

Country in quest of energy minister

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Imran Khan, Prime Minister-designate, has publicly confirmed only one member of his cabinet - Asad Umar to head the Ministry of Finance and thus intense speculation continues about who would get which portfolio in the federal cabinet. Rumour has it that the portfolio of the Ministry for Foreign Affairs would be given to Shah Mehmood Qureshi, and there is a short list of two to three members of parliament doing the rounds of who would get the portfolio of Interior, Defence and Railways. However, to-date there has been no speculation on who would head one of the most critical portfolios, Energy.

Resolving the energy crisis was a major campaign slogan of the Pakistan Muslim League-Nawaz in election 2013 and the party leadership was convinced that delivering on this commitment would ensure its victory in the 2018 elections. While the PML-N has challenged the election results as well as accused the establishment of pre-poll and post-poll rigging, yet it would be appropriate for the party to also acknowledge that while it did increase generation capacity by around 10,000MW yet it failed to deliver on the 2013 election promise in three important respects: (i) the increase in generation was from expensive sources, including coal generation plants located away from the source of coal with serious environmental implications to boot, which account for tariffs that were the most expensive in the region; (ii) obsolete transmission and distribution network was not upgraded and expanded as was required and therefore was unable to evacuate the increased power generation leading to frequent tripping during the current summer; (iii) circular debt was higher at the end of its term, a reflection of poor governance, than what it inherited in 2013. In this context, it is also relevant to note that the then Finance Minister Ishaq Dar engaged in an irregularity by borrowing 480 billion rupees on the second last day of fiscal year 2012-13 (without an audit) to retire the 480 billion rupees circular debt but without a commensurate improvement in the sector's performance the debt was over 530 billion rupees by 31 May 2018.

Additionally, there are serious concerns about the Liquefied Natural Gas (LNG) deal struck with Qatar Gas and the power plants reliant on LNG as an input are producing at rates that contribute to a tariff higher than what was prevalent during the PPP tenure (in spite of the very high international price of oil at the time). The Chief Justice of Pakistan has sought a response from the federal and Punjab governments on zero power generation from Quaid-e-Azam Solar Power and Bhikki power plants; and reopened the Nandipur power plant case for a hearing.

Energy is an extremely important portfolio; it effects not only the quality of life of the general public but as a major input to the manufacturing process contributes to total national output and, consequently, to the growth rate. It is therefore not only a matter of meeting demand, which is managed at the present time, with enhanced supply but also to determine at what cost to the consumer. Thus the PTI administration would require an honest and competent Minister for Energy who has the capacity to look at the sector holistically and is able to formulate a business plan that seeks a phasing out of subsidies within a very short period of time (assuming that Umar succeeds in convincing international donors/lenders that the administration has a plan to end power sector subsidies). The task requires a committed individual able to take his colleagues along.