

Caretaker PM seeks strategy to meet growing energy demand

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ISLAMABAD: Prime Minister Justice (Retd) Nasir-ul-Mulk on Thursday asked the petroleum ministry to formulate a comprehensive strategy to help the upcoming elected government meet growing demand of gas that accounts for almost 40 percent of energy mix.

The Prime Minister was presiding over a meeting on petroleum at PM's office. Minister for Energy Barrister Syed Ali Zafar, Secretary to Prime Minister Suhail Aamir, Secretary Petroleum Sikandar Sultan Raja and senior officials attended the briefing.

The newly-appointed caretaker prime minister directed the officials to attend to any emergent situation as per the mandate of the caretaker government. "A comprehensive strategy should be worked out during this period for addressing petroleum related issues for the consideration of the incoming elected government," a government's statement quoted him as saying.

Secretary petroleum briefed the prime minister about the petroleum sector with special focus on production and sector-wise consumption of gas and petroleum products in the country.

The meeting was informed that the country's current energy requirements of 79.58 million tons of oil equivalent were being met through 38 percent gas, 34 percent oil, six percent liquefied natural gas (LNG) and other resources, including liquefied petroleum gas, hydro and coal resources. The secretary also gave an overview of the available gas and oil reserves in the country and the cumulative province-wise production and their utilisation.

It was told that around 0.5 million consumers were annually being added to the existing number of 8.8 million of gas consumers in the country. With diminishing domestic production, LNG requirement, which currently stands at 1,000 million metric cubic feet/day (mmcf/d), is projected to reach 3,600 mmcf/d by 2030.

Presently, the country has two LNG terminals with a combined re-gasification capacity of 1.2 billion cubic feet per day. Global energy producers, including Exxon and traders like Vitol are taking keen interest in the country's energy market with gas shortfall expected to further increase with rise in number of gas consumers.

The country with a population of more than 200 million and economic growth of five percent plus has the growing appetite for LNG imports, which are expected to climb fivefold to 30 million tons a year by 2022.

Secretary petroleum, in his briefing, also highlighted certain issues concerning the petroleum sector including revision of gas sale prices.

Early this month, Oil and Gas Regulatory Authority unveiled new tariffs regime for gas distribution companies under which their rates of returns were revised up on the basis of market dynamics.

Under the new tariffs regime, fixed rate structure used to calculate rate of return on assets and subsequently profitability, would be replaced with a weighted average cost of capital.

Consequently, the new rate of return calculated for the transmission assets would be 16.28 percent as against 11.83 percent, while it would be 17.43 percent compared with 12.7 percent for distribution.