidding process.

For small to medium hydropower projects, where some of the common environmental and social impacts of big hydropower construction are largely mitigated, I would argue that a better approach is to announce an upfront tariff where the government can set the direction as to what price it finds economically viable and allow the developers to find sites which fit within that price target. A clear goal post highly incentivizes developers to find ways to make projects viable. Such clarity may be the catalyst that the Pakistani small to medium hydropower sector needs where over 30,000MW of undeveloped potential exists. Other countries in the region, including India, Sri Lanka, Laos and Vietnam have been able to mobilise local developers to develop numerous hydropower projects.

Hydropower projects have long gestation periods before they come to fruition. Only those investors who take a long-term view of the economy will have the appetite to put significant capital at risk to turn these projects into reality. The more certainty that the government can provide such investors, the more likely it is that these assets are developed for the government in the private sector. One of the most obvious ways for the government to reduce the long-term cost of power in Pakistan is to develop our hydropower assets on a war footing. Policies must be formulated to ensure this takes place.

https://tribune.com.pk/story/2049295/6-incentivising-hydropower-development/

LNG TENDER ATTRACTS BIDS FROM CHINESE, JAPANESE FIRMS

Reuters Updated September 07, 2019

SINGAPORE: A spot tender by Pakistan LNG to buy 10 liquefied natural gas (LNG) cargoes for delivery in the fourth quarter received strong interest from various companies including Japanese and Chinese, according to a company document.

Commodity trader Gunvor submitted the lowest bids for six cargo delivery slots out of the 10 cargoes, a document on the Pakistani company's website showed on Friday.

DXT Commodities, Vitol, a unit of PetroChina and Socar Trading submitted the lowest bids for the remaining four delivery slots.

The prices offered ranged from 8.3 per cent of Brent crude oil prices for a late October cargo, submitted by Vitol, to 10.9pc of Brent for a late December cargo, submitted by Gunvor.

JERA Global Markets, a unit of the world's biggest LNG buyer JERA Co and PetroChina International (Singapore), a part of China's top oil and gas company PetroChina Co Ltd, were among nine companies that have technically qualified to supply the LNG, according to the document.

JERA and PetroChina have traditionally been big buyers of LNG but have become more active in trading of the super-chilled fuel lately as new long-term contracts become more flexible and as buyers take on more portfolio positions as they try to optimise their trading to lower costs.

This is the first time JERA is participating in Pakistan LNG's buy tender process, two industry sources said.

This is the third time this year PetroChina has technically qualified in Pakistan LNG's tender process, according to documents reviewed by Reuters.

PetroChina is one of the four companies vying to supply 240 cargoes of LNG to Pakistan through a 10-year term tender, which is yet to be awarded.

The company had also offered to sell into a spot tender by Pakistan LNG in June for five cargoes for delivery over July to September, but did not win that contract.

Prior to PetroChina's offer, the last time a Chinese company had qualified to sell LNG to Pakistan through tender was in early 2017 when China National Offshore Oil Corp offered to sell into a five-year term tender.

JERA declined to comment, while PetroChina did not respond to Reuters' email requesting for a comment.

Vitol Bahrain, BB Energy (Asia), Gunvor Singapore, SOCAR Trading, Trafigura, DXT Commodities and Eni have also qualified for Pakistan LNG's latest tender to buy 10 cargoes for delivery over October to December, according to the document.

A total of 45 bids were received, according to the document posted on Pakistan LNG's website.

The company will open the commercial and financial proposals of the qualified companies later on Friday, the document stated.

https://www.dawn.com/news/1503988

FUTURE OF RENEWABLE ENERGY IN PAKISTAN

FARHAT ALI SEP 7TH, 2019 ARTICLE

Power Division is reported to have finalised the draft Renewable Energy Policy 2019 to be presented to the Federal Cabinet for approval, envisaging 25 percent of total generation capacity from Alternative and Renewable Energy Technologies (ARET) by 2025 and 30 percent by 2030.
With this ARET target, as envisaged by the government, together with over 30 percent hydel, the government aims to achieve the most environmental-friendly and affordable electricity mix compared to the heavy mix of imported fossil fuels of the past.
The policy covers projects in the public and private sector; or public-private partnership will be implemented with alternative and renewable energy technologies for producing power whether for sale to a public utility or for private sale to a consumer if the producer wishes to avail any or all incentives available in this policy.
The technologies covered under this policy are both conventional renewable energy including solar, wind, geothermal, biomass, as well as alternative technologies like biogas, syngas, Waste to Energy (WtE), storage systems, ocean/tidal waves, as well as all kinds of hybrids. However, hydel projects are reported not to be covered under this policy. In addition, any proprietary technology, or new technology to be developed during the applicability of the ARE policy, would also fall under its ambit.
The proposed Renewable Energy Policy 2019 and the generation targets therein set appear highly ambitious if not unrealistic if one fairly examines Pakistan's progress so far in renewable energy introduction in the country, the performance of our institutions in the energy sector, the current investment climate and fiscal and governance issues in the sector.
Pakistan so far has only 5 percent of its total generation from renewable power - mainly from wind, a bit from solar and a bit from bagasse as captive power plants at sugar mills. Reportedly, the 1000MW Quaid-e-Azam Solar plant set up by the Punjab government in the deserts of Cholistan has not delivered anywhere near the rated output.
Let us censure a bit the conduct and delivery of the country's institutions established to mobilise alternate energy in the country.
Alternative Energy Development Board (AEDB) is the sole representative agency of the Federal Government that was established in May 2003 with the main objective to facilitate, promote and encourage development of renewable energy in Pakistan and with a mission to introduce Alternative and Renewable Energies (AREs) at an accelerated rate. The administrative control of AEDB was transferred to Ministry of Water and Power in 2006. The Government of Pakistan has inter alia mandated AEDB to:
* Implement policies, programs and projects through private sector in the field of ARE;
* Assist and facilitate development and generation of ARE to achieve sustainable economic growth;
* Encourage transfer of technology & develop indigenous manufacturing base for ARE Technology;
* Promote provision of energy services that are based on ARE resources; and undertake ARE projects on commercial scale (the AEDB Act 2010).

AEDB, which is in existence for over 15 years has not done much on any of the above items of the said mandate.
The motivation of Pakistan Power Infrastructure Board (PPIB) has always been focused on thermal power plants with little or no inclination to usher in the much-needed ARET in line with global trends and success in the field nor were the past governments interested in it.
The tariffs announced by NEPRA, specially for wind and solar, were erratic. In its first policy it offered attractive tariffs for wind farms which ushered in a stream of investors. In its next policy it offered tariffs not considered attractive by the investors and investment in the sector therefore nosedived.

Today, nearly whole of Scandinavia is on wind and waste to energy. Europe is catching up. Even the Middle East with abundance of oil resources is going for solar energy by exploiting the abundance of sun power.

India is one of the countries with largest production of energy from renewable sources. In the electricity sector, renewable energy accounts for 34.6 percent of the total installed power capacity. Large hydro installed capacity was 45.399GW as of 30 June 2019, contributing to 13 percent of the total power capacity. The remaining renewable energy sources accounted for 22 percent of the total installed power capacity (80.467GW) as of 30 June 2019.

Wind power capacity was 36,625MW as of 31 March 2019, making India the fourth-largest wind power producer in the world. The country has a strong manufacturing base in wind power with 20 manufactures of 53 different wind turbine models of international quality. Moreover, it has been successfully exporting wind turbine to Europe, the United States and other countries.

The government's target of installing 20GW of solar power by 2022 was achieved four years ahead of schedule in January 2018, through both solar parks as well as roof-top solar panels. India has set a new target of achieving 100GW of solar power by 2022. Four of the top seven largest solar parks worldwide are in India including the second-largest solar park in the world at Kurnool, Andhra Pradesh, with a capacity of 1000MW. The world's largest solar power plant Bhadla Solar Park is being constructed in Rajasthan with a capacity of 2255MW.

Pakistan can achieve all of this if we can manage to put our act together.

Up to now, Pakistan's focus has been on wind farms near Karachi only. There are many more feasible locations available to be exploited.

After disappointment at Quaid-e-Azam Solar energy project, no other initiatives has been undertaken in relation to mega solar plants, although there exists tremendous potential in the field.

Pakistan produces one of the world's largest waste. But, nearly all of this is used for land filling, burned to ashes or scattered around the cities as garbage. All of it can be used to fuel 'Waste to Energy' - the technology of which is simpler and much of it can be indigenous.

Many countries are claiming carbon emissions credits under the global environment fund established for the purpose and utilising the earned amount to subsidize the tariffs in this segment of energy generation. Unfortunately, however, Pakistan, until now, has set up no mechanism to be part of global regime to register and trade its credits and avail benefits.

Many policies were tabled and circulated on the subject in the past also. But these policies were never implemented or enforced in an effective and meaningful manner. Success lies in Implementation and enforcement only. It is this area the government needs to work on.

https://fp.brecorder.com/2019/09/20190907516041/

OGRA REDUCES RLNG PRICES FOR SEPTEMBER

By Our Correspondent Published: September 7, 2019

ISLAMABAD: The government on Friday slashed the prices of Re-gasified Liquefied Natural Gas (RLNG) for the month of September by 8.52% for Sui Northern Gas Pipelines Limited (SNGPL) and 8.8% for Sui Southern Gas Company (SSGC) compare to the previous month.

According to a notification issued by the Oil and Gas Regulatory Authority (Ogra), the regulator has set new prices at $10.0751 per mmbtu for the consumers of SNGPL and $10.0457 per mmbtu for SSGC. In August, the RLNG price for SNGPL was $11.0133 per mmbtu and $11.0153 per mmbtu for SSGC.

These prices also include charges of the LNG terminals, transmission losses, port charges, and margins of the importers ie Pakistan State Oil (PSO) and Pakistan LNG Limited (PLL).

The new weighted average sale prices of RLNG have been computed based on the 11 cargoes imported during the month out of which, six cargoes were imported by PSO and five by Pakistan LNG Limited (PLL). LNG is an imported product and pegged with the international oil prices hence with the decrease in global oil prices, oil price in Pakistan was also reduced.

https://tribune.com.pk/story/2051175/2-ogra-reduces-rlng-prices-september/

NEWS COVERAGE PERIOD FROM SEP 9th TO 15th 2019

GOVT FINALISES PLAN TO INCREASE POWER GENERATION CAPACITY BY THREE TIMES

Khaleeq Kiani Updated September 10, 2019

ISLAMABAD: The government plans to increase the country's power generation capacity by almost 300 per cent in next 20 years to 111,000 megawatts and phase out almost all of the existing thermal power plants to meet rising energy demand at affordable costs.

The move is part of the Indicative Generation Capacity Expansion Plan (IGCEP) 2018-40 finalised by the National Transmission and Despatch Company in consultation with all the federal and provincial agencies and private sector consultants to ensure low-cost development of future projects and to comply with regulator's Grid Code obligations.

The IGCEP 2018-40 represents the first complete iteration of an integrated planning exercise for the power sector of the country and will be revised every year on the basis of ground realities including growth trajectory, consumption patterns and completion or delays in projects to ensure regulatory compliance.

The plan puts current total capacity at about 29,000MW even though total installed capacity stands at about 33,500MW including about 3,000MW of coal-based plants, 9,700MW of hydropower plants, 20,000MW of thermal plants besides 1,345MW of nuclear and 1,900MW of renewables. As such, 61pc contribution comes from all thermal sources, 29pc hydro, 6pc from renewables and 4pc nuclear. Power generation goes up to 153,000 Gigawatt Hour (GWh) at present.

The plan has been firmed up on basis of three different economic growth scenarios until 2040. At 4.5pc GDP growth rate, the government will have to increase its generation capacity to 65,100MW to generate 370,500GWh. In case of 5.5pc GDP growth rate, the capacity would need to be expanded to 80,500MW to generate 458,000GWh. In high growth rate of 7pc, the capacity will be increased to 111,000MW to make available about 630,500 GWh.

Under the plan, the government has firm plans for capacity addition of about 17,300MW by 2025 including 6,000MW in public sector and 11,300MW in the private sector. By the year 2030, another 8,600MW would be added to the system.

The IGCEP is targeting a total capacity addition of about 98,100MW by 2040. This would include about 29,000MW of hydropower plants followed by 20,000MW through local coal-based plants, mostly in Thar. The nuclear power generation capacity would go beyond 4,300MW as a series of large plants of 1,100MW each are completed. The plan envisages decreasing the capacity of Liquiefied Natural Gas-based plants while a total of about 9,000MW current oil-based plants would be phased out by 2040.

On the other hand, about 16,000MW capacity addition has been planned through renewable sources — wind, solar, baggasse etc — while imported coal-based generation capacity would increase to 5,000MW.

The plan is also based on existing policy limitations and system constraints. For example, 66pc energy for Regassified Liquid Natural (RLNG) projects is on 'take or pay basis'. Although cheaper plants are available for dispatch but their generation has been curtailed to account for RLNG contractual obligations. There is a need to ponder, ascertain and establish how the fuel contracts will be negotiated in the renewal phase of these projects with respect to minimum take-or-pay fuel requirements, the plan advocates.

All strategic projects have been considered for the plan. In the long term, the policy will continue to focus on least cost generation options and on harnessing indigenous resources, particularly Thar coal and renewable in south and hydro potential in the north.

In this regard, a project is considered as committed provided the project is already under construction or has achieved financial close or has strategic importance i.e. China-Pakistan Economic Corridor (CPEC) Project or Public Sector Committed Projects. It also takes into account the commercial operation dates for committed and candidate power projects conveyed by project executing agencies and further rationalised by the Prime Minister's Task Force for Energy Reforms.

Wind and solar power would be developed in the blocks of 500MW and and 400MW respectively, from the year 2021-22 and onward. Due to high-annualised cost, projects like Chiniot, Kaigah, Tungas, Yalbo and Basho have not been included for this report. Likewise, 1,320 MW Oracle Thar-Based plant, though being a CPEC project, has not been considered as a committed one because of its changing characteristics and completion timelines.

From year 2019, the gap between nominal capacity and the demand is steadily widening, and the same starts surpassing the peak load of the system. In the year 2032, the cumulative nominal capacity is estimated at 62,979MW whereas the peak load is projected at 50,306MW, thus a wide disparity of around 13,000MW exists between the two parameters and the capacity is in surplus as compared to demand.

In 2040, the last projected year for the IGCEP, the total nominal capacity in the system stands at 98,091MW against a peak load projected as 80,425MW. Therefore, a significant surplus of around 17,600MW has been estimated between the projected demand and the installed capacity, as a spinning reserve.

With the current costs of renewable energy, as well as the increase in costs for imported fuels and currency devaluation, the least cost generation plan utilises large quantities of hydro capacity, Thar Coal-based generation and renewable energy which is in line with the general policy view to reduce dependence on imported fuels from the perspective of energy security, sustainability and affordability ultimately yielding significant reduction in foreign reserve requirements pertaining to imported fuels.

The plan did not take into account the impact of demand side management and net-metering because of non-existent or ineffective policy direction.

https://www.dawn.com/news/1504502

TARBELA DAM GENERATES RECORD 4902MW ELECTRICITY

RECORDER REPORT SEP 13TH, 2019 PESHAWAR

Tarbela Dam reservoir after remaining full to its capacity for about three weeks Thursday started decreasing and the water level reached 1549.24 feet. According to the Tarbela Dam officials, owing to the decreased inflow in the Tarbela Dam reservoir the position of water inflow was 128100 cusecs and outflow was 150,000 cusecs the water level of the dams also reduced.
On Thursday all 17 power generation units were working with full capacity and were producing record 4902 megawatts electricity. During the last three weeks, water storage level of the dam also reached its highest level of the year then the auxiliary spillways were opened to discharge extra water into river Indus. The maximum water storage capacity of Tarbela dam is 1550 feet at present water level has reached 1549.25 feet, the power generation has also approached to its full capacity.

https://fp.brecorder.com/2019/09/20190913517078/

PAK-INDIA TENSIONS NOT TO AFFECT TAPI PROJECT

By Zafar Bhutta Published: September 15, 2019

ISLAMABAD: Some quarters raise doubts about the future of the Turkmenistan-Afghanistan-Pakistan-India (Tapi) and other offshore gas pipeline projects in the wake of rising tensions between India and Pakistan over the disputed territory of Kashmir.

"However, Pakistan has assured Turkmenistan that rising tensions with India will have no effect on the mega project," a government official has told The Express Tribune.

Interstate Gas Systems (ISGS) is working on some big pipeline projects including Tapi, North-South Pipeline and Offshore Gas Pipeline. In addition, the company also plans to set up underground gas storages to ensure energy security through load management in the country.

Tapi, a peace pipeline project, promises connectivity between Central and South Asia. It will pass through war-torn Afghanistan and Pakistan to India to boost economic activity and to ensure peace and stability in the region.

This project would also help connect two regions through road, rail and fiber cable network.

The construction work has already started in Turkmenistan and is expected to start soon from Turkmen-Afghan border to Herat section, the official said, adding that construction activities in Pakistan are set to kick off during the first quarter of 2020.

"There has been tension between Pakistan and India over Kashmir. However, this will not affect TAPI pipeline project," the official said. European banks and firms had been shortlisted for provision of pipeline material and EPC contract.

"Tapi Company is responsible for the execution of this project. However, Pakistani companies are assured to get maximum share in the work within Pakistan," the ISGS Managing Director Mobin Saulat said.

He said a delegation of Tapi Company would visit next month to review the progress of the project and finalise the plan for construction. Each Pakistan and India would receive 1.3 billion cubic feet per day (bcfd) gas.

This is another pipeline project being dealt by the ISGS that will run from Karachi to Lahore to transport imported gas. At present, two LNG terminals are operational in the country and government has allowed five more private sector companies to build LNG terminals at Port Qasim that would also require the pipeline to pump gas from Karachi to Lahore.

This project would be executed by Russian firm on a government-to-government deal under BOOT model wherein the Russian firm would provide funding for this project. The project has been delayed due to sanction issues but the work on it is being pursued now.

"The intergovernmental commission (IGC) between Pakistan and Russia will meet in soon to review project's progress," Mobin Saulat said. "The project would ensure the transportation of additional LNG into the system."

Russian energy giant Gazprom wants to execute the project that would go from Pakistan to India, Bangladesh and then China with Russian gas sources in the Persian Gulf. Pakistan and Russia have already signed MOUs to conduct a feasibility study of this project.

According to reports, in a meeting between Russian President Putin and Indian Prime Minister Narendra Modi, the latter had assured the former that they had no objection to the project.

However, some quarters say the implementation of the plan also depends on improved relations between Pakistan and India. But government authorities cast off doubts saying not only Pakistan needs Tapi and offshore gas pipeline projects but the energy-starved region needs them.

The ISGS also plans to build underground storages to stock gas as strategic reserves. The Asian Development Bank has committed to provide technical assistance to conduct the feasibility study.

"We have identified some depleted gas fields with huge storage capacity that could store gas," Mobin Saulat said, adding that "neighbouring countries like Iran and India also have underground storages and Pakistan also needs storages for better gas load management besides serving as strategic reserves".

He added: "We are working on different models to ensure the most economical option and many renowned entities have already expressed interest in the development of these storages."

https://tribune.com.pk/story/2057029/1-pak-india-tensions-not-affect-tapi-project/

NEWS COVERAGE PERIOD FROM SEP 16th TO 22nd 2019

OIL PRICE COULD SOAR TO $100/BARREL

RECORDER REPORT SEP 16TH, 2019 LONDON

The oil market will rally by $5-10 per barrel when it opens on Monday and may spike to as high as $100 per barrel if Saudi Arabia fails to quickly resume oil supply lost after attacks over the weekend, traders and analysts said. Attacks on two plants at the heart of the kingdom's oil industry on Saturday knocked out more than half of Saudi crude output, or 5% of global supply. Industry sources have said it may take weeks to bring production fully online.

Below are quotes from market participants, traders and analysts.

BOB MCNALLY OF RAPIDAN ENERGY Crude prices would spike by at least $15-20 per barrel in a seven-day disruption scenario and go well into triple digits in a 30-day scenario.

"This does not include what are likely to be large (if difficult to model or predict) premia to reflect zeroing out of global spare production capacity amidst ongoing disruption risks, hoarding, and panic sentiment."

Expects Brent futures to open $2 per barrel up and close $7 to $10 per barrel higher on Monday. The market could see a return to $100 per barrel if the issue cannot be resolved in the short term.

In the swaps market, Dubai timespreads could see a $1.50-$2 barrel backwardation as end-users scramble to cover shorts for short-term loading.

Refined product prices will be strong, with particular emphasis on high-sulphur fuel oil given current tightness and that it is the refinery product most closely linked to Saudi heavy crude.

AYHAM KAMEL, EURASIA GROUP "A small $2-$3 per barrel premium would emerge if the damage appears to be an issue that can be resolved quickly, and $10 if the damage to Aramco's facilities is significant."

"The scale of (the) attack will encourage markets to re-examine the need for considering an oil geopolitical risk premium ... The attacks could complicate Aramco's IPO plans given rising security risks and potential impact on its valuation."

"The U.S. would only release crude from its strategic reserves if damage to infrastructure appears critical or oil prices spike significantly."

FOUNDING PARTNER AT ELS ANALYSIS "The outage of 5 million bpd (barrels per day), roughly half of the current Saudi production level and about 5% of global supply, is very large by historic standards. It would in relatively few weeks start to put a stress on the market."

"This incident is a very uncomfortable wake-up call to radically higher risk premiums on Gulf production."

CHRISTYAN MALEK, JP MORGAN "I'd expect a $3-$5 move in oil prices in the short term. The market has been sleep-walking in risk premium in the region, disproportionately focusing on risk to demand growth and shale oil supply."

"This attack introduces a new, irreversible risk premium into the market."

Expects oil to rise to $80-90 a barrel over the next three-six months as the market turns its focus to geopolitics.

"The heart of the Saudi oil industry has been successfully attacked so look for prices to rise substantially to $65-$70 per barrel."

"These attacks are difficult to stop and could occur periodically. The market has to price this risk in."

JOHN DRISCOLL, JTD ENERGY "This is significant as it takes out twice the volume of the spare capacity in the market, which is at 2.0-2.5 million bpd."

"There's going to be an initial panic reaction. Anyone who's hedged on the short side will want to get out quickly. This may cause a significant spike upwards."

TILAK DOSHI, MUSE & STANCIL "In the oil universe, this attack is perhaps equivalent to the 9/11 attacks ... Abqaiq is easily the world's single most important oil production and processing infrastructure site."

"This puts Iran's wars-by-proxy in the region squarely in the centre of the security concerns of the Middle East."

"For Asian governments, perhaps this overtakes the perennial concern about the safety of tanker traffic in the Strait of Hormuz with even more serious concerns about the impact of a direct breakout of hostilities between the Saudi alliance and Iran." "Governments throughout the Asian region will perhaps now be more supportive of the U.S. administration's tough sanctions regime on Iran."

https://fp.brecorder.com/2019/09/20190916518103/

OIL JUMPS NEARLY 15 PERCENT IN RECORD TRADING

RECORDER REPORT SEP 17TH, 2019 NEW YORK

Oil ended nearly 15 percent higher on Monday, with Brent logging its biggest jump in over 30 years and a record trading volumes, after an attack on Saudi Arabian crude facilities cut the kingdom's production in half and intensified concerns of retaliation in the Middle East.

Brent crude futures settled at $69.02 a barrel, rising $8.80, or 14.6%, its largest one-day percentage gain since at least 1988.

US West Texas Intermediate (WTI) futures ended at $62.90 a barrel, soaring $8.05, or 14.7% - the biggest one-day percentage gain since December 2008.

Trades also ramped up, with Brent futures surpassing 2 million lots, an all-time daily volume record, Intercontinental Exchange spokeswoman Rebecca Mitchell said.

"The attack on Saudi oil infrastructure came as a shock and a surprise to a market that had not been trading volatility and was more focused on the demand aspect over supply," said Tony Headrick, an energy market analyst at St. Paul, Minnesota commodity brokerage CHS Hedging LLC.

"I think the tables abruptly shifted in the way of the supply outlook and that caught many that were short off guard and encouraged new length to be put in place," Headrick said.

The Chicago Board Options Exchange's Crude Oil Volatility Index, a gauge of options premiums based on moves in the US oil exchange traded fund, rose to 77.17, its highest level since December last year.

Saudi Arabia is the world's biggest oil exporter and, with its comparatively large spare capacity, has been the supplier of last resort for decades.

The attack on state-owned producer Saudi Aramco's crude-processing facilities at Abqaiq and Khurais cut output by 5.7 million barrels per day and threw into question its ability to maintain oil exports. The company has not given a specific timeline for the resumption of full output.

Two sources briefed on Aramco's operations said a full return to normal production "may take months."

Prices surged about 20% after the open on Sunday evening, with Brent crude posting its biggest intraday gain since the 1990-1991 Gulf crisis, before pulling back as various nations said they would tap emergency supplies to keep the world supplied with oil.

President Donald Trump approved the release of oil from the US Strategic Petroleum Reserve, which helped limit gains in oil prices.

Oil futures climbed higher during the session after the Saudi-led military coalition battling Yemen's Houthi movement said the attack was carried out with Iranian weapons, raising the prospect of a global conflict involving the United States and Iran.

Trump also said Washington was "locked and loaded" to hit to respond to the strike, and the threat of retaliation and an escalation of tensions in the Middle East may keep prices elevated, regardless of any relief from global stockpiles.

US Ambassador to the United Nations Kelly Craft told the Security Council that emerging information on attacks on the Saudi oil facilities "indicates that responsibility lies with Iran" and that there is no evidence the attack came from Yemen.

Britain's U.N. Ambassador Karen Pierce told the council: "We're still assessing what happened and who's responsible for the attacks. Once this has been established, we will discuss with our partners how to proceed in a responsible manner."

Russia and China urged against hasty conclusions over the attacks.

Saudi oil exports will continue as normal this week as the kingdom taps into stocks from its large storage facilities, an industry source briefed on the developments told Reuters, but the attack raises concerns about how long the kingdom will be able to maintain oil shipments. Major importers of Saudi crude, such as India, China, Japan and South Korea, will be the most vulnerable to any supply disruption. South Korea has already said it would consider releasing oil from its strategic reserves.

Saudi Arabia is set to become a significant buyer of refined products after the attacks, which may have also cut Aramco's refining capacity, consultancy Energy Aspects said.

Aramco Trading Co is making enquiries to buy diesel for prompt delivery, trade sources said.

https://fp.brecorder.com/2019/09/20190917518226/

PAKISTAN'S POWER SECTOR HAS $80B INVESTMENT POTENTIAL

By APP Published: September 17, 2019

ISLAMABAD: Pakistan's power sector has an investment potential of over $80 billion which includes generation, transmission, and upgrading, said Federal Minister for Power Omar Ayub Khan.

Speaking at a five-day inaugural training programme on Pakistan's power regulatory regime organised by the National Electric Power Regulatory Authority (Nepra), the minister said foreign direct investment (FDI) was entering the country as scores of companies had expressed interest in investing in the sector.

"The government has planned to increase the power generation capacity to 42,000 megawatts by 2030," he added. "The generation sector alone has an investment opportunity of $40 billion besides $20 billion in the transmission area."

He added that Saudi Arabia was making a huge investment in Pakistan's energy sector including the establishment of a 500MW solar power plant in Balochistan, constructing a petrochemical complex and an oil refinery.

Welcoming the delegates, the minister said bilateral cooperation would not only bring peace but would also ensure prosperity in the region. He said there was a dire need to strengthen the South Asian Association for Regional Cooperation (Saarc) platform. He stressed the need for being proactive, especially when technological changes were taking place at a rapid pace.

He informed programme participants that draft of the new renewable energy policy was being prepared after which maximum benefit could be taken from renewable sources.

"As per the plan, the share of renewable energy will be enhanced to 20% in the total energy mix by 2025 and 30% by 2030," he said. "Other domestic resources including hydel, coal and nuclear are also being exploited to change the current energy mix from 60% imported fuel and 40% local resources."

He said the cost of renewable energy was decreasing which would ultimately benefit consumers. "Socio-economic conditions of people will also improve when improvements are made in the power production sector," he added.

He told the participants that special focus was being placed on net-metering and wheeling in the new policy.

"China-Pakistan Economic Corridor (CPEC) is not only important for the development of Pakistan but also for development in the region," he added. Special Economic Zones (SEZs) were being set up under CPEC, which would reduce the cost of doing business, he added.

He claimed that 26,000MW of electricity would be transmitted in the next summer and appreciated Nepra for arranging the training session and for its role in facilitating the power sector.

