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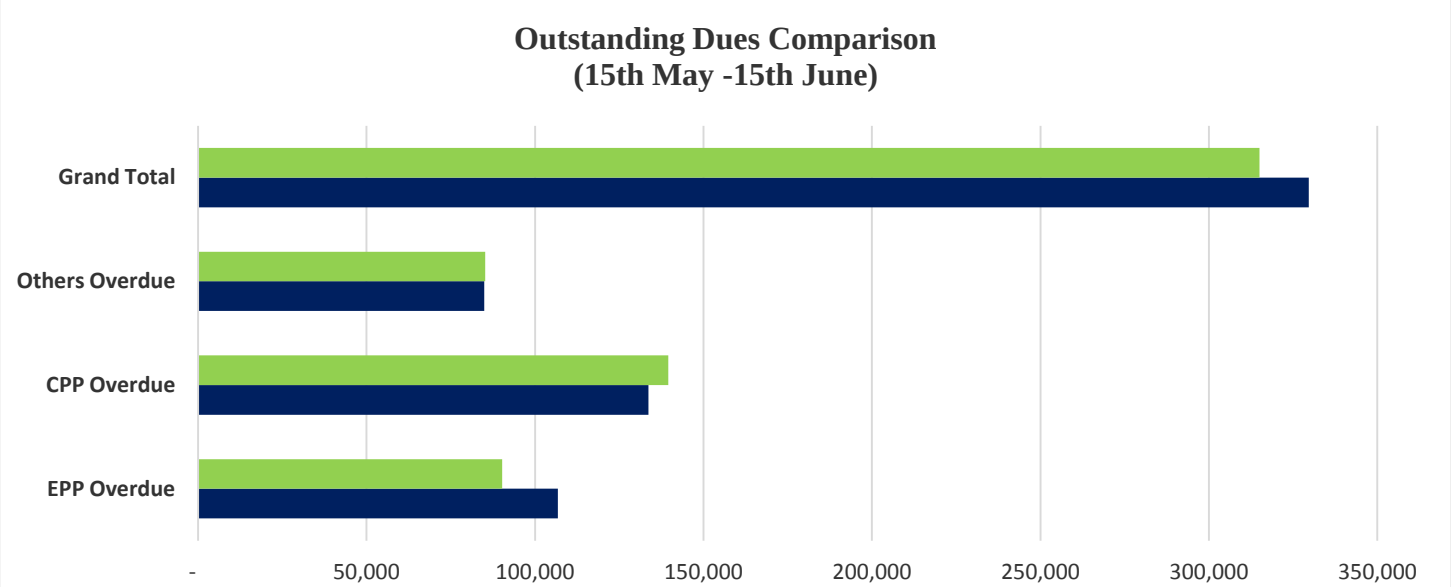
INDEPENDENT POWER PRODUCERS ASSOCIATION

MONTHLY NEWSLETTER

Welcome to the fortieth edition of Independent Power Producers Association (IPPA) Newsletter. The newsletter is published on a monthly basis to ensure regular dissemination of information to Member IPPs and other stakeholders, and also to provide a platform to discuss issues pertinent to the energy sector of Pakistan. We would like you to send us your feedback and comments on how to improve the monthly newsletter.

Monthly Infographics

Outstanding Dues as of 15th June, 2020 in PKR Millions

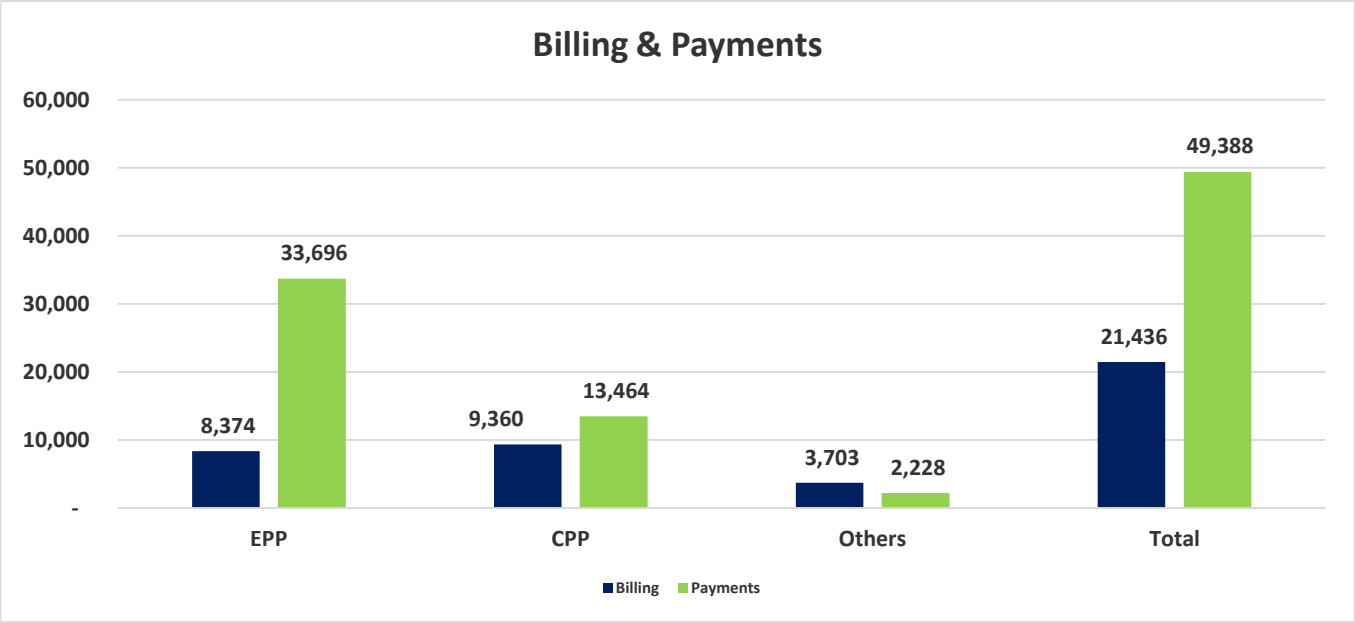


	EPP Overdue	CPP Overdue	Others Overdue	Grand Total
Jun	90,246	139,514	85,256	315,017
May	106,738	133,632	84,940	329,631

