

SPEECH BY

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ENERGY TRANSITION THROUGH REGIONAL COOPERATION

Second Asian and Pacific Energy Forum, Bangkok,

3-5 April 2018

On behalf of Government of Pakistan, and over 207 million people of Pakistan, let me thank UNESCAP, and its dynamic Executive Secretary, Dr. Shamshad Akhtar, for holding such an important Forum, at this crucial juncture when the Global community, on one hand, under the auspices umbrella of United Nations, has agreed on Sustainable Development Goals (SDGs), and now increasingly aligning their national policies and programs to achieve the SDGs. And, on the other hand, Paris Agreement on Climate Change, which has been signed by 197 countries and hitherto been ratified by 175 countries, including Pakistan, has set in motion the transition towards a 2-degree Global goal.

In this background, The SDG-7: Ensure access to affordable, reliable, sustainable and modern energy for all, has assumed additional importance.

Pakistan is perhaps the only country which has adopted Sustainable Development Goals as Pakistan Development Goals. So, for us, they are PDGs and not SDGs, and we stand committed to achieve them by the year 2030.

On climate change, Pakistan is amongst the top ten most vulnerable countries of the world, though its own contribution to Global Warming is little. For the last two decades, on an average, extreme climate events have caused economic losses of about \$4 billion annually. The five floods (2010-2014) alone caused losses of over

\$ 18 billion and affected 38.12 million people, damaged 3.45 million houses and destroyed 10.63 million acres of crops.

Ladies and Gentlemen,

Energy is a critical enabler for economic growth, however, present-day Global fossil-fuel laden energy mix is responsible for over sixty percent of the Greenhouse Gas (GHG) emissions.

On energy intensity, our Asian-Pacific region continue to rank highest in the world.

Over 2 billion are without modern cooking fuels and technologies, and 420 million without electricity.

Given the projection that the Asia- Pacific region would account for two thirds of global energy growth till 2040 warrants measured, rigorous and coordinated action, both at regional and national levels. Managing the transition towards low-carbon and sustainable growth pathways has never before been so imperative and pressing.

For Pakistan, and other developing countries as well, this transition, nonetheless, requires access to International Finance and Technology Transfer, as envisioned and emphasized from time to time, under United Nations Framework Convention on Climate Change (UNFCCC), Kyoto Protocol and lately Paris Agreement. From the developed countries, the promised \$100 billion annual contribution to Green Climate Fund (GCF) and meaningful operationalization of Technology Transfer Mechanism would be crucial for sustainable development of the developing countries.

Nationally, the Government of Pakistan (GoP) has undertaken bold measures and interventions in the energy sector, since it came into office. Firstly, payables of power sector entities against the Independent Power Producers (IPPs) and public sector power entities amounting to Rs. 480 billion have been fully cleared, which has added 1,700 MWs of electricity to the national grid and eased load shedding considerably in the country. Secondly, the GoP has moved in the direction of providing targeted subsidy to power consumers (domestic up to 200 units) by moving towards better cost recovery leading to a financially stable power sector.

Government has developed National Power Policy (2013) which provides a roadmap for providing affordable energy in the country through efficient generation, transmission and distribution system. One of the main pillars of the Energy Policy is to reduce the cost of generation and increase accessibility for all. Another key factor is improvement in the mix with introduction of renewables through competitive bidding on the nation as well as off grid solution.

Recently, multiple development projects in the power sector having a combined generation capacity of more than 10,000 MWs are under implementation.

The Government attaches utmost priority to energy sector reforms, as energy side bottlenecks are considered the main constraint towards attaining a higher growth trajectory. The reform broadly focuses on:

- a) adoption of clear policies on tariffs and subsidies to target low income customers; ensuring policy implementation through NEPRA rules and regulations; and reduction of discretionary policy decisions and lag in tariff approvals and implementation.
- b) Loss reduction and improving collection in Discos
- c) Managing generation cost through Least Cost Planning (LCP), and ensuring new generation entry follows the LCP
- d) Commercialization and improving performances of public companies in power sector
- e) Commercial Operations of CPPA as an independent company agency to buy power on behalf of Discos, and implementation of a multiple buyer market by allowing generators to contract sales directly with large customers.
- f) Increasing access to information in the energy sector
- g) Strengthening NEPRA

Likewise, under Pakistan's Intended Nationally Determined Contribution (Pak-INDC), to the Paris Agreement, Pakistan intends to reduce up to 20% of its 2030 projected GHG emissions subject to availability of US\$ 40billion.

Ladies and Gentlemen,

The developing countries, such as Pakistan, are already doing whatever they can to realize the SDG 7, within the limited realm of their national budgets and traditional technological base. However, under the UNFCCC's cardinal principle of Common but Differentiated Responsibilities with Respective Capabilities (CBDR-RC), they cannot possibly be expected to manage this transition without the help of global community. The pace of energy transition for the developing countries largely depends upon the provision of Finance and Technology Transfer.

At this moment, as I am Speaking to you, my Team back home is reviewing drafts of our new Energy Policy and Action Plan. With the experience of international development partners and our own seasoned technocrats, we are trying to come up with Policy parameters, Strategy and Plan of Actions to manage the Transition towards Sustainable Development.

Energy Transition towards Sustainable Development has two key areas: Energy Accessibility and Energy Security.

Asian and Pacific Regional Cooperation in these two vital areas are essential to carry forward the momentum generated by the successful adoption of SDGs and Paris Agreement.

Some of the areas of Regional Cooperation could be:

A Regional Grid, such as European Grid, to impart stability and security to the national grids. SAARC grid could be a good starting point. Also CAREC platform can be used;

A Regional Carbon Market, such as the EU Market, to manage the transition towards low-carbon growth trajectories;

A Regional Data-bank for Off-Grid Energy solutions to enhance accessibility;

A Regional Platform to build capacities of national entities which in most of the cases are struggling to manage the transition largely owing to traditional approaches and outmoded technology.

I thank you for your attention.