Speaking on the occasion, Nepra Chairman Tauseef H Farooqi expressed hope that the programme participants would gain valuable knowledge on how to carry out their responsibilities as a regulator. He also shared his future vision for Nepra. He urged professionals to focus on integrity, accountability, justice, and honesty while carrying out their responsibilities.

Also present on the occasion, Saarc Energy Centre Executive Director Muhammad Naeem Malik highlighted the role of the Saarc Energy Centre, saying that the centre would continue to facilitate the exchange of knowledge with Saarc member countries.

The purpose of the programme was to exchange knowledge and share the experience and lessons learned by Pakistan's regulatory professionals with Afghan delegates.

https://tribune.com.pk/story/2058065/2-pakistans-power-sector-80b-investment-potential/

OIL, GAS DISCOVERED IN KHYBER PAKHTUNKHWA

RECORDER REPORT SEP 18TH, 2019 ISLAMABAD

The Joint Venture of Chanda D&PL comprising Oil & Gas Development Company Limited (OGDCL) as operator with 72 percent shares, Government Holdings (Private) Limited (GHPL) with 17.5 percent and Zaver Petroleum Corporation (Private) Limited (ZPCL) with 10.5 percent shares have discovered crude oil and gas from its development well No 05, which is located in District Kohat, Khyber Pakhtunkhwa Province. This is the first discovery of crude oil and gas from "Wargal Formation" in Chanda Oil Field.

The structure of Chanda Well No 05 was drilled and tested using OGDCL's in house expertise. The well was drilled down to the depth of 5440 meters. The well has been tested 76 barrels Per Day (BPD) Crude oil and 0.512 Million Standard Cube Feet Per Day (MMSCFD) of gas through choke size 32/64" at well head flowing pressure 89-149 Pounds per Square Inch (PSI) from Wargal Formation (Exploratory Target).

The discovery of Chanda Well No 05 is the result of aggressive exploration strategy adopted by the Company. It has opened a new avenue in Khyber Pakhtunkhwa area for exploration of deeper prospects for other E&P companies operating in the area. The discovery of oil and gas at deeper prospects would certainly add to the hydrocarbon reserves base of the OGDCL and of the country.-PR

https://fp.brecorder.com/2019/09/20190918518542/

PRIVATE SECTOR FIRM INKS LNG IMPORT DEAL WITH EXXONMOBIL

By Our CorrespondentPublished: September 19, 2019

ISLAMABAD: Universal Gas Distribution Company (UGDC), set up by compressed natural gas (CNG) station operators, has become the first energy company that has signed a deal with US energy giant ExxonMobil for the import of liquefied natural gas (LNG).

It will also be the first company in private sector that will import LNG for marketing and distribution of the product. The development comes as the current government has allowed the private sector to market and distribute LNG.

Earlier, two state-run gas utilities – Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company (SSGC) – have enjoyed a monopoly in the supply of imported gas.

According to industry players, the UGDC deal with ExxonMobil is a welcome development that will bring ExxonMobil investment in Pakistan after a gap. This will also lead to a reduction in gas prices and improvement in employment opportunities, they say.

Under the deal, first LNG-carrying vessel will arrive next month that will change the entire energy landscape in Pakistan.

The agreement was signed in the US city of Houston by UGDC CEO Ghiyas Abdullah Paracha and ExxonMobil Vice President Richard Rayfield. Special Assistant to Prime Minister on Petroleum Nadeem Babar and senior officials of the Petroleum Division were also present on the occasion.

Speaking at the event, Babar called it a historic day as ExxonMobil had decided to invest in Pakistan. He stressed that businessmen would be provided an enabling environment according to the vision of Prime Minister Imran Khan.

"We will ensure ease of doing business to promote investment in all sectors including the energy sector," he said.

The adviser said the government wanted to come out of the gas import business and the ExxonMobil deal was the first step in that direction. "Investment by ExxonMobil will also propel other energy companies to invest in Pakistan, which will bring down gas prices, help the masses and improve the environment," Babar said.

ExxonMobil LNG Market Development Chairman Alex Volkov and Market Development President Irtiza Sayyed said the US company had decided to invest in Pakistan after two decades with the aim of providing economical and environment-friendly gas to consumers on a regular basis. "We will support UGDC so that it can overcome gas shortage in Pakistan," they said.

UGDC's Paracha said the government had changed third-party rules to allow gas import by the private sector. "Now we will be able to buy surplus gas from existing LNG terminals and will also purchase the fuel from five upcoming terminals, which will revive the CNG sector," he said.

He was of the view that the deal would improve the parity between CNG and petrol prices, bring down transport fares, help save $1 billion in foreign exchange every year, encourage an additional two million vehicles to switch to CNG and attract foreign investment for the import of CNG kits and cylinders.

At present, the second LNG terminal at Port Qasim has handling capacity of 750 million cubic feet per day (mmcfd), of which the government utilises 600 mmcfd.

The remaining is lying idle and has not been utilised. Third-party access rules are already in place and in line with those the Oil and Gas Regulatory Authority (Ogra) has allowed gas marketing by the private sector. The private sector will utilise the idle capacity of the second LNG terminal.

The government has been paying millions of dollars in capacity charges to the LNG terminal operators due to its failure to utilise the entire dedicated capacity.

LNG consumers have already paid $45 million in 2018 because of the unutilised capacity of LNG terminals and estimates suggest they will again bear an extra cost of $40 million in the ongoing year if the full terminal capacity is not utilised.

https://tribune.com.pk/story/2059579/2-first-private-sector-deal-inked-lng-import/

PETROLEUM IMPORTS SHRINK 26PC

Mubarak Zeb Khan Updated September 22, 2019

ISLAMABAD: The oil import bill posted a hefty decline of over 26 per cent in the first two months of the current fiscal year from a year ago, showed data released by the Pakistan Bureau of Statistics (PBS).

The data analysis suggests that all the groups including food group, petroleum good, consumer durables and raw materials have witnessed hefty decline in imports during the July-August period of 2019-20 over the same period last year.

The overall import bill declined by 21.41pc year-on-year to $7.67bn in July-August mainly due to decrease in arrival of furnace oil, palm oil and textiles.

Product-wise data showed that petroleum group imports dipped 26.75pc to $1.93bn during the July-August period, with the largest drop coming from crude oil, down 55pc in value. However, a 46.36pc dip was recorded in terms of the total quantity imported bringing down to 0.9 million tonnes.

The cost of petroleum products' imports dipped 16.42pc during the first two months whereas a 7.84pc decline was recorded in terms of the total quantity imported; bringing the total down to 1.57m tonnes.

On the other hand, liquefied natural gas (LNG) imports declined 8.75pc while the import of liquefied petroleum gas (LPG) surged 39.72pc during the period under review.

Machinery imports up 8.23pc to $1.72bn from $1.59bn last year led by surge in textile machinery-related imports, telecom and electrical machinery. The import of textile machinery up by 17.28pc, electrical machinery and apparatus posted a growth of 20.27pc.

The imports of telecommunication group increased by 10.95pc year-on-year to $239.34m in the July-August. The import of mobile handsets up by 19.4pc which was the result of a crackdown on smuggling and doing away with free imports in baggage schemes.

Import of the other apparatus decreased by 3.73pc. However, the import of power generating machinery and office machinery dropped by 8.53pc and 16.15pc, respectively. Early harvest of CPEC projects and cut in PSDP spending contributed to the low machinery import bill.

The overall transport group also witnessed a negative growth. The import of motor vehicle dropped by over 41pc during July-August.

The agriculture machinery imports shrank 23.3pc. A negative growth of 29.47pc was seen in imports of textile group—raw cotton, synthetic fibre, synthetic and artificial silk yarn, worn cloths; and another 26pc negative growth was recorded in imports of all metals.

The overall food group import declined by 26.8pc during July-August mainly due to imposition of regulatory duties on proceeds foods. The import of soyabean oil, however, posted a growth of 122.4pc.

Textile and clothing exports posted a paltry growth of 2.3pc to $2.303bn during the first two months of current fiscal year as against $2.215bn over the last year.

The product-wise details show that exports of raw cotton posted a growth of 152.33pc in value followed by 100pc growth in export of cotton carded or combed and yarn other than cotton by 44.96pc, respectively.

In the value added sector, the export of knitwear up by 12.84pc in value and 10.68pc in quantity, followed by 1.22pc in value of bed wear and 20.4pc in quantity. The export of ready-made garments up by 7.47pc in value, and 34.62pc in quantity during the months under review. However, the export of towel dropped by 0.2pc.

Other primary commodities exports of which declined during the first two months include cotton yarn 7.76pc, cotton cloth 6.35pc and other textile materials decreased by 15.46pc, respectively.

https://www.dawn.com/news/1506644

NEWS COVERAGE PERIOD FROM SEP 23rd TO 29th 2019

PC OBTAINS NOD FOR OGDCL, PPL INCLUSION

MUSHTAQ GHUMMAN BR – ePaper September 23, 2019

ISLAMABAD: Privatisation Commission has reportedly obtained nod of Special Assistant to Prime Minister on Energy, Nadeem Babar for inclusion of OGDCL and PPL in active privatisation list instead of waiting for input from Minister for Power and Petroleum, Omar Ayub and Secretary Petroleum, Mian Asad Haya ud-Din, who were abroad for a few days, well informed sources told Business Recorder.

Commerce Division, sources said, has also opposed inclusion of profit making Pakistan Re-Insurance Company Limited (PAkRE), in the active privatisation list.

Giving the background, the sources said, Secretary, Privatisation Commission informed the Board members about the meeting of the Cabinet Committee on Privatisation (CCoP) held on August 8, 2019 wherein CCoP directed the PC to select ten Public Sector Companies (PSEs) from the privatisation list approved by the CCoP meeting on October 31, 2018 for sell off and initiate the process of hiring of Financial Advisors (FAs), collectively or separately as per legal requirements, for selected PSEs and submit a compliance report to the CCoP in the next meeting.

The Federal Cabinet ratified the decision of the CCoP on August, 20, 2019. It was apprised that in pursuance of the direction concerned Ministries and Divisions were consulted for identification of 10 PSEs for inclusion in the active privatisation program. Accordingly, following PSEs were identified for inclusion in the active privatisation program: (i) Pakistan Engineering Company (PECO), sale of 33.25 residual shares- Ministry of industries and Production recommended PECO for privatisation in principle, highlighted certain issues like advances and liabilities etc. However, it was decided that such issues would be handled by Financial Advisor in due course of time once the transaction was initiated for privatisation ;(ii) Heavy Electrical Complex (HEC) – representative of MoI&P recommended to initiate the process of hiring of FA for privatisation of HEC;(iii) Sindh Engineering Limited (SEL) – the entity has valuable properties, due to which its privatisation is being initiated. It was decided that issues, if any would be handled by Financial Advisor in due course of time once the transaction is initiated for privatisation ;(iv) First Women Bank Limited (FWBL) strategic sale-representatives of Finance Division were informed by the Secretary PC that EoI for hiring of FA is being published shortly to initiate the process of privatisation of FWBL, as it is already on active privatisation program list and PC will do its best to retain the basic feature/ charter of the bank during the process;(v) House Building Finance Corporation Company Limited (HBFCL) strategic sale-Ministry of Finance recommended HBFCL for inclusion in the active privatisation program list and supported publishing of EoI for hiring of FA;(vi) Pakistan Re-Insurance Company Limited(PAkRE), divestment of up to 20 per cent share through stock exchange – Ministry of Commerce representative expressed reservations for privatisation of PaKRe). In response, Secretary PC explained the directions of the CCoP, wherein PC has been authorised to pick up entities listed in new privatisation program approved by the CCoP on October 31, 2018 for inclusion in active privatisation list to initiate process of its privatisation by publishing EoI for hiring FA. Moreover, PakRe is a listed company and PC intends to divest its shares for enhancing private sector participation in the insurance sector. It was further stated that the strategic stake of the Government of Pakistan directly/ indirectly would not be affected during the process;(vii) Oil and Gas Development Company Limited (OGDCL) – Chairman informed the participants that Minister for Energy and Secretary Petroleum were contacted for their consent but it was informed by their office that both of them are abroad. However, Nadeem Babar, Special Assistant to the Prime Minister on Petroleum, supported the proposed divestment of OGDCL and PPL. OGDCL representative supported the divestment of OGDCL shares in line with the Government of Pakistan's directions. Moreover, 10 per cent shares were parked with PC in2014 for divestment. It was decided that GoP may divest up to 7 per cent shares of OGDCL through local listing and international and domestic offering ;(viii) Pakistan Petroleum Limited (PPL)- after detailed discussion on restructuring and divestment of PPL shares it was agreed that GoP may divest up to 10 per cent shares of PPL through block sale to strategic investor;(ix) Nandipur Power Plant (425 MW)- Power Division representative explained that Nandipur power Plant is a part of Genco-III as it was established before 2010, approved from CCI for its privatisation is not required. It is fully operational and a good choice for privatisation ;(x) Guddu Power Plant (747 MW)- Power Division representative explained informed that Guddu Power Plant is also part of Genco-II and is running in profit, hence its' a good choice for privatisation. It was further stated that approval from CCI for its privatisation is not required and ;(xi) Kot Addu Power Plant Company (Kapco)- Power Division representative informed that Kapco may not be considered for divestment of its residual shares, as its Power Purchase Agreement (PPA) will expire in 2020-21 and its extension is dependent upon future business plan of the company. However, a meet in this regard is being held shortly with Kapco management. Outcome of the meeting will be shared with the PC.

On September 18, 2019, CCoP approved inclusion of ten entities in the active privatisation list which is yet to be submitted for federal cabinet approval.

https://epaper.brecorder.com/2019/09/23/1-page/802244-news.html

PM CRITICISED FOR JUSTIFYING HYDEL PROFIT`S DENIAL

By Mohammad Ashfaq | 9/24/2019 12:00:00 AM

PESHAWAR: The opposition parties in the Khyber Pakhtunkhwa Assembly on Monday criticised Prime Minister Imran Khan for justifying the denial of net hydel profit to the province due to financial crisis and said the excuse violated the Constitution.

While inaugurating the 24/7 opening of the Torkham border crossing lately, the premier had said financial constraints were stopping the centre from paying NHP to KP under the AGN Kazi formula.

Leader of the opposition Mohammad Akram Khan Durrani told the house on a point of order that the premier`s justification for non-provision of net hydel profit to the province had caused resentment among residents.

He said it was the province`s constitutional right to claim the NHP payments in line with the AGN Kazi formula, so the premier`s statement was tantamount to depriving the residents of their constitutional right.

`Linl(ing net hydel profit with financial crisis is unacceptable for the province,` he said.

Mr Durrani demanded the KP government convey a clear message to the prime minister that the province suffered due to militancy and denial of three per cent share in the divisible pool for merged districts by other provinces, so it should be paid due payments without delay.

Parliamentary leader of the Awami National Party Sardar Hussain Babak termed the prime minister`s statement on NHP payment unconstitutional and said the premier couldn`t issue such statement.

He said under the Constitution, the province had a right to NHP.

Mr Babak said the province`s NHP arrears since 2015 amounted to Rs500 billion but the centre had not only denied those payments but it had also waived off Rs300 billion on account of Gas Infrastructure Development Cess outstand-ing against different entities.

Food minister Qalandar Khan Lodhi said the government would respond to the issue in the next session of the assembly as it was on agenda.

The house didn`t discuss the questions, which were among agenda items, due to heated exchanges between Speal(er Mushtaq Ahmad Ghani and opposition MPAs ahead of the question hour.

The first question on the agenda was put up by ANP MPA Bahadar Khan, who wondered how a PTI MNA could inaugurate a development scheme funded by the provincial government.

He expressed dissatisfaction with the reply of communication minister Akbar Ayub.

The speaker abruptly put the next question to discussion when the development scheme inauguration issue was under discussion.

Mr Bahadar got angry and asked his colleagues from opposition benches not to respond to the speaker when he would announce their names for discussion on their questions.

The opposition members acted accordingly and thus, causing all questions to lapse.

Woman MPA of the ANP Samar Haroon Bilour drew the government`s attention through a calling attention notice to the non-implementation of the chief minister`s orders for increase in government job quota from two per cent to four per cent for the people with disabilities.

Law minister Sultan Mohammad Khan claimed that the chief minister had issued special directives to the establishment department to `work` on the matter.

He laid the Succession (Khyber Pakhtunl(hwa) (Amendment) Bill, 2019, the Khyber Pakhtunl(hwa Legal Aid Bill, 2019, the Khyber Pakhtunkhwa Tourism Bill, 2019, and the Khyber Pakhtunkhwa Regional and District Health Authorities Bill, 2019, before the house.
The chair adjourned the session until Tuesday (today).

https://epaper.dawn.com/DetailImage.php?StoryImage=24_09_2019_007_003

DEAL SIGNED FOR SUPPLY OF LNG TO TRANSPORT SECTOR

By Khaleeq Kiani | 9/27/2019 12:00:00 AM

ISLAMABAD: Singapore-based firm Trafigura on Thursday signed an agreement with Universal Gas Distribution Company (UGDC) for utilisation of its surplus capacity at the Pakistan Gas Port Limited (PGPL) terminal for supply of liquefied natural gas (LNG) to the transport sector.

Trafigura, a commodity multina-tional, had five per cent equity participation in the terminal and acquired surplus re-gasification capacity of 150 million LNG at the PGPL terminal about two years ago. The government through its subsidiary Pakistan LNG Terminal Limited (PLTL) had booked a maximum of 600mmcfd (million cubic feet per day) processing capacity of the PGPL terminal.

Last week, ExxonMobil, the world`s largest publicly trade d oil and gas firm, had signed an agreement with UGDC to supply LNG to the country`s transport sector. The LNG imported by ExxonMobil would now be stored and re-gasified at the PGPL terminal before flowing into the gas network under the country`s third party access (TPA) rules.tional, had five per cent equity participation in the terminal and acquired surplus re-gasification capacity of 150 million LNG at the PGPL terminal about two years ago. The government through its subsidiary Pakistan LNG Terminal Limited (PLTL) had booked a maximum of 600mmcfd (million cubic feet per day) processing capacity of the PGPL terminal.

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`Trafigura has a long-standing presence in Pakistan and it owns the excess capacity, which is the capacity not contracted by PLTL, in the terminal of Pakistan Gas Port Consortium Limited (PGPC). Trafigura will use some of capacity to import LNG and sell gas to UGDC,` said a statement issued by UGDC.

The agreement was signed by UGDC Chief Executive Officer GhiyasAbdullah Paracha and Fadi Mitri, Business Development and Origination, LNG and Gas, Trafigura.

The officials of both companies and BW LNG Managing Director Yngvil Eriksson Asheim, whose company had provided the Floating Storage and Re-gasification Unit (FSRU) to the PGPL, were present.

Trafigura had been looking for private LNG customers to utilise its capacity for quite some time. UGDC and Trafigura have now formally entered into an agreement for a minimum supply of 50mmcfd of LNG on a `take or pay` basis.

Mr Paracha said the CNG (compressed natural gas) sector in Punjab was currently utilising about 65mmcf d of LNG and anticipated an increase inrequirement to 80mmcf d in three to six months as supplies became predictable and touched 100mmcf d in about a year.

He said UGDC had now completed the supply chain for predictable LNG supplies to CNG stations and formally requested the petroleum division on Thursday to forward recent decisions of the federal cabinet to Sui gas companies for formal implementation of the TPA rules. He said the CNG sector had been a long-standing consumer of the gas network and also won the additional capacity allocations through a first come, first served basis.

Mr Paracha said the petroleum division was happy to note the LNG import and processing arrangements by UGDC with ExxonMobil and Trafigura because its vessels would be fully consumed in about two months that provided a cushion to the government to make up for any gap in its LNG imports, both in terms of storage capacity and utilisation of UGDC`s LNG quantities, in case of shortage.

He said the cooperation between Trafigura, UGDC and ExxonMobil was an example of how the private sector could effectively meet the needs of the gas sector in Pakistan, adding that according to the ECC decision of July 2019 and the cabinet decision of August 2019, the private sector could use additional private capacity of LNG terminals.

`This will help the government save foreign exchange and reduce the risk while encouraging the private sector and foreign investment,` he added.

Mr Paracha said UGDC would not only buy gas from Trafigura but also planned to import LNG from other sources with Trafigura`s support and welcomed the recent government decision to allow construction of five LNG terminals in the private sectorto open up the sectortoits full potential.

He said the arrangements were being put in place to ensure first shipment by the end of October or early November when domestic gas demand started to go up against declining supplies, adding that four cargoes would be available in the first year that would gradually increase overtime depending on revival of the CNG sector.

Mr Paracha said the agreement would enable CNG sale at least 30pc cheaper than petrol price. `Based on this price dif ferential, we are hopeful that two million fresh vehicles will convert to CNG in two years,` he said, adding that this would result in an import bill saving of about $1 billion a year.

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CNG SECTOR ALLOWED TO USE SURPLUS LNG CAPACITY

WASIM IQBAL BR – ePaper September 27, 2019

ISLAMABAD: The government has allowed compressed natural gas (CNG) sector to utilize LNG surplus capacity to maintain CNG price below petrol price and reduce per day capacity charges to LNG terminals.

Universal Gas Distribution Company (UGDC) owned by CNG sector will buy 40 to 50 mmcfd out of total surplus capacity of 150 mmcfd from leading Singapore based commodity multinational, Trafigura.

The first LNG shipment of the private sector company is expected by October, however, it is not known whether the company is purchasing LNG at spot rate or the price has been linked to Brent Oil, sources said.

Trafigura owns 150 mmcfd LNG import capacity at second terminal of Pakistan Gas Port Consortium Limited (PGPC). The industry sources suggested that the government save around $5 million under utilized capacity charges.

Engro Elengy Terminal Private Limited has about 690mmcfd capacity compared to about 750mmcfd of Pakistan Gas Port Consortium Limited. The government utilizes 600 mmcfd at each terminal but the remaining 210 mmcfd was un-utilized.

Pakistan Muslim League-Nawaz (PML-N) government had agreed to pay $272,000 and $245,000 per day in capacity utilisation charges, irrespective of usage, to both RLNG terminals.

The government granted a license to commodity trading firm Trafigura, to sell natural gas and re-gasified LNG to consumers in the country, the Oil and Gas Regulatory Authority said in its performance report for the financial year ended June 2019.

On August 1, 2019, Economic Coordination Committee (ECC) allowed two LNG regasification terminals to allocate additional re-gasification capacity of terminal, if any, to third parties on a commercial basis under mutually agreed arrangements subject to certain conditions.

However, on August 12, 2019, the government reversed the decision and decided to acquire surplus re-gasification capacity of two LNG terminals to meet additional gas demand mostly in the private sector. This includes 60mmcfd spare capacity of the Engro terminal and 150mmcfd from the Pakistan Gasport terminal.

On Thursday (September 26, 2019), both UGDC and Trafigura reconfirmed their cooperation agreement for the terminal capacity and supply of LNG / gas to UGDC.

ExxonMobil also inked a gas supply deal with UGDC in US which will ensure the smooth supply of LNG to CNG sector in future, sources said.

The reaffirmed agreement was signed by Chief Executive Officer (CEO) of UGDC Ghiyas Abdullah Paracha and Fadi Mitri, Business Development and Origination- LNG and Gas, Trafigura.

Officials of both the companies and Managing Director of BW LNG Yngvil Eriksson Asheim were also present. The company has provided Floating Storage Regasification Unit (FSRU) for the second LNG terminal.

Speaking on the occasion, UGDC Ghiyas Paracha said that this would not only help the government save foreign exchange but also reduce the risk of the government while encouraging private sector and foreign investment, he added.

Ghiyas Paracha said that UGDC would not only buy gas from Trafigura but also plans to import LNG from other sources with Trafigura support.

https://epaper.brecorder.com/2019/09/27/20-page/803062-news.html

SINDH GOVT ASKS AUSTRALIA TO INVEST IN THAR COAL

By Our Correspondent Published: September 27, 2019

KARACHI: The Sindh government has invited Australia – one of the largest coal-mining and exporting countries – to invest in Pakistan’s huge coal reserves in Thar fields.

Sindh Chief Minister Syed Murad Ali Shah formally invited Australian firms to invest in Thar coalfields at a meeting with Australian High Commissioner in Pakistan Dr Geoffery Shaw.

The meeting took place after the Sindh Coal Authority (SCA) approved the auction of four more mining blocks at Thar coalfields a couple of days ago. Each of the blocks is expected to attract investment of $1-1.5 billion, totalling $4-6 billion.

Shah told the visiting Australian high commissioner that there were around 10 blocks ready for mining and each block was spread over an area of 100 square kilometres. “We invite Australian companies to invest in Thar,” Shah said.

He also highlighted the benefits of investing in Thar coal and energy projects.

Chinese state-owned firm Shanghai Electric Power Company Limited (SEC), which is expected to invest over $2 billion in Thar coal mining and a coal-fired power project under the China-Pakistan Economic Corridor (CPEC), has recently kicked off civil work on mining block-I in Thar.

Besides, a Saudi Arabian firm is engaged in negotiations with the federal government for pouring capital into coal reserves. It plans to convert coal into gas and utilise it for fertiliser production.

The Sindh government had already set up a 660-megawatt power plant in Thar as part of CPEC, Shah said. “We are setting up more power plants in Thar. We are focused on increasing power production from coal to 1,360MW in the near future,” he said.

He told the Australian envoy that the World Bank had assured the Sindh government that it would help address poverty in the province.

“Provision of social protection to people is a vital part of our election manifesto. We are taking action to eradicate poverty and provide social protection for the people,” the minister remarked.

Published in The Express Tribune, September 27th, 2019.

https://tribune.com.pk/story/2066221/2-sindh-govt-asks-australia-invest-thar-coal/

UP TO 2.6PC DECREASE IN OIL PRICES PROPOSED

By Khaleeq Kiani | 9/28/2019 12:00:00 AM

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has calculated up to 2.6 per cent reduction in prices of major petroleum products for October to pass on to the public the impact of lower prices in the international market.

However, kerosene oil price has been proposed to be set at Rs100.76 per litre instead of Rs99.57, showing an increase of 1.2pc.

A petroleum division official told Dawn that Ogra moved a summary to the government on Friday containing calculations on petroleum prices on the basis of existing rates of general sales tax and petroleum levy.

Crude prices had declined from $63per barrel at July end to $59 per barrel in the Middle East by the end of August.

Based on the import parity price of the Pakistan State Oil (PSO) for purchase in July, Ogra worked out about Rs3.23 per litre decrease in the price of high-speed diesel, Rs2.55 per litre in petrol and Rs2.41 per litre for the price of light diesel oil. The regulator also worked out an increase of Rs1.19 per litre of kerosene oil.

As such, the ex-depot rate of high-speed diesel (HSD) has been calculated at Rs123.91 instead of Rs127.14 per litre, showing a reduction of 2.5pc. Likewise, the ex-depot petrol price has been proposed to drop to Rs110.69 from the existing rate of Rs113.24 per litre.

The ex-depot price of light diesel oil has been worked out at Rs89.48 per litre instead of existing rate of Rs91.89 per litre, showing a decrease of 2.6pc.

The government had earlier increased General Sales Tax (GST) on all petroleum products to 17pc across the board to generate additional revenues. Until January this year, the government had been charging 0.5pc GST on LDO, 2pc on kerosene, 8pc on petrol and 13pc on HSD.

Besides the 17pc GST, the governmenthad more than doubled the rate of petroleum levy on HSD in recent months to Rs18 per litre instead of Rs8 per litre, while levy on petrol had also been increased by 50pc to Rs15per litre instead of Rs10 per litre.

The petroleum levy on kerosene oil and LDO remained unchanged at Rs6 and Rs3 per litre, respectively.

For the past few months, the government had been increasing petroleum levy rates to partially recoup a major revenue shortfall f aced by the Federal Board of Revenue.

The levy remains in the federal kitty unlike the GST that goes to the divisible pool taxes whose 57pc share is given to the provinces.

The petrol and HSD are two major products that generate most of revenue for the government because of their massive and yet growing consumption in the country.

The monthly sales of HSD are touching 800,000 tonnes against the monthly consumption of around 700,000 tonnes of petrol. The sales of kerosene oil and LDO are generally less than 10,000 tonnes a month.

https://epaper.dawn.com/DetailImage.php?StoryImage=28_09_2019_001_001

LNG EXPANSION

9/28/2019 12:00:00 AM

VER SINCE the country entered the LNG market back in 2015, it was clear that the first baby step of setting up a terminal, coupled with a long-term supply agreement, would inevitably be followed by a long series of further measures aimed at transforming Pakistan`s gas markets. Given that natural gas accounts for nearly half of the country`s primary fuel needs, this was by no means a minor development. Once the door was opened for imported gas to play a role in the national economy, a slew of associated reforms became necessary. Framing rules for third-party access of the existing pipeline capacity was necessary to allow gas that lands at the port in Karachi to be transported to consumers upcountry. The country`s own credit had to be established in global LNG markets, and arrangements for the swap of molecules from upcountry fields had to be created. As the private sector, especially in power generation, moved towards LNG, the pace and depth of the reforms pressed forward, and the role of LNG in our economy grew.

