PIDE forms Power Commission to find solution of long-standing energy problems

Islamabad – Pakistan Institute of Development Economics (PIDE) has said that the country's switching to electricity generation from cheaper indigenous sources is impossible in the short to medium term owing to long term agreements with IPPs.

Due to long-term agreements with guaranteed capacity payments to thermal generation companies, switching to cheaper indigenous energy sources is impossible in the short to medium term. Therefore, the complex tariff mechanism needs to be revised to reduce electricity prices in Pakistan, said PIDE here on Sunday.

Pakistan's power sector has been in crisis for years, there are too many players in the system confuse each other to cumulate losses and give subsidies while at the same, the circular debt is rising continually, PIDE said. Surprisingly, no government has taken the power sector with the urgency it deserves, and no serious research has gone into understanding the issues, said a statement issued here by PIDE. Whatever decisions are made are at the advice of international financial institutions, who do not understand the local dynamics of the problem.

PIDE further said that energy is a chronic problem that eight governments have not been able to solve. Due to mismanagement and weak governance in the power sector, massive transmission and distribution losses occurred (Rs473 billion during 2021, out of which Rs402 recovered through tariff and Rs71 billion was added to circular debt). "Our decision-makers' lack of informed long-term vision has led to distribution inefficiencies, expensive fuel mix, and rising capacity payments," it said. The results are unreliable electricity supplies, unaffordable electricity, and increasing business costs. The demand-supply gap has evolved over the years from deficits to excess installed capacity. Still, there is a shortage of cash flows to import fuel and supporting infrastructure to run it, leading to power outages.

Country's switching to electricity generation from cheaper indigenous sources in short time is impossible owing to long term agreements with IPPs, says PIDE

Pakistan Institute of Development Economics (PIDE) has formed a 'PIDE Power Commission'. The commission comprises power sector experts with decades-long experience in the sector. With contributions from the experts in the commission, a major study is underway at PIDE. This soon-to-be-launched study would provide deep insights into various segments of the power sector, providing workable, sustainable, and integrated solutions to the power sector woes. According to PIDE, more than 60 percent of electricity is produced by thermal sources providing costly electricity in Pakistan. Further, the tariff mechanism adopted provides electricity charges across categories, time of use and sanctioned load, etc, creating inefficiencies and making electricity expensive for productive sectors (industry and businesses) of the economy. Additionally, Pakistan is among the top thirty countries globally with relatively high tariff rates. The sector is about to implement a wholesale market model (CTBCM), demanding significant tariff reforms. There should be

fair pricing, where each consumer pays according to their consumption on a progressive trend, i.e. the more per unit energy is consumed, the more consumer pays on average.

PIDE forms Power Commission to solve energy sector problems

Sajid Salamat

The Pakistan Institute of Development Economics (PIDE), under the guidance of its Vice-Chancellor Dr. Nadeem ul Haque has formed a PIDE Power Commission' to research and find out solutions to the long-standing energy sector problems.

The commission comprises power sector experts with decades-long experience in the sector, say a press release issued by the Institute on Sunday. Pakistan's power sector has been in crisis for years. Too many players in the system confuse each other to cumulate losses and give subsidies while at the same, the circular debt is rising continually. Surprisingly, no government has taken the power sector with the urgency it deserves, and no serious research has gone into understanding the issues. Whatever decisions are made are at the advice of international financial institutions, who do not understand the local dynamics of the problem.

The members of the Commission include Engr. Tahir Basharat Cheema, Former MD, PEPCO; Engr. Salis Usman, General Manager Power Planning, NTDC; Engr. Mujahid Islam Billah, Ex. CEO, FESCO; Mr Basharat Ali, CFO, PEPCO; Engr. Sajad Haider Syed, Dy. Manager, NTDC; Engr. Masood Akhtar, Former GM, NPCC; Engr. Azhar Iqbal, Director Finance, PEPCO; Engr. Adnan Riaz Mir, GM, Monitoring, PP&MC; and Engr. Abdul Qadeer Khan, Ex GM, NPCC. Energy is a chronic problem that eight governments have not been able to solve. Due to mismanagement and weak governance in the power sector, massive transmission & distribution losses occurred (Rs. 473b during 2021, out of which Rs402 recovered through tariff and Rs71b was added to circular debt).

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PIDE forms 'power commission'

Recorder Report

PESHAWAR: Under the guidance of Vice-Chancellor Dr Nadeem ul Haque, the Pakistan Institute of Development Economics (PIDE) has formed a 'PIDE Power Commission,' which is comprised on experts from power sector, having decades-long experience in the sector.

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The release said energy is a chronic problem that eight governments have not been able to solve. Due to mismanagement and weak governance in the power sector, massive transmission & distribution losses occurred (Rs. 473 billion during 2021, out of which Rs. 402 recovered through tariff and Rs. 71 billion was added to circular debt).

