

### **Govt significantly raises licence fee for on-site electricity generation**

KARACHI: The government has fixed a flat fee of Rs1,000 per kilowatt for distributed, also known as on-site, generation licence, an exorbitant increase for private producers of any capacity and a move that is seen as counterproductive to the goal of increasing renewable energy share, people familiar with the matter said on Monday.

The National Electric Power Regulatory Authority notified the revised fee for acquiring licence of distributed generation that needs no transmission to grid and produced and consumed onsite.

Earlier, there was no licence fee for distributed generation setup of up to 20 kilowatts, nominal Rs500 for 20 to 50 kilowatts, Rs1,000 for 50 to 100 kilowatts and Rs5,000 for generation facility of 100 to 1,000 kilowatts.

An industry official said such an increase in licence fee will discourage renewable distributed generation. "As Pakistan aims to increase the share of renewable energy in the energy mix as well as growth of distributed generation, such moves would prove to be counter-productive." Pakistan has also recently implemented a new alternate renewable energy policy 2019) with an objective to increase the share of renewable energy (non-hydropower) from the existing less than 5 percent to 30 percent by 2030.

"However, this will require a friendlier environment for end-users and significant support by the distribution companies and relevant departments," a think tank focusing renewable energy said in a report.

For a country like Pakistan, generation offers one of the most promising solutions to advancing clean energy transition and an optimal opportunity to reliable supply access and energy access at lower prices than conventional energy.

Any significant growth in it will also contribute to achieving the sustainable development goals on energy and climate action. During the past four years, a total of 3,020 licences were issued to distributed generators. The cumulative distributed generation installed capacity in Pakistan reached 47,652 kilowatts as of December 31, 2019.

The power sector is the main consumer of natural gas consuming around 38 percent, while the gap between gas demand and supply is expected to increase to 2.7 billion cubic feet per day (bcfd) in FY2022/23 and 4.8 bcfd by FY2027/28, according to Oil and Gas Regulatory Authority.