In this story, a meaningful milestone has just been crossed. For the first time, end-to-end arrangements have been made by a body in the private sector to contract, import, regasify and transport LNG to the end-consumer. The body in question is the CNG association (Universal Gas Distribution Company); they have made a contract with Exxon Mobile, and purchased regasification capacity at one of the terminals to bring and store their own gas. They plan to use existing third-party access rules to transport this gas to endconsumers in Punjab and Khyber Pakhtunkhwa. If successful, this arrangement could be an example for other large private-sector parties to follow. The CNG sector was the first to be unplugged from the supply of subsidised domestic gas, and it languished for many years. Now as it prepares to re-enter the market on the back of this arrangement, perhaps textiles and power generation could be the next in line to put in place similar end-to-end supply arrangements for themselves.

The next such milestone is price reform. It is widely known that in Pakistan, the gas-pricing regime cannot continue in its present form for very long. At some point, it will have to be realised that gas cannot be subsidised by the state. The more market-based gas becomes a reality in our economy, the closer that point arrives.

This is a moment of reckoning for many in industry, since much of Pakistan`s productive base is related to the price of gas, either directly or indirectly. At some point, gas-pricing will have to move towards a market-based price, in addition to market-based supply arrangements. That is the big achievement towards which these developments are taking us, and the more the government can do to facilitate the process, the better it will be.

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October 2019

NEWS COVERAGE PERIOD FROM SEP 30th TO OCT 6th 2019

RENEWABLE ENERGY IN SHAMBLES

Amjad Ali Awan September 30, 2019

Pakistan’s Renewable Energy (RE) Policy 2006 that yielded almost 1,950 megawatts of commercially-operated wind, solar and biomass plants connected to the national grid can definitely be regarded as a success story. The only safeguard that this policy required was to follow a consistent and periodic review to allow the policy to evolve naturally in line with changing circumstances.

On the contrary, it was given an unprecedented and premature expiry tag through the Economic Coordination Committee decision on 8th March 2013, restricting its validity up to March 2018. That was the first dent in the process of a smooth RE policy evolution.

In consequence of the above, the second and more formidable mistake was the decision to repeal the RE Policy 2006 abruptly and open the Pandora box of framing a new policy. This was unnecessary because there was nothing that the RE Policy 2006 did not offer. It is unlikely that the new policy, as appears from its draft form, will achieve anything beyond the agenda of the previous policy.

Presently, due only to the non-existence of any policy vehicle for over a year, a void has been created in which neither the previous policy exists nor the new one has been finalised, thus discouraging investments.

There is nothing wrong in considering competitive bidding as a fundamental priority in the realm of renewable energy. However, this provision was already contained in the original policy therefore there was no need to get embroiled in the cumbersome process of formulating a new one.

The RE Policy 2006 is a comprehensive document, equipped with an assortment of available options such as on-grid, off-grid, net-metering, wheeling and banking of energy with little or no change in the role of stakeholders as well as incentives offered to investors. Thus, in the face of the consensus-based policy paraphernalia already in place, the question for a new policy does not arise.

Despite renewable energy projects currently having the lowest tariffs as determined by the National Electric Power Regulatory Authority (Nepra), the RE projects are consistently being sacrificed under the pretext of either competitive bidding or the new RE Policy.

But why is the same exclusivity of competitive bidding not applied to thermal projects with considerably higher tariff and higher risks?

The RE Policy 200f, formulated in consonance with the Nepra Act, incorporates three modes of awarding tariffs: i) competitive bidding (solicited proposals), ii) negotiation (cost plus tariff for unsolicited proposals and iii) up-front tariffs.

However, in the draft of the new policy, all tariff award options are blocked for general investors except competitive bidding. This is a potentially risky strategy since it puts all the eggs in one basket. Furthermore, despite its benefits, this model has never reached fruition in the country’s energy history.

In a country like Pakistan, which has already been a hotbed of debates between the federal and provincial governments in the realm of energy, the consensus-based RE policy 2006 was nothing less than a blessing.

On the other hand, the new policy still has to get approved from the Council of Common Interests (CCI), and that is not going to be a piece of cake, especially since the role of the provincial governments has been eroded in the draft.

The draft also introduces an oddity in the form of a government-to-government (G2G) arrangement, whereby dealings with foreign governments are supposed to be executed through the preferential cost-plus mode instead of undergoing competitive bidding.

If modes of tariff award other than competitive bidding are deemed inappropriate, then why are such models available for G2G arrangements under the new draft RE policy? This discrimination will ultimately result in the loss of credibility and fractured confidence of market players.

As things stand, many critical queries are being shoved under the rug. For example, the 30 per cent share of RE being targeted in the draft policy is unlikely to be achieved without a convincing road map.

There is a lack of clarity on how the target will be divided amongst various RE technologies as well as how the proportionate share of provinces will be determined, especially since each province has a distinct resource advantage.

It is yet to be ascertained whether future energy demand will be estimated based on historic numbers or anticipated economic growth. Moreover, the time it takes to finalise the competitive bidding arrangements, and the scheme and broad parameters of bidding in the wind and solar sectors have not been decided upon as well.

Lastly, no firm date of connecting the first unit of RE to the national grid under the new policy has been given. With a lack of tangible answers, the fate of renewable energy sources is in shambles. n

The writer is the Former Chief Executive Officer, Alternative Energy Development Board (AEDB)

https://www.dawn.com/news/1508005/renewable-energy-in-shambles

PETROL, DIESEL PRICES LEFT UNCHANGED TO 'OFFSET EXPECTED INCREASE' NEXT MONTH

Khaleeq Kiani October 01, 2019

Customers wait at a LPG filling facility in this file photo. Ogra on Monday notified a Rs12.53 per kg increase in the price of LPG for October, raising it to Rs125.05 per kg from Rs112.54.

ISLAMABAD: Amid major revenue shortfalls, the government on Monday increased the price of liquefied petroleum gas (LPG) by more than 11 per cent while the rates of all other petroleum products remained unchanged for October to earn more than Rs4.2 billion in windfall revenue over lower international prices.

The Oil and Gas Regulatory Authority (Ogra) had recommended up to 2.6pc cut in local petroleum products in line with falling international oil prices. However, the government decided to earn as much additional revenue because of around Rs100bn first quarter shortfall in revenue target.

Interestingly, the government did not pass on the benefit of lower international oil prices to consumers on the premise that it expected increase in prices next month. "The government has decided to maintain the prices of petroleum products at the current level to offset expected increase in the prices for the month of November 2019," said the Ministry of Finance in a statement.

An official said the government would earn about Rs2.4bn additional revenue on high speed diesel (HSD) in October while another Rs1.7bn windfall would accrue on account of unchanged petroleum prices. The government has repeatedly been saying that it would pass on to the consumers in case of any reduction in international prices when these were going up. Some minor windfalls would also flow in from light diesel oil prices.

The finance ministry said the 'decision to retain the September prices of petroleum products for the upcoming month of October has been taken in view of the petroleum prices in the international market showing increasing trend from mid-September 2019 and the expectation that the prices might remain on the higher side in the month of November 2019'.

The Ogra had calculated up to 2.6pc reduction in the prices of major petroleum products for October as crude prices declined to $59 per barrel in the Middle East by end of August from $63per barrel at

July end. Based on import parity price of Pakistan State Oil (PSO), Ogra had worked out about Rs3.23 per litre decrease in the price of HSD, Rs2.55 per litre in petrol and Rs2.41 per litre for the price of light diesel oil (LDO). On the other hand, the regulator had worked out an increase of Rs1.19 per litre for kerosene oil.

In view of the government decisions, the ex-depot price of HSD and LDO will remain unchanged at Rs127.14 and Rs113.24 per litre. Likewise, the ex-depot price of kerosene oil and LDO would also remain at the existing level of Rs99.57 per litre and Rs91.89 per litre.

A separate notification would be issued by the federal board of revenue to increase tax rates that currently stand at standard rate of 17pc across the board. Besides the 17pc GST, the government has more than doubled the rate of petroleum levy on HSD in recent months to Rs18 per litre instead of Rs8 per litre, while levy on petrol had also been increased by 50pc to Rs15per litre instead of Rs10 per litre. The petroleum levy on kerosene oil and LDO remains unchanged at Rs6 and Rs3 per litre, respectively.

Over the last few months, the government has started increasing petroleum levy rates to partially recoup a major revenue shortfall faced by the Federal Board of Revenue. The levy remains in the federal kitty unlike GST that goes to the divisible pool taxes and thus about 57pc cent share is grabbed by the provinces.

The petrol and HSD are two major products that generate most of revenue for the government because of their massive and yet growing consumption in the country. Total HSD sales are touching 800,000 tonnes per month against monthly consumption of around 700,000 tonnes of petrol. The sales of kerosene oil and LDO are generally less than 10,000 tonnes per month.

Simultaneously, the Ogra notified about 11.14pc increase in the price of LPG for October to Rs125.05 per kg, up Rs12.53 per kg from Rs112.54. As such, the price of 11.8kg domestic cylinder price went up by Rs147.87 to Rs1,475.63 instead of Rs1,328.

The Ogra said the producers' price of LPG (propane 40pc and butane 60pc) had been determined at Rs67,214.83 per tonne against Rs56,504.52 tonne September. This price included excise duty of Rs85 per tonne. The producer price was thus worked out at Rs793.13 per 11.8kg cylinder.

https://www.dawn.com/news/1508340

OGRA NOTIFIES INCREASE IN LPG PRICES

WASIM IQBAL OCT 1ST, 2019 ISLAMABAD

The Oil and Gas Regulatory Authority (OGRA) has notified an increase in the prices of domestic 11.8kg liquefied petroleum gas (LPG) cylinder by Rs 147.87 and commercial cylinder by Rs 569 for October. In monthly review, the OGRA notified increase in prices of indigenous LPG for current month, as 80 percent demand of LPG is met through local production and 20 percent through imports.

The OGRA has computed the LPG increase after taking into account the Saudi CP prices which registered an increase of $75 per MT in current month. The Saudi CP has increased prices to $430 MT from $355 MT in September. The overall impact has been computed around Rs 25.50 per kg.

"It is strange that OGRA has linked the prices of indigenous gas with imported prices of LPG whose volume in consumption is only 20 percent," Irfan Khokar, founder Chairman of LPG Industry Association Pakistan, told Business Recorder.

"The prices of LPG cylinders will further increase by Rs 30 per kg as OGRA has imposed sanctions on import of Iraqi LPG from (Taftan) Pak-Iran border in winter," Khokar said.

Pakistan is importing around 15000 MT Iraqi LPG from Pak-Iran border near Taftan after payment of certain duties and taxes to the federal government. According to the notification issued by OGRA, the new price of 11.8kg domestic cylinder is Rs 1475.63 instead of Rs 1327.76 and new price of commercial cylinder is Rs 5,677, which increased from Rs 5108 fixed in September.

The OGRA increased the price of domestic cylinder by 10 percent when winter season is at the corner. The LPG is 60 percent cheaper than petrol and diesel, while 15 percent expensive from natural gas, according to experts. On Monday, the OGRA notified the producers' price of LPG (propane 40 percent and butane 60 percent - two components of LPG) at Rs 67,214.83 per metric ton (MT), increased from Rs 56,504.52 per MT.

The producers' price included excise duty of Rs 85 per metric ton, excluding Petroleum Levy. And under this head, the producer price of 11.8kg cylinder has been worked out at Rs 793.13, said the notification. As per the notification, the marketing/distribution margin has been set at Rs 35000 per MT and Rs 413 per 11.8-kg cylinder, a Petroleum Levy of Rs 4,669 per metric ton will be also charged, which is Rs 55.09 for 11.8kg cylinder.

Ex-GST or Prior to General Sales Tax (GST) imposition, the consumer price will be Rs 106,883.83 per metric ton and the 11.8kg cylinder price will be Rs 1261.22. The GST of 17 percent or Rs 18,170.25 per metric ton will be imposed and it will be Rs 214.41 for 11.8kg cylinder.

Final LPG consumer price will be Rs 125,054.08 MT and Rs 1475.63 new price of domestic 11.8-kg cylinder. In routine, around 90,000 MT LPG is consumed every month (including local and imported), but in winter season its consumption is almost doubled for many reasons like load-management on networks of Sui Southern Gas Company Limited (SSGC) and Sui Northern Gas Pipelines Limited.

https://fp.brecorder.com/2019/10/20191001522874/

ECC DECIDES TO INCREASE POWER TARIFF BY RE 0.53 PER UNIT

ZAHEER ABBASI OCT 3RD, 2019

ISLAMABAD: The Economic Coordination Committee (ECC) has decided to increase electricity tariff by Re 0.53 per unit on account of annual tariff adjustment and distribution margin. Sources on condition of anonymity said that increase may be of Re 0.83 per unit instead of Re 0.53 per unit and the amount to be recovered from the power consumers may be greater than Rs 53 billion as being speculated. However, officials of Finance Ministry, when contacted, denied increase of Re 0.83 per unit in tariff.

A statement issued after the meeting of the ECC, chaired by Advisor to Prime Minister on Finance Dr Abdul Hafeez Shaikh, said that on a proposal of Ministry of Energy for tariff rationalization for power sector - quarterly and annual indexation/adjustments of distribution margin - the meeting okayed to notify the National Electric Power Regulatory Authority (NEPRA) approved adjustments for Q-3&4 of FY 2018-19 and annual adjustment/indexation after incorporating the target quarterly subsidy and additional charge to maintain uniform tariff.

The ECC meeting further directed for the adjustment to be shown separately in the consumer bill and it will be applicable for next 12 months effective from October 01, 2019. Similarly, the ECC in order to fully protect the lifeline and domestic consumers consuming up to 300 units, approved the additional charge of Rs 0.30 per unit so that the impact of instant adjustments is not passed on to lifeline and domestic consumers up to 300 units and at the same time the consolidated revenue requirement approved and determined by NEPRA on 27-9-2019 is maintained.

The meeting also approved to release 150,000 tons of wheat to the provincial government of Khyber Pakhtunkhwa as well as release of 100,000 tons of wheat to the Sindh government subject to release of same quantity of wheat by the Sindh government from its own stock. The proposal for release of wheat was submitted by the Ministry of National Food Security and Research for release of wheat to the provinces.

The ECC also approved a proposal of Ministry of Energy for resolution of issues pertaining to 1124 MW Kohala Hydropower Project, including the minimum ecological water flow of 42 cumecs by maintaining the e-flow of 30 cumecs as well as releasing additional flow of 12 cumecs from the spillway, construction of sewage treatment plants and water bodies whose cost would be included in the NEPRA tariff.

The ECC also discussed the issue regarding "approval of the Settlement of the Liquidated Damages" as referred to it by the cabinet and constituted a committee comprising Minister for Economic Affairs Hammad Azhar, Advisor to the Prime Minister on Institutional Reforms and Austerity Dr Ishrat Hussain and Special Secretary Finance Omar Hamid Khan to examine the matter and submit its recommendations to the ECC.

The ECC also amended its decision of August 28, 2019 to allow proposed subsidy by the Sindh government in favor of the destitute residents of Islamkot for reflection in the electricity bills of 4,514 consumers of the area while the Sindh government would also make budgetary provision/allocation for the amount of the proposed subsidy on annual basis for the life of the proposed facility, failing which the facility would be discontinued.

The ECC also approved Ministry of Energy's proposal to allow Central Power Purchasing Agency to approach National Electric Power Regulatory Authority (NEPRA) for approval of extension of tariff as agreed between Pakistan and Iran on March 15, 2019 for supply of power to Makran Division from the Power Generation & Transmission Management Company (TAVANIR).

The ECC also approved a technical supplementary grant of Rs 419.154 million to pay court fee and fee to foreign counsel in case of Dr Hilal Hussain At-Tuwairiqi and Al-Ittifaq Steel Products Company Limited vs Islamic Republic of Pakistan.

https://fp.brecorder.com/2019/10/20191003523299/

POWER TARIFF HIKE

Editorial October 04, 2019

THIS government has now presided over three separate hikes in power tariffs, aside from the regular fuel adjustment surcharges that are revised and updated as per routine. The latest such hike came on Wednesday, when in one go the government notified a 33 paisa per unit increase, on top of the 53 paisa per unit hike that the regulator had already approved. The additional increase, according to the finance ministry, was to help bear the cost of the subsidy that the so-called 'lifeline consumers' (those who consume less than 300 units per month) receive. In what appears to be a sleight-of-hand move, the government has passed on the cost of that subsidy to consumers, thereby freeing up some fiscal space for itself, and at the same time, turning the country's power sector and its billing and recovery system into even more of a surrogate revenue-collection machine.

These kinds of gimmicks need to be avoided at all cost; whenever the government resorts to them, it needs to be called out on it. Under pressure to keep expenditures down while lifting revenues, the government is behaving like its predecessors as it begins to lean on power tariffs and fuel prices to make some easy billions for itself. When past governments resorted to such practices, they were criticised, not least by Imran Khan himself. But now, the present government itself has retained the benefit of falling oil prices in the global market, rather than passing it on to the consumers who are already weighed down by inflation. Not content with that, it is now passing on the cost of some of the subsidies — and of its own inability to improve system efficiency — directly to the consumers.

Meanwhile, the public is still waiting to learn what the government's big ideas for power sector reform are. We know privatisation will play a role, but there is nothing yet on how the government intends to improve sector governance, or whether pricing reform is even a part of its vision. There is even less knowledge of what is being done to improve transparency in the power sector. These are mutually reinforcing priorities that are needed to put the power sector on the path of self-sustaining growth. Without pricing reform, investment will always be pegged to guaranteed returns. Without improvement in sector governance, there will always be circular debt, higher or lower in some periods than in others but always present. Without transparency, there will be no meaningful improvement in governance. The absence of any vision for power-sector reform makes tariff hikes even more difficult to bear. At this rate, we will be endlessly raising tariffs to pay for system inefficiency, as well as bearing the associated costs, such as subsidising lifeline consumers; thus there will be no real gain. This is not the way to run things, especially in the power sector.

https://www.dawn.com/news/1508897/power-tariff-hike

NEWS COVERAGE PERIOD FROM OCTOBER 7th TO 13th 2019

PAKISTAN'S FINANCE DIVISION REFUSES GUARANTEE TO LNG IMPORTER

By Zafar Bhutta Published: October 8, 2019

ISLAMABAD: The Finance Division has turned down a request of state-run Pakistan LNG Limited (PLL) for additional guarantees worth $150 million in the wake of fiscal constraints and to avoid violation of loan terms agreed with the International Monetary Fund (IMF) under the Extended Fund Facility (EFF).

PLL – which imports liquefied natural gas (LNG) – is facing a default-like situation due to the piling up of circular debt. The company is facing cash constraints due to revenue shortfall as Sui Northern

Gas Pipelines Limited (SNGPL) has to pay dues amounting to over Rs55 billion by recovering from power producers and Rs11 billion from Sui Southern Gas Company.

Apart from these, it has to recover Rs12.79 billion from the government as fuel supply subsidy provided to the export-oriented industry and fertiliser plants, and Rs22 billion on account of tariff differential for the supply of re-gasified LNG to domestic consumers.

In order to cope with its declining working capital, sources told The Express Tribune, PLL took up the matter of additional government guarantee of $150 million with the Finance Division. However, the division turned down the request, citing fiscal constraints being faced by the government while remaining within the IMF loan programme.

The issue came up for discussion among economic managers in a recent meeting of the Economic Coordination Committee (ECC) of the cabinet.

At present, the company has billions of rupees worth of receivables to be paid by SNGPL and at the same time, its government guarantee of $150 million has almost been exhausted, creating difficulties for the company in making additional commercial borrowing.

PLL is a subsidiary of Government Holdings (Private) Limited, which is fully owned by the federal government. It was established with an initial equity of Rs15 billion. Soon after its incorporation, the company started LNG import by the end of 2017 and has so far entered into two medium and long-term LNG supply contracts besides utilising the entire contracted capacity of the second LNG terminal run by Pakistan GasPort Limited (PGPL).

Unlike LNG import by PSO, which is covered by different contracts from shipment to supply to end-consumers, PLL could not enter into LNG supply contracts with the consumers despite securing a marketing licence from the Oil and Gas Regulatory Authority (Ogra).

Consequently, the government decided to utilise the LNG imports made by PLL up to the full contracted capacity of the PGPL terminal, ie 600 million cubic feet per day (mmcfd), through SNGPL.

However, the arrangement between PLL and SNGPL could not be provided with any legal cover. The Cabinet Committee on Energy and the ECC had decided that PLL and SNGPL would supply only 185 mmcfd to an LNG-based power project, which has not yet been commissioned.

Both PLL and SNGPL were keen to execute a gas sale and purchase agreement for the supply of 600 mmcfd of LNG but with opposing views about payments for supplies above 185 mmcfd.

“While PLL is making up for the shortfall through market financing, the government of Pakistan is engaged with the IMF to review the overall guarantee requirement in the first review of the Extended Fund Facility,” said a spokesperson for the Finance Division.

https://tribune.com.pk/story/2074381/2-pakistans-finance-division-refuses-guarantee-lng-importer/

CHINESE FIRM STARTS COAL MINE WORK IN THAR BLOCK-1 TO PRODUCE 1,320MW, CM TOLD

Staff Reporter October 09, 2019

KARACHI: A Chinese power company has started mining in Thar Block-1 to develop mine and installation of a coal-fired power plant to generate 1,320 megawatts of electricity.

The families that will be displaced with the development activities in Thar will be shifted to a modern colony to be built by the Chinese company.

Besides the Chinese company, Shanghai Electric, National Transmission and Despatch Company (NTDC) has also requested the Sindh government to provide them 100 acres of land at Jhimpir for construction of a grid station for evacuation of power generated from wind corridor.

This emerged on Tuesday during a meeting held at CM House.

The meeting, which was chaired by Chief Minister Syed Murad Ali Shah, was attended by Energy Minister Imtiaz Shaikh among other officials.

Minister Shaikh said around 600 families would be displaced with the coal mining and installation of the power plant.

The chief minister directed the energy minister to ask the Chinese company to construct a residential colony for affected families.

“The colony of the affected villagers be equipped with all civic facilities, including school, park, mosque, temple, playground, and small market,” he said and added that new settlement would bring those children to school who had never been there.

He cited the example of Suneri Dars village constructed by Sindh Engro Coal Mining Company (SECMC) for the displaced people of Block-I where their model village school was “flourishing”.

The CM approved appointment of the energy minister as chairman of the SECMC and also appointed him as chairman of the Thar Foundation to ensure corporate social responsibility.

The energy minister told the chief minister that the NTDC had requested the provincial government to provide them 100 acres of land at Jhimpir for construction of a grid station for evacuation of power generated from the wind corridor.

Energy secretary Musadiq Khan said that the provincial government had given licence to 10 companies to install their wind energy plants. “The issue is how to evacuate their power, therefore installation of a grid station is very necessary.”

The chief minister approved in principle the plan for provision of 100-acres land to the NTDC for grid station and directed officials to seek report from DC Thatta and DC Jamshoro for making 100 acres of land available to the NTDC.

Imtiaz Shaikh told the chief minister that a Kuwaiti company had applied for installation of waste-energy project at Dhabeji.

The project proposal was sent to the chief minister, which he had approved. Now, they were applying for tariff with the National Electric Power Regulatory Authority (Nepra).

Mr Shah directed the minister to pursue their request in Nepra so that the dream of generating energy from the trash/waste of Karachi could be realised.

The chief minister also directed the provincial energy department to reconcile with the Sui Southern Gas Company (SSGC) to start its impending village gasification for which the Sindh government had already paid the demand note.

He recalled that the provincial government had paid Rs6.5 billion for village gasification. “Out of Rs6.5bn, Rs1.5bn meant for village gasification is still with the SSGC for providing gas to 58 villages in different districts,” he said and directed the energy minister to hold a meeting with the SSGC and get the gasification work started.

The CM directed the finance and energy departments to work out a plan so that electricity bills of DMCs, District Council of Karachi and water board could be cleared in time.

“I have noticed that the procedure for releasing payment for power bills to local bodies and then to the utility company, KE, takes time and ... penalty is imposed for late payment,” he said and added that he wanted fiscal discipline for power bills.

Mr Shah said that as per order of the Supreme Court Rs580 million electricity bills of KMC up to March 2019 were paid by the provincial government and from April 2019 the KMC has to pay its bills on its own.

https://www.dawn.com/news/1509753/chinese-firm-starts-coal-mine-work-in-thar-block-1-to-produce-1320mw-cm-told

OGRA HIKES RLNG PRICES BY UP TO 6.6%

By Our Correspondent Published: October 10, 2019

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) on Wednesday notified a hike in prices of imported gas by up to 6.6% for October 2019.

The regulator increased the prices of re-gasified liquefied natural gas (RLNG) by 6.43% for Sui Northern Gas Pipelines Limited (SNGPL) and 6.62% for Sui Southern Gas Company (SSGC) compared to the previous month.

Ogra fixed the new prices at $10.723 per million British thermal units (mmbtu) for SNGPL consumers and $10.7105 per mmbtu for SSGC consumers. In the previous month, the RLNG price for SNGPL was $10.0751 per mmbtu and for SSGC, it was $10.0457 per mmbtu.

In absolute terms, RLNG prices have been increased by $0.6479 per mmbtu for SNGPL and $0.6648 per mmbtu for SSGC.

These prices also include charges for LNG terminals, transmission losses, port charges and margins of importers ie Pakistan State Oil (PSO) and Pakistan LNG Limited (PLL).

The new weighted average sale prices for RLNG have been calculated based on the nine cargoes imported for the month of September, of which six cargoes were imported by PSO and three by PLL.

In Pakistan, LNG is imported and pegged with the international oil prices, hence, with the increase in global oil prices, RLNG prices have also been hiked.

Since RLNG has been the second major contributor to the power generation mix after hydel resources, with the increase in RLNG prices, the cost of energy will also rise, which will then be charged from power consumers.

According to National Electric Power Regulatory Authority (Nepra) data, in August 2019, power generation with the help of RLNG came in at 3,216 gigawatt-hours with 22.89% share in the energy mix.

In the month, the per-unit generation cost was calculated at Rs11.499 while in July the share of RLNG-based power was 24.7% with a cost of Rs11.172 per unit.

https://tribune.com.pk/story/2076127/2-ogra-hikes-rlng-prices-6-6/

GAS PRICE REFORM

Editorial October 12, 2019

IT has been apparent for a number of years now that gas pricing in Pakistan is in need of urgent reform. The recent news that a Rs55bn bill is being prepared by the two gas distribution companies, known as 'the Sui sisters', in order to ensure continuous winter supplies for domestic consumers in the northern distribution zone that includes Punjab and KP, illustrates the cost of inaction on this front. Since last year, the government has been relying on diverting imported LNG towards domestic consumers to ensure continuous supplies. Last year, that decision cost Rs29bn in subsidies because imported LNG is almost five times as expensive as domestically produced gas. This year, that bill will be almost double — Rs55bn — because the volume of gas needed for the domestic sector is larger, given the ongoing declines in domestic fields. And no doubt, next year the bill will be larger still.

It is no secret that Pakistan's fields are in decline and the supply of domestic gas is decreasing. About a decade ago, domestic gas accounted for slightly more than half of Pakistan's primary energy supply, while today, that figure has dropped to around 35pc. Meanwhile, imported LNG is posting impressive gains year after year as it fills the vacuum left behind, rising from zero per cent of total primary energy supplies in 2014 to 0.7pc in 2015, 3.3pc the next year, and 5.6pc the year after. More recent data will show this percentage rising even faster. A time is fast approaching when the quantity of imported LNG in the system will be equal to that of domestic gas. At that point, continuing to administer the price of gas through cost-plus pricing formulas that seek to protect unrealistic returns on assets for the aging 'Sui sisters' will no longer be possible. And that point is less than a few years away, given the pace of the increase of LNG. It is becoming very urgent to move on pricing reform in the gas sector, and the focus must be on a greater role for the market in this process. This needs to be the principle with which the government approaches the problems presented by the gas utilities and their mounting losses, and not revenue considerations. Further delay in this process will only lead us towards a costly and disorderly resolution which will be forced by the hand of necessity.

https://www.dawn.com/news/1510371/gas-price-reform

SNGPL WARNS OF HUGE FUEL RELATED COSTS IF LNG POWER PLANTS SOLD

Khaleeq Kiani Updated October 12, 2019

ISLAMABAD: Voicing serious risks to its financial viability, the Sui Northern Gas Pipelines Ltd (SNGPL) has opposed the privatisation of two LNG-based government power plants (GPPs) of 2,640MW without absolving it of “take or pay” contracts with foreigner and local LNG suppliers.

