

RESEARCH ON EVS, TRANSITION TO RENEWABLE ENERGY: USA TO HELP RESTORE POWER INFRASTRUCTURE IN SINDH

ISLAMABAD: The United States has announced new programmes for advancing energy cooperation with Pakistan, which include a \$500,000 project to restore electricity infrastructure in flood-stricken areas in Sindh.

Other initiatives include a grant to augment research and development work on electric vehicles at Lahore University of Management Sciences (LUMS) and support for the second cohort of US-Pakistan Women's Council's Future of Women in Energy Scholars Programme, launched with Texas A&M University, to support women's leadership in renewable energy. The announcement came in a joint statement following energy security dialogue between the US and Pakistan, chaired by Federal Minister for Energy Khurram Dastgir and US Department of State Assistant Secretary for Energy Resources Geoffrey Pyatt. The dialogue concluded on Wednesday.

The United States and Pakistan affirmed their mutual commitment to advance the transition to renewable energy and promote a more stable, secure and prosperous energy future.

During the dialogue, officials and experts deliberated on energy issues and areas of cooperation, including Pakistan's renewable energy transition, electric vehicles and increasing the participation of women in the energy sector.

Both governments resolved to continue deepening bilateral partnership through the US-Pakistan Green Alliance framework, which would help the two nations to jointly face climate, environmental and economic needs, especially through partnerships in renewable, sustainable and clean energy.

"For over 50 years, the US has invested in Pakistan's power generation, including in clean energy through hydropower, which continues to benefit millions of Pakistanis till today," said the statement.

As part of the dialogue, the two governments committed to work together in the coming year to help Pakistan reach its goal of 60% renewables by 2030.

The next US-Pakistan energy security dialogue will be hosted by the US in 2024.

Separately, in a meeting between Prime Minister Shehbaz Sharif and Geoffrey Pyatt, they reaffirmed their commitment to promoting economic growth, energy security, partnership in long-term flood rehabilitation efforts and strengthening their overall relationship.

The prime minister, while appreciating the holding of Pakistan-US energy security dialogue, encouraged further investment in Pakistan's energy infrastructure, which would help the transition towards clean energy. He welcomed the dialogue and cooperation in areas such as trade and investment, health, security and climate change.

US State Department Assistant Secretary for Oceans, Environment and Science Monica Medina, who was also in Pakistan on an official visit, informed the prime minister during the meeting that she was leading a delegation for meetings of Pak-US Climate and Environment Working Group.

She praised the commitment and dedication with which Pakistan responded to the consequences of last year's devastating floods. (With additional input from APP)

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TWO OIL EXPLORING FIRMS ASKED TO CLEAR ROYALTY DUES

ISLAMABAD: The Auditor General of Pakistan (AGP) has asked two oil and gas exploration companies to clear their royalty before the matter is referred to the FIA and the NAB, sources said. During the audit of DG (PC), Islamabad, for the fiscal year 2020-21, it was observed that DG (PC) did not recover the royalty on oil and gas from nine E&P companies in 40 fields. This resulted in non-realisation of royalty amounting to Rs10.7 billion. M/s Spud Energy defaulted on account of payments of royalty pertaining to previous year but the DG (PC) did not initiate any action except issuing a letter for realisation of royalty.

In another case, the DG (PC) did not recover fine on late payment of royalty on oil and gas from the GHPL in Gambat South Block under E&P Rules 2009. This resulted in the non-realisation of royalty and subsequent fine amounting to Rs0.6 million.

The audit says: explain reasons for inaction against M/s PEL who has not been making payments of royalty since 2015. The audit asked to expedite the recovery of the outstanding royalty of Rs4.2 billion from the concerned E&P companies, especially M/s EL.

