

### **KE plans \$1.5 billion investment in energy value chain**

KARACHI: K-Electric has earmarked \$1.5 billion of investment in upgrading and expanding power generation and distribution infrastructure over the next three years, the company said on Thursday.

K-Electric said investments would spread across the entire power value chain. This includes expeditious completion of Bin Qasim Power Station (BQPS-III), along with setting up of new grid stations for power o -take of up to 1,400MW from the grid by 2023.

“However, sustainable resolution of the government receivables issue and timely approvals by regulator remain critical to the execution of these investment plans,” the company said in a statement. KE incorporated a wholly owned subsidiary, KE Venture Company (Pvt) Ltd (KEVCL) to undertake different initiatives in the energy sector.

Initially, the subsidiary will explore investments in renewable energy. Another wholly owned subsidiary, K-Solar, has been incorporated under KEVCL, KE said. K-Solar will specialise in distributed generation. In addition, 150 megawatts of solar independent power producers in Vinder, Uthal and Bela are going to be developed as joint ventures under KEVCL. The meeting was chaired by Shan Ashary, chairman of the KE board, with Moonis Alvi, chief executive officer also in attendance and other members, according to a statement.

Shareholders were briefed about prevalent challenges such as the COVID-19 lockdown, continuous accumulation of outstanding net receivables from government entities (over Rs80 billion on principal basis, as of September 30), increased finance cost (up by 166 percent) and the resulting distressed working capital situation. Before the COVID-19 lockdown, KE showed strong operational performance and up to March 20, recorded 3.1 percent growth in units sent-out, with around 2 percent points improvement in transmission and distribution losses, compared to the same period last year. However, significant drops in consumption by industrial and commercial consumer segments, load-shed exemption to high-loss areas and inability to carry-out theft detection activities, adversely impacted the sales mix.

In FY2020, KE invested over Rs55 billion across its energy value chain. Construction of the 900MW RLNG-fired BQPS-III is being pursued on fast track basis. Further, with the objective of enhancing transmission capacity and improving overall network reliability, KE has completed over 94 percent of the TP-1000 project. KE has also converted over 9,000 pole mounted transformers (PMTs) to aerial bundled cable. This has enabled the company to significantly reduce transmission and distribution losses and benefit consumers through reduced load-shed. KE has continued to invest in technology, including installation of automated meter readers at PMT level and implementation of a meter data management system, which will provide greater visibility into network performance.