The federal government has taken in hand the sale of the two newly established power plants in Punjab worth $3 billion as top priority under the financial bailout programme signed with the International Monetary Fund (IMF).

Most of the financial risks associated with the move were highlighted by the Financial Adviser of the Privatisation Commission during the due diligence exercise of the National Power Parks Management Company Ltd — the owner of the Haveli Bahadur Shah and Balloki power projects of 1,320MW each.

The SNGPL has explained risk profile on account of implementation agreements (IA) and Gas Supply Agreements (GSAs) in case of GPPs.

The SNGPL has told the Privatisation Commission and the Ministry of Energy that it is not a party to the implementation agreement and Power Purchase Agreement (PPA) but obligations and rights of the government plants under the GSAs with SNGPL were reflected in the PPA including assured despatch of 66 per cent of the maximum gas allocation.

“GSAs with the GPPs were finalised on the basis of back-to-back arrangements with the upstream agreements. Therefore, any amendment in IA and PPA to change the risk profile of current RLNG supply chain will adversely impact not only the SNGPL but also PSO and SSGC, being the key players involved in G-to-G negotiated RLNG supply chain,” the SNGPL said.

The company has advised the government not to amend these contracts with respect to any change in off-take obligations of the GPPs just to make the project bankable and to attract the investors at the expense of huge losses to other entities like SNGPL, PSO and SSGC.

It also pointed out that upstream agreements, ie sale purchase agreement with Qatar Gas and corresponding SNGPL agreements with the PSO and SSGC were already locked on “100pc take or pay basis” and hence downstream agreements with the government plants reflect corresponding terms and conditions on a back to back basis, owing to the very nature of the transaction.

“The SNGPL, therefore, cannot revise minimum firm ordering of the GPPs unless and until upstream agreements including Qatar SPA and LSA between SSGC and Engro are revised for reduced volume as any surplus RLNG arising out of any reduction in take or pay for GPPs cannot be diverted to other consumers owing to tariff differential,” a letter seen by Dawn suggested.

Also, the RLNG was being supplied to GPPs through a supply chain involving different entities and SNGPL can only take obligation for its own failure of supply as provided under Reimbursement Agreement (RA) while the onus of default by other parties cannot be absorbed by SNGPL.

Hence, the existing arrangements, as available with RA, must continue. This will also provide comfort and security to the potential parties as long as the power purchaser guarantee capacity payments.

It reported that a joint meeting with PSO, SSGC, SNGPL and transition adviser along with Privatisation Commission consultants a few days back, the PSO had put on record that upstream agreement with Qatar was between G-to-G and there was no provision to revise the agreement while any reduced off-take by Pakistan shall result in triggering of 'take or pay' provisions and encashment of standby letters of credit (SBLcs) exceeding $1bn.

https://www.dawn.com/news/1510428

NEWS COVERAGE PERIOD FROM OCTOBER 14th TO 20th 2019

PAKISTAN CANCELS HUGE 10-YEAR LNG TENDER: REUTERS

Updated October 16, 2019

Pakistan's demand for liquefied natural gas could more than triple in the next three to five years. Last year, the country imported nearly 7m tonnes of LNG.

SINGAPORE: State-owned Pakistan LNG has cancelled a tender to buy liquefied natural gas over a 10-year period and may turn to the spot market instead, two sources familiar with the matter told Reuters on Tuesday.

The company issued the tender in early June to import 240 LNG cargoes of 140,000 cubic metres each for delivery over 10 years for the country's second LNG terminal.

But it has decided to cancel the tender due to inadequate demand for the super-chilled fuel, one of the sources said.

"(The company) has decided not to proceed with technical evaluation and opening of commercial offers as there is no demand against this tender," the source added, declining to be identified.

"So for now, (the company) has decided to stop the process of long-term commitment until it receives long-term demand for LNG," the source said.

Pakistan is expected to be a significant growth driver in global LNG demand with the cabinet recently approving five consortiums to progress with their LNG terminal plans.

Pakistan LNG's cancelled tender had been keenly watched in the industry. The company was expected to publish the lowest prices offered by bidders, providing a valuable insight into the opaque LNG market, which is characterised by closed bilateral trades, private long-term supply agreements and an over-the-counter spot market.

Italy's Eni, China's PetroChina, Azeri state oil company SOCAR and commodities trader Trafigura had placed offers into the tender, sources had told Reuters.

https://www.dawn.com/news/1511134/pakistan-cancels-huge-10-year-lng-tender-reuters

PLAN IN HAND TO INSTALL FOUR SOLAR, HYBRID POWER PLANTS IN BALOCHISTAN

By APP Published: October 19, 2019

ISLAMABAD: Energy Minister Omar Ayub on Friday said the government was working on a plan to install four solar and hybrid plants, with an accumulative generation capacity of 500MW, in different areas of Balochistan.

“A 200MW solar power plant will be set up at the Habibullah coastal power station and three plants of 100MW each in other districts of the province,” he informed the National Assembly’s Standing Committee on Energy that met under the chairmanship of Imran Khattak.

The minister said the federal government was spending around Rs100 billion to revamp the power distribution network and prevent line losses.

MNA Noor Alam Khan raised the issue of newly installed electricity meters running at an unusually fast speed. The minister replied that the new meters were installed after a complete examination.

“However, citizens can have faulty meters checked by the departments concerned through a set procedure,” he added.

Ayub said the government was also considering introducing a pre-paid and post-paid electricity billing system.

“The implementation of this mechanism will take three to four years, once it is approved.”

Replying to another question about setting up feeders on agricultural land, Ayub said almost 45 to 55 kanals were required to install the facility near the load centre to avoid a drop in voltage.

“The government is trying to incorporate integrated grid stations as was done in Beijing to save space and achieve more efficiency.”

Speaking on oil and gas exploration activities, the minister said efforts were being made to accelerate drilling activities in potential areas, adding that the process to award 35 to 40 new exploration blocks was being initiated in December this year.

“The minister said the country was facing a shortage of around three billion cubic feet per day (BCFD) gas, for which a multi-pronged strategy had been devised.

Ayub said the government had the prerogative to decide about execution of any development scheme in any part of the country.

Senior officials of the Oil and Gas Development Company Limited briefed the committee on working of the company, drilling activities and corporate social responsibility initiatives in oil and gas producing districts.

Among others, the meeting was attended by MNAs Junaid Akbar, Noor Alam Khan, Shahid Ahmad, Akhtar Mengal, Murtaza Javed Abbasi, Chaudhry Muhammad Barjees Tahir, Mian Riaz Hussain Pirzada and Roshanuddin Junejo and senior officials of the petroleum and power divisions and the Sui Northern Gas Pipelines Company Limited.

https://tribune.com.pk/story/2082839/1-plan-hand-install-four-solar-hybrid-power-plants-balochistan/

SHALE & TIGHT GAS: OGDCL, FOREIGN COMPANIES TO START EXPLORATION BY END OF YEAR

By RECORDER REPORT on October 20, 2019

The Oil and Gas Development Company Limited (OGDCL) will start exploration of shale and tight gas in joint ventures with foreign companies by the end of current year.

An official of company said that the company has started working on enhanced recovery of reserves of unconventional tight gas and shale gas. Pakistan is also drafting its first shale gas policy and it may be finished in this year, with a licensing round in the first half of 2020.

Sources in Petroleum Division said the government is in process of finalising a policy to exploit massive shale gas reserves identified after a study completed in collaboration with the USAID, covering lower and middle Indus Basin.

The shale gas policy is being prepared for onward submission to the quarters concerned to get final approval in the light of study.

In 2015, a study completed in cooperation with the USAID confirmed presence of 10,159 trillion cubic feet (TCF) shale gas and 2,323 billion of stock tank barrels (BSTB) shale oil in place resources. After identification of the deposits, a task had been given to OGDCL and Pakistan Petroleum Limited (PPL) to undertake pilot project(s) in potential areas to assess the cost of extracting shale gas which could not be launched to date.

According to the study, there are 188TCF gas and 58 BSTB oil technically recoverable resources, while the risked technically recoverable resources stand at 95TCF gas and 14 BSTB oil.

Pakistan has about 51 trillion cubic feet (Tcf) of shale gas reserves. Pakistan consumes 100 percent of natural gas that it produces, so shale gas may be an area of future growth in Pakistan.

The US Energy Information Administration (EIA) has estimated shale gas at 586 Tcf against its 2011 estimates of 52 Tcf for Pakistan.

As of 2009, Pakistan stands 19th in the world in terms of total technically recoverable shale gas reserves.

https://www.brecorder.com/2019/10/20/532788/shale-tight-gas-ogdcl-foreign-companies-to-start-exploration-by-end-of-year/

NEWS COVERAGE PERIOD FROM OCTOBER 21st TO 27th 2019

PM TO INAUGURATE 1,320MW POWER PLANT TODAY

By Our Correspondent Published: October 21, 2019

QUETTA: Prime Minister Imran Khan will inaugurate the 1,320MW Hub Power Company Limited (Hubco) coal power plant in Gadani on Monday (today) during his one day official visit to the Lasbela district.

It was revealed in a statement from the Lasbela Deputy Commissioner Shabir Ahmed Mengal on Sunday.

DC Mengal said: “All arrangements have been completed for Prime Minister Imran Khan’s one day visit while security arrangements have also been finalised.”

Balchistan Chief Minister Jam Kamal and provincial ministers will accompany the PM during the visit .

The DC added that the 1,320MW coal power plant would fulfill provinces' energy needs.

Meanwhile, Member of National Assembly (MNA) Aslam Bhootani has expressed his inability to attend the inauguration ceremony of the coal power plant project of the Hubco.

"I have excused myself from participating in the inauguration ceremony of coal power plant in the Hub city being conducted by the Hubco," he said in a statement on Sunday.

https://tribune.com.pk/story/2083864/1-pm-inaugurate-1320mw-power-plant-today/

PAKISTAN FLOATS TENDER TO BUY 5 LNG CARGOES FOR JANUARY

Reuters Updated October 26, 2019

LONDON: Pakistan issued a tender on Friday to buy five cargoes of liquefied natural gas (LNG) for delivery in January 2020, Pakistan LNG documents showed.

The delivery windows are Jan 6-7, Jan 11-12, Jan 16-17, Jan 23-24 and Jan 28-29. The deadline to submit offers is on Nov 26.

Asian spot prices for LNG slipped this week, weighed by global oversupply and rising floating storage, which offset some buying interest and plant maintenance, which reduced production.

The average LNG price for December delivery into northeast Asia was estimated at $6.30 per million British thermal units (mmBtu), $0.50/mmBtu down from last week.

Buyers from Japan, South Korea and Pakistan came to the market looking for winter cargoes, but market sources said it was not enough to reduce a significant global oversupply, adding that the market was overpriced in recent weeks.

The number of vessels floating with cargoes on board soared to 28 from 19 in the past week, according to data provider Kpler.

Oversupply drives Asian prices down despite new demand, supply issues

The majority of those cargoes were loaded close to a month ago or more, with some loaded back in August, meaning that sellers may be under pressure to unload them as soon as possible.

"Generally you cannot store LNG on a vessel for more than two months due to its ageing and boil-off," one LNG trader said, referring to natural evaporation.

"Those who have been floating LNG for 1.5 months are likely offering cargoes with a significant discount, which puts pressure on the market." At least five tankers from the floating storage were loaded close to 1.5 months ago or more.

The drop in Asian prices has resulted in a tighter spread between Europe and Asia, with the arbitrage for cargoes from the United States to Asia closing this week.

The trade from the Atlantic basin to the Pacific has also been impacted by high shipping rates.

Rates were estimated at around $130,000-140,000 per day this week. Two shipping sources said that there was also a deal at $150,000/day in the Atlantic basin this week.

JERA Global Markets (JERAGM) this week closed a tender for up to 0.5 million tonnes of spot LNG for delivery in the first quarter of 2020.

South Korea's KOGAS, which was looking to buy spot LNG after buying three November cargoes, might have bought up to 15 cargoes for January and February delivery, two trade sources said. This could not be immediately confirmed.

Also in South Korea, POSCO and SK were jointly looking to buy a cargo for December delivery, one trader said.

High stock levels across northeast Asia and low Chinese demand impacted prices, however.

On the supply side, a number of outages are reducing supply somewhat, but that is also not enough to balance the market.

RasGas Train 6 and 7 in Qatar went offline this week for planned maintenance, but customers were expected to receive their supply.

There are ongoing issues at the Cameron LNG project in the United States, several sources said.

The last cargo was loaded there on Oct. 11, Refintiv Eikon data showed.

"Cameron LNG does not comment on commercial arrangements between Cameron and its customers; however, we continue to produce LNG and load cargos in accordance with the schedule agreed with our customers," Cameron LNG spokeswoman told Reuters this week.

Feedgas at another new US export plant, Freeport, was reduced this week, with Kpler reporting ongoing issues during commissioning.

There are also maintenance works at Australia's Gorgon and North West Shelf projects.

https://www.dawn.com/news/1513018/pakistan-floats-tender-to-buy-5-lng-cargoes-for-january

EXXONMOBIL TO HELP BUILD LNG TERMINAL IN PAKISTAN

By Zafar Bhutta Published: October 27, 2019

ISLAMABAD: After getting a liquefied natural gas (LNG) supply contract from private-sector consumers, US energy giant ExxonMobil is planning to build the third LNG terminal in Karachi as a joint-venture partner.

Some time ago, ExxonMobil, in collaboration with Pakistan's exploration and production companies, drilled an offshore well to search for hydrocarbon reserves in the Arabian Sea. However, the effort could not prove successful.

Now, in a new venture with Energas consortium, the US firm is going to invest in setting up an LNG terminal in Pakistan.

Earlier, ExxonMobil, the world's largest publicly traded oil and gas firm, had inked an agreement with Universal Gas Distribution Company (UGDC) – an association of CNG station owners and operators – for LNG supply.

This came after the Pakistan Tehreek-e-Insaf (PTI) government allowed the private sector to utilise the idle capacity of existing LNG terminals and pipelines of public gas utilities. It will break the monopoly of public-sector companies and the private sector will be able to bring LNG at cheaper rates.

Of the five interested companies, only two – Energas and Tabeer Energy (Mitsubishi) – submitted applications on Friday, seeking Letter of Intent (LOI) from the Port Qasim Authority (PQA) for building the third LNG terminal.

At present, two LNG terminals with a total capacity of 1.3 billion cubic feet per day (bcfd) are operational. The new terminals will be built without government guarantees.

PQA's final date of acceptance for the LOI was October 25. Energas, a consortium led by Lucky Cement and Sapphire – is likely to win the contract.

Energas has been working with ExxonMobil in Pakistan and is a buyers' consortium with LNG demand from independent power producers (IPPs), textile, cement, and automobile manufacturing plants.

The consortium, which also includes Halmore, plans to build the terminal in collaboration with ExxonMobil.

The successful company will have to pay a fee of $10 million and build the terminal within 24 months. Any future terminal will have to meet these conditions. This concession fee will be used to widen and deepen the existing channel.

The construction of the third terminal at Port Qasim will put some pressure on the existing terminal operators as the new terminal will be built without any financial commitments from the government.

Officials told The Express Tribune that Engro, which was operating the first LNG terminal, did not participate in bidding for the third terminal as it wanted to expand the capacity of its existing terminal. It has the required land and has planned to set up an onshore LNG terminal as well.

Turkish firm Global Energy also did not take part in the bidding process. According to sources, Global Energy has conveyed to the PQA that it had already secured an LOI in 2011 under the then LNG Policy 2011.

The company has also acquired land and has a valid licence from the Oil and Gas Regulatory Authority (Ogra). It has already conducted surveys and has a valid performance bond. Therefore, the company is working on the LNG terminal in compliance with the LNG Policy 2011.

However, private-sector investors have raised concern over government conditions. Under the new contract terms, private-sector companies will build the LNG terminal at their own risk without any government guarantee. The government, however, will collect a higher fee of $10 million.

In addition to that, the terminal building company will have to submit a performance bond worth $10 million. It will also have to give an LNG offtake guarantee for 250 million cubic feet per day and will have to submit a performance bond worth $3 million in this regard.

https://tribune.com.pk/story/2087888/2-exxonmobil-help-build-lng-terminal-pakistan/

NEWS COVERAGE PERIOD FROM OCTOBER 27th TO NOV 03rd 2019

OGRA PROPOSES SLIGHT INCREASE IN PETROL, HSD PRICES

Staff Reporter Updated October 31, 2019

ISLAMABAD: The government is likely to keep the prices of petroleum products largely unchanged for November as the Oil and Gas Regulatory Authority (Ogra) has worked out minor adjustments in the costs of various imported products.

A senior official at the ministry of energy said that Ogra had worked out an increase of Re1 and 27 paisa in the prices of every litre of petrol and high speed diesel (HSD), respectively. On the other hand, it proposed a reduction of Rs2.39 and Rs6.56 respectively in the prices of every litre of kerosene and light diesel oil (LDO).

According to him, the government will be losing only about Rs650 million if it keeps the prices largely unchanged for next month, but will earn a lot of goodwill at a time when opposition parties are holding big protest rallies.

The official said a decision in this regard would be announced on Thursday (today) by the finance division after the approval of prime minister.

Based on the import parity price of Pakistan State Oil for purchases in September, the regulator has worked out the ex-depot price of HSD at Rs127.41 per litre instead of Rs127.14 at present, showing an increase of 0.2 per cent (or 27 paisa per litre).

Likewise, the ex-depot price of petrol is proposed to be increased to Rs114.24 per litre from the existing rate of Rs113.24, an increase of 0.88pc (or Re1 per litre).

The regulator has worked out the ex-depot price of LDO at Rs85.33 per litre against the existing rate of Rs91.89, which means a reduction of 7.13pc or Rs6.56 per litre. Similarly, the ex-depot price of kerosene has been worked out at Rs97.18 per litre for November instead of Rs99.57 at present, which means a reduction of 2.4pc (or Rs2.39 per litre).

The official explained that the government would gain Rs750m on account of increase in the prices of HSD and petrol but would lose about Rs100m due to decrease in the prices of kerosene and LDO. The net revenue loss to the government would, therefore, be about Rs650m.

The government has already increa-sed the general sales tax for all petroleum products to a standard rate of 17pc to generate additional revenues. Until January, the government was charging 0.5pc GST on LDO, 2pc on kerosene, 8pc on petrol and 13pc on HSD.

Also, the government has in recent months more than doubled the rate of petroleum levy on HSD to Rs21 per litre against Rs8 per litre, while the levy on petrol has been increased by 50pc to Rs17.2 per litre instead of Rs10 per litre. The petroleum levy on kerosene oil and LDO is currently being charged at the rate of about Rs5 per litre.

The government has begun increasing petroleum levy rates to partially offset a revenue shortfall of over Rs113 billion faced by the Federal Board of Revenue in the first quarter of the current fiscal year.

The levy remains in the federal kitty unlike the GST that goes to the divisible pool, of which about 57pc is grabbed by the provinces.

Petrol and HSD are the products that generate much of the revenue for the government due to their massive and yet growing consumption in the country. About 800,000 tonnes of HSD are sold every month in the country against a monthly consumption of around 700,000 tonnes of petrol. The sales of kerosene oil and LDO are generally less than 10,000 tonnes per month.

Last month too the government had kept the petroleum prices unchanged, earning windfall revenue of over Rs4.5bn in the process. The regulator had proposed a 2.6pc reduction in the prices.

Published in Dawn, October 31st, 2019

https://www.dawn.com/news/1513949/ogra-proposes-slight-increase-in-petrol-hsd-prices

ECC APPROVES POWER TARIFF CUT FOR SOME CONSUMERS

By Shahbaz Rana Published: October 31, 2019

ISLAMABAD: The government on Wednesday approved a temporary reduction in electricity tariffs by almost half for a small segment of domestic and commercial consumers on their incremental consumption during winter and also allowed the release of wheat stocks to provinces to meet their needs.

The Economic Coordination Committee (ECC) of the cabinet gave the go-ahead for release of 650,000 tons of wheat from Passco stocks to the provincial governments of K-P, Sindh and Balochistan to maintain the demand and supply equilibrium in the local market, according to a statement issued by the Ministry of Finance.

The cabinet body once again expressed concern over rising prices of wheat and wheat flour and shortage of the commodity. Some committee members set off alarm bells by pointing to the falling wheat stocks and suggested that the government should make arrangements for its import. The ECC took up the wheat situation, particularly the rising trend in wheat prices, said the finance ministry. It approved release of 300,000 tons each to the governments of K-P and Sindh and 50,000 tons to the government of Balochistan, it added.

The ECC also approved Rs2.745 billion for payment as Passco incidental charges at a ratio of 50:50 to be equally shared by the federal and respective provincial governments.

The latest wheat release followed an earlier release of 250,000 tons to Sindh and K-P from Passco stocks.

The ECC was informed that Passco and provincial food departments had reported that they had stocks of 6.4 million tons compared to 10.1 million tons at the same time last year, showing a reduction of over 36%. Few members of the ECC voiced concern that mismanagement of wheat procurement might result in a probe by the National Accountability Bureau (NAB).

The finance ministry said despite the fact that total availability of wheat was estimated at 28.3 million tons, including the leftover stock of 3.8 million tons compared to the national requirement of 26.9 million tons, the prices of wheat and flour were going upwards in the domestic market.

The ECC approved the fixing of a uniform electricity tariff at Rs11.9 per unit for a 24-hour period for the consumers currently paying peak and off-peak rates. It approved a relief of Rs10.09 per unit on additional consumption as compared to the consumption during the November-February 2018-19 period.

The ECC was informed that the proposal was aimed at utilising the massive surplus electricity during winter months when the demand plunged to 8,000-9,000 megawatts from the installed capacity of 35,000MW.

The Ministry of Energy said the proposal was based on similar models adopted in various countries including Chile and it was expected to lead to utilisation of additional electricity to the tune of Rs24 billion in four months.

The ECC approved the setting up of two committees for resolving the issue of payment of different outstanding amounts by the Water and Power Development Authority (Wapda) and Pakistan State Oil to the Port Qasim Authority (PQA).

The ECC was told that Wapda owed Rs1.1 billion to Karachi Port Trust (KPT) after 52 consignments imported by Wapda were cleared by the KPT board on Wapda's request for deferred payment and following approval of the federal government.

Wapda had only paid Rs334 million as against Rs1.41 billion while the remaining Rs1.1 billion was still pending.

The other payment was related to the Petroleum Division, which owed Rs1.7 billion to the PQA in wharfage charges on the LNG imported by Pakistan State Oil. The Ministry of Maritime Affairs requested the ECC to direct Wapda and the Petroleum Division to make their respective payments to the PQA. The ECC discussed the issue and in light of the input formed a committee, headed by Minister for Economic Affairs Hammad Azhar, for suggesting a solution within two weeks.

The ECC also discussed the supply of gas to Habibullah Coastal Power Company (HCPC) and approved a proposal of the Petroleum Division for supply of indigenous gas for an interim period of three to six months, purely on 'as and when available basis' with no liquidated damages.

During the period, the supply of RLNG could be evaluated together with commercial terms, if the Central Power Purchasing Agency (CPPA) agreed to switch the plant to RLNG and extend the power purchase agreement accordingly.

Earlier, the Ministry of Energy told the ECC that the issue of gas and RLNG supply had been deliberated at length with the stakeholders and accordingly the Petroleum Division was of the view that no long-term firm commitment of indigenous gas supply to HCPC could be offered in view of the depletion of domestic reserves and the widening gap between demand and supply.

However, considering the location of plant in Quetta and voltage issues, the abrupt suspension of gas supply upon expiry of gas sale agreement might not allow the CPPA to make alternative arrangement to stabilise the grid, which was neither in the interest of Balochistan nor the country.

The ECC also approved another proposal submitted by the Ministry of Energy for allocation of up to 8 mmcfd of gas from Chabbaro and up to 10 mmcfd of gas from Gundanwari to SSGC with the gas price as per the applicable petroleum policy.

On yet another proposal by the Ministry of Energy, the ECC extended the timeline by another one and a half year for the commencement of competitive market operations/commercial operation date of the Competitive Trading Bilateral Contracts Market (CTBCM) to allow completion of CTBCM plan within 18 months after approval of CTBCM plan by Nepra.

Published in The Express Tribune, October 31st, 2019.

https://tribune.com.pk/story/2090290/2-ecc-approves-power-tariff-cut-consumers/

ARMY DECIDES TO START GENERATING ELECTRICITY

By MUSHTAQ GHUMMAN on November 1, 2019

Pakistan Army has reportedly decided to start generating power for all its establishments across the country.

Well-informed sources told Business Recorder that on October 22,2019, Defence Division informed the federal cabinet that continuous electricity supply is a critical requirement for all military garrisons which house hospitals and sensitive military installations. At present, Army consumes 240MW of electricity costing over Rs 15 billion. The expenditure is increasing every year due to rising electricity tariffs, resulting in consuming substantial share out of Army's budget.

Army undertook a series of extensive studies/ in-house discussions in order to explore options to acquire cheap electricity to reduce burden on army budget. Renewable Energy (RE), solar power, which is being encouraged by the government stands out as the best option.

The Cabinet was informed that Pakistan has immense solar potential and Pakistan Army has a very robust/exclusive electric distribution system for all garrisons to harness RE through capital solar parks.

Army intends to establish a solar park projects of 1-5MW each in various garrisons on Build-Operate & Transfer (BOT) basis. The pilot project is aimed at production of 40MW of electricity. No public money will be involved in establishment of solar parks and their operation and maintenance for 25 years.

Defence Ministry claims that purchase of electricity will be at least 20-30 per cent cheaper than from Distribution Companies (Discos). However, government approval was required to make payment on account of purchase of electricity to private companies/firms providing solar electricity.

It was further submitted that all the codal formalities to execute the project will be done in line with the government policy. The Cabinet was also informed that the Public Private Partnership Authority (PPPA) and Alternative Energy Development Board (AEDB), an army of Power Division, has no objection to the proposal, while Finance Division and Power Division had also endorsed the proposal. The endorsement by Power Division has, however, certain conditions attached to it.

During the ensuing discussion, it was pointed out that the project was a business-to- business (B2B) deal and as such did not require approval of the cabinet. Another view was that the Cabinet may only consider endorsing the concept while pricing and other details should be dealt with at the appropriate forums. It was also pointed out that the indicative pricing was quite high and the sponsors should look at them carefully in view of the sharp decline in costs of renewable energy in the international market.

A view was expressed that opening up the electricity market was a good idea and should be considered on a wider scale, while at the same time taking into account the potential effects of carving out areas out of the jurisdiction of Discos and the consequent results on ordinary consumers, particularly when large capacity payments are to be made under the old agreements.

The sponsors clarified that tariff determination was the exclusive domain of National Electric Power Regulatory Authority (Nepra) and a petition had already been filed with the Authority for licencing/ determination of tariff, however, endorsement of the concept by the Cabinet was sought for its implementation.

Nepra representatives present in the cabinet meeting expressed their intent to endorse the proposal. The Ministry of Energy also clarified that Alternate Energy Policy was being reviewed after a lapse of more than 12 years. The policy is based on a multi-buyer and multi-seller model and an effort is also being made to bring down the basket price of energy.

https://www.brecorder.com/2019/11/01/540115/army-decides-to-start-generating-electricity/

HIKE IN LPG, OIL PRICES TO CAUSE RS700M ADDITIONAL BURDEN ON CONSUMERS: PIAF

RECORDER REPORT November 03, 2019

LAHORE: The Pakistan Industrial and Traders Associations Front (PIAF) have condemned the government’s decision to increase prices of three major petroleum products.

The Rs20 per 11kilogram domestic cylinder for the month of November will cause an additional burden of about Rs700 million on consumers during this month, said PIAF acting Chairman Nasir Hameed and Vice Chairman Javed Siddiqi here on Saturday.

It is unfortunate that besides 17 percent GST, the government has increased more than doubled the rate of petroleum levy on HSD in recent months to Rs21 per litre from Rs8 per litre, while levy on petrol has also been increased by 50 percent to Rs17.20 per litre from Rs10 per litre, they said.

In recent months, the government has already increased general sales tax on all petroleum products to the standard rate of 17 percent to generate additional revenue. Until January this year, the government was charging 0.5 percent GST on LDO, 2 percent on kerosene, 8 percent on petrol and 13 percent on HSD. This hike in fuel rates would lead to increasing cost of production and cost of doing business as well. They argued that the high cost of doing business is hindering Pakistan in achieving its export target.