PM SETS UP PANEL FOR ACTION PLAN: DISCOS TO BE HANDED OVER TO PROVINCES

ISLAMABAD: Prime Minister Shehbaz Sharif has formed a committee regarding handing over electricity distribution companies to provinces. He directed the committee to finalise the action plan soon. [The prime minister, Wednesday, chaired a high-level meeting to hand over the electricity distribution companies under the jurisdiction of provinces. The meeting was given a detailed briefing about the losses due to electricity theft, non-recovery of billed amount and line losses of electricity distribution companies.

The meeting was also presented a comparison of the existing administrative structure for the collection of bills in the federation and the provinces and was told that handing over the system of electricity distribution companies to the provinces is a constitutional measure. This measure will significantly reduce the collection of bills and prevention of theft. The meeting was further informed that the Sindh government had first contacted the federal government for the transfer of the system of electricity distribution companies.

The prime minister stated that the government is taking steps on a priority basis to prevent electricity theft and has also formulated a strategy along with the provinces to reduce the losses of the electricity distribution companies.

The prime minister has set up a committee to transfer the electricity distribution companies to the provinces. The committee will determine the terms of reference and the deadline in collaboration with the provincial governments in this regard. He said that the federal government will provide technical assistance to increase the capacity of the provinces and a better management structure for collections of bills will play a key role in dealing with the power sector circular debt.

The meeting was attended by former prime minister Shahid Khaqan Abbasi, federal ministers, Ishaq Dar, Engineer Khurram Dastgir, and Abid Hussain Bhayo, Minister of State Dr Musaddiq Malik, Advisor to Prime Minister Ahad Cheema, Chief Minister Sindh Syed Murad Ali Shah, Chief Minister Khyber-Pakhtunkhwa, chief secretaries of Punjab and Balochistan, and others.

PSO SUGGESTS RS10/LITRE LEVY TO AVERT DEFAULT

[ISLAMABAD: While claiming it is on the brink of collapse, Pakistan State Oil (PSO), state-owned energy marketing company, has submitted “cash arrangement formula” to the government including imposition of Rs 10/ litre levy on sale of Mogas (petrol) and HSD with an impact of Rs 100 billion to be paid to it against LNG to avoid imminent default, sources close to Minister of State for Petroleum told Business Recorder.]

PSO’s Managing Director, sources said, has highlighted financial affairs of his company days before approval of Rs 50 billion by the Economic Coordination Committee (ECC) of the Cabinet. He made it clear that PSO may not be able to meet its payment obligations in terms of refineries, imports and taxes from March 14, 2023. PSO has been maintaining the country’s supply chain despite galloping receivables and ensuing challenges. PSO’s receivables have now reached a whopping level of Rs762 billion since June 30, 2022, of this Rs 598.586 billion is the principal whereas Rs 163.570 billion is LPS.

Receivables from SNGPL currently stand at Rs 494 billion and are a major contributor to the worsening liquidity position of PSO. Of Rs 494 billion, principal outstanding receivables as on June 30, 2022 were Rs 292.3 billion. Shortfall during last summer (July 22-October 2022) was Rs 32.2 billion whereas shortfall figure during winter (November 22 to February 2023) was Rs 105.6 billion. This indicates that outstanding receivables as on February 7, 2023 were 430.1 billion; however, after addition of Late Payment surcharge (LPS) of Rs 64.1 billion, total receivables stood at Rs 494.2 billion.

PSO argues that to bridge this deficit, it availed Rs 100 billion additional borrowings from banks against the GoP guarantee. SNGPL has been diverting expensive LNG to domestic consumers in the summer months. This year alone, the overall diversion in non-winter months stood at Rs 32 billion which brings the cumulative diversion since inception up to March 8, 2023 at around Rs 83 billion. Due to depreciation of Rupee against dollar, PSO has an outstanding exchange loss on FE-25 loans of Rs 56 billion on March 6, 2023. The total borrowing against FE-25 loans stood at \$ 880 million (June 30, 2022 \$ 750 million), with the following break up: (i) exchange loss on FE-25 loans as on June 30, 2022 @ 204/USD, Rs 27.8 billion; (ii) exchange loss during the year, Rs 58.8 billion;(iii) less exchange loss received from MoF during this year, Rs 30 billion.

