

# High prices of energy: impact

*29/08/01*  
The recoverable natural gas deposits have been estimated at 25 trillion cubic ft on April 1, 2001, which are likely to be exhausted within 15-16 years.

During July-March 2000-2001, 36 wells were drilled and a revised MOU was signed with Sharjah based Crescent Petroleum for laying 1610 Km, 44 dia pipe line upto Jaiwani, near Karachi to transport 1.6 BCFT natural gas **Table-5**.

The recently announced onshore and offshore petroleum and gas policies are expected to encourage home market, which is constrained due to augmentation and degradation gas transmission infrastructure, according to the official sources. In this connection, the producers were given certain incentives to develop break infrastructure for which transportation tariff would be payable over and above the policy gas price. The government is planning to add 1 billion CFT gas per day to the mainstream supply by the end of next calendar year. This would increase gas consumers from existing 15% of the total population and reduce dependence on biomass and other commercial sources of energy, which are twice as expensive as compared to gas.

The gas conservation and efficient use, retiring gas running power plants by constructing dropower plants and stopping leakage from production centres to reduce uses can prolong its life. Linking about lowering gas prices to consumers in the prevailing bio-economic situation is imaginable because the subsidy given to gas consumers has been withdrawn and now it is near the cost of production. Giving right to the gas

repair works on a 24 hours notice is justified. But to adjust the oil and gas prices by these companies could cast adverse affect on the price structure. These companies, after getting this power, after a few hours, increased prices. However, the masses expect good from the

**Table-5**

Gas prices of three different periods

Unit per CFT

Period	Industry	Commercial	Domestic
23.5.1985	39.54	48.54	18.00/27.00
15.4.1991	54.57	61.41	31.00/46.50
17.3.2001	157.87	177.63	63.51/159.69

(Source: Energy Year Book and SNGPL, Peshawar)

natural Gas Regulatory Authority (NGRA) regarding their interest to be protected.

Liquified Petroleum Gas (LPG) also known as bottle or tank gas is the modern form of fuel included in the family of commercial fuels. It is a superior fuel that keeps surroundings clean. It is a byproduct of oil and gas. It is also produced in refining process. Before the deregulation, the total distributors were 3,254, with 1.87 million consumers and 2.7 million cylinders.

For increasing supply of LPG at competitive prices, the government has liberalised integrated infrastructure project and allowed import of machinery, equipment, specialized vehicles, consumable items, etc, on concessionary rates and abolished 10% import duty besides deregulating the allocation and prices. The Government, on August 1, 2001 has asked the producers and marketing companies of LPG to reduce prices by at least 20% immediately to lessen hardship of the common man

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would be reduced from Rs 230/240 to Rs 180/190 by the 16 indigenous LPG companies dealing in around 900 ton/day.

Compressed Natural Gas (CNG)

Compressed Natural Gas is a new, indigenous and environment friendly industry being used by locomotives. The government has focussed attention on construction of CNG pumps in the private sector. In all, 180 stations in the private and 3 in the public sector have already been completed while work on 280 is in progress. According to an official report, 150,000 vehicles have been converted till June 2001, whereas the

same number of vehicles have been planned to be converted to this gas upto June 2003, in order to reduce dependence on oil and protect environment from further degradation.

Compressed Natural gas is being popularised in the country but the procedure adopted for construction of pump is lengthy. There are also some misconceptions about this gas. The vehicle owners think that it damages the engine. Moreover, the cost of conversion is high and the gas is not available on main roads. Moreover, transporters fear that the cost of this gas sooner or later would be brought at par with that of diesel.

Coal can play pivotal role in reducing dependence on oil import and lessening burden on fossil fuels. The household is consuming its very small quantity. Brick kilns, steel mills and defence forces are the major consumers. In the early fifties, almost all the cement and fertiliser plants were running on coal, which were later converted to natu-

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# Impact on people-II *Energy*

Fertilisers, cement and chemical are energy consumption industries, which cost 60% or even more for some of the industries. The coal can replace furnace oil in many industries, which could reduce cost of production at home market and create a niche for exports.

It is reminded that cement alone has export scope around US\$ 5 bn in the South East Asian Countries. Pakistan must benefit from this source of energy like developed countries; otherwise, it would not be in a position to compete in international market for export goods. Pakistan also needs to focus attention on superior quality coal in order to restrict its import and control prices for industries such as steel mills. The low calorific content coal is required to use in brick kilns and household use with appropriate stoves to protect from smoke.

The government has reduced import duty on coal-related machinery and encouraging its exploration and domestic trade, which would encourage coal mining

Jammu Kashmir are to be developed after fund availability and improving law and order situation. In Thar Lignite Coalfield deposit is estimated at 7.30 billion tones, which is one of the largest of the world. This coalfield needs timely development for local application in households, power producing and industries. The head of the state is very keen in this coal timely development and keeps aware himself of the progress made by the concerned agencies. The Chinese Government has shown interest in this field development and the project may be completed on 99 years lease or even on ownership basis carry on "build and operate-own basis.

About 50 per cent of the household energy requirements are met through fuelwood, 13 per cent are met by commercial and 37 per cent are contributed by agriculture waste and cow dung. In fuelwood, Pakistan is self-sufficient in the sense that available stock of state, farm and rangeland is over consumed for meeting the present

**Table-6**

Average selling prices of coal during different periods.

Mine	Province	1990-91	1994-95	1996-97	1999-2000
Degare	Baluchistan	862.52	1069.58	1800.00	2178.00
Sor Range	-do-	1034.73	1411.96	1830.00	2218.00
Sharing	-do-	533.26	621.33	1200.00	1849.00
Lakhra	Sindh	389.78	57.57	780.00	1639.00
Makerwal	Punjab	899.42	929.00	1700.00	--

(Source: Pakistan Energy Year Book, 2000-01)

in the country. However, the prices in the open market are beyond the control as shown in the following **Table-6.**

Pakistan has substantial deposits of superior and inferior quality coal.

A small number of some of the deposits has been developed while mostly in Baluchistan and Azad

demand. The potential supply of fuelwood was roughly 22,569 ktons against consumption of 37687 ktons in 1996 while the potential supply is projected as 21144 ktons against consumption of 52167 ktons in 2010 which has great concerns for the planners.

(To be continued)