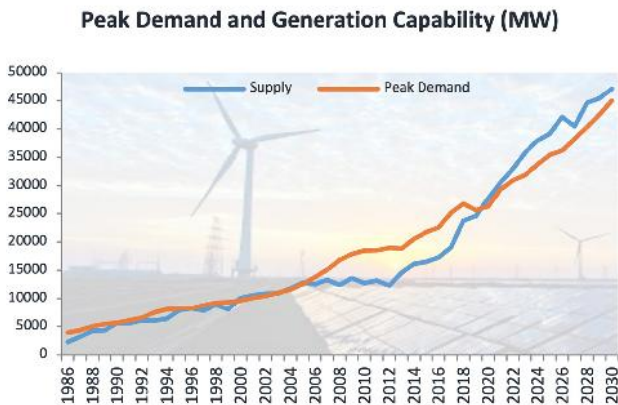


Energy investment and planning

Pakistan has lurched from an excess demand to excess supply of energy and has whimsically played around with the energy mix. While the world is moving to renewables we are investing heavily in coal. We allow energy to be produced on sovereign guarantees.



The experts at the table were of the opinion that_ absence of competitive bidding and non-transparent power procurement process has brought structural rigidity and hindrance to the creation of a competitive market. Generation sector did attract private investment but get stuck in the cost-plus model. Guaranteed capacity payments have increased the cost of generation.

Decision-makers have always chosen short term fixes to avert crisis instead of a long-term well thought out strategy. Political expediency and short term goals resulted in long-term contracts; the end result is high prices for the consumers.

The focus in planning strategies is on expanding generation capacity, with little focus on improving the energy mix and energy efficiency. Planning for generation expansion is based on only peak demand forecast, which is sometimes misleading. There is lack of spatial forecasting. That's why investments to increase generation capacity are not complemented by equivalent investment in downstream transmission & distribution infrastructure.

There is disconnect between various govt. departments _ leading to inconsistencies and less than optimal planning and decision making. Our energy planning strategies ignore the holistic view and focus only on the power sector. There are institutional disconnections and fragmentation in the priority of issues.

If planning objectives are clearly stated, then there is a problem of implementation. Planning is done for the existing consumers and not for those who are un-served or under-served.

Webinar suggested:

- Distributed generation is the solution for those who are un-served or underserved.
- An integrated power sector planning is required. This approach must include accurately forecasting demand, adding generation capacity, improving transmission and distribution systems, increasing efficiency and bringing costs down and ensuring sustainability.
- We need good urban planners along with energy experts for energy planning.
- Coordination should not be limited to the energy sector, but serious consultation with other sectors as well.
- There is need for capacity building at the individual as well as at the institutional level.
- Policy-makers/ planners should have an understanding of the complex economic, political and environmental interrelations and uncertainties surrounding energy systems.
- Market liberalisation with private participation is an optimum solution provided accompanied by effective regulatory apparatus.
- Two parallel energy infrastructures are not financially viable. Move towards a single source of energy for every sector, in particular for the domestic sector.