Source: Member and Subsidiary IPPs

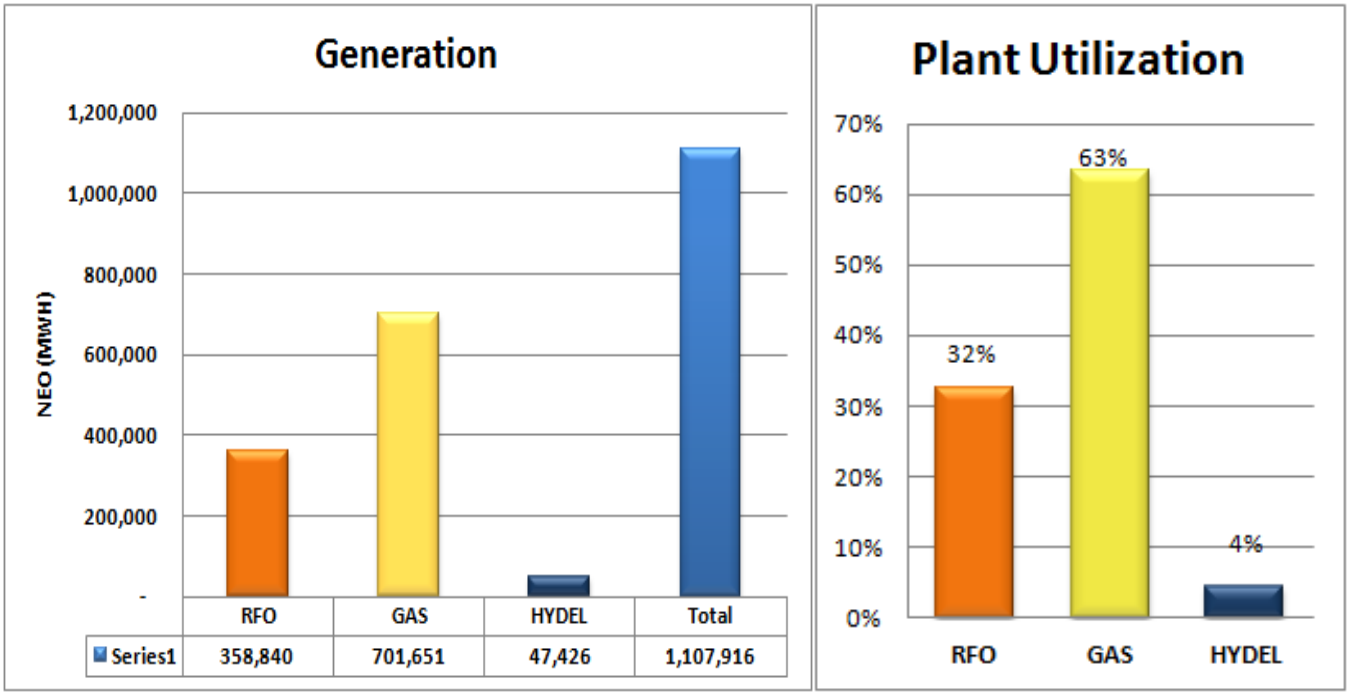
Monthly Infographics

Billing and Payments in June 2020 in PKR Millions



Source: Member and Subsidiary IPPs

Net Generation and Plant Utilization in June 2020



Source: Member and Subsidiary IPPs

Local News

Power privatization stalls as IPP talks drag

Dawn/29-07-2020

KARACHI: Two of the parties that remained interested in the privatization of two RLNG-based power plants have signaled their refusal to place any equity bids for the projects at the moment. They have told the government that they are watching the ongoing tariff renegotiations with the independent power producers (IPPs) that were launched shortly after the release of the inquiry report on the IPPs. At issue are two power plants — Haveli Bahadur Shah and Balloki, both in Punjab — owned by the federal government. Both plants were built with government money with the intention to privatize them soon after they began commercial operations, which happened in the middle of 2018. The privatization programme has been troubled for a long time now. The government appointed Credit Suisse as its sell side adviser in March 2019, and its first attempt to invite expressions of interest (EOIs) in November 2019 met with a tepid response.

The deadline was extended, and finally EOIs from 12 parties were received in January 2020. But with the onset of uncertainties from Covid-19, that number dwindled to three. The Qatar Investment Authority, with Nebras Power, Mitsui & Marubeni from Japan as partners, leads one of these consortia. The other is led by Edra Power Holdings, a Malaysian power company owned by the China General Nuclear Power Corporation, in partnership with the Thailand-based Global Power Synergy Corporation. The two projects on the privatization list are not, strictly speaking, part of those 13 whose tariffs the government is seeking to renegotiate. But their tariff structure is substantially similar to that of the 13 under renegotiation, with fixed returns of 16 per cent on equity. Renegotiating the terms with the others and leaving these ones untouched will create two tiers of private power producers, in terms of the returns enjoyed by them, and possibly bolster the legal case for the 13 IPPs to say they are being unfairly targeted.

Govt likely to divert NJ surcharge to Diamer Bhasha dam project development

Business Recorder/29-07-2020

ISLAMABAD: The government is likely to divert Neelum Jhleum (NJ) surcharge of Paisa 10 per unit on electricity consumers to development of 4800 MW Diamer Bhasha dam project, well-informed sources in Ministry of Water Resources told. Recently, Prime Minister, Imran Khan kicked off the construction work at the project site, vowing to focus on hydel projects, which do not require imported fuels. Army Chief, General Qamar Javed Bajwa also accompanied him. The federal government has approved an amount of Rs 32.9 billion as technical supplementary grant for Diamer Bhasha dam through adjustments in PSDP allocations of FY 2019-20, after signing an agreement of Rs 442 billion between Wapda and a Joint Venture between Power China and FWO. International financial institutions maintain that since the project is situated in a 'disputed territory,' they cannot extend financial support. However, the Chinese ambassador was seen at the commencement of development work on the project and signing ceremony of the agreement. Wapda has generated over Rs 70 billion from NJ surcharge during the first ten years, starting from January 2008 uptill June 2020 approximately at the rate of Rs 7.2 billion per annum.

Petroleum probe commission formed by Cabinet

Business Recorder/29-07-2020

ISLAMABAD: Federal Minister for Information and Broadcasting Senator Shibli Faraz said a commission to probe last month's fuel shortages had been constituted with the approval of the federal cabinet. He said the commission would be headed by Federal Investigation Agency Additional Director General Abu-Bakr Khuda Bux, with the Director General (DG) Anti-Corruption Punjab, former DG Oil and Petroleum Division Rashid Farooq and Petroleum Institute Pakistan Chief Executive Officer Asim Murtaza as its members. Faraz said the commission would give recommendations to ensure that such a situation would not arise in future, and suggested action against the delinquent elements.

ECC okays petroleum levy cushion plan

The Express Tribune/30-07-2020

ISLAMABAD: The Economic Coordination Committee (ECC) of the cabinet has approved a plan of creating cushion of Rs5-10 per liter on account of petroleum levy to address the volatility in petroleum product prices. The government had hiked the price of petrol by Rs25.58 per liter and diesel by Rs21.31 per liter for July in line with the spike in global crude oil prices, which sparked controversy. The government is charging Rs30 per litre each in petroleum levy on petrol and high-speed diesel. In addition to that, it is receiving 17% general sales tax on petroleum products. The government had made a massive increase in prices of petroleum products for July, which led to criticism from political parties. It had the option of passing on a reduced impact of oil prices by making adjustments in rates of petroleum levy. But it did not do that in a bid to make more revenue on account of petroleum levy from oil consumers.

PSO installs, commissions first EV charging station

Business Recorder/30-07-2020

ISLAMABAD: The Pakistan State Oil (PSO), the largest oil marketing company of the country, successfully installed and commissioned its first electrical vehicle charging station under the brand name "PSO Electro" at PSO Capri Gas Station, F-7, Islamabad. Federal Minister for Power and Petroleum, Omar Ayub Khan, and the Special Assistant to Prime Minister on Petroleum, Nadeem Babar, were the chief guests at the inauguration ceremony. Federal Minister for Power and Petroleum Omar Ayub Khan appreciated the PSO's efforts, and said: "We need to address the key challenges of environment protection. Electric vehicles will have a marked edge as they produce almost no running emissions." Highlighting the government's efforts in promoting this sustainable form of transportation, he further added, "EV manufacturing units will be established across the country under the National Electric Vehicle Policy that will create job opportunities and have a positive economic impact."

Power generation falls by 1pc in FY20

Business Recorder/28-07-2020

LAHORE: Power generation in Pakistan has declined by 1% YoY to 121,867 GWh (23,618 MW) during FY20 as compared to 122,708 GWh (23,781 MW) in FY19 due to overall slow economic activity during the year and the impact of COVID-19 related lockdowns and restrictions during Mar-May 2020. According to sources, power mix during FY20 moved in favour of Hydel (32% in FY20 vs. 26% in FY19) and Coal (21% in FY20 vs. 13% in FY19), replacing gas (12% in FY20 vs. 18% in FY19) and furnace oil based generation (3% in FY20 vs. 7% in FY19). The RLNG contributed 20% to the overall power mix, with nuclear and wind-based generation clocking in at 8% and 2%, respectively, during the year. They said the coal power generation has increased due to the commencement of China Hub Power Generation (1,220 MW) and Engro Powergen Thar (660 MW), while Hydel power generation increased due to improved availability of water amidst higher water availability during the year. The sources said the installed capacity in the country-touched 34,157MW in Jun-2020 compared to 30,590 MW in Jun-2019. They said power generation had started to decline in Mar-2020 (down by 9% YoY to 6,911 GWh from 7,621 GWh in Mar-2019) largely due to COVID-19 related lockdowns and restrictions.

Balochistan govt to launch small scale power projects

The Nation/26-07-2020

ISLAMABAD: Balochistan government has been planning to launch small-scale power projects under Roshan Balochistan program, which would be handed over to Quetta Electric Supply Company (QESCO). The energy generated from the small-scale power projects could be used for streetlights and water supply tube wells, the sources in Balochistan government told. The source said that the government had also planned to establish Balochistan Electric Company Limited, which would work on hydrocarbon (oil and gas) exploration and development projects to be used for generating electricity. The program includes ten solar energy projects which would benefit 0.675 million population of 1890 villages of the province. In the renewable energy projects of 2020-21, the provision of solar energy system to 10,000 homes of special persons and the installation of 500 MW wind plants has also been planned under the initiative of China Pakistan Economic Corridor.

NTDC commissions 600MVA transformer at Sahiwal

The Express Tribune/26-07-2020

ISLAMABAD: The National Transmission and Despatch Company (NTDC) has successfully commissioned 600MVA transformer at 500kV Yousafwala grid station at Sahiwal. Addressing the inauguration ceremony, NTDC Managing Director Dr. Khawaja Riffat Hassan said that installation work of 500/220kV 600MVA autotransformer at Yousafwala grid station has enhanced the capacity of the plant to 1,800MVA at 500kV level. According to the MD, the latest installation would improve power supply to areas falling under Multan Electric Power Company (Mepco) including Sahiwal, Chichawatni, Pakpattan, Arifwala, Kassowal, Vehari, Chishtian. He continued that areas falling under Lahore Electric Supply Company Limited (Lesco) such as Okara, Sarfaraz Nagar Lahore as well as a few areas of Faisalabad Electric Supply Company (Fesco) would benefit as well.