According to PSO, receivables from power sector have become chronic in nature. Currently an amount of Rs 178 billion is outstanding from power sector entities. Gencos/ CPPA-G owe Rs 148 billion which needs urgent attention and resolution. “We would like to highlight receivables amounting to Rs 25 billion and Rs 5 billion due from Hubco and Kapco, respectively, which are not being settled by these companies, despite Hubco distributing substantial dividend payouts,” stated PSO.

PSO cautioned the government that default on refinery payment obligations will start from March 14, 2023. The company which currently has market share of 55 per cent in high speed diesel and 49 per cent in motor gasoline, contended that in the absence of immediate payment, the company will not be able to settle international obligations. The financial crunch will also have a snowball effect on IPPs. PSO has sought payment of Rs 56 billion on account of exchange loss on FE-25 loans and cash injection of Rs 100 billion by arranging financing for SNGPL. Other immediate steps proposed by PSO to avoid default are as follows: (i) issuance of Sukuk/ PIBs to PSO;(ii) clearing outstanding receivables from Hubco and Kapco amounting to Rs 30 billion and allocation against outstanding receivables from Genco-III;(iii) imposition of Rs 10/ litre levy on the sale of MOGAS and HSD with an impact of 100 billion to be paid to PSO against LNG receivables; and (iv) establishment of a Master Collection Account (MCA) for LNG customers with drawdown rights to PSO. “PSO has no further cushion available for additional borrowing or refining cash-flow deficit; therefore, immediate cash funds be injected to avoid imminent default,” sources quoted MD PSO as conveying to the federal government.

SMBR LAUNCHES E-STAMPING SYSTEM

LAHORE: Senior Member Board of Revenue (SMBR) Nabeel Javed has launched e-stamping system during his visit to Punjab Information Technology Board (PITB) office in Arfa Karim Tower on Wednesday. Member Taxes Saqib Manan, Secretary Revenue Maher Shafqatullah Mushtaq, Secretary Taxes Taseer Ahmed, Deputy Secretary Staff Roman Barana, DG PLRA Saira Umer and other officers were also present on this occasion. Nabeel Javed also chaired a meeting in Arfa Karim Tower in which the officers concerned briefed about the e-stamp, court fee, CVT, stamp duty and TMA tax.

In the briefing, it was stated that the verification of the stamp papers issued on a daily basis throughout the province is going on through bar code and numbering and 80 percent of the citizens are satisfied with the issuance of e-stamp papers. The sale of fake stamp papers has decreased due to the issuance of e-stamps. Nabeel Javed on this occasion said that security features should be given in stamp papers to prevent the sale of fake stamps and Bank of Punjab should take steps for issuance of certificates through biometrics. He said that the paper work should also be started on increasing the court fee so that court cases can be reduced and the officers should utilise all the capabilities to meet the revenue target.

Later, SMBR along with other officers paid a surprise visit to the service centre and the office of Sub-Registrar Nishtar Town. SMBR reviewed the facilities provided to citizens in revenue offices and also inquired about the provision of revenue services to the citizens in the offices.

SMBR also reviewed the procedure for issuance of stamp paper and payment of stamp fee. He said that the BoR is striving to provide the best services to the citizens. Steps are underway to develop the revenue department on modern lines. He said that citizens should come to his office to resolve their revenue-related issues. He stated that his doors are always open for public under the open door policy. He said that strict actions have been initiated against those involved in corruption and those who deliberately obstruct the work of citizens.

SMBR ordered to clean Nishtar Town registrar office and replace dilapidated furniture and issued instructions to renovate the branch in the style of a rural centre mall. He said that the work will start to issue TMA corporation fee challan and other taxes on the format of e-stamp paper by which the applicants will not have to visit distant offices for passing registry.

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