

Munzir
(342)

Current Affairs

Q. What are the major issues of energy sector in Pakistan and their implications? Also suggest solutions for these issues. (20)

Answer

Introduction :-

Pakistan, like all other developing nations of the world, has growing energy and power requirements. Unfortunately, the country has been lagging behind to effectively and efficiently meet its ever-growing power needs. Inevitably, this lack of up-to-the mark performance in energy sector has had major repercussions on Pakistan. However, the resilient nation still actively pursues solutions to its energy ~~was~~ problems and is on a path to gradual improvement.

Major issues :-

Energy sector of Pakistan is faced with numerous challenges, out of which the following may be regarded as having profound importance :-

(1) Load - shedding :-

Perhaps unarguably, the chief issue of Pakistan's energy sector is load-shedding. It is a vivid memory in the country's archetype that

from 2007 to 2016, a shortfall of five to eight thousand megawatts was hampering the provision of energy to users. In urban centres, load-shedding periods of 6-8 hours were not uncommon. Furthermore, rural areas suffered from upto 18 hours of power outages. Unfortunately, an abnormal revival of loadshedding was observed in summer of 2022 which seriously affected the country's growth.

(2) Reliance on imported fuels leading to expensive electricity:-

Pakistan does not have enough oil and natural gas resources to fulfill its needs. According to PPL (Pakistan Petroleum Limited) latest report, the country has to import 67% of its natural gas and 84% of its oil. These imported fuels are expensive and subject to good relations with countries exporting them. Therefore, Pakistan produces the most expensive electricity in Asia. The per unit cost for domestic users is around Rs 34 while for industries it is upto 64 PKR. This expensive electricity is mainly due to the fact that it is being produced from imported fuels.

(3) Transmission issues IPPs (Independent Power Producers):

Most electricity in Pakistan is now generated by IPPs. These IPPs have signed agreements with the Government that are unreasonably expensive and for the state. They require their payments to

be made in US dollars. Moreover, whether or not the NEPRA buys electricity from them, it is bound to pay them a sum of money known as capacity payment. Official data shows capacity payments of Rs 3 trillion due on the part of the government. These IPPs also have agreements done on the basis of peak demand, which exist for only 3 months a year. Therefore, IPPs also add to the miseries of Pakistan's energy sector.

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(4) Transmission issues :-

Pakistan's electricity transmission issues are also one of the chief reasons for lagging behind of the energy sector. As per the World Bank's latest available data, Pakistan reports around 17% of T & D (Transmission and dispatch) losses, which are even higher than Afghanistan's 12%. Outdated transmission lines and poor infrastructure mainly contribute in this regard. This issue is also aggravated by electricity theft which is a common practice throughout the country.

Implications :-

(1) Decline in production capacity :-

Loadshedding and hefty electricity tariffs significantly contribute towards

slowing down the economic growth and even retarding it. The eventual result is decline in the production capacity of the country, forcing it to import more goods. Exports are continually diminished and balance of payments is negatively effected.

(2) Shutting down of industries :-

Industries no longer flourish in a country with severe energy crisis. Pakistan has witnessed the same. According to official statements, 200 industries have shut down since the past year due to the energy crisis. Leading industries like Toyota Indus, Kuh-e-Nur and Nishat Mills have shut down their industries leading to loads of unemployment and inflation.

(3) Domestic life affected :-

In this technological era, energy has become a pre-requisite for every individual. Whether it be students, teachers, doctors, engineers or even housewives, everyone is dependent on energy to continue their life. When there is loadshedding for more than half of a day, how will the lives of people continue? How will they use energy when every 5 units are worth more than the price of a meal? Henceforth, domestic life of

Pakistani nation has been very adversely affected due to energy crisis.

→ Solutions:-

Problems and crisis are an inevitable, rather necessary part of life. The chief strength lies in overcoming them through creative and effective solutions. Some proposed solutions for energy crisis are:-

(1) Renegotiate agreements with IPPs:-

Pakistan should immediately reconsider and reframe the agreements it has formed with IPPs and abolish such provisions that are causing burden on the national exchequer. A good precedent in this regard is the 2020 renegotiations with IPPs that was done by the Government.

(2) Production of electricity from indigenous sources:-

Although not rich in oil and gas, Pakistan is blessed with coal and hydel power opportunities. 183 billion tonnes coal reserve in Thar alone can solve all energy miseries of Pakistan. Hydel power potentials in the Northern Areas can shift the tide and provide multiple advantages. We need to reduce our dependence on imported fuels and shift towards local alternatives as they provide both cheap and abundant energy.

(3) Production of electricity from ^{renewable} indigenous sources :-

Renewable energy is the form of energy that is quickly replenished by nature itself. The world is increasingly moving towards renewable energy. Pakistan needs to follow course. ~~With~~ We have a long summer season and hence solar power can be utilized as it is being done in Qaid-e-Azam Solar Park Bahawalpur. Wind projects can be set up in the wind corridor area of Sindh & Balochistan. They will reduce our energy costs and also minimize ~~our~~ damage to our environment.

Conclusion :-

(4) Improve transmission system :-

Our transmission system must be improved on urgent basis. T & D losses that hover around 17% must be reduced to that level which is an average among developing countries. Although this project requires hefty investments, it is definitely worth it. Innovative methods like public private partnership can be useful in this regard.

Conclusion:-

Although faced by numerous challenges having several negative impacts on the country, Pakistan's energy sector is ripe for improvement by implementing certain straight forward and longlasting solutions. Implementation of solutions might be costly but will save the country from multi-faceted issues it currently faces.