Government-IPPs talks yield no results

Business Recorder/27-07-2020

ISLAMABAD: The parleys between Independent Power Producers (IPPs) and the government are reportedly heading nowhere due to latter's "unrealistic" demands, well informed sources in PPIB told. The newly constituted committee representing the government is headed by Chairman Federal Land Commission, Babar Yaqoob Fateh Muhammad and comprises an officer of Power Division not below a Joint Secretary, Muhammad Ali, former Chairman, Securities and Exchange Commission of Pakistan and Barrister Qasim Wadood. The new committee is engaged with various IPPs to negotiate the amounts, rationale and mechanism of excess payments of the past under specific heads, systemic oversights highlighted in the report, reduction of interest rate payments on debt and other components, extension of debt tenor etc, and agree on changes required to ensure avoidance of these payments in the future. Negotiation Committee may also look into excess payments, which may not have been covered in the report.

The committee is negotiating on a claw back mechanism for sharing efficiency and other gains and savings in the future between power purchaser and IPPs. These may be subject to verification of various costs, implementation of cost accounting order, heat rate verification of various costs, implementation of cost accounting order, audit, etc. as the Negotiation Committee may deem appropriate. The demands of the negotiation committee are unrealistic and if any highhandedness is shown on the part of government, the dispute will again land in London Court of International Arbitration (LCIA) as per the agreements where the government has already lost against nine IPPs. "If the government thinks that the IPPs have pocketed profits illegally and in violation of the agreements, then they should be handcuffed and if they made profits in accordance with the policy and agreements, then why are they being grilled and defamed," said one of the investors.

IPPs argue that the main issue is related to new plants and Discos. The committee's negotiation should focus on capacity payments of new IPPs and action by Discos can reduce power tariff by Rs 3-4 per unit while the old plants are near the end of their agreement period and cannot contribute substantially to a tariff reduction. With fifty percent reduction in Libor plus and increase in tenor of project from 10 years to 25 years, a relief of Rs 1.50 or Rs 2 can be made. The government can save up to 400 million dollars. The plants established under power policies of 1994 and 2002 can only contribute 10 paisa per unit relief to the government, they added. The committee is urging IPPs to shift from take or pay to take and pay contract terms and indexation from USD to PKR. The foreign investors, who are partners in IPPs, are questioning the logic of the government's approach.

The sources said, IPPs are being asked to return the excess amounts they received, which according to nine members committee's inquiry report is over Rs 100 billion. PPIB, which provides one window facility to the IPPs, contends that since IPPs are Pakistan's development partners, they should be requested to review their profits instead of arm-twisting them.

Power tariff increase

Business Recorder/27-07-2020

ISLAMABAD: National Electric Power Regulatory Authority (Nepra) approved a raise in electricity tariffs for five months and a reduction in tariffs for three months under fuel adjustment mechanism to be passed onto the consumers in August and September bills. The decision will now have to be endorsed by the government. Nepra on 23 June decided not to raise K-Electric tariffs till 30 June on a petition filed by several distribution companies, including K-Electric that had requested Rs 1.60 per unit tariff increase under monthly and quarterly adjustments. However, another set of opinion makers is arguing that the government would

have to go along with Nepra's decision if it wants the International Monetary Fund's (IMF's) 6 billion dollar thirty-nine month Extended Fund Facility programme to resume. Nepra Chairman expressed annoyance at the use of expensive fuel over cheaper fuel, a major source of concern for previous and incumbent governments that continues to contribute to the steady rise in circular debt. Other issues plaguing the power sector include capacity payments irrespective of units purchased in any given month, quick repayment of loans on several China Pakistan Economic Corridor projects, transmission, and distribution losses, and the use of furnace oil by obsolete government run power generation companies.

300MW Balakot Hydro Power Project: KP to start work with ADB assistance

Business Recorder/27-07-2020

ISLAMABAD: PESHAWAR: The Khyber Pakhtunkhwa government will start construction work on 300 megawatts Balakot Hydro Power Project with the assistance of Asian Development Bank (ADB) during the current financial year. Approval for the appointment of consultant for initiating practical work on the power project was accorded at the 48th meeting of Provincial Energy Development Organization (PEDO). The meeting was told that after proper tendering process approval for the agreement for the project has also been obtained. The meeting also approved a new service structure for PEDO employees in a bid to bring reforms in the organization. He said this gigantic project would be completed within seven years of time with an estimated cost of USD 722 million e.g. Rs 87 billion. He further informed that 80 percent of the total amount e.g. 580 million dollars will be provided by the Asian Development Bank while the provincial government will provide rest of expenditures from its own resources. The project on completion will help earn 33 million dollars annually, Engineer Naeem said. The meeting granted approval for appointing consultants for Balakot Hydro Project.

MoU signed for establishing first-ever solar captive power plant for SEZs

The Nation/17-07-2020

ISLAMABAD: Keeping in view the vision of the Prime Minister Imran Khan and Minister of State/ Chairman Board of Investment (BOI) Atif R. Bokhari, BOI undertook efforts to establish a first ever-solar captive power plant for SEZs in Pakistan. In this regard, BOI facilitated signing of a tripartite memorandum of understanding (MoU) between state owned enterprises including Faisalabad Industrial Estate Development & Management Company (FIEDMC), Power China Jiangxi Electric Power Construction Co. Ltd (JEPCC), a subsidiary of Power China and Henan Zhonghui Electric Power Engineering & Consulting Co. Ltd (HZEPEC). According to BOI the Chinese Companies have proposed to setup a Photovoltaic Power Project of 700MW for the two SEZs of FIEDMC namely M3-Industrial City and Allama Iqbal Industrial City. The provisionally estimated total investment of the project is $630 million; wherein Chinese companies will come as financers and SEZ developer/FIEDMC could provide land on lease or to be an equity investment partner in the project. The project will be completed in three phases as per the electricity demand of the SEZs. FIEDMC will provide the estimated power requirement for both the SEZs, along with the status of infrastructure inside and outside SEZ for power distribution from FIEDMC. It is planned to adopt BOLT (build-own-lease-transfer) cooperation method for the project, which is a first ever, BOLT model in Pakistan.

NEPRA decides to constitute technical body to improve, finalize IGCEP 2020-47

The Nation/16-07-2020

ISLAMABAD: National Electric Power Regulatory (Nepra) has decided to constitute a technical committee to further improve and finalise the NTDC's Integrated Generation Capacity Expansion Plan 2047 after serious objections to the plan were raised by the provinces, stakeholders and experts. The provinces, Azad Kashmir, key public/private sector stakeholders and experts have raised objection to the proposed plan and termed it unrealistic, overambitious, undermines indigenous energy resources and demanded changes to the plan. Sindh government has alleged NTDC of not taking the province on board while making the policy. The Integrated Generation Capacity Expansion Plan (IGCEP 2020-2047) is a policy document prepared by the NTDC under which future generation capacity expansion should take place in various fuel and technology categories on the basic principle of least cost. The Authority after detailed deliberations on the main features and observations/inputs from the stakeholders and experts, decided to constitute a committee of Professionals of NTDC, CPPA-G, NEPRA and other experts of the power sector to further improve and finalize the IGCEP

by the mid of August, 2020, NEPRA spokesman said after the hearing.

Sindh requests for running power plant on Thar coal

The Express Tribune/26-07-2020

KARACHI: The Sindh government has urged the federal government to run the second plant of Jamshoro Power Company, having generation capacity of 600 megawatts, on Thar coal, arguing the reduction in reliance on imported fuels will save foreign exchange worth millions of dollars every year. "JPCL's (Jamshoro Power Company Limited) second unit running solely on Thar coal can save the national exchequer $125 million per annum in foreign exchange," Sindh Minister for Energy Imtiaz Ahmed Shaikh said in a letter to Federal Minister for Energy (Power Division) Omar Ayub Khan. The use of Thar coal will save another $17.11 million per annum (or 0.35 cent per kilowatt-hour - kWh) on account of electricity generation even after incurring the additional cost of change in boiler technology, which is being incorporated into the tariff.

Running on local coal, the plant will produce cheaper electricity at 6.28 cents per unit, which will help reduce the circular debt. "Additional royalty of $10 million from the project will be used for socio-economic uplift in Tharparkar," the letter said. "It is high time a decision is made in the right direction before finalising the design and energy performance certificate for the second unit," Shaikh said in the letter. JPCL has kick-started construction of one of the two 660MW coal-fired power plants. It is now in the process of designing the second plant. This is a federal government's project, which is being partially funded by the Asian Development Bank (ADB). The bank approved a $900-million loan for the project in February 2014, it has been learnt. Earlier, JPCL agreed to utilise at least 20% of Thar coal in both the power units in accordance with the Council of Common Interests' (CCI) decision.