Though the prices of oil in global market are fluctuating yet the authorities can keep the rates stable by reducing tax ratio which is highest in the region. The government increased the prices of three major petroleum products of High Speed Diesel (HSD), petrol and liquefied petroleum gas while reduced the prices of two comparatively insignificant products of kerosene and light diesel oil (LDO) whose consumption is not so high.

They said that last month, the government had kept the petroleum prices unchanged to earn windfall revenue of over Rs4.5 billion despite up to 2.6pc cut worked out by Ogra for October. The government had instead increased the petroleum levy on HSD and petrol. The government will be losing only about Rs650 million if it keeps the prices largely unchanged for next month, but will earn a lot of goodwill at a time when opposition parties are holding big protest rallies.

Besides, the price of LPG (liquefied petroleum gas) has also been increased by Rs20 per 11kg domestic cylinder to Rs1,495 from the existing rate of Rs1,475. They severely criticized the federal government for ignoring the recommendations of Oil and Gas Regulatory Authority (OGRA) regarding lowering the prices of petroleum products last month.

They said that the Oil and Gas Regulatory Authority (OGRA) had recommended up to 2.6 percent cut in the prices of petroleum products but the government did not pay heed to it. He said that the petroleum levy which should be at around Rs8 to Rs9 was being charged at Rs17.

Over the last few months, the government has started increasing petroleum levy rates to partially recoup a major revenue shortfall faced by the Federal Board of Revenue in the first quarter of the current fiscal.

The government is using petrol and HSD products as a tool to generate most of the revenue because of their massive consumption. Total HSD sales are touching 800,000 tons per month against monthly consumption of around 700,000 tons of petrol. The sales of kerosene and LDO are generally less than 10,000 tons per month, they maintained.

https://epaper.brecorder.com/2019/11/03/11-page/808655-news.html

ECC OKAYS RS167BN POWER SECTOR DEBT RESCHEDULING

Khaleeq Kiani Updated November 07, 2019

ISLAMABAD: The Eco-no-mic Coordination Comm-ittee (ECC) of the cabinet on Wednesday approved rescheduling of about Rs167 billion power sector debt.

A meeting of the ECC, presided over by PM’s adviser on finance and revenue, Dr Abdul Hafeez Shaikh increased sale margins of oil marketing companies (OMCs) and dealers and ordered release of 1,107 imported vehicles imp-ounded at ports for months.

It also allowed a 6.5 per cent increase in dealers’ margins and OMCs commission on sale of petrol and high speed diesel with immediate effect despite opposition from the Oil and Gas Regulatory Authority (Ogra) and the Planning Commission.

The OMCs' margin was increased by 17 paisa per litre of both HSD and petrol instead of 25 paisa per litre proposed by the petroleum division. They would now charge Rs2.81 per litre commission instead of existing rate of Rs2.64.

Likewise, the dealer's commission was increased by 22 paisa per litre on petrol and 18 paisa on HSD instead of 34 paisa and 29 paisa per litre requested by the petroleum division. The dealers would now charge Rs3.70 commission on every litre of petrol and Rs3.11 on HSD.

Increases sale margins of OMCs and orders release of over 1,100 vehicles impounded at ports for months

The petroleum division had worked out the increase in margins on the basis of more than 8.5pc rate of inflation for the period from April 2018 to May 2019. The planning commission, however, challenged this, saying the inflation (CPI-General) during the fiscal year ending June 2019 was about 6.5pc and increase should not be allowed on the basis of selective months.

The ECC decided that in future the margins of OMCs and dealers would be worked out on the basis of annual average inflation of fiscal year, and also asked relevant stakeholders, including the petroleum, finance, planning, industry and production divisions, Bureau of Statistics and Ogra to finalise recommendations within two months and resubmit the case.

The committee approved a proposal to raise finance facilities of Rs136.454bn and Rs30bn for adjustment of existing finance fac-ilities of the Power Holding Limited (PHL) with a consortium of local commercial banks in pursuance of separate ECC decisions taken in November 2016 and February 2017 for repayment of liabilities of Discos.

The meeting was told that terms and conditions of the PHL finance facilities had a five-year tenure, inclusive of two-year grace period which had been completed and the instalment payments on account of principal portion had become payable.

The finance ministry said that under the latest arrangement approved by the ECC, the principal instalment payments would be deferred for further two years from the date of execution of fresh facilities.

The ECC took up a summary of the commerce division on import of used vehicles under personal baggage, transfer of residence and gift schemes which require the payment of duties and taxes through foreign exchange arranged by Pakistani nationals themselves or local recipients producing proof of conversion of foreign remittance to local currency.

The committee allowed importers to meet any shortfall in arrangement of required foreign remittance for payment of duties and taxes through local sources in case of a scenario where the Pak rupee depreciated or the government increased import duties and taxes after the receipt of remittance and before the filing of the goods declaration, resulting in shortfall of remitted amount vis-a-vis payable duties and taxes.

This would help clear up a total of 1,017 vehicles currently stuck at Karachi Port because either no foreign remittance had been rece-ived or the remitted amount had been rendered insufficient due to depreciation of the rupee before the filing of goods declaration or increase in the rate of duty in the Finance Act, 2019.

The ECC gave ex-post approval to an SRO issued by Commerce Division in August 2019 for extending till August 31 the implementation of quality standards on the import of solar PV equipment.

The committee authorised the ministry of communications and the Nat-ional Highway Authority to proceed for procurement of consultancy services for Section-III Kalkatak-Chitral (48km) under the Chakdara-Chitral Road Project (N-45).

It approved a proposal by the finance division for acq-uisition of 8.5pc additional shares of EPCL South Africa by Packages Pakis-tan through AHL Mauritius by enhancing Standby Letter of Credit by $2.7 million. This would bring the aggregate investment of Packages Limited to $17.7m. However, the decision stipulated that due to the current foreign exchange constra-ints, Packages Ltd might arrange the required foreign exchange from abroad.

The ECC took up separate proposals of the def-ence division for one technical supplementary grant of Rs6.210bn to pay for recurring cost of the Special Secu-rity Division (North) and another technical supplementary grant of Rs4.966bn to pay for Int-ernal Security Duty Allow-ance to the army troops deployed at the western border.

It asked the defence division to bring up the matter in the next ECC meeting after having discussed and finalised with the finance division the mode of arranging funds for the subject supplementary grants.

Published in Dawn, November 7th, 2019

https://www.dawn.com/news/1515397

November 2019

NEWS COVERAGE PERIOD FROM NOV 04TH TO 10TH 2019

SAUDI ARAMCO KICK-STARTS WHAT COULD BE WORLD’S BIGGEST IPO

November 04, 2019

DHAHRAN, Saudi Arabia/DUBAI: Saudi Arabia’s giant state oil company finally kick-started its initial public offering (IPO) on Sunday, announcing its intention to float on the domestic bourse in what could be the world’s biggest listing as the kingdom seeks to diversify its economy away from oil.

But in its long-awaited announcement, Aramco, the world’s most profitable company, offered few specifics on the number of shares to be sold, pricing or the date for a launch.

Bankers have told the Saudi government that investors will likely value the company at around $1.5 trillion, below the $2 trillion valuation touted by Crown Prince Mohammed bin Salman when he first floated the idea of an IPO nearly four years ago.

Aramco also did not mention what measures it has taken to beef up security following unprecedented attacks on its oil plants in September.

Sources have told Reuters the oil company could offer 1%-2% of its shares on the local bourse, raising as much as $20 billion-$40 billion. A deal over $25 billion would top the record-breaking one of Chinese e-commerce giant Alibaba in 2014.

“Today is the right opportunity for new investors to reap the benefits of Aramco’s ability to achieve value, and boost it on the long-term,” Aramco Chairman Yasir al-Rumayyan told a news conference at the company’s headquarters in the eastern city of Dhahran.

The company will spend the next 10 days talking to investors and sounding out their interest and the price range will follow, he said.

The IPO is designed to turbocharge Prince Mohammed’s ambitious economic reform agenda by raising billions to build non-energy industries and diversify revenue streams.

Rumayyan said a decision on an international listing for Aramco shares will be made in the future, without giving a time frame or venue for the overseas listing.

“Selling a small piece of Aramco in a captive market gives the KSA (Kingdom of Saudi Arabia) more control to prop the value of Aramco up over its fair value,” said Gary Ross, CEO at Black Gold Investors.

Confirmation of the sale of shares in the oil giant, whose formal name is Saudi Arabian Oil Co, comes about seven weeks after the crippling attacks on its oil facilities, underlining Saudi Arabia’s determination to push on with the listing regardless.

Aramco said it does not expect the Sept. 14 attack, which targeted plants at the heart of Saudi Arabia’s oil industry and initially halved its production, would have a material impact on its business, operations and financial condition.

Aramco accounted for about one in every eight barrels of crude oil produced globally from 2016 to 2018, it said on Sunday.

Its net income for the third quarter of 2019 amounted to $21.1 billion, according to Reuters calculations, dwarfing the income for the same period of oil giants like Exxon Mobil Corp , which was just over $3 billion.

Rumayyan said the valuation should be determined after the investor roadshow. CEO Amin Nasser told the same news conference that Aramco plans to release the prospectus on Nov. 9.

To help get the deal done, Saudi Arabia is relying on easy credit for retail investors and hefty contributions from rich locals. “Whatever this local round achieves, with domestic players being strong armed into investing, international investors are still going to value this well below the expectations of (Crown Prince) Mohammed bin Salman,” said Rory Fyfe, managing director at Mena Advisors.

The Saudi stock market fell 2% on Sunday after the Aramco announcement. The benchmark index is down nearly a fifth since May as local institutions sold shares to prepare for the Aramco deal, fund managers and analysts say.

Salah Shamma, head of investment, MENA, at Franklin Templeton Emerging Markets Equity, said some local investors could be selling other shares in order to shift investments to Aramco, but this could well be a case of “short-term pain for long-term gain.”

To comfort investors, Aramco said on Sunday the state will forgo its right to receive a portion of cash dividends on shares, giving priority to new shareholders.

Aramco is also cutting royalties it pays to the state. Effective Jan. 1, 2020, it will adopt a progressive royalty scheme, with a marginal rate set at 15% up to $70 per barrel, 45% between $70 and $100, and 80% if the price rises higher.

The firm said the Saudi market regulator, which approved the application to list on Sunday, issued an exemption for non-resident institutional foreign investors to subscribe.

Saudi investors would be eligible to receive bonus shares - a maximum of 100 bonus shares for every 10 allotted shares.

At a valuation of $1.5 trillion, Aramco would still be worth at least 50% more than the world's most valuable listed companies, Microsoft and Apple, which each have a market capitalisation of about $1 trillion.—Reuters

https://epaper.brecorder.com/2019/11/04/1-page/808668-news.html

THE HIGH AND LOW OF LNG MARKET

By SYED AKHTAR ALI Published: November 4, 2019

ISLAMABAD: Liquefied natural gas (LNG) prices have come down and are falling continuously. Although current summer prices have a seasonal effect, there appears to be a constant trend as well.

Several policy issues have emerged in importing countries in the region which include whether long-term LNG supply contracts are advisable and is there a scope for renegotiating existing contracts both in price and non-price terms?

Last September, JKM-Japanese LNG prices varied between $4.50 and $4.90 per million British thermal units (mmbtu). In other regions, same prices prevailed.

Only a decade back, LNG prices were four times as much. Then some five years ago, three South Asian countries – Pakistan, Bangladesh and India – entered into contracts with Qatar at twice the current prices.|

Spot market is a relatively new phenomenon in LNG. Spot prices used to be higher than long-term contract prices until 2014. But as the spot market developed and its share increased, its prices decreased and are now lower than long-term prices.

LNG market has become very competitive with the entry of the US with its cheap shale gas resources and increase in general supply elsewhere. The US gas is competing with Qatar gas despite a considerable difference in distances.

India is lifting 50% of its LNG demand from the US, which earlier was a net importer suffering from short supply. It is now a big exporter.

Russian gas has also come into the regional market, creating a highly competitive environment and price and non-price pressures.

Another trend seems to be emerging, however, it is not sure if this will persist with the same intensity in future. Winter January 2019 LNG spot prices were \$8.555 per mmbtu, which came down to \$4.5 in July (summer).

Is it a seasonal effect due to lower summer demand in the West or it is part of the long-term decline or price adjustment? Will winter prices approach Qatar's long-term price levels or even higher is yet to be seen?

Already, spot prices have recovered to \$6.5. Lower prices will heighten the pressure to renegotiate prices. It would mean that the lower price trend is permanent.

In Pakistan, October LNG spot prices – based on last three month's average Brent crude oil prices and the multiplier of 8.391% as opposed to Qatar's 13.37% – were \$5.2 per mmbtu as compared to Qatar's contract price of \$8.2837, which makes Qatar LNG prices 61% higher than the current spot prices.

The weighted average cost of LNG is \$7.78. This average will go down as more and more spot buying is done to reduce the share of Qatar LNG. This will happen with the increase in demand.

Prevailing spot prices in India are even lower at almost 50% of Qatar-India LNG contract prices. Qatar's long-term prices are becoming extremely unaffordable, both in India and Pakistan.

Qatar LNG prices are the same in both the countries, higher than international market prices and there is discontent over the issue in both the countries. The pressure on Qatar to adjust prices downwards is mounting, although price-opening clauses may be in its favour. In Pakistan, the share of LNG market was about 25% last year (2018-19). It is expected to increase in the long term with the exhaustion of domestic gas reserves.

However, the LNG demand has been low over the past months and one procurement bid has been cancelled recently. Power demand is much lesser than supply due to the addition of new coal and re-gasified LNG plants and because of seasonal factors as well.

RLNG-based electricity is expensive due to expensive LNG supply from Qatar at \$10-12 per mmbtu. Had spot LNG been there at \$5-6 per mmbtu, RLNG-based electricity would have been competitive and LNG demand would have been higher.

Knowledgeable people had opposed the installation of LNG and imported coal-based power plants at a fast pace, predicting excess supply. Had economic downturn not been there, even then, it is inconceivable that excess electricity supply could have been absorbed.

The government is considering cheaper electricity tariffs for the winter season. Perhaps early steps are required to retire inefficient power plants to face the demand-supply asymmetries.

Then there is back-to-back supply arrangement, penalties on non-or-short supply etc. Demand is variable, but contracts are for fixed quantities. The proposed privatisation of RLNG power plants is facing problems due to these issues and privatisation of gas companies will face similar issues.

The more urgent issue is created by the induction of private-sector parties in LNG procurement. There are no new consumers. Private LNG companies will take away consumers from the existing gas companies – the latter don't like it and are resisting the move.

A possible solution could be a price equalisation charge on private-sector/spot LNG imports calculated on the basis of weighted average cost of LNG (Waco LNG). The surcharge will be paid to PSO, which is tied to long-term expensive LNG contracts.

This will bring down PSO's cost by $2 on average, making RLNG competitive and pushing it lower in the merit order. This arrangement may have to be extended till 2025 when price negotiations would be due with Qatar.

A new LNG terminal policy has been announced. Private-sector LNG import provision has been on the table for quite some time now. This has not happened yet.

The CNG group appears to be the first to make gas supply to its members. This group will be able to procure at spot prices of $5-6 at least in summers as opposed to $10-12 average LNG cost of the two gas distribution companies – SSGC and SNGPL.

Clearly, this sector of the market can possibly be allowed to go to the private sector. However, if that is done, priority sectors like textile and fertiliser will also want to have the same facility.

Both fertiliser and textile exporters are already receiving gas at subsidised prices. Hence, it might be feasible to allow the two sectors to benefit from private-sector LNG.

The combined gas demand of the three sectors – CNG, textile and fertiliser – will be 9 million tons per annum (mtpa) – 20% of the total demand. The residual balancing may be done through taxation and subsidy.

There may be contractual issues (take or pay gas contracts of SSGC and SNGPL with domestic gas producers) that may have to be adjusted, realigned and streamlined. The gas transmission and distribution companies will get their T&D costs as per TPA rules.

Their net income may not be affected, although market share will. Thus, domestic, commercial, power and other consumers may remain within the domain of public sector.

Published in The Express Tribune, November 4th, 2019.

https://tribune.com.pk/story/2092829/2-high-low-lng-market/

300MW COAL-FIRED POWER PLANT INAUGURATED IN GWADAR

By RECORDER REPORT on November 5, 2019

Federal Minister for Planning, Development & Reform Makhdum Khusro Bakhtyar and Vice Chairman National Development & Reform Commission (NDRC) Ning Jizhe inaugurated the 300MW coal power plant during their visit to Gwadar on Monday.

Chairman Senate Sadiq Sanjrani, senior officials and Chinese delegation members were also present, says a press release issued here.

Speaking on the occasion, the minister for planning said that benefits of CPEC are being reaped as various projects under this monumental framework are being completed or nearing completion. He stated that the incumbent government has quickened the pace of CPEC projects which is evident from the inauguration of this coal power plant. He expressed confidence that implementation of CPEC projects will be fast tracked in coming days.

During the meeting between the minister for planning and Vice Chairman NDRC, discussions were held on special incentives package for investment in Gwadar. The VC NDRC expressed pleasure at the proposed package and hoped that it will enhance investment in Gwadar city which will benefit the people of the area.

A donation ceremony was held in Gwadar wherein 4,000 solar energy facilities and 700 school uniform were donated by China. Appreciating the donations, Khusro Bakhtyar noted that provision of 4,000 solar household units will ensure provision of electricity to Gwadar.

On the occasion, unveiling ceremonies of China-Pakistan Government Faqeer Colony Middle School Expansion Project and Gwadar Port Authority Commercial Complex project were also held.

During the visit, Chairman Sadiq Sanjrani, minister for planning, VC NDRC and Chinese delegation visited the sites of different projects being executed under CPEC framework including Gwadar North Free Zone Phase-II, Gwadar International Airport and East Bay Expressway and examined the pace of work.-PR

https://www.brecorder.com/2019/11/05/541592/three-00mw-coal-fired-power-plant-inaugurated-in-gwadar/

OIL PRICES CREEP HIGHER ON US-CHINA DEAL HOPES

By Reuters Published: November 5, 2019

LONDON: Oil prices crept upwards on Monday, with Brent reaching its highest in more than a month after the previous day's boost from growing expectations of a US-China trade deal and Iran flagging OPEC discussions of a deeper output cut next month.

Brent crude futures for January rose $0.8 to $62.49 a barrel by 1203 GMT, erasing earlier losses and reaching peaks last seen on September 27. December US crude futures also swung back into positive territory, up $0.64 at $56.84 a barrel.

Chinese President Xi Jinping and US President Donald Trump have been in continuous touch through "various means", China said on Monday, when asked when and where the two leaders might meet to sign a trade deal.

On Friday, prices jumped by about $2 a barrel after US officials said a deal could be signed this month.

"For all of Friday's feel-good factor, there is no guarantee that they will put pen to paper before the end of the year. This could be problematic, given that US tariffs planned for December 15 remain on the table," PVM analysts said in a note.

Capping gains, euro zone factory activity contracted sharply last month as demand was dented by the trade war and continued lack of clarity over Britain's departure from the European Union, a survey showed.

"The oil market faces ample supplies with global demand almost stagnant and supplies rising," said Norbert Rucker, Head of Economics at Swiss bank Julius Baer. "We (…) see oil prices trading around $60 per barrel in the near term and lower longer term."

In an effort to prop up oil prices, production cuts by the Organisation of the Petroleum Exporting Countries (OPEC), Russia and other producers since January have reduced oil output by 1.2 million barrels per day.

Yet Russia again fell short of its obligations under the pact, energy ministry data showed on Saturday.

OPEC's output recovered in October from an eight-year low after a rapid rebound in Saudi Arabia's production from attacks on its oil infrastructure in September, offsetting losses in Ecuador and voluntary cuts under the pact.

On Monday, however, Iranian Oil Minister Bijan Zanganeh was quoted as saying that he expects further production cuts to be agreed at the next meeting of OPEC in December.

Saudi Aramco finally kick-started its initial public offering on Sunday but valuations vary by more than $1 trillion, according to fund managers.

Meanwhile, Abu Dhabi's Supreme Petroleum Council on Monday approved the launch of a new pricing mechanism for Abu Dhabi National Oil Co's flagship Murban crude.

https://tribune.com.pk/story/2093445/2-oil-prices-creep-higher-us-china-deal-hopes/

ECC UNDECIDED ON FUEL OFFTAKE DISPUTE FOR TWO LNG PLANTS

Staff Reporter Updated November 09, 2019

ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet on Friday put off the settlement of a dispute between the Power and Petroleum Divisions over proposed withdrawal of guaranteed 66 per cent liquefied natural gas (LNG) offtake by two power plants — Haveli Bahadurshah and Balloki — on the priority privatisation list.

The meeting presided over by Finance Adviser Abdul Hafeez Shaikh was held with single-point agenda to "review and adjustment of risk allocation under power purchase agreement (PPA) and implementation agreement (IA) for the privatisation of National Power Parks Management Company (Pvt) Ltd."

Informed sources said that some participants pressed for blanket approval of a summary moved by the Power Division seeking an end to 66pc 'take or pay' condition for gas utilisation.

Dr Shaikh, despite appreciating the quality input for and against the proposal from both divisions, did not allow a blanket approval in a rush.

The sources said that some senior members of the ECC highlighted the amount of subsidy required for capacity charges of the two plants after privatisation which appeared to be on much higher side than the immediate revenue needs of Rs300 billion through sale of the two plants.

A participant pointed out that the two power plants were estimated to supply about Rs185bn worth of annual energy but they would be on the lower side of the economic merit order and may need to be kept unutilised and paid capacity charges, necessitating subsidy in some cases going up to Rs117bn a year.

Another participant highlighted that the Sui Northern Gas Pipelines Ltd (SNGPL) had not yet received Rs20bn subsidy on account of cheaper gas it provided to the textile sector last year under a government decision. The additional Rs117bn subsidy would remain, therefore, questionable.

Dr Shaikh told the participants that privatisation plan for the two projects should remain in the fast track but desired the adjustment of risk allocation to be taken up at the next ECC meeting on the basis of pros and cons in terms of clear cut financial implications.

He also clarified that LNG import agreements with Qatar or other private suppliers would not be affected in any circumstances and financial risk assessments should be provided on the basis of two basic conditions: the privatisation will go ahead as planned and LNG import agreements would remain sacrosanct.

He also desired a roadmap on how the surplus LNG in case of removal of 66pc condition on two power plants would be consumed as it came to light that other power plants, industry, fertiliser and transport sector did not have the appetite for such quantities.

An official statement said the ECC noted that change in the percentage of gas supply to these plants managed would not affect their privatisation as the capacity payments of both the plants were ensured under the PPA. Therefore, the ECC decided that Privatisation Commission should go ahead with its transaction.

The Power Division had proposed withdrawing existing minimum guaranteed offtake of 66pc on annual basis and that annual electricity production plan should continue to be provided without this guarantee.

The division’s officials argued that in the event that “Pakistan is contractually bound to adhere to the Pakistan State Oil (PS0) agreement with Qatar Gas up to the year 2025”, the government should withdraw the existing minimum guaranteed offtake of 66pc immediately after the review period of PS0 agreement with Qatar Gas in 2025.

Till that, a new option should be incorporated in the revised agreements to be offered for privatisation that ensure the SNGPL to follow “the National Power Control Centre instructions pertaining to diversion of unutilised Regassified Liquefied Natural Gas (RLNG).”

Till 2025, the difference of the RLNG requirements for these two power plants as per Economic Merit Order principle and the RLNG requirements for minimum 66pc guaranteed offtake should be utilised by other sectors of the economy on Oil and Gas Regulatory Authority’s notified price of RLNG or sold back to the spot market and difference to be paid by power purchaser.

The Power Division has said that with the transition of generation mix towards cheaper and indigenous resources, resultantly displacing RLNG plants dispatch with local coal, nuclear and by imported coal, the existing minimum guaranteed offtake of 66pc under the PPA was not sustainable.

Additionally, if such guaranteed offtake continues to be maintained in the PPA, economic merit order would have frequent violations resulting into the dispatch of costly power plants and non-utilisation of the efficient generation plants due to said guaranteed offtake under the arrangement of take or pay loss of about Rs471bn till 2025 and, if gas is not diverted to other sectors.

Published in Dawn, November 9th, 2019

https://www.dawn.com/news/1515760

NAB INQURIY DELAYS $240M-WORTH INVESTMENT IN LNG SECTOR

By Zafar Bhutta Published: November 10, 2019

ISLAMABAD: The arrest of a Lahore-based businessman by the National Accountability Bureau (NAB) about two months ago has caused delay in foreign investment of $240 million in the liquefied natural gas (LNG) sector, say industry players.

NAB – the anti-corruption watchdog – arrested 74-year-old businessman Iqbal Z Ahmed on September 4, 2019 on charges of money laundering. Ahmed owns Pakistan GasPort Limited (PGPL) which is a major shareholder in the second LNG terminal operating at Port Qasim.

Industry players claim that Ahmed, who had also set up a liquefied petroleum gas (LPG) extraction plant in January 2005, was about to sign a contract worth around $100 million with Xinjian Petroleum and Engineering Company of China for setting up another LNG terminal in Karachi without involving government guarantees for LNG offtake.

Apart from that, Geneva-based oil and gas trading firm Trafigura will pour $140 million into the terminal project along with provision of a credit line of over $1 billion for the import and sale of LNG. “Pakistan desperately needs energy solutions and foreign investment to encourage other investors but the arrest has delayed the process,” remarked an industry player.

Industry people point out that the NAB chairman had stated that no businessman would be called to the office of the anti-corruption watchdog and instead a questionnaire would be sent to him.

In early October, NAB released a new standard operating procedure (SOP) regarding businessmen, which included the notice to be issued to the accused. The notice will give details and reasons for the accusation and seek a written reply.

If the reply is found unsatisfactory or needs further explanation, a questionnaire will be sent to the accused. The NAB regional director general will examine the reply to each question and if found unsatisfactory, the businessman will be summoned as per law and the SOP.

Industry sources emphasised that businessmen should be treated according to the set SOP in a bid to revive confidence of the business community. When asked for comment on Ahmed’s arrest, a NAB spokesperson said the matter was sub judice in the court of law where they were presenting their point of view. After hearing views of NAB and the accused, the accountability court had sent Ahmed on remand, he said.

“As far as NAB is concerned, we always believe in conducting inquiries and investigations as per law and after the arrest of an accused, we present him in the accountability court,” the spokesperson said.

“In the court, we not only present the grounds on which the accused has been arrested but also seek his remand for further investigation as per law. The accused also has the right to present his case in the court of law.”

Published in The Express Tribune, November 10th, 2019.

https://tribune.com.pk/story/2096825/2-nab-inquriy-delays-240m-worth-investment-lng-sector/

SNGPL, SSGCL ASK FOR 31PC INCREASE IN GAS PRICES

Khalid Mustafa November 10, 2019

ISLAMABAD: The state-run gas distribution companies have again approached the Oil and Gas Regulatory Authority (Ogra) to approve 31 percent increase in prescribed gas prices with effect from July 1 to meet the revenue requirements, as they were expecting a combined huge revenue shortfall of Rs93.67 billion this financial year. Every year, around $2 billion worth of gas is being stolen. And this theft is then counted in the Unaccounted for Gas (UFG)—gas theft, mismanagement and gas leakages. But, ultimately, the helpless consumers have to finance it. The SNGPL and SSGCL have filed their petitions with the regulatory authority. The SNGPL has sought average increase in prescribed prices of gas to Punjab and Khyber Pakhtunkhwa of Rs194.01/MMBTU to Rs818.95/mmbtu respectively against the current price of Rs624.93/mmbtu. Interestingly, the SNGPL has also demanded in the petition that it expected a revenue shortfall of Rs42.3 billion this year, and also requested inclusion of the last year’s shortfall of Rs28.725 billion in the final price determination. Based on these shortfalls, the northern company has asked for increase of 31 percent in the average prescribed prices. The SSGCL that is feeding Sindh and Balochistan has sought increase of 62.52/mmbtu to Rs799/mmbtu, while the current price is Rs736.48. This demand for increase in gas price is 8.48 percent. The Sui Southern pleaded in its petition the demand of Rs62.52 per MMBTU based on the cost of the gas that stands at RS685.98 per MMBTU, operating cost Rs64.32 per MMBTU, staggering of financial impact Rs10.12 per MMBTU, and depreciation impact of Rs16.06 per MMBTU, and return on assets Rs20.20 per MMBTU, and subsidy for LPG air-mix projects that hovers at Rs3.28

per MMBTU and UFG adjustment that stands at Rs28.72 per MMBTU, and prior year shortfall at Rs68.75 per MMBTU. The Sui Southern is facing a deficit of Rs22.674 billion. The Ogra would hold a public hearing in the SSGCL case in Karachi on November 20. In the case of SNGPL, the Ogra would hold public hearings in Lahore on November 19. Since Pakistan is in IMF’s bailout programme, it is a challenge for the government to cut these UFG’s down. Official source said that it was one of the pressing demands from the IMF to bring these leakages down and then completely eradicate it.

https://www.thenews.com.pk/print/553569-sngpl-ssgcl-ask-for-31pc-increase-in-gas-prices

NEWS COVERAGE PERIOD FROM NOV 11TH TO 17TH 2019

DEALS FOR 11 WIND POWER PROJECTS SIGNED

By Our Correspondent Published: November 13, 2019

ISLAMABAD: The Alternative Energy Development Board (AEDB) has signed implementation agreements for 11 wind power projects keeping in view the government’s vision of an increase in the share of renewable energy to at least 30% by the year 2030.

