

K-ELECTRIC PLANS DEDICATED RLNG LINE FOR BIN QASIM PLANTS

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KARACHI: K-Electric has planned a dedicated re-gasified liquid natural gas (RLNG) pipeline to its Bin Qasim plants for ensuring optimum cost and benefits for consumers, as the utility already runs one of its plants on this alternative fuel.

Industry sources said K-Electric has approached Sui Southern Gas Company (SSGC) to install the said line for them.

“SSGC is working on the proposal and has not shared the details regarding costs and timelines etc in this regard with K-Electric as yet.” The power utility in April this year had informed the regulator that, “in future K-Electric would evaluate option of dedicated RLNG line to ensure optimum cost and benefits for consumers”.

Currently, existing interconnection network of SSGC is being utilised for provision of fuel, and the National Electric Power Regulatory Authority (Nepra) has asked K-Electric whether the techno-economic analysis regarding installation of dedicated RLNG pipeline for the existing and upcoming power plant has been carried out.

Considering the demand/supply situation along with growing electricity requirements of Karachi, and significant curtailment of natural gas by SSGC, the power utility had proposed to use RLNG as an optional/backup fuel to ensure availability of plants in case of reduction in natural gas supply.

In June this year, Nepra had allowed K-Electric to immediately start using RLNG as an alternative fuel to reduce electricity shortfalls in Karachi.

The permission had been granted on a provisional basis to provide immediate relief to end-consumers. Meanwhile, the regulator completed the normal legal and procedural processes, and put in place the mechanism for dealing with the difference in cost between imported RLNG and domestic gas that K-Electric currently uses.

Nepa has framed several issues in relation to K-Electric's application for approval to utilise RLNG as an alternate fuel for its existing power plants.

The regulator is concerned whether availability of alternate fuel will impact K-Electric's decision on induction of new generation facilities. Nepa also seeks K-Electric's assurance that the resulting increase in overall fuel cost, due to change in gas supply mix, will not be passed on to the consumers. The regulator also asks whether K-Electric has taken any steps to ensure the minimum supply of natural gas quantity of 180MMCFD as committed by concerned government entities and

SSGC, and whether the option of allocation of RLNG from private fuel supplier on competitive rates as compared to SSGC has been explored.

Nepa is also interested in knowing whether the use of RLNG would have an impact on the operational parameters of K-Electric's power plants.