2,100MW may be added to KE system over three years

Business Recorder/16-07-2020

KARACHI: K-Electric has planned to include around 2,100 megawatts of electricity to its system by the summer 2023 to meet the power demand of Karachi. Chief Executive Officer (CEO) Syed Moonis Abdullah Alvi told on the sidelines of his press conference that the power utility was making investments in power generation, transmission and distribution upgradation, while the federal government has also committed to expediting infrastructure upgrades. While sharing the medium actions agreed with the government, Moonis said the National Transmission and Dispatch Company (NTDC) will evaluate rehabilitation of Jamshoro-KDA Circuits to provide an additional 300 MW to KE system before summer 2021. With the first unit of Bin Qasim Power Station-III (BQPS-III) coming online, total addition will be 550 MW by summer 2021, and by summer 2022, an additional 800 MW as 400 MW through construction of new 220kV Dhabeji Grid, and 400 MW through 2nd unit of BQPS-III would be added to the system. Similarly, by summer 2023, Moonis said further 800 MW would be added through construction of new 500 kV grid to evacuate power from K2/K3. In addition, K-Electric will be investing in interconnection infrastructure with a view to evacuating additional power from the national grid on priority.

Diamer Bhasha Dam: PM kicks off construction work

Business Recorder/16-07-2020

ISLAMABAD: Prime Minister Imran Khan on Wednesday kicked off the mega construction work at Diamer Bhasha Dam at River Indus near Chilas, that will produce 4,500 inexpensive and green hydel power. The 272-metre high, having capacity of 6.4 million acre feet water reservoir, will be the country's third big dam after Tarbela and Mangla dams. Prime Minister Imran Khan termed the construction of Diamer Bhasha Dam a "window of development and opportunities for the people of Gilgit-Baltistan". "Diamer Bhasha Dam will change the fate of locals and bring immense development in the area," the PM said while addressing a public rally, after he commenced the mega construction work of the dam. Imran Khan said Pakistan was blessed with natural water resources with steep land gradients to generate fast flow, required for producing less expensive electricity. He regretted that previous governments ignored construction of dams and instead opted for fuel modes for electricity generation. He said producing electricity through imported fuel and furnace oil, resulted in high current account deficit that took the economy to downward trend, currency devaluation, inflation, poverty and de-industrialization. Earlier, the PM was given a briefing at the dam's site, which was also attended by Minister for Water Resources Faisal

Vawda and Federal Minister for Kashmir Affairs and Gilgit-Baltistan Ali Amin Gandapur. Chief of the Army Staff General Qamar Javed Bajwa and Director General Inter Services Intelligence Lt General Faiz Hameed were present.

Pakistan finds new oil, gas reserves in KP

The Express Tribune/15-07-2020

Pakistan has found new deposits of oil and gas in exploratory well Mamikhel South-01, located in Tal block in Khyber-Pakhtunkhwa (K-P). The discovery will slightly slash the country's heavy reliance on energy imports and cut the import bill. "Well test has shown 3,240 barrels of condensate per day, 16.12 mmscf (million standard cubic feet) of gas per day and 48 barrels of water per day," Pakistan Oilfields Limited (POL) said in a notification to the Pakistan Stock Exchange (PSX). "Actual production may differ significantly from the test results," it said. POL holds a pre-commerciality working interest of 25%, it said.

MOL Pakistan, a fully owned subsidiary of Hungarian multinational oil and gas exploration firm MOL Group, is the operator of Tal block with an 8.4% stake. In the block, POL holds 21% stake, Pakistan Petroleum Limited (PPL) 28% and Oil and Gas Development Company (OGDC) 28%, according to Sherman Securities. The announcement sparked extensive buying in relevant stocks at the PSX. Accordingly, POL's share price increased Rs15.08, or 4.07%, to close at Rs385.50 with 1.14 million shares changing hands. PPL's share price improved Rs1.05, or 1.10%, to close at Rs96.61 with trading in 23.33 million shares. Meanwhile, OGDC's share price inched up Rs0.09, or 0.08%, to Rs115.32 with a turnover of 4.37 million shares. Pakistan produced 85,000 barrels of oil per day in March 2020, according to tradingeconomics.com. However, the country meets around 80% of oil demand through imports.

Second meeting of think-thank on energy held

The Nation/14-07-2020

ISLAMABAD: The think-tank on Energy has assigned the tasks to its members to provide the working papers on use of technology and automation system for collection of real-time data in oil sector, up-gradation of oil Refineries, and possible structure of deregulated oil market. The second meeting of the think-tank was held here on Monday under the chairmanship of Special Assistant to Prime Minister on Petroleum Nadeem Babar. The forum included renowned experts and professionals in the field of energy sector. The forum discussed the petroleum sector with prime focus on the up-gradation of refineries, improvement of downstream pricing of oil sector, introduction of automation system for oil depots and expansion of LPG sector.

The forum identified key areas for policy and regulatory interventions for improvement of pricing mechanism deregulation of oil market, licensing of retails/petrol pumps and other challenges and role of refineries in downstream oil sector. After extensive deliberations, SAPM assigned the tasks to the distinguished members to provide the working papers on use of technology and automation system for collection of real-time data in oil sector, up-gradation of oil Refineries, and possible structure of deregulated oil market in line with principles to ensure sufficient supplies with low volatility in price. Possible ways of expanding LPG sector will also be presented in the next think-tank meeting.

PM orders action against corrupt elements in power sector

The Express Tribune/31-07-2020

ISLAMABAD: Prime Minister Imran Khan said that it was intolerable and unacceptable to make people bear the brunt of mismanagement, theft, and corruption in the power sector and ordered action against the corrupt elements. "Transformation is inevitable for the country's economic stability," Premier Imran said while chairing a meeting to review the reforms process in the power sector. Minister for Energy Omar Ayub, Planning Minister Asad Umar, and Special Assistants to Prime Minister Nadeem Babar and Shahzad Qasim were in attendance. PM Imran was briefed on the ongoing reforms process, power supply and demand, modernization of transmission system, reforms in gas sector and efforts for resolution of other chronic issues. The prime minister directed the ministry concerned to furnish an action plan for implementation of the reforms process as per the stipulated timeframe. He also instructed for strict action against the corrupt elements in gas and power departments, creating unnecessary difficulties for the consumers.

Holistic approach needed to address power-sector challenges: World Bank

Business Recorder/31-07-2020

ISLAMABAD: Tariff increase is not the only solution to address power-sector challenges but it needs a holistic approach including targeted subsidy, reduce cost generation, and addressing distribution inefficiencies. The outgoing World Bank (WB) Country Director for Pakistan Illango Patchamuthu stated this in an exclusive talk. There are several challenges to the power sector and have four causes, said Patchamuthu, adding that one is high generation cost, which is highest, when compared to the regional peers. The government is working on renewable energy to create a mix and would ultimately reduce the cost of generation. He further said that up to 300 units were being consumed by 75 percent of the consumers. This requires better targeting, he said, adding that subsidy for up to 200 units we can see but from 200 to 300 units per month is required reforms and rationalization and the subsidy needs to be more targeted. Further, there are transmission losses and distribution system inefficiency as well collection and power theft. So only tariff increase would not solve the power sector issues, he added.

Work on CPEC Hydropower projects in full swing

The Nation/20-07-2020

ISLAMABAD: The recently signed agreements in Pakistan for hydropower projects under the China-Pakistan Economic Corridor (CPEC) marked the beginning of a mature new phase for the program, which is under the China-proposed Belt and Road Initiative (BRI), according to Chinese experts. The concessional agreement for the 700.7-MW Azad Pattan Hydropower Project was signed last week, a breakthrough for the implementation of the project, according to China Gezhouba Group, the Chinese investor in the project. With a total investment of $1.54 billion, the construction period of the project is expected to be 69 months and the hydropower plant will generate some 3.265 billion units of clean energy per year and provide relief from water shortages, Global Times reported. Prior to the agreement, another deal on hydropower - the largest energy sector investment in the history of Pakistan - was signed in June. The project will be implemented by China Three Gorges Corp through its subsidiary under the framework of the CPEC.

