

TMA concerned at diversion of captive power generation gas to grid

KARACHI: The Senior Vice Chairman Syed Usman Ali along with the prominent exporters of the Towel Manufacturers Association showed their significant level of concern about the anti-export government policy which is hurting the country's exports badly.

Now the government is planning to divert captive power plants gas to the grid which will be another anti-export step. They said that our economy is passing through a very crucial time and we should jointly work for the growth of our economy particularly for the export sectors of Pakistan.

The Senior Vice Chairman of TMA said that the business community especially the exporters stood with the government to surpass its revenue generation target despite all odds but the government should come forward with compressive planning and facilitate the business community/ exporters so that they can play their significant role effectively for the growth of the economy as well as collection valuable foreign exchange for the country as well.

Senior vice Chairman of the Association, Syed Usman Ali said that currently there are 1,211 captive power units on both Sui Northern Gas and Sui Southern Gas network, consuming around 415 MMcf/d of gas. Out of this, 610 are export-oriented units and 601 are non-export-oriented units.

He further said that the export-oriented sectors already pay higher cost of utilities as compared to the regional countries and Electricity from the grid is more expensive as compared to captive power. i.e. **Captive power per unit cost Rs 28 while grid Rs45. The industrial captive power plant gets gas @Rs.2750/MMBTU while the grids are getting gas @Rs1050/MMBTU. It is a bleak picture of efficient power producers. The industry is taking gas on very high rate as compared to power producers but power generation cost is very low which industry never claimed. If all captive power plants gas diverts to KE grid, it means the difference of Rs 2750-1050= 1700/MMBTU definitely will increase the circular debts as well as it will have a negative impact on the economy of Pakistan.**

He further added that due to load shedding in the past, the government granted permission to establish captive power plants and the entities invested huge capital on it

and it may be wasted. The cost of production also increases for the entities that are using captive power for exportable goods, ultimately our goods become incompetent in the international market due to the highest cost of electricity.

The tariffs of our regionally competitive countries like **India 8 cents; Bangladesh 10 cents and Vietnam 8 cents while Pakistan has 16 cents/kWh**. Obviously, our competitors are producing their exportable goods at low cost as compared with us and the international buyers are more interested to buy their required goods rather than Pakistan. Our electricity is expensive due to cross subsidy.

Syed Usman Ali further said that one of the main problems in the energy sector is inefficient allocation of energy sources through pricing and policy anomalies. Over the last decade, when the power load shedding was on a higher side, industries moved towards captive power production – on furnace oil, diesel, and gas. Later, when new capacities were added on imported fuel, no heed was paid to moving the captive plants back to the system. Therefore, the fuel cost today could have been much lower – especially for populations of Karachi.

Captive power generation has a lot of benefits for the export industry and the most entities are producing co-generation from captive power which ultimately reduces the consumption of gas into the boiler. The captive power plant is a very good source of smooth power supply for the manufacturing goods and they are neither facing load shedding nor disruption due to technical faults. It is also cheap & clean power generation for their production units and Pakistan manufactured goods become more cost effective in the international market.

He also added that the earlier the Government of Pakistan granted a huge number of permits for the establishment of CNG stations without the authentic study and wasted precious energy. Now the result is we are facing shortage of Natural Gas as well as huge capital amounts destroyed due to non-availability of Natural gas.

Now, once again the government is going to disrupt the captive power generation system and the huge share of export may also be destroyed in the export sectors as well. The huge power load will be shifted on the grid. **As per the economic survey of 2021-22, the maximum demand of domestic and industrial sectors is 31,000 MW but the grid distribution capacity is 22,000MW**. Our grid is not capable of bearing such load and supply of electricity definitely will disrupt and we may face massive breakdown as we faced many times in the past as well.

He suggested to the government managers to facilitate / provide consultancy to the private sector to improve the efficiency of captive power generation.—PR