

Private sector likely to get go-ahead for electricity import

KARACHI: The government is expected to let the private sector import electricity from across the border in an unprecedented move to improve access of the basic energy nationwide and curtail widening demand-supply gap that hurts growth, it emerged on Friday.

Sources said the National Electric Power Regulatory Authority (Nepra) planned to broaden the ambit of electricity import and it proposed the government to allow bulk buyers, agents and individual traders to buy electric power from a foreign seller, through amending Nepra (Import of Power) Regulations 2017.

Currently, state-owned distribution companies are allowed to import electricity, mainly from Iran.

The sources said the authority's proposal is to rehash the definition of 'buyer' in the existing rules to bulk buyer, such as housing society – licenced to import and supply electricity to consumers, an agent of an entity duly authorised, and anyone licenced to engage in trading of power. Yet, Nepra continues to exert authority on tariff determination.

In March 2017, Nepra unveiled the country's maiden rules to govern electricity import from foreign countries in view of growing power demand and distribution sector's interest in transmission from across the border.

Pakistan is keen to develop relationship with the energy-rich central Asian states to overcome power shortages in the country. The country is already importing more than 100-megawatt of electricity from neighbouring Iran. The government has planned to increase the quantum manifold. Electricity demand continues to outpace supply in the country with power deficit crossing 6,000-megawatt in summer.

However, the country faces key challenges when it comes to provision of affordable and reliable electricity to its population.

An American think tank Atlantic Council said 58 million people in Pakistan lack access to electricity, and the challenge is particularly acute in rural areas, where only 54 percent have access to electricity. "Pakistan's progress in expanding access has been slower compared to some other countries," the council said in a report last month.

Comparatively, Bangladesh boosted power access to 88 percent of its population in 2017 from 55 percent in 2010, and more recent estimates are as high as 95 percent.

The government is struggling to achieve universal electricity access by 2030, while priority towns in each province have already been identified.

The US think tank said Pakistan's rural electrification programs are heavily focused on grid expansion by the various regional distribution companies, many of which are constrained in their ability to finance grid expansion, especially in the remote and sparsely populated areas of Balochistan and tribal areas. The council said expansion of electricity generation would meet rising demand and reduce the endemic power blackouts and outages "has been a high priority of the Pakistan government".

"(The country's) installed generation capacity has greatly expanded to 33,836 MW in February 2019 from 23,337 megawatts in 2014, and electricity generation increased by 11 percent from 2017 to 2018," it added. "Pakistan continues to have a gap, however, of several thousand megawatts in the non-summer months when hydropower output is lower and electricity demand is high."

The Nepra's proposed amendment says import of electricity is subject to the foreign seller submitting a comprehensive tariff proposal including rates, details of project cost, tariff break-up and tariff assumptions, a feasibility study, an interconnection study duly approved by the relevant network operator, and an undertaking of compliance with the grid code and distribution code.