SBP doubles financing for wind, solar energy

Dawn/23-07-2020

KARACHI: The State Bank of Pakistan (SBP) on Wednesday doubled the scope of its Renewable Energy Refinancing Scheme from Rs1 billion to Rs2bn to help address the challenges of energy shortages and climate change in the country. The SBP said it has enhanced the scope of its refinance scheme by allowing financing under category III to solar and wind-based energy sale companies. The bank said the project size established by the vendor or energy salec ompany has now been enhanced from 1MW to 5MW. “The cumulative financing limit has also been increased from Rs1bn to Rs2bn,” it said while adding that the decision was taken in light of the feedback received from stakeholders. The SBP Financing Scheme for Renewable Energy was announced in June 2016 with an aim to help address energy shortages and climate change in the country.

NEPRA issues show cause notice to KE over load shedding

Dawn/23-07-2020

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) issued a show cause notice to K-Electric on Tuesday over excessive loadshedding and began the process for similar proceedings against two other distribution companies of the federal government operating in Sindh. The Karachi-based power utility was issued the show cause notice after a day-long public hearing a few days ago, followed by a field visit by an investigation team of Nepra to Karachi. The regulator said in a statement the investigation committee constituted to look into the excessive loadshedding in Karachi had submitted its report. “In the light of findings of the investigation committee, the Authority has decided to proceed further and issue a show cause notice to K-Electric,” the regulator said in its brief statement. An official said the show cause was necessitated under sections 28 and 29 of the Nepra Act and licencing rules for failing to ensure uninterrupted power supply to consumers and maintain service quality. Meanwhile, the Nepra held public hearings into complaints against the Hyderabad Electric Supply Company (Hesco) and the Sukkur Electric Power Company (Sepco) over loadshedding and overbilling. A flood of complaints

came in from consumers during the public hearing, presided over by Chairman Tauseef H. Farooqi.

PPIB wants coal, hydel projects to replace LNG-based plants

Dawn/23-07-2020

ISLAMABAD: Raising objections over the long-term power plan, the Private Power & Infrastructure Board (PPIB) has advocated an end to LNG-based projects in future, proposing their replacement with hydropower and bulk induction of plants based on local coal with an additional Chinese investment. In its comments over the 27-year Integrated Generation Capacity Expansion Plan (IGCEP 2020-47), the PPIB has argued that coal-based power projects, particularly those on Thar coal, were being developed through Chinese financing as international multilateral financing agencies were reluctant to finance such base load power projects. “Therefore, this limited available opportunity of financing of coal-based power projects needs to be prioritized, for which sufficient block allocation in IGCEP is required,” said the PPIB — the power division’s one-window entity set up for private investments. The IGCEP is a long-term plan of the National Transmission and Dispatch Company — another entity of the power division that operates the national grid.

It cited the example of the 640MW Mahl hydropower project, whose power evacuation transmission line will be completed in 2022 as per 870 Suki Kinari HPP timeline. But the IGCEP envisaged its completion in 2030, leaving the transmission line investment redundant for many years due to under-capacity utilisation. The PPIB pointed out that a large number of RLNG projects had been assumed as candidate projects for 2028 and onwards even though imported fuel-based power projects had been banned by the government in 2016. “All such projects based on imported fuel projects be converted into candidate local coal and/or hydropower projects.” Likewise, a generic allocation of local coal projects of 1,514MW capacity by an unknown agency had been assumed by the NTDC for commissioning by 2024. However, it was difficult to understand how such capacity could be developed within four years in the absence of fuel (coal), power evacuation arrangements, and other necessary infrastructure. “Above all, gestation period for a coal project starting from scratch is around six years. There appears to be no rationale for including this project in IGCEP.” The PPIB has also suggested that since the commercial operation date of the 1,320MW Oracle Power Project, being a CPEC priority project, was 2027 and 2030 in two phases of 660MW each, it should be reconsidered keeping in view the latest demand-supply situation and other parameters.

Nuclear power plant makes continuous operation record

The Nation/12-07-2020

ISLAMABAD: Chashma Nuclear Power Plant Unit-2 (C-2) has achieved the milestone of continuous operation for a year, becoming the second electricity generation plant of the country to achieve this landmark after Chashma Nuclear Power Plant (NPP) unit-4 made the record a few days ago. The Pakistan Atomic Energy Commission (PAEC) in a news release issued announced this. PAEC operates four nuclear power plants at Chashma, near Mianwali, that collectively generate about 1330 megawatts of electricity. The achievement of C-2 and C-4 Nuclear Power Plants is due to the acumen and hard work of PAEC teams of scientists, engineers and technicians. Currently, Chashma Nuclear Power Plants (C-1 to C-4) are producing electricity at an average tariff of Rs. 11.16/kWh, while C-2 has been operating at above 99% of Capacity Factor.

Gulpur power project starts operation

The Express Tribune/09-07-2020

LAHORE: The Gulpur hydroelectric power project has started certified commercial operation and is producing cheap electricity for the national grid, announced Nespak Managing Director Dr Tahir Masood. Gulpur is a run-of-the-river hydroelectric power generation project located on Poonch River, a major tributary of Jhelum River near Gulpur, Kotli district, Azad Kashmir. Project financing was provided by Korea Exim Bank, the Asian Development Bank (ADB), International Finance Corporation (IFC), Islamic Development Bank and ECO Bank. The project has the capability of generating, on average, 102 megawatts of electricity. It was completed in the shortest possible time and became a benchmark in the hydroelectric power sector of Pakistan. It has been built at a total cost of Rs52 billion. National Engineering Services of Pakistan (Nespak), in a joint venture with MWH Global, provided consultancy services as owner’s engineer to Mira Power Limited, a subsidiary of Kosep, South Korea, for the 102MW Gulpur project. The local

company also helped in successful completion of the project by providing complete technical support to Mira Power in getting approvals from different government agencies.

Agreement for $1.5bn hydropower project signed

Dawn/07-07-2020

ISLAMABAD: Prime Minister Imran Khan has said that China-Pakistan Economic Corridor (CPEC) will be a 'game changer' for the motherland, bringing unprecedented prosperity and progress to the country. "It (CPEC) is a project that will take Pakistan to new heights [of prosperity]," the prime minister said after witnessing the signing of agreement with China Gezhouba for Azad Pattan hydropower project at a ceremony held at PM Office. A part of CPEC, with an investment of $1.5 billion, 700.7-megawatt Azad Pattan will not involve fuel import, thus enabling the country to move towards cheaper and greener power while generating local job opportunities. The project is located at River Jhelum and is expec-ted to be completed in 2026. "Time would prove the long-term benefits of CPEC, which is based on the economic cooperation between Pakistan and China," the prime minister said, adding that Pakistan could learn a lot from the emerging world economic power, China. He expressed the optimism that the two countries would continue to benefit from the time-tested cooperation in diverse fields. Referring to the signing of the agreement for Azad Pattan hydropower project, PM Khan said it was part of the investment to complete the power project based on clean energy. "Unlike the past, the project will not burden the people. The previous governments launched costly projects, which were made functional with imported fuel, thus increasing the cost of energy manifolds and stressing the local currency," he added. Mr Khan said that power projects based on imported fuel cost the country dearly, with the result that the industry could not compete with those in the neighbouring countries, which were using low-cost energy. "This also caused burden on domestic consumers," he added.

SAPM Qasim given charge of power division

Business Recorder/03-07-2020

ISLAMABAD: Prime Minister Imran Khan has given the charge of Power Division to his Special Assistant on Coordination of Marketing & Development of Mineral Resources, Shahzad Syed Qasim. He will hold the status of Minister of State. Shahzad Qasim, who is well regarded in the power sector, had also been made the head of a committee constituted to negotiate with the IPPs but later on that committee was replaced with a new one.

International News

Ukraine approves cuts to green energy tariffs

Reuters/21-07-2020

KYIV: Ukrainian parliament adopted a law significantly reducing tariffs for renewable energy, eliminating the problem of mass non-payments in the energy sector, criticized by investors and Western partners. Ukraine set up special tariffs for renewable energy companies several years ago to expand the green power production and pledged to buy all the energy produced. But these high tariffs have become a burden for the state, which faces recession caused by coronavirus epidemic. The government expects the economy to shrink 10% in the second quarter after a 1.3% drop in the first quarter. In June, the government and some companies signed a memorandum on reducing tariffs by 15% for solar generation and by 7.5% for wind generation, and lawmakers say the adopted law will allow the government to implement this document. Prime Minister Denys Shmygal said in a tweet that the legislation would help reduce prices for solar and wind energy, as well as achieve green goals and protect international investors. The law contains the same level of cuts as the memorandum and if the president signs the law, the tariffs will be reduced from July 1 while Ukraine will provide investors with guarantees that the adopted legislations will not change in the future.

