

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

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 prioritised, 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.

The PPIB has asked the National Electric Power Regulatory Authority (Nepra) to give preference to projects with committed availability of transmission lines, for inclusion in IGCEP.

### **Call for Investor Confidence to be Maintained**

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.

## **Priority to Thar coal**

It has also recommended that projects based on Thar coal be given priority due to the cost reduction aspect while considering candidature system of project selection as these plants would not only produce cheaper electricity but also reduce the overall fuel import bill. This will be a step towards self-reliance and sustainable development.

It called upon NEPRA to devise a comprehensive mechanism to utilize local coal to reduce the overall cost of electricity produced by coal power projects and save precious foreign currency reserves.

It also advised that in the project “retirement schedule”, the possibilities of renewing power purchase agreements (PPAs) of power plants based on non-pipeline quality (low BTU) gas like UCH-1, and setting up new power plants based on low BTU gas may be given importance.

The PPIB has pointed out that Thar Coal SSRL tariff had been considered for evaluation of Thar coal-based plants while Nepra had given another upfront tariff for Thar coal projects in July 2017. It was lower than SSRL’s tariff and should be considered for long-term planning.

Furthermore, after coalmine expansion in the second and third phases at Thar block-II by the Sindh Engro Coal Mining Company (SEMC), the price of electricity shall significantly come down to about \$40 per tonne. This should be considered as the benchmark price while considering local coal price.

It said the dispatch for some recently commissioned imported coal projects would drop drastically from 2024 onwards. These projects were installed recently and will remain under-utilized in order to comply with contractual obligations of 66pc dispatch for RLNG plants.

In order to create a balance, imported coal power projects should also be given a reasonable dispatch in excess of 50pc.

Also all power projects, which have been issued letters of support, should be included in the definition of “Committed Projects” in order to maintain the confidence of investors and lenders who were committed to invest in the country’s power sector, whereas the hydropower projects which have been issued letters of interest should get appropriate weightage while establishing the maturity of the candidate projects.