

High prices of energy

A baker in Gujar Khan slaughtered his wife and seven children on July 6 and left a letter near the bodies that he had gone bankrupt, electricity and gas connection of his shop had been cut off for non-payment of bills, leaving him jobless and unable to feed his family. In the second example, among countless, a government employees union insisted the government not to increase wages but meet their energy bills from the treasury.

The constant increase in inflation is also one of the causes of energy prices upward adjustment. The cost of agricultural and industrial production is at its peak, which encourages smuggling, thereby depriving the government of certain duties, taxes and other sources of revenue. The industrialists are winding up their projects, resulting in serious unemployment. It was estimated that POL was accounted for 1.3% of the 4.7% inflation during the period July-April of the last financial year.

This is not surprising information for those who know about the uptrend in energy bills. The negative effect of the escalating cost of energy bills faced by the common man and the economy is very high. This kind of phenomenon arose due to loopholes in perspective plans and their incomplete implementation.

Almost, all forms of commercial and non-commercial energy have been developed during the last financial year but less than the requirements. Here, some proposals for lessening burden on the economy and removing demand-supply gap are given to control the prices of electricity, oil, LPG, SNG, coal, fuelwood and renewable energy.

Power

The hydel-thermal ratio, which was 63.37 in 1967, was 28:72 in April 2001, which is the major cause of high power tariff in the country. There are 26 thermal stations, half of which belongs to the

WAPDA and the remaining are owned by private sector, commonly known as the IPPs. Except one station of IPPs, which sold power to the KESC, the others power is purchased by the WAPDA. It is worthy to mention that in overall 17,772MW capacity, thermal power has a share of 12,347 MW out of which only 1,019 MW is produced through gas turbines. The nuclear plants are also producing 462 MW.

The WAPDA was a reliable and profitable authority in power generation and its distribution at reasonable rates but due to the IPPs and its own thermal plants, heavy system losses of 26% or Rs 62 billion and free electricity to 120,000 work force, it is now in crisis. It was reported that PSO refused to supply furnace oil on differed payment because the WAPDA owed to it over Rs 4 billion and KESC Rs 11 billion as of April 25. Both the WAPDA and KESC are facing acute fund deficiency, causing problem in the payment of their liabilities, which they ultimately shift to the consumers. The power tariff of the 1991 over the 2001 is enough to clear the phenomenon:-

Table-1

The trend of faster increase in power tariff after 10 years is manifest from the Table-2:-

Pakistan has the potential of hydropower of 50,000 MW in the Northern

Areas and 30,300 MW in the NWFP. The Azad Kashmir's potential dependson rivers and streams and the Punjab's and Sindh's on canals and barrages.

It is of some satisfaction that the government, in principle, has decided to stop further construction of thermal power plants based on oil. The WAPDA has planned to curtail system losses/pilferage to 24% during the current financial year followed by 20% in 2004. Feasibility study of 22 sites of 6,346 MW multipurpose dams and run of river plants have

been completed while the 740 MW plant at Kohala is underway. The total power schemes being implemented

Dr Habi

Table

Household electricity tariff on

Category (Units)	Energy Charges (Rs)	FA (Rs)
Upto 50 units	0.54	0.0
51-100	0.68	0.0
101-300	0.77	0.1
301-1000	1.10	0.7
1001-4000	1.47	0.7
above 4000	1.47	0.7

Minimum monthly charges -

Source: Economic survey of Pa

Table-1
Household electricity energy tariff on April 1, 1991

Consumption (units)	Total (price/Rs)
Upto 50	0.54
51-250	0.68
250-300	0.77
301-600	1.10
Above 600	1.47
Minimum charges/month Rs	11.00

Source: domestic power bills, Peshawar

according to the Chairman, WAPDA. The WAPDA, would implement 34 priority projects under Phase-1. Projects under Phase-II will be bigger and under Phase-III mega plants would be constructed.

The Asian Development Bank is likely to finance some parts of the WAPDA Vision 2025 for the development of water and power resources. The long awaited Ghazi Brotha, District Attock, is expected to be completed in two years. The private sector in Pakistan, like the

Table N

Comparison of oil prices on two different dates

Date	Item	Unit	Price (Rs)
1.7.1991	HOBC	Ltr	8.58
1.7.1991	K-oil	Ltr	4.95
1.7.1991	MS87RON	Ltr	8.28
1.7.1991	HSDiesel	Ltr	5.05
1.7.1991	Light diesel	Ltr	4.00
1.7.1991	Furnace Oil	ton	2350.00

Source: Energy year Book, 1992, and Market Survey

rest of the world, is not interested in env hydel technology and wants to earn as easy as possible.