Indonesian coal plant taints South Korea's green pledge

Reuters/16-07-2020

SURALAYA: Now, state-run Korea Electric Power Corporation (KEPCO) has confirmed it will partner Indonesia to add two more 1,000 megawatt units to the complex in Suralaya, which residents fear will further increase water and air pollution in the area. KEPCO's announcement late last month came despite South Korean President Moon Jae-in's "Green New Deal" that was launched ahead of his party's April parliamentary election victory and included loose pledges to end support for coal, at home and overseas. The Java 9 and 10 units will be built and maintained by Doosan Heavy Industries & Construction Company, which received a nearly $3 billion bailout from South Korean state banks and institutions this year. Greenpeace says the $3.5 billion expansion project could result in up to 1,500 premature deaths over the typical 30-year lifespan of a coal-fired power plant, as well as affect the air in the capital Jakarta, a city of 10 million people that lies 120 km (75 miles) to the east. Many residents in Suralaya, on the western tip of Java, Indonesia's most populous island, worry that the expanded coal complex will lock in decades of pollution that has plagued the once pristine village since the power complex began operating in 1984.

Chevron will buy Noble Energy for $5 billion: The biggest oil deal since the pandemic

CNN/20-07-2020

NEW YORK: Chevron announced that it would acquire Noble Energy (NBL) for $5 billion. It's the biggest energy deal since the Covid-19 pandemic decimated the oil industry.

Noble shareholders will receive Chevron stock in this all-stock transaction. Chevron shares traded in the red, dipping as much as 2.7% in the morning. America's shale oil and gas industry has been hit hard during the pandemic. Demand has tumbled as people stopped traveling and commuting. And energy prices fell as an ill-timed global oil standoff temporarily increased supply while people were using less oil. But to companies looking to snap up cheap assets, these are good conditions to go on a buying spree. The Noble-Chevron tie up fits right in. Adding Noble's not-so-noble $8 billion debt pile brings the transaction value to $13 billion. Although Noble is in serious debt, its assets including its proven but undeveloped reserves are an attractive and a relatively cheap buy for Chevron (CVX).

Buying Noble makes perfect sense for Chevron because the two businesses complement each other, said Andrew Dittmar, senior M&A analyst at Enverus, an information provider for the energy industry.

Apple plans to be totally carbon neutral by 2030

CNN/21-07-2020

WASHINGTON, DC: Apple made a major commitment to fighting climate change Tuesday, announcing plans to be entirely carbon neutral by 2030. The pledge would cover its entire business, including its supply chain, manufacturing process, and the life of its products. An iPhone bought in 2030 will have net zero climate impact, including the energy a consumer uses to power the device, according to Apple. Apple plans to achieve this by minimizing carbon in its products, using efficient and renewable energy, using different materials, and removing carbon from the atmosphere, the company said. Companies, including Apple competitors like Amazon, have increasingly made changes to go carbon neutral in the coming decades. But companies can sidestep climate impacts by outsourcing the dirty work to other companies. A company might buy steel rather than manufacturing it, given the related emissions. Apple (AAPL) says it has commitments from over 70 suppliers to use 100% renewable energy for Apple production. Jackson said the company hopes the announcement will rally more suppliers to work with it to limit their carbon footprint. Apple is also working with the US-China Green Fund to invest $100 million in energy efficiency projects for its suppliers.

Coal has no place in Covid-19 recovery plans,' says UN chief

CNN/21-07-2020

LONDON: UN Secretary General Antonio Guterres has urged countries to stop financing the coal industry, to deliver a sustainable future following the pandemic. "Coal has no place in Covid-19 recovery plans," he said, via video link during an online summit hosted by the International Energy Agency (IEA). The summit included 40 government ministers from countries around the world, representing 80% of global energy use and emissions. Its aim was to set out plans to reduce global emissions while also boosting economic recovery after Covid-19. Guterres commended governments that have committed to green recovery plans, citing the EU, South Korea, Nigeria, and Canada. But he said many others had missed the point. "Some countries have used stimulus plans to prop up oil and gas companies that were already struggling financially. Others have chosen to jumpstart coal-fired power plants that don't make financial or environmental sense." He added that new research on recovery packages in G20 nations show that twice as much recovery money has been spent on fossil fuels as on clean energy.

Second Renewable Energy Zone for NSW

Energy Magazine/13-07-2020

LONDON: The New South Wales Government has announced a $79 million plan to develop an 8,000MW Renewable Energy Zone (REZ) in New England, the second in the region. While, government and local industry have largely welcomed the move, the Australian Energy Council (AEC) has warned that the benefits of this REZ need to be more closely examined. New South Wales Deputy Premier, John Barilaro, said the state government was forging ahead with its plans to deliver new energy infrastructure that will lower electricity bills, create jobs, and make regional New South Wales the home of renewable energy investment. “The New England REZ is expected to attract $12.7 billion in investment, support 2,000 construction jobs and 1,300 ongoing jobs – all while lowering energy prices and future-proofing the regions,” Mr Barilaro said. “Regional New South Wales is the best place in Australia for renewable energy investment and the jobs it creates, and this funding allows us to unlock that potential.” NSW Energy Minister Matt Kean said the massive 8,000 MW New England REZ was the biggest commitment to cheap, clean energy in the state’s history. The move follows the results of the Clean Energy Council’s latest Clean Energy Outlook – Confidence Index, which showed NSW ranked first of the states and territories when it comes to investor confidence, scoring 7.3 out of 10 at the end of June 2020, up from 6.5 at the end of 2019.

Ayala’s Energy Unit Eyes 140-Megawatt Peak Solar Farm in India

Bloomberg/20-07-2020

NEW DELHI: AC Energy Inc. is making its first major investment in India by developing the $68 million Sitara solar plant through a joint venture with UPC Renewables China Holdings Ltd. The 140-megawatt peak solar farm is expected to start generating by the first quarter of 2021 and will supply the Solar Energy Corp. of India via a 25-year agreement, AC Energy said in a statement. It won the agreement via a competitive bid at 2.48 Indian rupees (3.3 U.S. cents) per kilowatt-hour. The facility will be located in Rajasthan state in northern India, which gets some of the most intense sunlight in the country. The energy unit of Ayala Corp., one of the Philippines’ oldest conglomerates, also announced on

Thursday it would build a 210-megawatt wind farm that would be the biggest in Vietnam. The investments will take AC Energy's total renewables capacity to more than 1,200 megawatts, in line with its target to reach 5,000 megawatts by 2025 and fully divest from coal by 2030.

Orsted inks huge renewable energy deal with semiconductor giant TSMC

CNBC/10-07-2020

NEW YORK: Danish energy firm Orsted and TSMC, a Taiwan-headquartered semiconductor company which supplies businesses such as Apple, have signed a deal described as "the world's largest renewables corporate power purchase agreement." Announced recently, the 20-year deal will see TSMC – also known as Taiwan Semiconductor Manufacturing Company – purchase all the energy produced by Orsted's yet-to-be-built 920-megawatt offshore wind farm off Taiwan. The fixed price contract will come into force when commercial operations at the facility begin. This is expected to be in 2025/26, according to Orsted, subject to a final investment decision and grid availability. Located in the Taiwan Strait, the wind farm, known as "Greater Changhua 2b & 4," will be Orsted's third offshore facility in Taiwan. It is currently building the "Greater Changhua 1 & 2a" offshore wind farm, which will have a capacity of 900 MW, and co-owns the 128 MW Formosa 1 project. In simple terms, a renewable corporate power purchase agreement, or PPA, refers to a deal where an energy producer sells power to a business at a fixed price over a set period of time.

UK hopes to ramp up battery storage and boost renewables by loosening planning rules

CNBC/15-07-2020

LONDON: The U.K. government is to relax planning rules to make the development of large battery storage systems easier. In an announcement, authorities said secondary legislation would reduce reliance regarding the "barriers for storage projects above 50 MW (megawatts) in England and 350 MW in Wales." In simple terms, the change will be a technical one related to who has the authority to grant permission to a project. At the moment, if a facility is 50 MW or less in England or 350 MW or less in Wales, planning permission is needed from a local planning authority. Larger projects are deemed to be "nationally significant" and need consent from the secretary of state under something called the Nationally Significant Infrastructure Projects, or NSIP, regime. Under the plans, legislation will be introduced to remove electricity storage, excluding pumped hydro, from the NSIP regime in England and Wales. Battery storage is seen as crucial to the U.K.'s energy transition because while sources such as wind and solar are renewable, they fluctuate: the wind does not always blow, and the sun does not always shine. The government explained that while the U.K. was home to the "largest installed capacity of offshore wind in the world" the fact that "the availability and speed of wind" was not constant meant energy could "sometimes be produced when it is not needed and then lost." It added that 1 gigawatt (GW) of battery storage was currently in operation, with 4 GW of projects being planned.