"Cumulative capacity of the 11 wind power projects is 560 megawatts and these projects will provide more than 1.8 billion units of clean energy annually," said a statement issued on Tuesday.

An investment of around $700 million will be brought to Pakistan as soon as these independent power projects achieve financial close in the coming weeks. The projects are envisaged to come online by 2021.

At the signing ceremony, AEDB Chief Executive Officer Dr Rana Abdul Jabbar appreciated the efforts made by the private sector for bringing clean and cheaper electricity to the consumers of Pakistan. He was of the view that the growing share of renewable energy in the overall generation mix would not only bring down the overall basket tariff but would help reduce the import bills.

Published in The Express Tribune, November 13th, 2019.

https://tribune.com.pk/story/2098437/2-deals-11-wind-power-projects-signed/

PAKISTAN SEEKS LNG CARGO FOR FEBRUARY

Reuters Updated November 16, 2019

LONDON: Pakistan issued a tender on Friday to buy a cargo of liquefied natural gas (LNG) for delivery in February 2020, documents from state-owned gas firm Pakistan LNG showed.

The delivery window is on Feb 16-17, and the deadline to submit offers is on Dec. 17.

Meanwhile, Asian spot prices for LNG fell for the fourth week in a row on Friday, with traders expecting a further slide due to abundant supplies, full inventories and mild weather.

The average LNG price for December delivery into northeast Asia LNG-AS was estimated at $5.40 per million British thermal units (mmBtu), $0.30/mmBtu down from last week. The January delivery price is around $5.90/mmBtu, market sources said.

"Clearly there is no buying demand on the market. All inventories across the world are high, production is strong and the weather seems to be very mild," one LNG trader said. Unusually warm winter temperatures are forecast across key Asia markets, including Japan and China, the world's top LNG importers.

The busy schedule of LNG deliveries to Europe, where storage facilities are already full, is also driven spot gas prices to almost half their levels they were a year ago.

"There is not a single argument at the moment to believe that the LNG market will become bullish," the LNG trader said.

In terms of spot market activity, Russia's Sakhalin 2 plant has sold an LNG cargo for loading in January at about $6.40 to $6.45 per mmBtu to Diamond Gas International.

Published in Dawn, November 16th, 2019

https://www.dawn.com/news/1517056

DENMARK, SINDH GOVT AGREE TO LAUNCH RENEWABLE ENERGY PROJECTS

The Newspaper's Staff Reporter November 16, 2019

KARACHI: In a meeting with Ambassador of Denmark Rolf Michael Hay Pereira here at CM House, Sindh Chief Minister Syed Murad Ali Shah has agreed to sign a government-to-government agreement (Sindh government and Danish government) to launch renewable energy projects in the province.

The chief minister asked the Danish envoy to prepare a package for generating wind energy, installing grid station and then providing the energy to industrial areas at reasonable rates.

“This will not only give you best returns but industrial areas of the city would be able get cheapest energy,” he told the Danish envoy.

Mr Shah said that the Sindh government had its own distribution and dispatch company and recently had got a licence for establishing a grid company, which had been established.

“There is a potential for generating 50,000 megawatts wind energy and till date hardly 1,200MW have been produced,” he said and invited the envoy to avail the opportunity.

Briefing the meeting, Energy Minister Imtiaz Shaikh said that Sindh is the only area which has a vast developed wind corridor.

“The federal government has approved 14 wind power projects and 25 new projects’ approval is in the pipeline.”

The Danish ambassador, who brought with him his Trade Commissioner Ali Mushtaq Butt, agreed to make necessary arrangements for developing a complete solution to the energy crisis. He also asked his trade commissioner to coordinate with departments concerned in Sindh to materialise the investment opportunity.

Murad Ali Shah, presiding over a meeting of provincial and federal narcotics control agencies, specially attended by Federal Minister for Narcotics Shaharyar Afridi, has decided to launch an intelligence-based operation against drug smuggling and peddling and sharing data of smugglers with each other and control at borders so that the menace could be wiped out from the society.

He said that his government through provincial police and excise department had already launched an operation against drug peddlers so that ice drug, charas, hashish, cocaine, marijuana, heroin, opium, bhang, gutka, mainpuri and mawa could not penetrate cities, particularly educational institutions.

“Our Karachi police has shown commendable progress by seizing ice and others drugs and arresting a large number of culprits,” he said.

The chief minister said that legislation was required to deal with gutka and mainpuri cases. “We are working on legislation and [it] would soon be passed from the assembly,” he said.

The chief secretary and IG police suggested that the actual control was required at the borders of a neighbouring country from where it was brought to Pakistan. “In Sindh or Punjab there is no such factory where such dangerous items are manufactured but all these are smuggled ... [into] Pakistan,” the IG Sindh said.

Federal Minister for Narcotics Shaharyar Afridi urged all the federal agencies to play their due role in curbing drug smuggling and peddling and keep the Sindh government informed about all the related information.

He appreciated the efforts of the Sindh government for controlling the situation.

The Sindh energy department on Friday signed a $105 million World Bank-sponsored Sindh Solar Energy Project with private firms.

The project, with three components — a 400MW solar park at Manjhand, 20MW rooftop solar systems on public buildings in Karachi and Hyderabad and 200,000 solar home systems for remote areas in 10 districts of the province — will save Rs500m power bill annually.

Out of $105m, the World Bank assistance would be of $100m while the provincial government would provide $5m for implementation of the project.

This agreement was signed in the presence of CM Murad Ali Shah at a ceremony which was attended by senior government officers, World Bank officials and representatives of private firms.

Energy Minister Imtiaz Shaikh briefing the chief minister of the three components of the project said that through the scheme, electricity would be provided to 200,000 houses in the area which were out of grid zones.

Mr Shah directed the energy minister to sign an agreement with a private firm to operate and maintain solar parks through which 200,000 houses would be provided electricity.

Mr Shaikh said to implement all three components of the project contracts had been finalised under the World Bank guidelines.

Survey would be conducted to identify government buildings and to prepare bills of quantities to install solar systems on rooftops.

The household survey firm would carry out survey in 10 districts with particular reference to energy consumption in both off-grid and on-grid areas of the province.

The chief minister said that after implementation of these components Rs500m of the government would be saved in electricity bills.

Published in Dawn, November 16th, 2019

https://www.dawn.com/news/1516939/denmark-sindh-govt-agree-to-launch-renewable-energy-projects

NEWS COVERAGE PERIOD FROM NOV 18TH TO 24TH 2019

TEXTILE EXPORTS SHOW MEAGRE GROWTH, OIL IMPORTS FALL IN JULY-OCTOBER

Mubarak Zeb Khan Updated November 20, 2019

ISLAMABAD: Pakistan's textile and clothing exports grew by over four per cent year-on-year during the first four months of 2019-20, showed data released by the Pakistan Bureau of Statistics on Tuesday.

The modest increase in export proceeds and the decline in import of oil and food products helped the government achieve a current account surplus in October after a gap of five years.

Export of textile and clothing rose by 4.1pc to $4.58 billion in July-October period compared to $4.40bn in the corresponding months of last year.

Meanwhile for October, the sector's export proceeds were recorded at $1.214bn up by 7.44pc to $1.13bn in the same month last year.

The aggregate import bill decreased 19.21pc year-on-year to $15.32bn in July-October from $18.96bn.

Product-wise details reveal that exports of yarn other than cotton jumped by 21.24pc, art, silk and synthetic textile by 9.44pc and raw cotton 0.78pc.

In the value-added sector, exports of knitwear were up by 9.49pc in value and 6.5pc in quantity, followed by 5.72pc and 19.35 in bedwear, respectively. Foreign sales of ready-made garments rose by 12pc in value and 31.98pc in quantity while proceeds from towel only inched by a modest 0.8pc.

On the other hand, primary commodities whose exports declined during the period include cotton yarn, down 2.44pc, cotton cloth 4.83pc and other textile materials 7.7pc.

Machinery imports posted an increase of 3.17pc to $3.11bn from $3.02bn last year, led by power generating, up 14.21pc, telecom 19.42pc and electrical machinery 9.61pc.

In telecom, mobile handsets soared 48.88pc to $387.7m while other apparatus plunging by 21.36pc to $147.94m. The increase in former was the result of crackdown on smuggling and doing away with free imports in baggage schemes.

Early revival of China-Pakistan Economic Corridor projects and releases in Public Sector Development Programme spending contributed to the increase in machinery import bill.

On the other hand, the import of machineries related to agriculture, textile, construction among others declined.

The import bill of petroleum group dipped 19.49pc to $4.16bn during July-October, with the largest drop coming from crude oil at 30.29pc. A 14.57pc decline was recorded in terms of quantity to 2.65m tonnes.

The cost of petroleum products' plunged 23.04pc during the period with 11.73pc decline recorded in terms of quantity imported; bringing the total down to 3.06m tonnes.

Liquefied natural gas imports edged lower by 0.19pc, while those of liquefied petroleum gas surged 23.83pc during the period under review.

The overall transport group also witnessed a decrease of 37.76pc as imports of motor vehicle (CBU) were down 46.94pc during July-October.

Food group imports fell by 20.34pc during July-October mainly due to imposition of regulatory duties on proceeds.

Published in Dawn, November 20th, 2019

https://www.dawn.com/news/1517679

PAKISTAN'S GAS PRODUCTION FALLING BY 5-7% ANNUALLY

By Our Correspondent Published: November 20, 2019

ISLAMABAD: Special Assistant to the Prime Minister on Petroleum Nadeem Babar on Tuesday said domestic gas production was falling by 5-7% annually and the deficit was being met through the import of liquefied natural gas (LNG).

He made the remarks at an annual technical symposium and exhibition organised by the Society of Petroleum Engineers. Around 30 oil and gas companies participated in the exhibition and displayed their work. The special assistant said since local gas production was going down, the government would continue to import LNG to cater to consumer demand.

Babar highlighted some positive trends that the country’s energy market would witness in the foreseeable future including the award of contracts for around 35 to 40 oil and gas exploration and production blocks.

He revealed that shale gas exploration would also commence next month and encouraged the private sector to join hands with the government to ensure the energy security and prosperity of the country.

“Pakistan is taking tangible steps to implement key infrastructure reforms in the oil and gas sector,” he remarked.

Babar outlined the salient features of Pakistan’s energy mix and stressed the need for upgrading all the country’s refineries.

Existing technology being utilised in the country’s refineries was obsolete, rendering the refining methods outdated, he said. “They may even be closed down entirely or phased out. The government is working on setting up two new refineries and upgrading the existing ones.”

Local and multinational oil and gas companies set up stalls at the exhibition for the information of participants and the general public.

Published in The Express Tribune, November 20th, 2019.

https://tribune.com.pk/story/2102888/2-gas-production-falling-5-7-annually/

POWER TARIFFS INCREASED BY RS 1.83/UNIT

By MUSHTAQ GHUMMAN on November 22, 2019

National Electric Power Regulatory Authority (Nepra) has increased tariffs of power Distribution Companies (Discos) by Rs 1.83 per unit for the month of September 2019 under monthly fuel price adjustment mechanism.

This increase in tariff will be billed in December 2019 across the board except lifeline consumers and K-Electric consumers.

According to the regulator, from perusal of the information provided by CPPA-G, the actual pool fuel cost for the month of September 2019 was Rs 5.8136/kWh, against the reference fuel cost component of Rs 2.8410/kWh as notified consumer-end tariff of Discos for the FY 2017-18. The actual fuel charges, as reported by CPPA-G, for the month of September 2019 increased by Rs 2.9726/kWh as compared to the reference fuel charges.

The Authority conducted the hearing in the matter on October 30, 2019. Representatives from CPPA-G, National Power Control Centre (NPCC), NTDC, Media and general public were present; however, no representative from WAPDA Power Privatization Organization (WPPO), Sui Southern Gas Company Limited (SSGCL), Sui Northern Gas Pipelines Limited (SNGPL), Ministry of Energy and Ministry of Finance attended the hearing despite service of notice.

The Authority in its FCA decision of July and August 2019, directed CPPA-G NPCC to provide complete details alongwith financial analysis regarding non-operation of efficient power plants resulting in costlier generation from REO based power plants during such periods. However, upon inquiry during the hearing, regarding non-submission of required data and financial analysis, representative of NPCC submitted that day-wise detail of plants operated on RFO was submitted to Nepra on October 29, 2019, showing the reasons for such operations, however, financial impact in this regard may be sought from CPPA-G.

The Authority, while taking serious notice of non-compliance of its directions and non-provision of required information by CPPA-G/ NPCC, decided to adjourn the hearing, and directed CPPA-G/ NPCC to submit complete details showing hourly generation along-with the financial impact and the reasons thereof. The Authority announced to resume the hearing on November 5, 2019.

Subsequently, NPCC, in a letter on October 31, 2019 submitted daily hourly log data of all the power plants including RFO, along-with justification for the RFO based generation, loading position of transformers and merit order for the month of September 2019. Regarding financial implication of generation from RFO, NPCC submitted a calculation showing energy served by RFO generation to meet the system demand/constraints and the financial loss that would have been incurred had this energy from furnace not been generated and Discos had carried out load shedding.

The Authority, while going through the data submitted by NPCC, observed that the provided information was not in the required shape to carry out a meaningful analysis or draw any conclusions. Accordingly, NPCC was asked to submit the information on a specific format for the consideration of the Authority.

The hearing was re-conducted on November 5, 2019. The Authority inquired NPCC/CPPA-G about submission of data on the provided format. The representative of NPCC requested the Authority to allow a two week time for submission of data on the Authority's provided format. The Authority acceded to the request of NPCC.

The hearing was also attended by Daniyal Aziz, ex-Minister for Privatization who raised serious concerns over the explanations given by CPPA-G / NPCC regarding utilization of RFO based plants. He submitted that as compared to last year, generation from hydel has increased whereas consumption remained lean. He further opined that independent verification of' such feeders/ transformers and evacuation sites, for which overloading has been claimed, be carried out.

It was also suggested to review the foot notes mentioned at Economic Merit Order (EMO) as exception for almost all plants have been provided. Aziz suggested deferring the decision in the matter till next hearing unless the required data is provided by NPCC/ CPPA-G.

The representative of NPCC, while responding to the concerns raised by the commentators, submitted that present situation in the FY 2019 has changed as compared to FY 2018. Generation capacity has increased by around 10,000MW resultantly zero load shedding is being carried out. He also submitted that RFO consumption has declined by around 60% till September 2019 viz-a-viz FY 2018 and there is zero RFO usage from October 2019 onward. It was further stated that RFO based plants were designed in such a way to cater for the load growth, with minimum line losses and connected at 132 KV. However, the three RLNG power plants have been connected at 500 KV, which requires transformation from 500 to 220 KV and then to 132 KV but the transformers involved in this process (transformation) do not have enough capacity to accommodate the maximum generation from these plants, resultantly RFO based plants are operated to manage the load. The overloading of transformers in previous years was being managed through load shedding, providing relief to these overloaded transformers. It was also submitted that after October 20, 2019, NPCC by using NPCC, PLEXOS and SDDP softwares would be able to provide a day ahead schedule of all plants to be dispatched on hourly basis by incorporating therein all the constraints and fuel prices.

After considering the comments of NPCC and keeping in view the fact that certain vital information is yet to be provided by NPCC, which may justify NPCC stance of running RFO based power plants, the Authority decided to defer the incremental amount of Rs 7.2 billion in the instant adjustment on the plea that this would be considered in the light of data and justification to be provided by NPCC in the next FCA. The Authority again directed NPCC/CPPA-G to ensure the provision of data within the committed time.

The Authority also noted that as per the data submitted by CPPA-G, Discos purchased 10.006 GWh from Captive Power Plants (CPPs) during September 2019.

CPPA-G has reported negative energy from Anoud Textile and Shikarpur Power Captive power plants, during September 2019, implying that these plants have drawn energy from the grid.

The total energy drawn by these CPPs/NCPPs during September 2019 was around 43,040 kWh, however, CPPA-G only reported a negative cost of Rs 292,672 at Rs 6.4408/kWh. In view thereof, an additional amount of Rs 0.814 million has been deducted from the total fuel cost of September 2019, based on the rates charged by CPPA-G for sale of electricity to IPPs during this month.

CPPA-G in its monthly FCA requests included fuel cost of gas based NCPP/CPPs inclusive of GIDC. The Authority in its FCA decision of August 2019, directed CPPA-G to provide details of GIDC paid by Discos to CPPs/ NCPPs, and the amount actually paid by CPPs/ NCPPs to the gas supply companies. However, CPPA-G has not yet provided any such details. Nepra has again directed CPPA-G to provide details of GIDC paid by Discos to CPPs/ NCPPs, and the amount actually paid by CPPs/ NCPPs to the gas supply companies.

Regarding adjustment on account of fuel differential of Rs 1.103 billion pertaining to Nishat Power Limited (NPL) for the month of August 2019, the Authority noted that although CPPA-G included energy generated from NPL, in its FCA claim of August 2019, however, no cost was claimed against that energy. Accordingly, the cost being legitimate has been included in the fuel cost of September 2019. Regarding adjustment of Rs 190.17 million for Engro Energy on account of revision in FCA for July 2019 owing to revision in gas price has been allowed in the fuel cost of FCA September 2019.

For the remaining adjustment of Rs 4.995 billion, CPPA-G although has submitted its workings in this regard, however, it is under verification and once verified, would be considered in the subsequent FCAs. The remaining previous adjustments/supplemental charges of Rs 673.24 million have been allowed in the FCA of September 2019.

The Authority after incorporating the adjustments, has allowed the remaining fuel cost, including costs arising out due to application of various factors as provided in the respective PPAs of the power producers, claimed by CPPA-G in the cost. However, at the same time, the Authority has decided that amount arising out of application of PPA factors, if any, for the six RFO- based IPPs, incorporated under 2002 Power Policy, is allowed on provisional basis and shall be subject to adjustment, based on the final outcome of the ongoing proceedings against RFO- based IPPs.

After incorporating the adjustments, Nepra has reviewed and assessed an increase of Rs 1.8266/kWh for the month of September, 2019.

https://www.brecorder.com/2019/11/22/546657/power-tariffs-increased-by-rs-183unit/

AREP MAY JEOPARDISE 6,000MW OF PROPOSED PROJECTS IN SINDH: MINISTER

By MUHAMMAD SHAFA on November 22, 2019

The Alternative Renewable Energy Policy (AREP) 2019 is likely to jeopardize 6,000 megawatts of power projects to be set up in Sindh, provincial minister for energy and power said Thursday.

Addressing a press conference at his office Imtiaz Ahmad Shaikh said the provincial government has decided to strongly oppose the new AREP in the Council of Common Interests (CCI).

“The AREP has recently been approved by the Federal Cabinet without incorporating the proposals sent by the provincial government," Shaikh said. There are reports that the policy is being sent to the CCI for endorsement, however, we would oppose it because it hurts our interests. Not even a single ministerial level meeting was held in this regard.

He said Sindh offers huge opportunities to not only resolve power crisis but also to make Pakistan an energy efficient country if the resources are utilized to their maximum level.

The province has huge deposits of high quality indigenous coal in Tharparkar, 60-kms long and 80-kms wide wind corridor in Thatta and Badin districts, Gharo and Jhimpir, and many ideal sites for the solar energy.

The federal government should take into confidence the provincial government in the policy formulation process which is our right guaranteed through the 18th constitutional amendment.

“We want to resolve the energy crisis of the country as the wind corridor is in Sindh; however the abrupt decisions without consulting the key stakeholders would create problems. Our recommendations should be incorporated in the policy before it is sent to the ECC for endorsement," Imtiaz said.

It is relevant to mention that Minister for Power Division Omar Ayub Khan the other day said that around 8,000MW and 20,000MW clean, environment-friendly and cheap renewable energy (RE) would be added to the system by 2025 and 2030 respectively under the new AREP-2019.

Imtiaz said Sindh produces around 30 percent oil and 68 percent gas out of the total oil and gas production of the country, respectively. However, there is no representation of Sindh in Oil and Gas Regulatory Authority (OGRA).

To a query, he said around 30 to 35 percent area of the province is off-grid, however the provincial government in collaboration with the World Bank is set to electrify 200,000 homes in the province with solar energy. He said the government was also working on a project to switch all government buildings in Karachi and Hyderabad, including Jinnah Postgraduate Medical Center (JPMC), National Institution of Child Health NICH to solar system.

He said some 4,000 MW of electricity would be added to the National Grid from Tharparkar coal power plants by the end of 2022.

He said the provincial electric inspectorate is being revamped so that the electricity related complaints of consumers could be addressed in accordance with the electricity act and the NEPRA Act.

https://www.brecorder.com/2019/11/22/546607/arep-may-jeopardise-6000mw-of-proposed-projects-in-sindh-minister/

COAL POWER PROJECT’S FINANCIAL CLOSE EXTENDED

By Our Correspondent Published: November 22, 2019

ISLAMABAD: The Private Power and Infrastructure Board (PPIB) on Thursday allowed extension in the financial close of 1,320-megawatt Thar coal-based power project being developed under the China-Pakistan Economic Corridor (CPEC).

The board, in its 126th meeting chaired by Minister for Power Omar Ayub Khan, also approved execution of the implementation agreement with Pakistan’s largest Thar coal-based power project.

The 1,320MW project of Thar Coal Block-I Power Generation Company (Private) Limited holds significant importance among CPEC projects. The project is at an advanced stage of development as critical milestones, which include the issuance of Letter of Support and signing of the power purchase agreement, have already been achieved.

The project is likely to start power generation by March 2021. The National Electric Power Regulatory Authority (Nepra) has set a tariff of Rs8.0924 per unit. The project will be connected with the Matiari-Lahore transmission line, which is currently being laid and is scheduled to start transmitting electricity by March 2021.

The power minister stated that the government was bringing a revolution in the power sector to make it efficient, sustainable, secure, affordable and competitive. “The government is promoting hydroelectric and coal power projects along with wind and solar energy for bringing down the tariff. For that purpose, maximum facilitation is being provided to the investors within legal bounds,” he said.

The minister pointed out that the government was focused on removing bottlenecks and improving the ease of doing business to encourage investors to initiate new projects and expand operations in Pakistan.

PPIB Managing Director Shah Jahan Mirza briefed the board that the PPIB had started issuing Letters of Support under the Tripartite Letter of Support regime of Power Generation Policy 2015 and issued letters for 7.08MW Riali and 8MW Kathai hydroelectric power projects within a short period of one month.

"It demonstrates the PPIB's aggressive approach towards harnessing the hydroelectric power potential," he said. Tariff for these projects has been fixed by Nepra at Rs8.1811 and Rs8.0868 per unit respectively.

He also pointed out that 700MW Azad Pattan hydroelectric power project had recently been included in CPEC, which would lead to an acceleration of work on the project for its completion by June 2026. Nepra has already determined the tariff of Rs7.4064 per unit for the project.

The board was apprised that the PPIB was already processing Pakistan's first private-sector Matiari-Lahore transmission line project and would be able to facilitate future transmission line projects in the private sector under the Transmission Line Policy 2015.

Published in The Express Tribune, November 22nd, 2019.

https://tribune.com.pk/story/2104245/2-coal-power-projects-financial-close-extended/

'SHARE OF RENEWABLE ENERGY TO REACH 30PC BY 2030'

Jamal Shahid November 23, 2019

ISLAMABAD: The share of renewable energy in the energy sector will reach 30pc by year 2030 from the current 6pc, said Pakistan Council of Renewable Energy Technologies (PCRET) Director General Dr Baqar Raza on Friday.

"At present the share of renewable energy in the energy sector is up to 6pc which is higher than the share of nuclear energy," the official told National Assembly Standing Committee on Science and Technology. The committee meeting chaired by MNA Sajid Mehdi was briefed on the functioning of PCRET.

The meeting was told that PCRET had not received funds for any project in the last eight years.

There is zero tax on solar panels. Due to manufacturing of substandard solar panels, the Pakistan Council for Scientific and Industrial Research (PCSIR) has proposed establishment of an internationally accredited laboratory in Islamabad to regulate the quality of production.

PCRET has introduced a solar power rickshaw with a running timing of three hours and covering up to 70km distance. PCSIR is also going to introduce electric motorcycles and wheelchairs in the near future.

The committee recommended that the renewable energy sector should flourish. The members discouraged dependency on conventional sources of energy and that construction of dams was much too expensive and time consuming. The members decided to visit PCRET to examine its ongoing renewable energy projects.

The committee directed the Ministry of Science and Technology to fill the vacant posts in PCSIR on merit and submit a report.

Published in Dawn, November 23rd, 2019

https://www.dawn.com/news/1518372/share-of-renewable-energy-to-reach-30pc-by-2030

DASU PROJECT: DEADLINE EXTENSION SOUGHT

Amin Ahmed Updated November 24, 2019

ISLAMABAD: The government has requested the World Bank to extend deadline for utilisation of funds for land acquisition and resettlement for the construction of Dasu hydropower project until May 2021 as the time allowed under the financing agreement to utilise IDA loan for land acquisition and resettlement has been lost, it was learnt here.

The task team, which evaluated the government's request, has recommended to the bank to accept the request to amend the withdrawal schedule of the financing agreement to provide for utilisation of funds up to May 20, which will allow all the land to be acquired.

The International Development Association (IDA) of the World Bank group had approved two credits worth $190.30 million and $398.10m, which became effective in November 2014. The loan of $190.30m still remains undisbursed, while disbursement of $142m has been made from the loan of $398.10m.

The land acquisition process has been delayed because of lack of cadastral data in the project area and because of difficulty in reaching agreement on compensation rates. With the decisions on revised rates now taken by the federal cabinet, it is expected that the land acquisition will be completed within the next eighteen months. A restructuring paper to extend the deadline for utilisation of funds for land acquisition and resettlement says the Pakistan government's request would require an amendment to the financing agreement.

The paper says there has been significant progress in the project in the last six months. Intense supervision and strengthened project management have resulted in actions to solve blockages for progress. All major contracts have now been procured and construction of the diversion tunnels has commenced.

Most importantly, the deadlock in land acquisition has been resolved as Ecnec and the federal Cabinet have approved the revised land rates, and award of land will now start again in earnest.

The Deputy Commissioner has confirmed that 1,277 acres in the prioritised construction area will be ready for award. The land for the construction footprint is expected to be awarded during the next three months and the remaining land for the project awarded within the next six months.

Settling of payments and handing over may take longer but it is expected to be completed over the next eighteen months, the document says.

The Dasu hydropower project aims to facilitate the expansion of electricity supply of hydro-power in Pakistan.

The project would also improve access to socio-economic services for local communities in the project area and build Wapda's capacity to prepare future hydropower projects. This would be achieved by installing a 2,160MW hydropower plant on the main Indus River, which can be expanded to 4,320MW in future at very low cost.

Published in Dawn, November 24th, 2019

https://www.dawn.com/news/1518520

PAKISTAN WINS RS1BLN DAMAGE CLAIM AGAINST CHINESE FIRM

Our Correspondent November 24, 2019

ISLAMABAD: Pakistan has clinched a favourable ruling in an international court regarding the country's one billion rupees of liquidated damage claim against a Chinese energy conglomerate for delaying renewable power projects, officials said on Saturday.

The officials said London Court of International Arbitration (LCIA) issued its final awards related to a dispute between Central Power Purchasing Agency (CPPA-G) and Zonergy Company Limited earlier this week.

In the determination of the disputes between the parties, the sole arbitrator decided the required commercial operations date, "as agreed between the parties under the respective energy purchase agreements, represented a valid and binding obligation".

"Consequently, CPPA-G's imposition of liquidated damages for the power projects' delay in achieving COD (commercial operations date) by RCOD (required commercial operations date) was justified," the official said, citing the awards.

The CPPA-G and three subsidiaries of Zonergy approached the London Court of International Arbitration earlier this year to agitate their disputes under three identical energy purchase agreements signed between CPPA-G and the subsidiaries of Zonergy in June 2015 to set up 300 megawatts of solar power project. Each solar independent power producer has capacity to generate 100 megawatts.

