

Energy Crises

I, Introduction:

Pakistan is facing serious energy crises. Frequent loadsheddings and blackouts are the new normal for the masses. The country faced 8000 to 10000 MW shortage in summers and upto 4000 MW in winters of 2022. Moreover; The country has recorded eight to ten hours of loadshedding in its urban centres and upto 18 hours in rural areas.

Following are the reasons of energy crises in Pakistan.

II, Reasons of Energy Crises in Pakistan:

I, Higher Production Cost:

Pakistan is highly dependent on hydro-carbons in terms of energy production. Unfortunately, most of the hydro-carbons are imported.

Oil and LNG are all imported.

The installed capacity of coal is 50800 MW in which 960 MW is locally produced and the remaining MW is imported.

Furthermore, the disruption of demand and supply and the devaluation of Pkr further added salt to the injury. Because of these aforementioned reasons, Pakistan is facing hard time in supplying importing hydro-carbons expensive hydro-carbons and generating cheap electricity.

ii, Expensive Agreements with Independent Power Producers (IPPs):

Similarly, expensive agreements with IPPs is another reason for energy crises in Pakistan. This is because of two main reasons. First, the fixed capacity payments with IPPs. The state has to pay the producers in less peak periods, i.e. when the demand is low, which is an additional burden on national exchequer. Second, the agreements with local IPPs are in dollars instead of Pkr. And the constant devaluation of Pkr against dollar made it extremely difficult for Pakistan to produce cheaper electricity.

iii) Outdated Transmission System :

The current transmission system of Pakistan is outdated. It was established in 70s and early 80s, and because of this about 17 percent of line losses occur as compared to 12 percent of Afghanistan and 3 percent of China. This outdated transmission system further adds fuel to the fire.

iv) Prevailing Electricity Theft :

Major portion of the population is involved in electricity theft. The Standing Committee of the National Assembly on Power has been informed that electricity worth Rs. 380 billion was stolen in the ongoing year (2022-23), of which Rs. 200 billion was stolen through "kurdas" and Rs. 80 billion was stolen through meters and other sources. Because of this, the state is unable to recover the amount of money for the electricity they produced.

V, Free Electricity to Some State Institutions:

Despite the ~~poor~~ ever prevailing energy crises in the country, there are some state institutions who enjoy the privilege of free electricity & such as, WAPDA and armed forces. Because of this Pakistan is unable to recover the required amount of money for the electricity it provides. Resultantly, the vicious cycle of circular debt exacerbates and the energy crisis gets worsen.