NIPSCO Announces Addition of Two Indiana-Grown Solar Projects

Renewable Energy Magazine/20-07-2020

NEW YORK: NIPSCO, a subsidiary of NiSource Inc., has plans to add two new solar farms it says will be based in central Indiana. The announcement is part of the energy provider's "Your Energy, Your Future" initiative – a customer-centric effort focused on delivering a more affordable, reliable and sustainable energy mix for the future. " NIPSCO plans to be coal-free by 2028, and the company is adding a combination of renewable energy sources including wind, solar and battery storage technology to its existing natural gas generation resources. Several Indiana-based wind projects have previously been announced and construction activity is underway. NIPSCO has finalized two 20-year PPAs with subsidiaries of renewable energy developer NextEra Energy Resources, LLC, for the electricity generated by these latest solar projects. The new solar capacity is expected to be in operation by mid-2023 with the two announced projects representing approximately 300 MW of nameplate capacity. The two projects include Brickyard Solar (200 MW) and Greensboro Solar (100 MW).

Vestas wins 50 MW order for second phase of largest intertidal wind project in Vietnam to date

Renewable Energy Magazine/21-07-2020

VIETNAM: Wind turbine manufacturer Vestas has secured a 50 MW order with local EPC construction company, Bac Phuong JSC for the second phase of the Dong Hai 1 intertidal wind project. This project win comes after Vestas was awarded the first phase of the project in December 2019. With this second phase in place, the 100 MW Dong Hai 1 intertidal wind project will be the largest intertidal wind project in Vietnam to date. To optimize energy production for the site's specific wind conditions, Vestas will supply and supervise the installation of 13 V150-4.2 MW wind turbines, with ten turbines in 3.8 MW and three turbines in 4.0 MW operating modes. The project will also feature customized towers placed on reinforced onshore foundations above sea level. Located in shallow waters close to shore in Bạc Liêu Province, both phases of the Dong Hai 1 wind farm are strategically placed to exploit the full potential of the Mekong Delta region's favorable wind conditions. Turbine installation is to be completed in the third quarter of 2021.

China Owes $42 Billion To Clean Energy Companies

Energy Update/17-07-2020

LONDON: China may have amassed a debt pile of as much as $42 billion in renewable energy subsides that have still gone unpaid to solar and wind power capacity developers, Bloomberg reports, citing a BOCI Research analyst, Tony Fei. "Without structural change to address the issue, the subsidy receivables in the whole industry would continue to grow and drag companies' balance sheets and investment capabilities," Fei said in a note earlier this month. China announced last year that it would cut the size of its clean energy subsidies for 2020 to $806.5 million from an earlier plan for $1.15 billion. The departure from generous state support for renewable energy came after the subsidy bill began swelling to an unacceptable size as companies rushed to add solar and wind farms. Because of this rush, in 2017, renewable subsidies hit US$14.21 billion (100 billion yuan), and the government had still not paid these in full at the beginning of 2019. At the rate of new solar capacity approvals from the last few years, subsidy costs would have reached $39 billion by 2020, according to Wood Mac estimated in late 2019. The money for the subsidies, Bloomberg notes, comes from a surcharge on electricity bills, but it seems Beijing does not want to increase this. There also seem to be few alternative sources of money for the subsidy payments. This state of affairs, according to Bloomberg, puts solar and wind installation operators at risk of value loss, as investors start worrying about their accounts receivable. As an example, the largest wind farm operator in China had amassed a receivables pile of $2.57 billion (18 billion yuan) by last year.

Largest Wind Turbine in China Now Grid-Connected

Energy Update/14-07-2020

BEJING: Dongfang Electric Corporation (DEC) sent off the prototype 10 MW offshore anti-typhoon wind turbine from its factory to the project site at the end of June. The height of the installed unit is about 115 metres above sea level. The 10 MW wind turbine, with a rotor diameter of 185 metres, can meet the average power consumption of 20,000 households annually. After it passes the test and verification at Xinghua Bay Wind Farm Phase II, the wind turbine will be mass-produced and gradually promoted and installed at Fujian's offshore wind farms, Dongfang said. Prysmian Group delivered the cables for the prototype, while Third Harbour Engineering is in charge of installing the foundations and turbines at Fujian Xinghua Bay Wind Farm Phase II. The offshore wind farm, owned and developed by China Three Gorges (CTG), is also home to Goldwind's 8 MW wind turbine and will later feature MingYang's 8 MW model.

Siemens Gamesa launches SG 3.4-145 wind turbine in India

Energy Update/09-07-2020

NEW DELHI: Siemens Gamesa Renewable Energy announced that it has launched its new turbine, the SG 3.4-145, into India's onshore wind market. Siemens said that the new wind turbine is specifically designed and optimized for wind conditions in India and aims to deliver the lowest possible Levelized Cost of Energy (LCoE) with high reliability. The new wind turbine is an extension of the Siemens Gamesa 3.X platform, which the company will be manufacturing starting in early 2021. The new model has been upgraded with the 145-

meter rotor of the Siemens Gamesa 4.X platform, increasing the swept area by 41% and the AEP by 48%, compared to the previous SG 2.2-122. This rotor is already under production in India. The SG 3.4-145 stands 127.5m tall, with a blade-tip height of 200m, which helps to maximize wind potential, said the company. The turbine is also adaptable to India's extreme and varying weather conditions supported via a monitoring and cooling system. This ensures efficient thermal conditioning and performance at high-temperature sites, according to Siemens. The prototype of the SG 3.4-145 wind turbine was commissioned in the Alaiz wind farm, Spain. The 145-meter rotor diameter uses 71-meter long blades and can operate up to 3.6 MW with flexible rating strategy. The product has been designed to comply with the global IECRE Standards and meets the Indian CEA 2019 requirements. Siemens Gamesa has operated in India since 2009 and the total installed capacity for its turbines recently surpassed the 6.5 GW mark in the country, it said.

Uniper to work with GE to decarbonize European gas plants

Reuters/21-07-2020

FRANKFURT: German utility Uniper (UN01.DE) will work out a plan to decarbonise its European gas-fired power plants by early 2021 in cooperation with General Electric (GE.N), it said. "In a few years, Uniper's European fleet will consist mainly of climate-friendly gas-fired power plants and CO2-free hydropower," Uniper Chief Executive Andreas Schierenbeck said in a statement. The agreement, which was signed last month, follows a cooperation deal with Siemens (SIEGn.DE) to look at using hydrogen at Uniper's gas-fired power plants and producing the carbon-free gas with power from its wind turbines. Across Europe, Uniper, which is majority-owned by Finland's Fortum, operates gas-fired power plants of around 9 gigawatts, which is more than a quarter of its total generation capacity. As part of its efforts to cut its emissions, Uniper aims to close three German hard coal-fired power plants, half its European coal-fired capacity, over the next five years.

Biden climate plan would spend $2 trillion in bid to boost economy

Reuters/14-07-2020

WILMINGTON: Democratic presidential candidate Joe Biden recently outlined an ambitious climate plan that would spend $2 trillion over four years investing in clean-energy infrastructure while vowing to cut carbon emissions from electrical power to zero in 15 years. The plan signifies a more aggressive approach on climate policy than he adopted during the Democratic presidential primary – a nod to progressives within the party who have been clamoring for swift, bold action. Beyond the goal of reducing carbon emissions, Biden said his climate package would provide a badly needed jolt to a U.S. economy battered by the coronavirus pandemic, ultimately creating millions of new jobs in the clean-energy sector. Biden's revised climate plan would require the country to be producing 100% clean electricity by 2035, moving up his original target date by 15 years – a timeline borrowed from former presidential candidates Jay Inslee and Elizabeth Warren.

Green energy ratchets up power during coronavirus pandemic

Reuters/22-07-2020

LONDON: Renewable power has taken up a record share of global electricity production since the onset of the coronavirus pandemic, according to a review of data, suggesting a transition away from polluting fossil fuels could be accelerated in the coming years. Advocates of traditional energy have long argued that clean energy sources, like solar and wind farms, which depend on fickle weather, cannot be trusted to provide steady supplies of electricity into national grids that were designed to operate in tandem with reliable coal and gas generators. But the past three months have shown that renewable energy has become more dependable, sector experts say, accounting for well over half of output in some European countries, while grid operators proved they could successfully manage larger doses of fluctuating energy flows. The recent boost for wind and solar power came for all the wrong reasons: the health crisis has tipped the world into recession, pushing down electricity usage by more than a fifth in some countries, according to the Paris-based International Energy Agency (IEA).