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PIDE forms Power Commission to find solution of long standing energy problems - Pakistan Observer

News desk



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PIDE forms a Power Commission - Daily Lead Pakistan

Web Desk

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PIDE Forms Power Commission To Find Solution Of Long Standing Energy Problems - UrduPoint

ISLAMABAD, (APP - UrduPoint / Pakistan Point News - 21st Aug, 2022): The <u>Pakistan</u> Institute of Development Economics (PIDE), under the guidance of its Vice-Chancellor Dr. Nadeem ul Haque has formed a 'PIDE Power Commission' to research and find out solutions to the long standing energy sector problems.

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Our decision-makers' lack of informed long-term vision has led to distribution inefficiencies, expensive fuel mix, and rising capacity payments.

The <u>results</u> are unreliable <u>electricity</u> supplies, unaffordable <u>electricity</u>, and increasing <u>business</u> costs. The demand-supply gap has evolved over the years <u>from</u> deficits to excess installed capacity. Still, there is a <u>shortage</u> of cash flows to <u>import</u> fuel and supporting infrastructure to run it, leading to power outages.

According to the press release, with contributions <u>from</u> the experts in the Commission, a major study is underway at PIDE. This soon-to-be-launched study would provide deep insights into various segments of the power sector, providing workable, sustainable, and integrated solutions to the power sector woes.

According to PIDE, more than 60 percent of <u>electricity</u> is produced by thermal sources providing costly <u>electricity</u> in <u>Pakistan</u>. Further, the tariff mechanism adopted provides

<u>electricity</u> charges across categories, time of use and sanctioned load, etc., creating inefficiencies and making <u>electricity</u> expensive for productive sectors (<u>industry</u> and businesses) of the economy.

Additionally, <u>Pakistan</u> is among the <u>top</u> thirty countries globally with relatively high tariff rates. Due to long-term agreements with guaranteed capacity payments to thermal generation companies, switching to cheaper indigenous energy sources is impossible in the short to medium term. Therefore, the complex tariff mechanism needs to be revised to reduce <u>electricity prices</u> in <u>Pakistan</u>. The sector is about to implement a wholesale <u>market</u> model (CTBCM), demanding significant tariff reforms.

There should be fair pricing, where each consumer pays according to their consumption on a progressive trend, i.e., the more per unit energy is consumed, the more consumer pays on average.

PIDE forms Power Commission to find solution to long-standing energy problems – Latest News – A NaçãoOUS News

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Pakistan's energy sector has been in crisis for years, there are too many actors in the system to confuse each other to accumulate losses and give subsidies while at the same time the circular debt continually increases, PIDE said. Surprisingly, no government has taken on the energy sector with the urgency it deserves, and no serious research has been done to understand the issues, said a statement released here by PIDE. Whatever decisions are taken, they are on the advice of international financial institutions, which do not understand the local dynamics of the problem.

PIDE also said that energy is a chronic problem that eight governments have failed to solve. Due to mismanagement and weak governance in the energy sector, massive transmission and distribution losses occurred (Rs 473 billion in 2021, of which Rs 402 was recovered through tariffs and Rs 71 billion was added to circular debt). "The lack of long-term vision of our decision makers has led to distribution inefficiencies, expensive fuel mix and increased capacity payments," he said. The results are unreliable electricity supplies, unaffordable electricity and rising business costs. The demand-supply gap evolved over the years from a deficit to an excess of installed capacity. Still, there is a shortage of cash flows to import fuel and the supporting infrastructure to run it, leading to power outages.

Shifting the country to generating electricity from cheaper indigenous sources in the short term is impossible due to long-term agreements with IPPs, says PIDE

The Pakistan Institute of Development Economics (PIDE) has formed a 'PIDE Energy Commission'. The commission is made up of energy sector experts with decades of experience in the sector. With input from the commission's experts, a major study is underway at PIDE. This soon-to-be-released study would provide in-depth insights into various segments of the energy sector, providing viable, sustainable and integrated solutions to the energy sector's problems. According to PIDE, more than 60% of electricity is produced by thermal sources that provide expensive electricity in Pakistan. In addition, the tariff mechanism adopted provides for electric energy charges in all categories, time of use and sanctioned load, etc., generating inefficiencies and making electric energy more expensive for the productive sectors (industry and business) of the economy. In addition,

Pakistan is among the top thirty countries in the world with relatively high tariffs. The sector is about to implement a wholesale market model (CTBCM), requiring significant tariff reforms. There must be fair prices, where each consumer pays according to his consumption in a progressive trend, that is, the more energy per unit is consumed, the more the consumer pays on average.

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