The Sarhad Hydel Development Organisation (SHYDO), Punjab Power Development Board and Azad Jammu and Kashmir Power Development Project have prepared feasibility of thousands of betv

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MW's potential sites to be executed after fund availability. The Pakistan Council of Renewable Energy

No. 2

on April 1, 2001

AS	Additional	Total
(Rs/Kwh)	Surcharge	(Rs)
0.07	0.73	1.34
0.07	1.31	2.06
0.15	2.02	2.94
0.75	3.28	5.13
0.75	4.15	6.37
0.75	4.66	6.88
-	-	90.00

Technology (PCRET) is also engaged in the installation of micro hydropower (MHP). Few NGOs and individuals are also installing MHP plants in the northern mountain range of Pakistan.

Sindh Coal

Authority has completed study for 1,000 MW mine-mouth coal fired plant based on Thar Coal Fields to be executed soon, according to the Economic Advisor's Wing of the government of Pakistan. The government has planned to install two nuclear plants apart from the two existing ones at Karachi 137 MW and Chashma 300 MW. If some thermal stations are retired and hydroelectricity is given priority, it will contract import bill, lessen flood risk, make clean and friendly the

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Price (Rs)	Date	Price (Rs)	% Increase
3.58	1.7.2001	33.86	394.63
4.95	1.7.2001	17.25	348.48
8.28	1.7.2001	33.81	408.33
5.05	1.7.2001	18.26	361.58
4.00	1.7.2001	16.13	403.25
2350.00	1.7.2001	13,301	566.25

ket Survey, 2001

environment and reduce power tariff at reasonable rate besides positively affecting trade, commerce, industries, agriculture and transport.

The nation building departments will also be benefited from cheap power.

For example, trains, which are plying between Khanewal to Lahore with elec-

tric power, can use power to other tract, which will help in coping with the Railway Board budget deficit. In the case of power shortage, the few plants will help in providing cheap power to enhance growth at micro and macro level.

Petrol, Oil and Lubricants (POL)

POL is an important form of energy. The crude oil reserve in Pakistan, estimated on April 1st was 283 million barrels, which can meet our requirements for two and a half years if the consumption pattern remains the same. The price curve of oil is hiking vertically which reveals wide gap between supply-demand apart from dependence on

import coupled with falling external value of rupee, petroleum surcharge and deregulation of the petroleum trade. Here, the prices per liters of different crude oils of two periods are given for comparison. **Table-3**

The cost of kerosene, which is used by poor households or some pump owners for adulteration, is also increasing which is clear from the following **Table-4**.

The major consumption sector of the crude oil, according to the economic Survey of Pakistan is transport 5966 thousand tones followed by the thermal power plants 4657 thousand tones in July-March 2000-01. The industry and agricultural which are considered a sign of development and prosperity in international community have shares of 1492 thousand tones and 195 thousand tones. The per cent share of the consumption of crude oil in the power sector increased 5.2 per cent but decreased in transport by 1.8%, industry 9.9 per cent and agriculture 5.3 per cent in July-March in 2000-01 over the correspondent period of the last year. If oil substitute is brought under consumption and the government reduces surcharge revenue along with practicing

other desirable initiatives, it would help in faster price hiking of this important ingredient of life.

The government has announced petroleum packages under the titles of offshore petroleum package and onshore petroleum package in January and May. These packages are expected to mobilise local resources, promote private sector investment and enhance oil and gas production through competitive terms, attractive framework, procedure simplification to attract investors, creation of domestic securities market and constructing and improving physical infrastructure. These measures to be taken by the government will ensure oil and gas avail-

Table No. 4

Kerosene sale prices of three periods

Period	Fixed Sale Price	Fixed Sale price with GST	Retail Price
25.5.1991	4.95	--	4.95
5.7.1995	6.00	--	6.00
18.7.1998	9.31	--	9.31
30.12.2000	14.35	16.50	16.50
1.7.2001	--	17.50	17.50

Source: Energy Year Book and Market Survey

ability at reasonable rate, promote self-reliance through accelerated exploitation and curbing oil import bill in a specific limit. The Oil and Gas Regularity Authority (OGRA) is being set up which will help in the sector development and looking to consumer interest.

Natural gas

Natural gas is one of the biggest gifts of God to Pakistan. It is available in the natural state, almost in all provinces of Pakistan. In 1971-72, Pakistan produced 127 thousand million CFT natural gas whereas the average production from July to March, 2000-01 was 2371 million CFT per day. These figures indicate development of this source of energy though prices of which is hiking regularly due to demand from the uncontrolled population growth, development requirements, wastage and leakage from pipes and gadgets.

(To be continued)