



# ENERGY CRISIS

## A MULTI-FACET ISSUE

"Amjad Ali Awan is a man of principle and being an honest and dedicated public servant, the government has given him a key post of CEO AEDB. The government has given him task to find out the sources to overcome the power crisis through renewable energy projects and bring foreign in Pakistan. He thinks Pakistan is in state of war to combat climate and energy woes."

### Q: Brief Introduction about AEDB / Role of AEDB?

AEDB is an autonomous Government body with the mandate to promote and facilitate exploitation of renewable energy resources in the country. It is also mandated to develop national strategies, policies and plans for utilization and promotion of alternate and renewable energy. AEDB Coordinates and facilitates commercial application of renewable energy technologies as well as facilitates private investors. It is also entrusted to act as a forum for evaluation, monitoring and certification of renewable energy projects and products.

### Q: What is the Potential of Pakistan to Produce Renewable Energy?

Pakistan has an immense potential of alternative & renewable energy resources which can be utilized for power generation and fulfilling energy requirements which include wind energy, solar energy, biomass, bio-fuels, geothermal, small/mini hydro and waste-to-energy. The estimated potential of some of the resources is listed below:

Wind\*: 346,000 MW (theoretical potential estimated by USAID)

Solar\*: 2.9 Million MW theoretical potential estimated by USAID)

Hydro (small/mini/micro) 3,000 MW

Bagasse Cogeneration: 2500 ~ 3000 MW

Waste to Energy: 1,000 MW

### Q: How can we Overcome Energy Crisis in Pakistan in the Shortest Span of Time?

The Energy Crisis is a multi-facet issue which would require several initiatives and measures for its resolution including increase in generation capacity, rehabilitation of existing grid infrastructure and development of new infrastructure and improvement in management of grid. In order to overcome energy crisis, we need to increase the share of indigenous resources especially renewable energy resource in the energy mix as the RE power projects have short gestation periods as compared to conventional power projects apart from the other benefits. Moreover, there is a dire need to pay attention towards conservation of energy.

### Q: Renewable Energy is Need of the Hour. What Efforts are being Made on your Part to Harness Cheap Energy from Renewable Sources in Pakistan?

AEDB is promoting optimal use of renewable energy technologies for power generation near the load centers and distributed generation using RE technologies and both large scale level and small scale / consumer level in order to lessen the load on the national grid and do away with long distance transmission

network requirements. The use of RE technologies in domestic sector for power generation and space / water heating is also being promoted.

### Q: Do you think Pakistan is Rich in Renewable Resources such as Wind, Hydro, Solar, Etc, if what are the Hindrances in the way to utilize them?

Pakistan is extremely rich in renewable energy resources especially wind, solar and hydro. However, the renewable energy sector faces several challenges which include lesser understanding / knowledge and misperceptions about renewables, no firm target or dedicated share of renewables in the energy mix, development of grid infrastructure for the future power generation projects, up-gradation of the existing transmission and distribution network and arranging financing for power projects and grid infrastructure. The increasing demand of natural gas for power generation and domestic sector requirements and depleting reserves is also a crucial challenge.

### Q: Out of Solar, Hydro, Wind, Geothermal, Fuel Cell, Nuclear which Energy is the Focus of Present Government to Fulfill the Energy Needs of the Nation?

Lately, the focus has remained more

on wind power projects amongst renewables. However, the Government is now also focusing on development of solar and hydro power resources.

**Q:What support and Relief Government has given in Terms of Import / Taxes / Terrif to Foreign & Local IPPS?**

The Government is providing several fiscal and financial incentives to projects developers which include:

- i.No customs duty or sales tax on import of equipment
- ii.No Income Tax / withholding tax / turnover tax
- iii.Repatriation of Equity along with dividends freely allowed
- iv.Convertibility of PKR into USD
- v.Non-Muslims and non-residents exempted from payment of Zakat on dividends
- vi.Mandatory purchase of electricity by power purchaser
- vii.17-18% ROE

viii.Government's Sovereign Guarantee

ix.Mandatory purchase of electricity from RE projects

**Q:Attraction to the Foreign Investors?**

The RE Policy 2006 offers several fiscal and financial incentives to the investors. These incentives couples with the rich renewable energy resource and Government's support offer an attractive investment scenario to foreign investors.