New Japanese-backed solar company bets on Mexican energy market

Reuters/23-07-2020

MONTERREY: Kiwapower, a new Japanese-backed Mexican solar company, said on Wednesday it hopes to build scores of small-scale solar plants in the next two years that could generate investment of tens of millions of dollars as it enters the Mexican energy market. Financed by Japanese conglomerate Marubeni Corp and Mexican firm Becquerel Capital, Kiwapower said it wants to begin construction within the next few months in the Bajio region of central Mexico and the wider Mexico City area. Kiwapower plans to generate decentralized energy through photovoltaic solar systems installed on the roofs of clients. Each plant's construction will cost between $400,000 and $500,000, founding partner Santiago Morales told Reuters. Kiwapower's entry into the market comes as the government has become embroiled in a dispute with energy companies that bet on Mexico during the previous government. Seeking to give the state more control over energy supply, the administration of President Andres Manuel Lopez Obrador has tried to hold up a number of power plants due to come on stream, and wants to renegotiate the terms of contracts, arguing that past governments skewed the market in favor of private firms.

Reliance Overtakes Exxon to Become World's No. 2 Energy Company

Bloomberg/25-07-2020

NEW DELHI: Reliance Industries Ltd., controlled by Asia's richest man, toppled ExxonMobil Corp. to become the world's largest energy company after Saudi Aramco, as investors piled into the conglomerate lured by the Indian firm's digital and retail forays. Reliance, which manages the biggest refinery complex, gained 4.3% in Mumbai recently adding $8 billion to take its market value to $189 billion, while Exxon Mobil erased about $1 billion. Reliance's shares have jumped 43% this year compared with a 39% drop in Exxon's shares as refiners across the globe struggled with a plunge in fuel demand. Aramco with a market capitalization of $1.76 trillion is the world's biggest energy company. While the energy business accounted for about 80% of Reliance's revenue in the year ended March 31, Chairman Mukesh Ambani's plan to expand the company's digital and retail arms has helped him attract $20 billion into the Jio Platforms Ltd. unit.

Shell-led consortium to build 750 MW Dutch offshore wind farm

Reuters/29-07-2020

AMSTERDAM: A consortium led by Royal Dutch Shell has won a zero-subsidy tender to build a 750-megawatt (MW) wind farm in the North Sea off the coast of the Netherlands, the country's economic affairs ministry said. The consortium, which also includes Mitsubishi-owned energy company ENECO, will build the Hollandse Kust - Noord project, the ministry said in a statement. The auction was the latest in a series as the Netherlands seeks to reach 3,500 MW of offshore wind power by 2023.

China's new green development fund raises $12 billion in phase 1

Reuters/28-07-2020

BEIJING: China's first dedicated environmental fund, which will invest in green projects and firms, has already raised 88 billion yuan ($12.59 billion) in its first phase, an environment ministry official said at a recent briefing. The National Green Development Fund will mainly be used to invest in national strategic programmes such as the green development of the Yangtze river region, said Zou Shoumin, a director responsible for finance at China's Ministry of Ecology and Environment (MEE).

BUOYING THE RENEWABLE ENERGY GENERATION

Due to the recent COVID-19-induced reduction in prices, renewables have become less competitive in terms of per unit cost basis. In order to make sure that this temporary noise does not distract the market from the long-term signal, the government will have to restore the attractiveness of renewables through a number of measures. These measures also have to be financially and politically sustainable in order to guarantee their long-term effect. The following discussion will delineate these measures, most of which focus on making renewable energy generation more cost effective. Starting with low hanging fruits, these suggestions will move towards more long-term initiatives.

Increasing Debt Tenor

The most obvious and exigent of these changes is the need for increasing debt tenor. A longer debt tenor allows a power producer to pay their debts over a longer time period. This leads to a decrease in the debt paid every year to creditors. Within the year, reduced debt burden on the power producer simply translates into lower debt component within the tariff. Though this is the need of the hour for all types of power producers, doing this for renewables on priority basis would also help the country in its goals for self sufficiency in terms of energy.

Make the State Bank Scheme for support of renewable energy a self-growth fund

The State Bank's Financing Scheme for Renewable Energy has been a boon for the renewable energy EPC contractors. The decision to double its size to Rs 2 billion has been a move in the right direction. A similar step involves committing the interest earning from this fund towards further lending for renewable energy. Such a move would help the fund lean against further depreciation in the currency.

Indigenization of services and production units

AREP 2019 (Alternate and Renewable Energy Policy 2019) was the first policy to give cognizance to efforts at indigenizing manufacturing facilities for renewable energy. Though such an effort was commendable, there is a need to expand upon that positive step by creating indigenization plan for both manufacturing and servicing of renewable energy generation facilities. Successful design and implementation of such a plan can lead to lowering of the dollar component of renewable energy projects and hence pave the way for the reduction in the dollar indexed component of the power tariff. This will lead to increased competitiveness in an economy with a depreciating currency.

Promote captive renewable energy generation in the SEZs

The government can promote investment in captive renewable energy generation through providing tax and RD exemptions. The recent announcement of planned 700 MW solar power capacity in M3 Industrial City and Allama Iqbal Industrial City is a sign that the government seems to realize the potential of the captive power generation for SEZs. Renewable energy generation in captive mode helps industrialists circumvent the cost of the infamous T&D losses. Two long-run trends lead to the expectation of more captive renewable SEZ projects. First, renewable energy cost is constantly falling due to maturing technologies. Second, the sector is gaining experience that is leading to a fall in risk premium. Both these factors would ensure that captive renewable energy generation make financial and environmental sense.

Increase monetization of irrigation, flood control and water-based transportation

Dams have the potential to generate hydropower. However, they also have other uses in Pakistan including irrigation, flood control and transportation. Monetization of other uses can subsidize the construction of dams that are also used for hydroelectric production. This would help lower the cost of electricity in the long run.

Realize the potential of BOLT method of PPP

The Pakistani Power Sector has been a pioneer of PPP mode investments in South Asia. Currently a new method called Build Own Lease and Transfer (BOLT) seems to offer a number of advantages that can be turned into long term competitive traits. Under the method, the government sanctions an EPC contractor to build a facility. After construction, the government becomes a tenant in that facility, operating it and giving due rent to the EPC contractor. At the end of the BOLT contract, the EPC contractor transfers the ownership of the asset to the government. This method provides the government with valuable operations experience that can become valuable over the passage of time.

Work on legislation for Emission Credit Sales

Emission Credit Sales had long been touted as a source for potential revenue. However, their role in the recent profitability of Tesla Inc. has practically demonstrated the veracity of these claims. Tapping the market for emission reductions and capacity offsets would allow an indirect subsidization of renewable energy via various emission producing industries including non-renewable power generation. The government must move quickly before other players move into the market and saturate it.

Conclusion

The fall in oil prices is but a temporary competitive advantage to non-renewable energy generation. This does not change the status of non-renewables as a mere transition fuel. Therefore, governments all over the world must double down on the requisite regulatory and fiscal support that would ensure that private power producers remain profitable while playing the long-game.

Acronyms

AREP 2019	Alternate and Renewable Energy 2019
RD	Regulatory Duty
PPP	Public Private Partnerships
BOLT	Build-Own-Lease-and-Transfer
SEZs	Special Economic Zones

Our Members

	Member IPPs	Primary Fuel	Alternate Fuel	Gross Capacity (MW)	Net Capacity (MW)
1	The Hub Power Company (Tehsil Hub)	RFO	HSD	1292	1200
2	Pakgen Private Limited	RFO	-	365	350
3	Lalpir Private Limited	RFO	-	362	350
4	Kohinoor Energy Limited	RFO	-	131	126
5	Uch Power (Private) Limited	GAS	-	586	551
6	Rousch (Pakistan) Power Limited	GAS	HSD	412	395
7	Habibullah Coastal Power (Pvt.) Co.	GAS	HSD	140	126
8	Attock Gen Limited	RFO	HSD	165	156
9	Atlas Power Limited	RFO	HSD	225	214
10	Nishat Power Limited	RFO	HSD	200	195
11	Nishat Chunian Power Limited	RFO	HSD	200	195.6
12	Liberty Power Tech. Limited	RFO	HSD	200	195
13	Orient Power Company Limited	GAS	HSD	229	213
14	Sapphire Electric Company Limited	GAS	HSD	225	209
15	Halmore Power Generation Co. Ltd.	GAS	HSD	225	209
Subsidiary IPPs					
16	Hub Power Company Ltd (Narowal)	RFO	-	220	214
17	Uch-II Power (Pvt) Ltd	GAS	-	404	375.2
18	Saba Power Company (Private) Limited	RFO	-	134	125.5
19	Laraib Energy Limited	HYDEL		84	84

Established in 2010, IPPA serves as an advisory body for Independent Power Producers (IPPs) in Pakistan. IPPA liaises with the government and related departments such as NEPRA, SECP, WAPDA, CPPA-G, NTDC and PPIB and also serves as a facilitator between various IPPs and stakeholders within the power sector.

If you have any suggestions or feedback, kindly write to us at feedback@ippa.com.pk