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Essay

Energy crisis in Pakistan: Causes and Consequences

Outline:

I. Introduction:

Thesis Statement:

Exorbitant energy prices, persistent electricity and gas loadshedding, and bleeding economy underscore the bitter reality that Pakistan is in the throes of an abysmal energy crisis, being brought about by various catalysts, and can be stemmed by implementing thoroughly an array of robust measures: Relaunching net metering policy, renegotiating costly contracts with IPPs and implementing the demand management strategy.

II. Energy can empower or enervate a country in its all walks of life: Understanding the indispensable need for energy in the present world

III. Some facts, proving the deep entanglement of Pakistan in a dire energy crisis -

a- A significant electricity shortfall in the country

b- A huge number of populations still living in the stone-age period: A look at the dismal electrification rate

c- Bleeding economy: Closure of industry and shrinking investment — both foreign and domestic

d. Exorbitantly inflated energy prices.

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IV- An account of the causes due to which Pakistan has descended into the prevailing energy crisis

a- High energy generating cost
1- Over reliance on thermal energy
2- Dollar payments for import of fuels
3- Pakistan: A typical example of 'Nearer to the Church, farther from the heavens.'

b- Enormous losses in transmission and distribution domains
1- Highest transmission losses in the region
2- Outdated infrastructure
3- Inadequate recoveries by discos

c- Government's inconsistent policies and lack of political will
1- Revocation of highly effective 'Net Metering Policy'
2- Lack of consensus on dams construction, hampering generation of less expensive hydel energy
3- Myopic policy commitment with IPPs

d- Skyrocketing demand for energy being fuelled by simultaneous growth in population and economy
1- Estimates suggest that energy demand will grow by 1000 MW every year

e- Absence of a consistent strategy for energy conservation
1- Controlling wasteful use of energy
2- Potential to reduce energy demand by 2500-3000 MW

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f- Funding shortage and large circular debt
1- Resulting in increased energy prices and decline in generation

V- Repercussions of energy crisis for Pakistan

a- Economic
1- Closure of industry and slowdown in business activities
2- Increased reliance on imports
3- Decline in FDI and flight of capital

b- Social
1- Unbearable inflation
2- Mass unemployment and sluggish growth of new opportunities
3- Eruption of significant problems in health and education sectors

c- Political
1- Erosion of public confidence in the government
2- Aggrandizing governance issues
3- Shrinking country's ability to make independent decisions
→ The relevant statement of the Chief of Army Staff of Pakistan: "Real independence is impossible without economic stability"

VI- Some pragmatic solutions for overcoming the energy crisis in Pakistan
1- Relaunching of a revised net metering policy
2- Renegotiation of pernicious contracts with IPPs
3- Robust implementation of energy demand management strategy

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Energy has been an indispensible need for mankind since the day first, and it will remain to be in all the times ahead. All of activities of humans, in one way or another, are linked with energy. Even, man himself can not survive without energy. As the time progressed on and number of heads increased, it became important to invent new tools and technologies that would facilitate humans in productions of more resources and achieving efficiency. This resulted in dawn of the 'Industrial Era' eventually. Though industries continued to sprout all along, they made energy even more essential. Without energy, industry will cease to exist, meaning that humanity will also be pushed to brink of annihilation. In present-day world, thus, energy is essential for countries to survive and prosper. Unfortunately Pakistan is facing ~~the~~ an existential threat due to an incessant energy crisis. This ~~turbulent~~ crisis is turbulent in nature, which is evident from its dreadful manifestations such as persistent loadshedding, dismal electrification rate, bleeding economy due to closure of industries and unbearable energy prices. The country has landed into this challenging time owing to its own inefficiency and ineptness. It is without even a shred of doubt that this crisis has largely stemmed from the expensive generation of energy due to the

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continued reliance on the outdated mode of producing energy through fossils. Similarly, the dilapidated transmission and distribution infrastructure is fanning the flames of this crisis. However, the paramount cause of this crisis lies in the government's own miscalculated policies, one to quote is myopic agreements with IPPs. It is needless to even mention that unbridled population growth is further adding fuel on the fire of energy crisis in Pakistan. As this turmoil is deepening, deteriorating and escalating, the country is getting pushed down deeper into the quagmire of its far-reaching, devastating implications. In economic domain, industries are finding it extremely difficult to survive during this energy crisis, thereby being propelled to cease their operations. Moreover, foreign investors are not willing to inject their money in the country in these catastrophic times, begotten by the energy crisis; even contrarily, domestic investors are shifting their capital to overseas. In much of the same way, the social domain of the country is also being shaken to its core by the ongoing crisis as people are reeling in an exorbitant inflation and sprouting unemployment. Ironically, the crisis has also held the political domain in a state of jeopardy. Political setup is witnessing a growing erosion of public confidence and aggrandizing governance issues. In fact, Pakistan is in the claws of energy crisis.

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Over time, energy has become extremely important for countries. As absence of oxygen can end a human's life, absence of energy can jeopardize an entire existence of a nation. It is through energy, almost all the activities in a country take place. In economy, from manufacturing to distribution of goods, all are are dependent on energy. Even if a country is not industry-oriented, it still needs energy for other sectors such as agriculture or services. Socially, the importance of energy is apparent from the fact that health and education sector will be rendered paralysed by lack of energy. Moreover, energy crisis spawns various political problems, especially governance issues, public scepticism and weakened decision-making power. Thus, it is very true that energy can empower or enervate a country in its all walks of life, which is well depicted from the dismal state of Pakistan — the country that is deeply mired into energy crisis.

The following paragraphs will shed light on different manifestations of energy crisis in Pakistan.

A significant shortfall of energy is the first and foremost indication of the prevailing energy crisis in the country. It is indeed a herculean task to meet the entire demand of a huge population. However, a large number of demand remaining to be unmet

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speaks cryingly the volume of energy crisis. As per various reports, in particular that of by the 'National Transmission and Despatch Company (NTDC), there is an electricity shortfall of '7000 MW' in the country. This number represents that a large number of households and businesses do not get their energy need completely satisfied. Due to this prevalent energy shortage, domestic and commercial life is getting enormously affected. Thus, the existing huge electricity shortfall constitutes the major evidence of energy crisis in Pakistan.

Very unfortunately, the country is unable to meet demand of the segment of the society that is having the electricity and gas meters; how come will it manage the enormous burden of the segment that is outside of the energy infrastructure? This leads us to another manifestation of the energy crisis in the country: Dismal electrification rate. It is honestly a very surprising thing that a huge population in Pakistan has not yet evolved into a modern age. This set of population, very miserably, is still living in the stone-age period as it does not have access to energy at all. According to the latest report by the 'Asian Development Bank' (ADB), 25% of the people in Pakistan do not have ~~do not~~ access to electricity. It highlights that only 75% of the population gets ~~only~~ electricity everyday. Therefore, the dismal electrification rate underscores the fact that the country is deeply entrapped into the energy crisis.