The final hearing for the LCIA arbitration numbers (183,881, 183,884 and 183,885) initiated by the independent power producers took place from April 29, 2019 to May 3, 2019 in Islamabad. The sole arbitrator appointed by the LCIA issued his final awards in the LCIA arbitration on November 19, 2019.

The federal cabinet has approved a draft of a renewable energy policy, envisaging 20 percent clean energy by 2025 and 30 percent by 2030, up from around 4 percent currently. The government would soon convene a meeting of the Council of Common Interests to finalise the renewable energy policy.

Consequent to expiry of RE Policy 2006 in March 2018, AEDB initiated the formulation of a new policy in view of government's decision to come up with a policy aimed at creating conducive environment supported by a robust framework for the sustainable growth of renewable energy sector.

London Court of International Arbitration further determined that the identical liquidated damages provision in the energy purchase agreements was legal and enforceable.

"Consequently, the sole arbitrator dismissed the entire claim raised against CPPA-G by the subsidiaries of Zonergy," the official said. CPPA-G was represented in the LCIA arbitration by

'Cornelius, Lane & Mufti, Advocates and Solicitors'. The team from CLM comprised of Barrister Munawar-us-Salam (Advocate Supreme Court), Barrister Waleed Khalid (Advocate High Court), Adil Umar Bandial (Advocate High Court), Ahmed Tariq (Advocate) and Amna Salam (Advocate).

https://www.thenews.com.pk/print/573325-pakistan-wins-rs1bln-damage-claim-against-chinese-firm

NEWS COVERAGE PERIOD FROM NOV 25TH TO DEC 01ST 2019

KE, ENGRO ENERGY SIGN MOU TO SET UP KARACHI'S FIRST WASTE-TO-ENERGY PLANT

By RECORDER REPORT on November 26, 2019

Aimed at reducing the climate change impact by converting Karachi's municipal solid waste into indigenous and renewable resource of energy, K-Electric and Engro Energy signed a memorandum of understanding (MoU) to develop a 50MW Solid Waste to Energy Plant at an estimated cost of $175 million.

The MoU was signed by Moonis Alvi, CEO, KE and Ahsan Zafar Syed, CEO, Engro Energy MoU at KE's head office Monday.

Through the project, Karachi's municipal solid waste will be reduced by 3,000 tons per day to generate electricity, which will play a key role in addressing the municipality's waste issue and simultaneously contribute in meeting the city's growing power needs.

According to Moonis Alvi, CEO KE said, "KE is committed towards providing clean, reliable and affordable energy for the sustainable development of the city. Signing of this MoU today is yet another testament of our efforts towards a cleaner and greener Karachi. We are hopeful to complete this project as soon as possible with the right facilitation from all concerned quarters and regulatory approvals.

As per reports, Karachi produces around 12,000 to 15,000 tons of solid waste daily and therefore has the potential to generate more than 200MW of electricity. Successful commissioning of this project will encourage development of more such projects in the future to address the pressing waste disposal issues while also resolving the problems of limited landfill spaces and gas emissions."

Ahsan Zafar Syed, CEO of Engro Energy also spoke and said, "Engro is always at the forefront of solving the pressing issues of our time and one such challenge that our country faces is waste management in our Cities. This collaboration with Karachi Electric signals our resolve to find a solution around the waste management issues of one of Pakistan's major cities.

Karachi is home to a populace of over 20 million people and the waste-to-energy plant will not only add clean energy to K-Electric's energy mix but will also provide a sustainable way to manage solid waste which is important for the environment whilst improving livability index of Karachi."

Going forward, project site will be identified through surveys keeping in view availability of solid waste as well as suitability for evacuating power from the plant. Simultaneously, studies will also be undertaken to develop solid waste supply chain with concerned authorities to propose a suitable mechanism for its collection, sorting and transportation to the project site. Construction of the plant will commence after land acquisition, tariff determination and other required approvals.

KE is actively working to diversify its fuel mix towards clean energy and in this regard, two 25-year EPAs with IPPs have already been signed for addition 100 MW of renewable energy to KE's system, out of which off take of 50MW solar power has already commenced. Additionally, KE is also evaluating another 300MWs of renewable projects to further increase the share of renewable energy based on solar, wind and biogas, in its system.

The power utility has always been a responsible and environment-friendly organization which is reflected in its environmental sustainability initiatives. The power utility has till date planted more than 150,000 trees under its PlantForPakistan campaign in collaboration with different schools, universities and organisations.-PR

https://www.brecorder.com/2019/11/26/547689/ke-engro-energy-sign-mou-to-set-up-karachis-first-waste-to-energy-plant/

PAKISTAN EAGER TO FORM JOINT VENTURES IN ENERGY SECTOR

By APP Published: November 26, 2019

LAHORE: Pakistan is eager to seek joint ventures in the energy sector, specifically with the Chinese private sector, which will not only help in technology transfer but will also aid in curbing production cost in Pakistan, remarked Lahore Chamber of Commerce and Industry (LCCI) President Irfan Iqbal Sheikh.

Talking to a Chinese delegation on Monday, Sheikh pointed out that in Pakistan the energy cost had a massive share in the total cost of production in the industrial sector. “Hence, there is a need to curb the cost of electricity and bring it on a par with those in the regional economies like Bangladesh, India and Vietnam,” he said. “It is imperative to regain competitive advantage in the international market, which we have lost due to the rising cost of doing business.”

The LCCI president said Pakistan also looked forward to enhancing the share of electricity generated through renewable sources.

He was of the view that joint ventures with the Chinese counterparts in the energy sector would promote technology transfer and the incorporation of cutting-edge Chinese technology into the country’s energy projects.

“The two countries have a combined consumer market of over 1.5 billion people, however, the trade volume needs to be enhanced and should be balanced as well,” he said.

He voiced hope that Chinese importers would find better opportunities for the purchase of Pakistani goods, particularly carpets, leather and leather products, surgical equipment, sports goods, fruits and vegetables, rice, pharmaceuticals, cotton, etc

Speaking on the occasion, LCCI Senior Vice President Ali Hussam Asghar was of the view that besides energy, joint ventures could be initiated in other sectors like construction, hotel and tourism, small and medium enterprises’ cluster development, textile and garments.

Published in The Express Tribune, November 26th, 2019.

https://tribune.com.pk/story/2106437/2-pakistan-eager-form-joint-ventures-energy-sector/

POWER FIRMS ALLOWED TO RECOVER ADDITIONAL RS15BN

Staff Reporter Updated November 27, 2019

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) on Tuesday allowed ex-Wapda Discos to transfer the burden of Rs14.780 billion (14.56 paisa per unit) to the power consumers on account of power purchase price (PPP) adjustment for the first quarter of 2019-20.

The hike in electricity prices continued unabated as Nepra has notified an increase of 14.56 paisa in the power tariff for the power consumers on account of power purchase price (PPP) adjustment for the first quarter of current fiscal year.

The distribution companies had filed their request for adjustments on account of variation in the power purchase price for the first quarter (July-September) of FY20. The government had requested to increase electricity tariff by 17-paisa per unit to generate Rs17.2bn additional revenue for Discos.

Nepra had conducted a public hearing over the ex-Wapda distribution companies (Discos) petition for the transfer the burden of Rs17.2bn to power consumers on account of power purchase price (PPP) for the first quarter of 2019 last week and reserved its judgment.

At a public hearing presided over by Nepra chairman Tauseef H. Farooqi, the participants had questioned the continuous increase in power tariffs on the pretext of various adjustments including monthly fuel price adjustment, annual increases in base tariff, quarterly tariff adjustments and prior year adjustments.

The participants also said that these were increased on the basis of adjustments are getting unaffordable for the power consumers.

Regulator sanctions 14.56-paisa hike for July-September

They also questioned that why an increase of Rs3bn was being sought by Discos on account of fuel costs as this component was part of the monthly fuel price adjustment and was automatically recovered from the consumers.

The Nepra chief and other members agreed to and asked joint secretary of the power division Zargham Eshaq Khan to respond to the queries raised by the participants.

The Power Division joint secretary had conceded that power tariffs have become unaffordable but said the increases being made were under the laws and the rules. Zargham has argued that government was making other policy interventions like promotion of renewable energy projects and offering incremental power consumption at a flat rate of Rs11.97 per unit for relief.

As per the petition the distribution companies had demanded the highest increase of Rs11.2bn on account of transmission and distribution losses, Rs3.5 billion on account of higher fuel costs and Rs3.46bn for O&M charges.

The additional expenses of eight Discos have gone higher than originally estimated. The expenses of two Discos of Faisalabad and Tribal Electric have been reported on the lower side during the quarter.

These two Discos have proposed a benefit of Rs946million and Rs991million respectively to be passed on to the consumers because of their lower than estimated expenses.

According to the petition by Discos, Islamabad Electric Supply Company (IESCO) has asked for Rs1.445bn, Lahore Electric Supply Company for Rs5.05bn, Gujranwala Electric Power Company for Rs1.536bn, Multan Electric Power Company for Rs2.215bn, Peshawar Electric Supply Company for Rs3.67bn, Hyderabad Electric Supply Company for Rs2.506bn, Quetta Electric Supply Company for Rs1.53bn, while Sukkur Electric Supply Company has asked for adjustment of Rs1.19bn.

It is worth mentioning here that for the first quarter of 2019, Nepra had allowed an increase of Rs71.2bn to ex-Wapda Discos on account of monthly fuel cost adjustments. For July, Nepra had allowed an increase of Rs1.78 per unit in power tariff, for August Rs1.66 per unit and for September Rs1.8266 per unit on account of fuel cost adjustment.

Published in Dawn, November 27th, 2019

https://www.dawn.com/news/1519059/power-firms-allowed-to-recover-additional-rs15bn

GOVT APPROVES 4TH POWER TARIFF HIKE IN 11 MONTHS

By Shahbaz Rana Published: November 29, 2019

ISLAMABAD: For the fourth time in 11 months, the Pakistan Tehreek-e-Insaf (PTI) government has approved an increase of 1.75% in electricity prices for the consumers using more than 300 units a month to recover an additional Rs25 billion.

The fourth increase in tariffs was also aimed at complying with the condition of the International Monetary Fund (IMF) to restrict the flow of circular debt to an agreed level. The increase will take effect on December 1 and it will be effective for one year, according to a decision of the Economic Coordination Committee (ECC) of the cabinet, which met under the chairmanship of Finance Adviser Dr Abdul Hafeez Shaikh on Thursday.

The ECC also approved increase in the wheat support price by 5% or Rs65 to Rs1,365 per 40 kilogramme. The wheat price has been hiked after over five years.

The PTI government has been constantly jacking up base electricity tariffs to stop the flow of circular debt as its measures for efficiency gains are not yielding desired results.

It first increased the tariffs in January this year, then on June 14 and October 1. All the increases were aimed at meeting the IMF conditions. Once again, the government passed on its responsibility of giving subsidies to the consumers of less than 300 units to those whose monthly consumption was more than 300 units.

Against the National Electric Power Regulatory Authority (Nepra)-determined increase of 15 paisa per unit for all types of consumers, the ECC approved a hike of 26 paisa per unit for the consumers using more than 300 units a month.

The additional increase of 11 paisa has been forced on the consumers that use over 300 units aimed at recovering the losses that the government will sustain by not increasing prices for the consumers using up to 300 units a month.

Out of the total 30 million consumers, roughly 20 million fall in the category of up to 300 units per month. The average increase for domestic consumers will be 1.5% while for commercial and industrial consumers the increase will be 1.75%.

The total impact of the tariff increase of 26 paisa per unit was over Rs25 billion. Shaikh also set up a sub-committee of the ECC aimed at exploring the possibility of reducing the frequency of adjustments in electricity tariffs. At present, the government reviews electricity prices for 17 times in a year, including 12 monthly fuel cost adjustments.

The 26-paisa increase was on account of quarterly adjustment for July-September 2019.

The constant increase in electricity tariffs has not only fuelled inflation but has also raised the cost of doing business, nullifying the positive impact of currency devaluation for the export-oriented industries.

For the current fiscal year, Nepra had determined the revenue requirement of all power distribution companies, excluding K-Electric, at Rs1.215 trillion. However, due to uniform tariffs, the additional revenue requirement has been estimated at Rs396 billion, taking the total to Rs1.61 trillion. In order to fully recover Rs1.61 trillion from the consumers, the government will gradually increase average electricity prices to Rs15.53 per unit.

The ECC partially amended its earlier decision and set the wheat support price at Rs1,365 per 40 kg. Earlier, it had fixed the price at Rs1,350 but the federal cabinet did not endorse it and sought a review.

Federal Minister for National Food Security and Research Makhdoom Khusro Bakhtiar pushed for setting the price at Rs1,400 per 40 kg but other ECC members did not agree.

The cost of wheat production has risen to Rs1,349.57 per 40 kg in Punjab and Rs1,315.72 per 40 kg in Sindh, which has made it difficult for the farmers to make both ends meet.

The ECC increased the minimum support price in view of representations made by various farmers and growers’ associations as well as the federal cabinet and the National Assembly Special Committee on Agricultural Products, stated the Ministry of Finance.

The ECC also reviewed a presentation of the Ministry of Finance on government’s commodity operations, which had over the years resulted in total debt and liabilities of Rs757 billion, and the recommendations for reducing the debt.

The IMF has also asked Pakistan to reduce its growing size of quasi-fiscal operations which, according to the finance ministry, has now increased to Rs757 billion.

To a proposal of the Ministry of Industries and Production, the ECC constituted an inter-ministerial committee under the chairmanship of minister for planning for preparing a policy framework for the promotion of steel and iron industry in the country through foreign direct investment.

The industries ministry wanted to give gas at just $4.65 per mmbtu to the new Direct Reduction Iron (DRI) projects and the stalled Tuwairqi Steel Mills. Both the Federal Board of Revenue (FBR) and the Petroleum Division opposed the proposal.

Published in The Express Tribune, November 29th, 2019.

https://tribune.com.pk/story/2108417/2-govt-approves-4th-power-tariff-hike-11-months/

GERMAN ENVOY PRAISES GOVT'S 'ENDEAVOURS' IN ENERGY SECTOR

By RECORDER REPORT on November 30, 2019

The federal government is offering to potential investors around $60 billion market of its renewable energy generation, transmission and distribution system along with petroleum sub-sector offering huge oil and gas exploration opportunities of around 40 new sites for which auction will be conducted next month.

This was stated by Federal Minister for Power and Petroleum, Omar Ayub Khan in a meeting with German Ambassador Bernhard Schlangheck who called on him at his office on Friday. Nadeem Babar, Special Assistant to the Prime Minister on Petroleum, was also present.

Regarding exploration of new oil and gas reservoirs, the German ambassador was apprised that due to absence of clear globally acceptable policy for exploration, there were a few explorations as compared to the potential that Pakistan had. Now after the policy has been revamped, the government is ready to auction around 35 offshore and 10 onshore sites for exploration starting from December 2019.

While apprising the German ambassador of the new Renewable Energy Policy, the federal minister said that for the first time the provinces have been given a major leading role in both: decision making regarding new renewable energy projects as well as their implementation. A steering committee having due representation of all the provinces has been envisaged for this purpose in the AEDB, he added. He said the government has formulated a 25-year generation plan alongside transmission plan for commissioning new electricity projects in the country.

Omar Ayub Khan briefed the German ambassador regarding the huge potential of per capita consumption of electricity in Pakistan that is currently around 500KW lower than China which is 2500Kw per capita. This means that electricity consumption will further increase in Pakistan with the adoption of business friendly policies by the present government. He said the government has formulated Circular Debt Capping Plan, adding the circular debt which was swelling by Rs 39 billion per month during the previous government, has been successfully brought down to little more than Rs 10 billion per month. Its growth will be arrested by the end of next year, he added.

The federal minister also threw light on the steps taken by the present government towards bringing efficiency in the power sector. He said that due to extensive anti-theft campaign, recovery drives, actions against own employees, and such other measures, 80% feeders across the country are now receiving uninterrupted power supply while work on rest of 20% is fast and on track. Moreover, considerable investments are also made in new technology including AMI meters and aerial bundled cables installation in the DISCOs to enhance their efficiency and reduce losses.

The German ambassador appreciated the government's endeavors in the energy sector.

https://www.brecorder.com/2019/11/30/549108/german-envoy-praises-govts-endeavours-in-energy-sector/

APTMA WANTS ELECTRICITY AT FLAT 7.5 CENTS/KWH RATE

By RECORDER REPORT on November 30, 2019

All Pakistan Textile Mills Association (APTMA) leadership Friday demanded reconnection of mills and electricity supply at the committed tariff of 7.5 cents per kWh to the export-oriented industry.

The leadership addressed a press conference at the Aptma Punjab Office. Central Chairman Aptma Dr Amanullah Kassim Machiyara, Chairman Aptma Punjab Adil Bashir and Group Leader Aptma Gohar Ejaz spoke to the media.

Central Chairman Aptma Dr Amanullah Kassim Machiyara said the industry was planning new investment despite the prevailing liquidity crunch due to stuck up refund claims. He said an increase in energy price after withdrawal of electricity supply at flat rate of 7.5 cent has panicked the industry.

It may be noted that Gohar Ejaz received information during his press talk that Prime Minister Imran Khan has taken notice of the countrywide electricity supply disconnections and issued directions to all the distribution companies that no further disconnections should take place. He said a delegation of Aptma would go to Islamabad to hold meetings with concerned authorities next week.

Chairman Aptma Punjab Adil Bashir said the government should fulfill its commitment of providing regionally competitive energy, i.e. electricity at 7.5 cent per kWh. He stated due to the government's commitment of providing 7.5 cents electricity tariff led to an increase in textile exports whereas the garment exports increased by 35 percent in the last four months.

He said the government has imposed various surcharges after the withdrawal of zero-rating alongside GST and income tax. The industry has also been burdened with Quarterly Tariff Adjustments (QTA) besides introduction of the Additional Distribution Surcharge to the industry retrospectively from 1st of July. The export-oriented industry relying upon electricity supply throughout Pakistan has been burdened with approximately 30 to 35 percent additional surcharges added to the electricity bills retrospectively, he added.

He said due to the government's export-friendly policies, the industry took new investment initiatives which are in the pipeline. The decision of imposing additional surcharges despite the commitment given by the prime minister has put all new investments at a halt in the country. Only an assurance of constant energy supply in its remaining period, the industry would materialize new investments, which are in doldrums at present.

He appealed to the prime minister to intervene immediately and restore the confidence of exporters to invest in new projects.

Gohar Ejaz said better policies of the government have stabilized the economy and investors were planning to set up almost 100 new mills but the government has suddenly increased the energy cost. The energy share in the conversion cost has reached to 40 percent, he added.

He said the industry was in a state of shock and the investors' confidence has been shattered by and large. He warned that the employment scenario would be badly suffered with a slowdown in textile industry productivity.

He said inexpensive energy price would affect exports and employment that would ultimately contribute to the inflationary pressure in the country.

https://www.brecorder.com/2019/11/30/549104/aptma-wants-electricity-at-flat-75-centskwh-rate/

December 2019

NEWS COVERAGE PERIOD FROM DECEMBER 02ND TO 08TH 2019

CPEC AUTHORITY ORDINANCE PLACED BEFORE NA

Amir Wasim Updated December 05, 2019

ISLAMABAD: The government laid the controversial China-Pakistan Economic Corridor (CPEC) Authority Ordinance, 2019, before the National Assembly on Wednesday, the opening day of the winter session, despite the opposition's protest.

Parliamentary Affairs Minister Azam Swati laid the ordinance seeking establishment of a new authority aimed at early completion of CPEC projects after the opposition members had an altercation with Foreign Minister Shah Mehmood Qureshi during a heated debate on handling of the Kashmir issue.

As soon as Mr Swati placed the ordinance, Ahsan Iqbal of the Pakistan Muslim League-Nawaz (PML-N) and Naveed Qamar of the Pakistan Peoples Party (PPP) took the floor to assail the government for, what they called, running the government through ordinances.

Mr Iqbal, who had overseen the CPEC projects as minister for planning during the previous PML-N government, termed the laying of the ordinance an 'insult' to the parliamentary committee as it had opposed the setting up of the authority through ordinance.

He said the members of the parliamentary committee had apprehended that the setting up of this authority could damage the CPEC projects and, therefore, they had recommended that the government should carry out normal legislation to allow a thorough discussion. He said the opposition condemned this move to lay the ordinance against the recommendations of the parliamentary panel.

Qureshi urges opposition not to 'minimise' govt efforts to internationalise the Kashmir issue

PPP's Naveed Qamar said the Constitution allowed promulgation of ordinances under special circumstances, but the present government had made it a regular practice of doing legislation through ordinances.

Deputy Speaker Qasim Suri said since the ordinance had been laid in the form of a bill and had been referred to the committee, the opposition could raise its objections there.

The ordinance had been promulgated by President Dr Arif Alvi in October before the visit of Prime Minister Imran Khan to China. Last month, the government appointed retired Lt Gen Asim Saleem Bajwa as chairman of the CPEC Authority.

The opposition also objected to the government's move to table four identical bills seeking to replace the word "federal government" with "prime minister".

Mr Qamar was of the view that by doing so, the government might be committing contempt of court as the Supreme Court, in one of its recent judgements, had interpreted the word "federal government" as representing the whole cabinet.

Responding to the objection, the parliamentary affairs minister said the parliament had powers to do whatever legislation it wanted and this power could not be given to any other institution. He claimed that the bills had been moved in the light of the apex court's judgements.

Earlier, the house witnessed a heated debate between the opposition members and Foreign Minister Shah Mehmood Qureshi on the Kashmir issue.

Speaking on a point of order soon after the Question Hour, Ahsan Iqbal regretted that so far the government had failed to force India to lift curfew in the occupied valley. Calling for launching a "diplomatic emergency", the PML-N leader was of the view that both the prime minister and the foreign minister should visit 15 to 20 important world capitals to highlight the misery of the Kashmiri people.

He asked the government to make efforts for convening a summit of the Organisation of Islamic Cooperation (OIC) within 15 days.

Delivering an emotional speech, Mr Iqbal suggested that if the OIC could not even convene a meeting on Kashmir, "Pakistan must withdraw from this dead horse".

Maulana Abdul Wasay of the Jamiat Ulema-i-Islam-Fazl termed the government's efforts to internationalise the Kashmir issue a complete failure. He said Pakistan had lost its case when it handed over the matter to US President Donald Trump for mediation.

Maulana Abdul Akbar Chitral of the Muttahida Majlis-i-Amal asked the government to declare Jihad, promising that he would arrange 10,000 Mujahideen from Chitral for the purpose.

In his reply, Foreign Minister Shah Mehmood Qureshi urged the opposition not to "minimise" Pakistan's efforts to highlight the Kashmir issue around the world. He claimed that the US president could not get a chance to mediate on the issue as India had opposed the idea. He also opposed the proposal that Pakistan should declare Jihad, saying such a move could damage the Kashmir cause and Pakistan at the international level.

Published in Dawn, December 5th, 2019

https://www.dawn.com/news/1520527/cpec-authority-ordinance-placed-before-na

SINDH TO HAVE FIRST-EVER '400MW SOLAR POWER PARK' AT JAMSHORO

By MUHAMMAD SHAFA on December 7, 2019

Sindh government is going to set up the first ever '400 MW Solar Power Park' in District Jamshoro under its World Bank supported 'Sindh Solar Energy Project (SSEP), through auctions.

Project Director (PD) SSEP Mehfooz Ahmad Qazi told Business Recorder that the project had four phases. In the initial phase, a competitive bidding was likely to be held for 50MW solar power park at Manjhand, District Jamshoro, next month, he added.

He hoped the project would be completed by the mid of 2021, with brining around $250 million investment in the province. “The solar power auctions would be carried out in line with best international practices," he said.

The project feasibility studies including environmental and grid connection studies have been carried out by the Sindh Energy Department.

He said locational studies were being carried out with technical assistance of the World Bank to identify the least cost economically viable solar project sites in the province for establishment of solar power parks.

The initial estimates of the study revealed that 4,275MW renewable energy can be supplied from the Sindh to meet the 25 percent renewable energy target by 2025.

The contract agreement for the services of transaction advisor for development of the park was singed here on Friday by Sindh Energy Department with local and international consortium comprising Bridge Factor (Pakistan) and Tractebel ENGIE (Germany) in association with Renewable Resources Limited (Pakistan), Pakistan, Ashurst Law (Singapore) and Axis Law (Pakistan).

Mehfooz A Qazi signed the agreement on behalf of the Govt of Sindh and the consortium team was lead by A K Bilgrami at Energy Department Sindh. The Minister for Energy witnessed the ceremony.

Under the project, a sustainable cost-effective competitive bidding scheme to deploy solar PV plants in the province would be developed and piloted. This project will also have a wider relevance for the whole of Pakistan for the development of competitive bidding schemes.

The SSEP has been initiated by the Energy Department Govt of Sindh with the financial and technical support of the WB.

The objective of the project is to scale-up of solar power in Sindh province and increase access to electricity, & fulfill international commitments on climate change through various modes solar power deployment.

Imtiaz Ahmed Shaikh said Sindh would promote clean and cheap energy for the socio-economic uplift of the country.

The minister informed that currently, the share of renewable energy in Pakistan's energy mix was minimal whereas other developing countries had set ambitious targets to enhance the share of renewable energy sources. Being indigenous, clean, and economical resource having short gestation period, renewable energy projects are considered most viable option for import substitution, reducing basket price of energy and to offset the environmental impacts of fossil fuels.

After the signing of the ceremony the kick-off meeting chaired by the Project Director through conference call attended by the WB Project team based in Washington DC and the Foreign and local consultants based in Germany and Islamabad.

https://www.brecorder.com/2019/12/07/551193/sindh-to-have-first-ever-400mw-solar-power-park-at-jamshoro/

NEWS COVERAGE PERIOD FROM DECEMBER 09TH TO 15TH 2019

SNGPL OKAYS KP'S GASIFICATION SCHEMES WORTH RS.4 BILLION: ADVISER

By RECORDER REPORT on December 9, 2019

Advisor to KP Chief Minister on Energy and Power HimayatUllah Khan has said that Sui Northern Gas Pipeline Limited (SNGPL) has approved gas infrastructure development projects worth Rs 4.05 billion for gasification of Karak, Kohat, Hangu, Charsadda and Peshawar.

Presiding over a high level meeting of Energy Department, HimayatUllah Khan informed that for the first time after last ten years., these gasification projects have been approved for oil and gas producing districts of Khyber Pakhtunkhwa.

The Board of Directors (BoD) of SNGPL has approved Rs 1,944 million gasification projects for districts Karak, Kohat and Hangu. Out of the total project cost, SNGPL will fund Rs1250 million while remaining cost of Rs 694 million will be funded by the Government of Khyber Pakhtunkhwa. The projects will result in provision of gas to about 25,000 households, he added.

The advisor said that Mardankhel Well 03, district Hangu was successfully drilled but couldn't connect to the system since 2016 because local people are demanding for gasification of their villages. Now Mardankhel Well 03 has been connected to the system after the approval of gasification scheme of Rs 232 million for villages within 5 kilometres radius of Mardankhel Well 03.

This will generate around Rs360 million/annum revenue for provincial government on account of royalty. Moreover, Dhok Hussain Well, district Kohat is also awaiting connectivity to the system since 2017 because of locals' demand for gasification of their villages. Now the board has approved gasification scheme of Rs 269 million for villages falling within 5 Km radius of Dhok Hussain Well. This will generate about Rs 2,700 million Annum for Provincial Government in terms of royalty on oil and gas, added HimayatUllah Khan.

Since long, Peshawar and Charsadda face gas loadshedding in winter seasons. The board took the initiative and approved Rs 1,500 million project for increasing capacity of pipelines from Kheshgi to Charsadda and Charsadda to Peshawar.

Talking on the occasion, Advisor to CM on Energy & Power, Khyber Pakhtunkhwa who represents Khyber Pakhtunkhwa on the Board of Directors of SNGPL, informed that the board has shifted the Managing Director SNGPL Secretariat from Lahore to Islamabad for the ease of Khyber Pakhtunkhwa Parliamentarians to interact with SNGPL higher management to resolve their issues.

He also said that the Board has approved establishment of Regional Office at Karak and Sub-Regional Offices at Hangu and Bannu which will create 400 jobs for the locals and fast track the development activities in Districts Karak, Kohat, Hangu, Bannu and D I Khan.

The Advisor assured that more gasification schemes are in pipeline which will further fulfill the basic needs of the people of Khyber Pakhtunkhwa.

https://www.brecorder.com/2019/12/09/551551/sngpl-okays-kps-gasification-schemes-worth-rs4-billion-adviser/

RAZAK ASSURES APTMA OF RESOLVING POWER TARIFF ISSUE

By RECORDER REPORT on December 12, 2019

A delegation of All Pakistan Textile Mills Association (APTMA) led by its Chairman met with the Advisor to the Prime Minister on Commerce, Industries & Production and Investment, Razak Dawood Wednesday.

