MINUTES OF MEETING

SCI-Pak

Project: SCI-Pak
Place: Alternate Energy Development Board, Ministry of Water and Power, Sector F-10/4, Islamabad http://www.aedb.org/ **Date:** Friday, 24 December 2010
Interviewee: Mr. Imran Ahmed Director (RE Program) +92-51-2215308 engr_imran.ahmed@yahoo.com
Interviewer: • Shafqat Ullah (CPI) • Ahmed Ammar Yasser (IHT)
Topic(s): Interview of Existing Policy Framework Regarding Sustainable Production
Copies to:

	Topic(s)
	Interviewers thanked Mr. Ahmed for his time and informed him about the project.
	Existing Policy Framework: Mr. Ahmed informed that Alternated Energy Development Board primarily dealt with renewable energy power generation project of gird interconnectivity. However recently policy has been devised from which local industry can also take benefits. He said that Renewable Energy Policy of 2006 was focused on instigating the private sector to invest in the power sector projects. Hence indirect approach was adopted to facilitate the private sector to invest in renewable power sector. The incentive offered were that the rate of returns were more than that of thermal projects i.e. 17~18% in comparison to 15%, assurance of Power Purchase agreement whatever may be the size of the project, grid availability by the government, bear the resource risk , counter guarantee offered by Asian Development Fund, above the sovereign guarantee offered by the government of Pakistan, financing of State Bank of Pakistan at 2~3 percent below the market interest rate (for projects up to 10 MW) and custom duties and tax exemptions.

	Barriers in Policy Implementation: The barriers to the implementation of the policy were both external and internal in nature. By the time the policy was issued, the oil prices were sky rocketed to the highest level of the history. As a result world interest shifted towards the renewable energy. Hence when local buyers approached the original equipment manufacturers i.e. wind turbine manufacturers, the lead time before delivery was momentous like 5 years. The internal issues were of security, weak law and order situation, and circular debt that had further hindered the investors to invest in the areas.
	Upcoming Policy Framework: He informed that the AEDB was in the process of drafting new policy draft of which was available for comments on the website. This policy has components that can suit those industries who want to go green for their power generation. In this regard it is worth noting that most of the industry relies on self generation for industrial electricity needs. The salient features offered by the new policy are: • It includes a wide range of measures in renewable energy not just solar and wind. • It incorporates the concept of Net Metering. • It offers banking/ billing of energy. (This is of particular application for seasonal industries. For example if a sugar mill installs a wind turbine and it generates a certain amount of electricity during off season of sugar crushing, which will be banked. This will be offset by the electricity used from the grid during the season of crushing. • The concept of feed in tariff will be introduced. (NEPRA-National Electric Power Regulatory Authority- is being pursued to issue feed in tariff.) • The captive spill over concept will be implemented. The excessive power generation capability available with the captive power plants will be purchased by the national grid. • The concept of wheeling will be implemented. It means that as the renewable energy like wind and solar ~~energy~~ are site specific and mostly industries ~~establishment is~~ are not ~~in usually~~ located at such sites, therefore the industry will be allowed to establish a generation capacity on the site suitable for particular renewable energy and will be allowed to extract that energy at the point of its industrial establishment (Invest and generate power at renewable energy corridors and get that much energy at its point of use).

	Technical / Financial Barriers: Mr. Ahmed was of the view that there was no technical barrier in the promotion of renewable energy technologies but the financial capital was not available due to high risk involved in investing in Pakistan.
	He was also optimistic that by the year 2013, Pakistan would be able to generate about 200 MW through renewable energy sources.
	Follow Up: He consented to participate in the upcoming policy dialogue as well as to answer any further questions.
	He also consented to quote him for the contents of the interview.