The meeting was also attended by the Secretary, Commerce Division. The Chairman APTMA in his opening remarks thanked the Advisor to the Prime Minister for releasing Rs17.6 billion in various drawback schemes pertaining to textiles value chain. The textiles sector especially paid tribute to the efforts of the Secretary, Commerce Division for working on weekends to release the Rs17.6 billion on fast track basis. The textile sector especially appreciated the Secretary, Commerce for releasing funds of drawback scheme of 2009-11.

The APTMA also appreciated that 2nd Phase of China-Pakistan Free Trade Agreement would commence from January 1, 2020 and added that it has opened a valuable opportunity to boost the textile exports to China.

The Advisor heard the issues pointed out by the APTMA, importantly, the issue of quarterly charges on electricity and said that on priority a meeting with the Prime Minister would be arranged possibly early next week for early resolution of the matter.

The Advisor to the Prime Minister said that the government is cognizant of the issues being faced by the industry and appreciated that FBR has fully cooperating with the exporters to simplify the form-H of SRO918.

The Advisor asked the textiles value chain to fully cooperate with the Ministry of Commerce for formulation of 3rd Textiles Policy to address long standing issues of the textile value chain and urged that SMEs should be given the priority.

He also said that out of box approach may be considered for various taxes imposed by various federal and provincial organizations and also that credit availability and technology upgradation should be the focus of the policy.

The Secretary, Commerce Division also apprised that the Ministry would soon issue the necessary Memorandum to give special status of export oriented sectors to textile, leather, carpet, sports and surgical goods, this would resolve the all important issue of reduced RLNG and electricity rates for these sectors. -PR https://www.brecorder.com/2019/12/12/552492/razak-assures-aptma-of-resolving-power-tariff-issue/

ADB PLANS TO POUR $2B IN PAKISTAN'S ENERGY SECTOR

By Our Correspondent Published: December 12, 2019

ISLAMABAD: The Asian Development Bank (ADB) has planned to invest $2 billion in the energy sector of Pakistan over a period of three years, said a delegation of the bank.

“The ADB remains top energy-sector partner with $2.1 billion worth of portfolio and $300 million released this week for reforms including addressing the circular debt,” said a high-level ADB team, headed by Director General for Central and West Asia Department Werner Liepach.

They met with Federal Minister for Power Omar Ayub Khan and Special Assistant to the Prime Minister on Petroleum Nadeem Babar on Wednesday. ADB Country Director in Pakistan Xiaohong Yang was also present.

The meeting discussed the ADB-funded projects in the energy sector and decided that a comprehensive portfolio review meeting would be held by the end of December 2019 between the Power Division and the ADB in a bid to steer the projects to their logical conclusion.

They also agreed that both the sides would put in efforts to ensure maximum transparency in the execution of projects.

The ADB team expressed interest in facilitating technical studies for setting up a gas storage facility in Pakistan. “Later, the ADB can also consider financing the project,” said Liepach.

The bank team was apprised of the approval of the new renewable energy policy, which would be placed before the Council of Common Interests (CCI) in a meeting to be held by the end of current month. The delegation was briefed about the steps taken by the Power Division to boost efficiency of the system and about the campaign against power theft.

It was highlighted that the Power Division was vigorously pursuing and implementing the circular debt capping plan, which resulted in a considerable reduction in growth of the debt from Rs39 billion a month to Rs12 billion a month.

Published in The Express Tribune, December 12th, 2019.

https://tribune.com.pk/story/2115895/2-adb-plans-pour-2b-pakistans-energy-sector/

COST OF DHABEJI SEZ POWER PROJECT FALLS BY RS 106 MILLION

By TANVEER AHMED on December 15, 2019

The total cost of “Provision of Electricity for Dhabeji Special Economic Zone (SEZ)" project fell by about Rs 106 million in the approved PC-1 compared to original one, ostensibly on the back of slight depreciation in dollar value against local currency.

The original cost of the project was estimated at Rs 4.047 billion, which was brought down in the modified PC-1 to Rs 3.941 billion that was approved in Central Working Development Party (CDWP) recently. The fall in the total cost of the project was caused mainly due to decline in Foreign Exchange Component (FEC) of the project. In the original PC-I the FEC was calculated at Rs 160.12 against one dollar.

However, the appreciation of local currency against dollar resulted in the decline of FEC, which was estimated in the modified PC-I at Rs 155.94 against a dollar.

The project has been designed to provide electricity to Dhabeji SEZ in Sindh, which one of the SEZs to be developed under China-Pakistan Economic Corridor (CPEC).

According to official document of the project, Karachi Electric has planned construction of 220kV Dhabeji SEZ Grid Station to supply ultimate load of 250MW under the applicable provisions of the Nepra Rules and Regulations to DSEZ.

Document said that the power sector aim is to provide reliable, uninterrupted power to its consumers/SEZs. Keeping in view the present loading position and increasing trend of the power demand in near future, immediate requirement has been established to enhance the capacity of the existing grid stations by addition/augmentation of 220kV and 500kV grid stations.

The proposed project will result in electrification of DSEZ and the financial and economic benefits analysis is based on the economic benefits to be reaped by the economy through industrialization.

This would lead to production, the GDP improvement, positive balance of payment by exports and creation of jobs for people thereby reducing unemployment and improving financial wellbeing of the people.

According to document, an implementation agreement in the form of a tri-party agreement amongst KE, the Sindh government and the federal government would be undertaken on the approval of this PC-1 and funds allocation.

The agreement would spell out rights, obligations of each party and clarify procedure for the release of funds and utilization on a phase-wise basis for the execution of the project. The implementation period of the project is three years for which Rs 1.210 billion has been earmarked in Public Sector Development Programme (PSDP) for financial year 2019-20.

https://www.brecorder.com/2019/12/15/553342/cost-of-dhabeji-sez-power-project-falls-by-rs-106-million/

NEWS COVERAGE PERIOD FROM DECEMBER 16TH TO 22ND 2019

CENTRE ALLOCATES OVER RS 7 BILLION FOR POWER INFRASTRUCTURE IN EX-FATA DISTRICTS

By RECORDER REPORT on December 18, 2019

The government has prioritized uplift of electricity infrastructure in the merged districts of former Federally Administered Tribal Areas (Fata) and has allocated record Rs 7.254 billion for electricity installations' rehabilitation, reconstruction, new grid stations and village electrification.

This was revealed at a meeting on matters relating to electricity in the merged district of former Fata under the chairmanship of Federal Minister for Power, Omar Ayub Khan. Pir Noor-ul-Haq Qadri, Federal Minister for Religious Affairs was also present at a meeting which was attended by parliamentarians from these Districts, officials from Tribal Areas Electric Supply Company, Peshawar Electric Supply Company, Pepco and Power Division.

During the meeting it was revealed that work has already begun on construction of new feeders in various parts of these Districts and contractors have been mobilized. Work on new grid station and the laying of new transmission lines has also begun and a total of Rs 3.937 billion has been earmarked for the activity. It was revealed that out of Rs 2 billion earmarked for reconstruction and rehabilitation of electricity installations Rs. 1.4 billion have been disbursed. Similarly out of Rs 1.278 billion ADP, Rs 816 million has been released. A total of 440 villages of merged districts will be electrified with the allocation.

A total of 94 feeders in the merged districts are either to be bifurcated, reconstructed or constructed under the allocated fund. These includes 11 feeders in North Waziristan, 10 in Bajour, 14 in Mohmand, 14 in Khyber, 11 in Orakzai, 15 in Kurram and 8 in South Waziristan District.

Federal Minister for Power informed the meeting that Power Division has developed project management software that will keep complete record of all projects which will not only ensure transparency but will also help in timely execution and completion of projects contributing toward reduction in cost due to escalation related to time.

The federal minister while paying gratitude to the merged districts parliamentarians for their commitment to extend their full support for the installation of meters in phases in their areas said that Power Division has kept the uplift of these areas at its priority. He said that many projects are specially designed for these areas. He said that Power Division is also planning to introduce AMI metering system instead of conventional meters to ensure complete transparency in meter reading.

Omar Ayub Khan directed Tesco CEO to enforce bio-metric attendance of its officials deputed in these districts to ensure their presence and speedy redressal of complaints.

Parliamentarians appreciated the Federal Minister for taking the electricity matters of merged districts on priority. They agreed in principal to introduce metering for electricity for the consumers in phases in these areas.

Parliamentarians also threw light on issues specific to their constituencies pertaining to electricity. They also put forth proposals for improving the present system.

Parliamentarians who attended the meeting included Sajid Hussain Turi, Mohsin Dawar, Gul Zafar Khan, Gul Dad Khan, Munir Khan Orakzai, Ali Wazir, Muhammad Iqbal Khan and Abdul Shakoor.

https://www.brecorder.com/2019/12/18/554183/centre-allocates-over-rs-7-billion-for-power-infrastructure-in-ex-fata-districts/

REFORMS IN GAS AND POWER SECTOR

By RECORDER REPORT on December 18, 2019

According to a Business Recorder exclusive, the government has yet to implement power/gas sector reforms and, like its predecessors, is meeting the International Monetary Fund's (IMF's) sector specific conditions of achieving full cost recovery through raising tariffs rather than improving governance. Reliance on periodic tariff upgrade to meet the sector's inefficiencies, including theft and a higher than allowed unaccounted for gas, has led to a rise in input costs for the private productive sector which, in turn, has led to negative large-scale manufacturing growth coupled with a consequent impact on downstream industries. It is little wonder that the export sector's sales have suffered as their input costs are high which, private economists claim, has led to unemployment and a rise in poverty levels during the past year. The government data on these two major macroeconomic indicators of particular interest to the public has yet to be released.

The Khan administration also suffers from a very slim majority in the National Assembly, with support from a number of coalition partners, while the ruling coalition is in minority in the Senate. Thus the ruling party's strength in parliament has been the major lacuna in the passage of legislation that the economic team leaders, Dr Hafeez Sheikh, Advisor to the Prime Minister on Finance, and Dr Reza Baqir, Governor State Bank of Pakistan, committed to with the IMF. Thus, amendments to the Nepra and Ogra laws remain pending. The government team also committed to unbundling of Sui Southern and Northern gas companies, a step that cannot be implemented without approval of the Council of Common Interest, a constitutionally mandated body for such issues.

The government has called for a meeting of the Council of Common Interest (CCI) on 23 December 2019 and is expected to put these issues on the table. The CCI decision is to be expressed in terms of the opinion of the majority as per constitutional clause 360. It is to be chaired by the Prime Minister with three federal ministers and all four provincial chief ministers and hence any federal government that forms even one government in a province can easily show a majority. Thus, even if Sindh expresses its reservations about some of the decisions taken in the scheduled CCI meeting, the fact remains that it could be overruled. While one would hope that there is consensus in the CCI as that is the need of the hour; yet the current political environment does not bode for a consensus on any issue. Be that as it may, once the CCI's majority opinion is announced, the government would still have to introduce a bill to that effect in parliament, as per an Ogra official, and that could prove a challenge.

With respect to the circular debt, the Power Division has met the first review condition; notably, it has prepared a comprehensive circular debt reduction plan; however, such a plan was also prepared during the Stand-By Arrangement (2008-10) which was suspended due to the failure of the then government to implement the reforms and Extended Fund Facility programme (2013-16) which relied almost exclusively on raising tariffs as noted above to meet the cost recovery targets set by the IMF. Irrespective of these two programmes, the actual stock of circular debt has continued to rise and disturbingly the Khan administration is following the same approach to meeting the IMF conditions, notably raising tariffs, which is stifling private sector activity.

It is hoped that the government would focus on improving performance in these two sectors as well as forming a working relationship with the Opposition to be able to meet its commitments to reforms – with the IMF, the Financial Action Task Force as well as the people of this country who have been paying a steadily rising price for the state sector's continued inefficiencies and corruption.

https://www.brecorder.com/2019/12/18/554214/reforms-in-gas-and-power-sector/

OGRA SEEKS A MASSIVE 214% HIKE IN GAS PRICES

By Zafar Bhutta Published: December 18, 2019

ISLALAMABAD: The Oil and Gas Regulatory Authority (Ogra) has sent a summary to the federal government seeking a massive increase of 213.7 per cent in gas prices for domestic consumers, which if approved, would come into effect from January 2020.

According to the summary, Ogra seeks the highest price increase of 213.7 per cent for domestic consumers falling in the first slab of the Sui Southern Gas Company (SSGC) and 192 per cent for Sui Northern Gas Pipeline Limited (SNGPL).

The SSGC supplies gas to Sindh and Balochistan, while SNGPL to Punjab and Khyber-Pakhtunkhwa.

If Ogra's recommendation manages to obtain the federal government's nod, the gas companies would be able to collect billions of rupees in revenue from consumers. It is expected that the SSGC would collect around Rs275 billion and SNGPL Rs244 billion.

The increase in the prices of gas has been suggested "under the auspices of the IMF", according to a statement issued by Taurus Securities regarding the Ogra summary.

"If notified, the said hike is likely to impact the entire economy, including households and industries, severely," stated the brokerage firm. "Resultantly, we may even witness hike in the headline inflation."

The research house has forecast the Consumer Price Index (CPI) at 11% for FY20.

The regulator has suggested increase in gas prices for domestic consumers by 191%, fertiliser sector 135%, and consumers falling under the category of roti tandoor, commercial, industrial, zero-rated export industry, captive power plants, compressed natural gas (CNG), cement and power plants by 31%.

Ogra suggests increasing tariff for first slab of the SSGC domestic consumers from Rs121 per million British thermal units (mmbtu) to Rs379.62 per mmbtu; second slab tariff from Rs300 to Rs379.62 per mmbtu; third slab Rs553 to Rs Rs569.43 per mmbtu and fourth slab to Rs759.24 from Rs738 per mmbtu. However, it advises reducing the fifth slab tariff to Rs1,091.87 from Rs1,107 per mmbtu and sixth slab's to Rs1,440.05 from Rs1,460 per mmbtu.

For the SNGPL's domestic consumer, Ogra proposes increasing the first slab tariff from Rs121 per mmbtu to Rs353.26 per mmbtu; second slab tariff from Rs300 per mmbtu to Rs353 per mmbtu; third slab from Rs553 per mmbtu to RsRs530 per mmbtu. However, the regulator recommends reducing the fourth slab tariff to Rs706 from Rs738 mmbtu, while increasing the fifth slab tariff to Rs1,273 from Rs1,107 per mmbtu and sixth slab to Rs1,679 from Rs1,460 per mmbtu.

Ogra has proposed increasing the tariff for roti tandoors from Rs780 per mmbtu to Rs1,026, while that for commercial consumers from Rs1,283 per mmbtu to Rs1,687. It also recommended hike in the tariff for general industry from Rs1,021 per mmbtu to Rs1,343.

https://tribune.com.pk/story/2119820/2-ogra-approves-191-hike-gas-prices/

DROPPING TEMPERATURE: SNGPL CURTAILS GAS SUPPLY TO INDUSTRIES

By Shahram Haq Published: December 20, 2019

LAHORE: Sui Northern Gas Pipelines Limited (SNGPL) on Thursday curtailed gas supply to general industries and compressed natural gas (CNG) stations in Punjab because of a sudden surge in demand from domestic consumers throughout its network.

The gas distribution company, however, said it would continue supplying gas to the zero-rated industries under its jurisdiction.

"In the wake of increasing gas consumption by the domestic sector due to the current cold wave in the country, SNGPL has decided to temporarily discontinue gas supply to the general industries and CNG sector," read a statement issued by the public gas utility.

According to an SNGPL spokesperson, gas supply to the zero-rated industries will not be impacted by the decision.

"It was further clarified that the decision has been taken on a temporary basis due to the current situation and supply to the general industries and CNG sector will be restored as soon as the situation gets normal."

Gas demand peaks around 3,000 million cubic feet per day (mmcfd) on SNGPL's network in winter.

According to the company, the gas supply – a mix of natural gas and imported re-gasified liquefied natural gas (RLNG) – is not that low. However, the demand from domestic consumers is reaching the highest level following the sudden fall in temperature, which triggered the use of gas heaters and geysers.

Sui Southern Gas Company (SSGC) has recently curtailed gas supply to just the CNG stations, however, SNGPL has stopped supply to the general industries as well.

Many areas in the densely populated metropolitan cities under the SNGPL system have been facing low or no gas pressure for the past many days since the temperature has dropped. The company, for the past many years, has been curtailing gas supply to the industries in a bid to cater to the domestic requirement – a top priority of nearly every government.

The company pointed out that it had a contract for gas supply to the industries for only nine months in a year. "So, the company can curtail supply to the industries whenever it wants. However, we will restore supply to the general industries whenever the demand-supply gap narrows." The CNG sector, on the other hand, has rejected the SNGPL's decision.

"We reject the SNGPL's decision of curtailing gas supply to the CNG sector; it's illegal," said All Pakistan CNG Association Central Chairman Ghiyas Paracha.

He said it would affect the people employed in the sector. "We have shifted from natural gas to RLNG, which is costly, still gas companies are not providing us interrupted supplies," he said, adding, "We demand that the supply be restored to all gas stations. We have already written a letter to the Ministry of Petroleum against the SNGPL's decision."

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https://tribune.com.pk/story/2121506/2-dropping-temperature-sngpl-curtails-gas-supply-industries/

OGRA SUGGESTS A 213.7 PERCENT HIKE

By RECORDER REPORT on December 21, 2019

The Oil and Gas Regulatory Authority (Ogra) has recommended that the government increase gas prices by a whopping 213.7 percent with effect from next month. This recommendation is premised on the revenue requirement of the two gas companies – Sui Southern projected to collect an additional 275 billion rupee revenue and Sui Northern projected to collect an additional 244 billion rupees.

In September 2018, Prime Minister Imran Khan approved an average gas tariff hike of 46 percent with domestic consumers subjected to a 186 percent rise while commercial consumers were to pay 26 percent higher tariff. The raise in gas tariffs raised the costs of production of the manufacturing sector (large, small and medium) which was passed onto consumers – domestic as well as international – with negative implications for exports. The rationale for the 2018 raise provided by cabinet members, including the prime minister, was that it was necessitated by the failure of the previous PML-N administration to raise tariffs during its tenure in line with market forces (domestic and international) which required continuing to provide subsidies that the government's treasury could no longer bear. At the time the business community lamented the increase and maintained that gas tariff increase would not only be the precursor of an increase in the price of electricity but also increase the cost of doing business. In other words, whatever the improvement in Pakistan's ranking maybe in ease of doing business this year if the cost of business rises domestic and international sales are also negatively affected.

Ogra's recommendation is to raise tariffs for domestic consumers of SSGCL by 213.7 percent while SNGPL domestic consumers have been recommended to be subjected to a tariff raise of 192 percent as Northern areas are being provided imported Liquefied Natural Gas during the winter season. Fertilizer sector would pay 135 percent higher gas tariff and tandoors would pay 31 percent higher rates – both would be passed onto consumers.

The question is why is there a need to raise tariffs by so much in a little over a year? The answer is that there has been no appreciable improvement in the gas sector's performance and hence as in the past reliance is on raising tariffs to meet international donors (read IMF) cost recovery condition. The gas distribution and transmission system, like in the electricity sector, is crumbling, and the government has yet to focus attention on improving the delivery system; besides the incidence of unaccounted for gas (UFG) is higher than international levels which remain understated by Ogra otherwise the rate rise would have been even higher. It is unfortunate that so far there is no major project under way or under preparation which envisages improving the distribution and transmission network of both gas and electricity.

Why has the PTI government focused on implementing higher tariff rates for domestic consumers relative to other sectors because implicit in this is the distinct prospect of public unrest? This decision perhaps stems from the fact that large-scale manufacturing sector has been witnessing negative growth for over a year and the apprehension is that a higher tariff would further erode productivity.

However, one is baffled to understand why the PTI government did not raise rates last year by more than it did as at that time it had much greater political capital than today when electricity and gas rates are sky high with large layoffs by the LSM sector and downstream industries. Raising tariffs by such a massive percentage is going to be a hard sell and any political government must strike a delicate balance between what is required and what is doable and sadly we are focused only on the former.

https://www.brecorder.com/2019/12/21/555228/ogra-suggests-a-2137-percent-hike/

NEWS COVERAGE PERIOD FROM DECEMBER 23RD TO 29TH 2019

BUSINESS COMMUNITY OPPOSES GOVERNMENT'S PROPOSED GAS TARIFF HIKE MOVE

By N H ZUBERI on December 24, 2019

Business community, general public and small business owners have strongly condemned the government move to increase gas tariff from January 2020 for industries, residential consumers and tandoors.

Taking serious notice of the adverse impact of the move on cost of manufacturing and common masses who are already burdened with the price hike of essential commodities and which is feared to shoot up further following the price increase in gas prices.

They termed the recent move to hike in gas price an anti-people decision and said that it would further compound the miseries of both general public and business community.

They said that the government has forgotten the poor and added that such hike will put an additional burden over the people who are already facing hardships due to sky rocketing prices of the essential commodities.

"The increase in gas tariff has jolted the country's economy by increasing the cost of production in both agriculture and industrial sectors," they said. The increase in gas prices amounted to taxing the people and imposing a mini-budget on them and destroying the sanctity of the national budget.

President of Korangi Association of Trade & Industry (KAT), Sheikh Umer Rehan has expressed deep concern over proposed hike in gas prices by OGRA and termed any such decision a blow for industries in Pakistan. He said that already industries were facing troubled times due to higher production cost and higher tariffs of energy.

He said that in current situation industry could not afford any increase in utility prices due to already shooting production cost which had adversely affected our exports.

He was of view that gas price increase for industry, captive plants and CNG sector would widely affect the industry and the common people as well. He cited that with increased gas prices captive power plant would not remain feasible and this will lead interruption in industrial production and especially pharmaceutical sector where any disruption can cause challenges for public health.

He also mentioned that increase in gas prices for domestic user and roti tandoors would directly affect the general public. He urged Prime Minister Khan to consider the apprehensions of industry and people of Pakistan and drop any such consideration of gas price hike.

Economic & Financial Analyst, Ateeq Ur Rehman said the news of “Proposed whooping hike in Gas Tariff for Consumers from Jan 1 by 213.7%" to generate about Rs275 billion for SSGC and Rs244 billion for SNGPL as additional fund required is alarming. This hike is going to increase the cost of production of the manufacturing sector whether large, small or medium.

Also, if this proposal becomes a decision it will be an anti-people and anti-business move that would unleash a new wave of inflation in the country and cause further slowdown in the business activities. The wheel jam of Economic activities will further accelerate. This is going to be another burden on common man after already existing pressure of different tax collections, hike in interest rate, expensive USD and country's reliance on additional debts said Ateeq Ur Rehman

He added , on the one hand we are trying to curb Import and encourage Local Industry but on the other hand the enormous increase by regulators in gas prices as high as sky will be fatal for those who use gas as a primary fuel. It will reduce essentially the capacity building thus increasing the cost of doing business. Ateeq said that this is federal government's prerogative to determine this huge increase, which Government should consider from the point of view of ease of doing business.

He further said that as a matter of fact, the decline of exports, eventually growing trade deficits are due to huge cost of borrowing, expensive access to finance and raw material, surge in interest rate, etc leading to non fulfillment of export orders, inflicting massive financial losses and growing balance of payment crisis, owing to this, large-scale manufacturing already contracted for 7th month in a row raising fears of massive layoffs across the industrial sector.

Mohammad Hussain owner of small unit said that the entire trade and industry has rejected any such move to an abnormal increase of which would crush the industry that is already facing severe crises. He said that business community was awaiting reduction in gas tariff as per government's statement but OGRA has unilaterally decided to increase tariff to an exorbitant level which is in no way affordable to the industry, general public and owners of tandoors.

He further added that due to unjustified and motiveless policies the cost of doing business has gone high and as consequence various industrial units are working under-capacity and some have closed-down. He said this increase would have a killing effect on the industries that are gas dependant. This will cause decline in trade & commerce and will also lead to massive unemployment.

Another industrialist, Anwar Ahmed was of the view that it is mini budget and added that such harsh decision without consultation and consent of stakeholder may result in widespread discontentment in the business community. He said that the industry already facing tough completion in international market in general and with India, China and Bangladesh in particular.

https://www.brecorder.com/2019/12/24/555957/business-community-opposes-governments-proposed-gas-tariff-hike-move/

GAS ‘CRISIS’ DEEPENS AS SHORTFALL SURGES TO 630MMCFD

By RECORDER REPORT on December 27, 2019

The gas crisis deepened on Thursday as the total shortfall surged to 630 million metric cubic feet a day (MMCFD) that may compel the Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company (SSGC) to curtail the supply to sectors other than domestic consumers, sources said.

The shortfall has affected not only the supply to domestic consumers but also to the industry and compressed natural gas (CNG) sector for the past several days. Special Assistant to the Prime Minister on Information Dr Firdous Ashiq Awan said that the government has directed the authorities concerned to ensure gas supply to households even at the cost of the CNG sector.

In Punjab and Khyber Pakhtunkhwa, the SNGPL faces over 200 MMCFD gas shortfall. The gas available with the companies ranges around 970 MMCFD. Both gas companies are also receiving around 1,020 MMCFD RLNG in system.

The SSGCL stopped the supply to the CNG sector, but the issue did not resolve. The industry was asked at least stop using gas meant for captive power plants, but they didn't listen, rendering the utility helpless in giving relief to the domestic consumers. Supplying gas to Sindh and Balochistan, the SSGC faces a shortfall of 300 MMCFD as the current demand has surged to 1,500 MMCFD.

https://www.brecorder.com/2019/12/27/556742/gas-crisis-deepens-as-shortfall-surges-to-630mmcfd/

SINDH BLAMES CENTRE FOR GAS SHORTAGE

The Newspaper's Staff Reporter December 29, 2019

ISLAMABAD: The Sindh government has held the Centre responsible for the ongoing gas shortage in the province, complaining that people are not getting their due share as per the Constitution.

Speaking at a news conference, Sindh Information Minister Saeed Ghani mocked federal Minister for Power Omar Ayub Khan over his allegation that the Pakistan Peoples Party (PPP) government in Sindh was not allowing the federal government to lay a gas pipeline in the province.

“I heard an arrogant minister Omar Ayub saying that the provincial government is responsible for the gas shortage in Sindh. This is a serious joke,” Mr Ghani said, asking the federal government not to put the blame of its “incompetence” on others.

Talking to state-run PTV on Friday night, Power Minister Omar Ayub Khan while commenting on the closure of CNG stations in Sindh had stated that the Sindh government had not given “right of way” to the Sui Southern Gas Company Limited (SSGCL) for a long time for laying of a 125-kilometre gas pipeline which was the main reason for the crisis. He had stated that the work on other two projects was under way.

Mr Khan had also alleged that the Sindh government was not ready to accept liquefied natural gas (LNG) under Article 158 of the Constitution, which, he said, could improve the gas situation in the province.

Mr Ghani, however, refuted the federal minister’s claim and stated that the provincial cabinet had received two projects from the federal government and the Sindh government had gone “out of way” to facilitate it.

The provincial minister claimed that the Sindh government had never been approached by the federal government over the third project about which Mr Khan was referring to.

Mr Ghani expressed surprise over Mr Khan’s remarks, saying that on one hand the people of Sindh were not getting gas in any sector and on the other hand, the centre was blaming the provincial government for the gas shortage despite the fact that the gas companies were functioning under the federal government.

“We are not getting gas in any department and the blame has been put on the provincial government. The federal government is responsible. This is the job of the federal government,” he went on saying.

Quoting Article 158 of the Constitution, the provincial minister said Sindh which produced the gas had the first right to it and after that the remaining gas could be distributed to other provinces.

Mr Ghani said despite the fact that Sindh produced 70 per cent of the country’s gas the people of the province had been facing gas loadshedding and shortage in almost all the sectors. He said they were previously silent over the situation only because the people of other provinces were at least getting the facility.

“However, if the people of Sindh will not get gas at all, they will question why? Despite producing the most gas, Sindh is not being provided with gas facilities,” he added.

The PPP leader termed the Pakistan Tehreek-i-Insaf government “anti-people” and said the rulers had once again burdened the poor people by increasing gas and electricity tariffs.

“Electricity and gas are in the domain of federal government and it cannot put blame on any province. The government is trying to hide behind its lies because Sindh has first right of use of its natural resources,” he added.

The government, he said, was incapable and was unable to run the country. He said the PPP would never allow this “anti-people government” to snatch the rights of the poor people of Pakistan.

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https://www.dawn.com/news/1524976