

Corporate crime



The large practice of corporate crime in the gas and oil companies has damaged the countrys energy sector while setup of corporate crime control units in the gas and oil companies is straightaway required to save the sector and economy of the country as well. This is the time to restructure our energy policy. Pakistans natural gas supply is expected to decline from 4 billion cubic feet per day (bcfd) in 2010/11 to less than 1 bcfd by 2025/26. Pakistan can make joint venture with Gazpron, worlds biggest gas firm, which has made massive profits for 2010 of over \$35 billion.

There is dire need to make one Unified Energy Ministry responsible for all energy issues to streamline the system. The Unified Energy Ministry needs to open gate for foreign qualified Pakistani. This is the first time in history of Ministry of Petroleum and Natural Resources, Minister Dr Asim Hussain, took a very bold step and fired four Managing Directors of energy sector i. e (SSGC, SNGPL, PPL and OGDC) on the basis of poor performance. A Pakistani-American Oil and Gas Consultant Raza Mehkari expressed these views on Sunday, while exclusively talking to The Nation.

He has supervised various projects in oil and gas Industries as a Consultant, Regional/ Area Manager and Franchise Manager in different parts of North and Central America. He has also led a team of experts in LPG distribution to various part of Central America. He also helped and coordinated to hire qualified professionals to LNG projects funded by World Bank and third parties. Talking on the energy crisis, Mehkari said that energy is key factor for the stability and prosperity of Pakistan; if our production units keep on shutting then unemployment will rise and hence street violence will rise.

Decision on energy projects should revolve around national interest rather than native political and personal gains. Energy offices should be run by the qualified, committed and deserving people equipped with due mandate. Unfortunately, Pakistans energy sector is in a state of crisis and over the past few years has negatively impacted the social and economic development of the country. Despite strong economic growth during the past decade and consequent rising demand for energy, no worthwhile steps have been taken to install new capacity for generation of the required energy sources.

Now, the demand exceeds supply and hence loadshedding is a common phenomenon, he said. Talking about the root causes of the crisis, he said that Pakistan today is caught up in an acute energy crisis which has its roots in two distinct causes, including lack of Integrated Energy Planning and Demand Forecasting and absence of central and focused entity responsibility for energy sector and imbalanced energy mix.

He said, composition of energy mix includes oil, gas, hydro-electricity, coal, nuclear, LPG, imported electricity (Iran), wind, waste, solar power. oil contributes 29. percent in Pakistan energy sector, gas 47. 7 percent, hydro-electricity13. 3 percent, coal 7. 2 percent, nuclear 1. 3 percent, LPG 0. 6 percent, imported electricity (Iran) 0. 1 percent while wind, waste and solar power has 0. 0 percent role in this sector. Natural gas playing a dominating roll in Pakistan energy sector. Gas has total resource potential of 28. 3 TCF, production of gas 4 BCF/Day; transmission network is 10, 667 km; distribution network is 95, 866 km; domestic customers are 5. 55 million; commercial customers are 76, 169 and industrial customers are 9810.

Oil and gas are the two major components of the energy mix contributing 77.40 percent to the 63.5 million TOE (tons oil equivalent) of energy requirement in Pakistan. There is concern over provinces involvement in oil and gas exploration. we have 18th amendment, article 172-73 sharing of hydrocarbon thermal between the province of federation, 18th amendment are dealt by the council of common interest. Currently the oil companies are paying more than 40 percent of income and other taxes. what we need is to bring back the petroleum policy of 1994, which had divided the country into three zones and the companies were offered 67. percent of crude prices in zone three, 72.5 percent in zone two and 77.5 percent in zone one, without capable prices.

At present Pakistan produces 4 BCFD gas but the gas materialised amount to between 3.6 and 3.7 BCFD gas shortage is becoming serious and leading to tension among the provinces. In last 10 years not a singles MW was added in energy sector. We spoil our resources, time and money on hundred of seminars, conference and events on energy crisis issue, but the outcome is zero. Conversely, gas reserves of Pakistan are estimated at 28.2 TCF whereas the crude oil recoverable reserves account for 303.63 million barrels.

The current production of oil is 65,531 barrels per day while gas production is at 4 billion cubic feet per day. Pakistan is a Gas dependent country possessing a well developed and integrated infrastructure for transporting, distributing and utilising natural gas with 10,667 km of transmission and 95,866 km of distribution network. Pakistan at present is the largest CNG

consumer in the world with 3116 operational CNG stations serving around 2 million vehicles.

In the previous year, a total investment of \$833 million has been made in the CNG sector of the country. Primary energy consumption in Pakistan has grown by almost 80 percent over the past 15 years, from 34 million tons oil equivalent (TOEs) in 1994/95 to 61 million TOEs in 2009/10 and has supported an average GDP growth rate in the country of about 4.5 percent per annum. However since 2006/07 energy supply has been unable to meet the countrys demand leading to shortages. Meanwhile per capita energy consumption in Pakistan at under 0.5 TOEs/capita remains only one-third of world average.

It is also unlikely that Pakistan will be able to substantially develop its other indigenous energy sources of hydel power and coal by 2025/26 under current policies, and the energy import requirements of the country may grow from the present 30 percent to over 75 percent of the energy mix by 2025/26 costing over \$50 billion per annum in foreign exchange. Talking about the short terms solution which can overcome energy crisis, he said that energy sector is backbone of the country and organisations under this ministry should work without any political influence.

In order to tackle the existing crisis and ensure a prosperous energy future, the backbone of the future energy policies would have to be reliance on domestic resource such as furnace oil, hydro project, coal reserved, wind turbines, bio-gas, nuclear energy. He pointed out that furnace oil plants are set suited in Karachi where the port and refinery facilities are available, saying Khyber Pakhtunkhwa should explore medium small and micro size

hydro projects. He said that Sindh must use its coal reserves as a very little amount. 7 percent of coal reserved is being participated in total Pakistan energy mix.

There is dire need to install Wind Turbines on coastal belt. Wind energy is the fastest-growing source of power in the world and its globally installed capacity has risen from 20,000 MW in 2001 to 80,000 MW in year 2008. Pakistan has a huge potential to develop wind power. The wind corridor in the coastal area of Sindh alone has the capacity to generate 50,000 MW. It is important that the Government continues to provide incentives to private investors in the form of an attractive tariff.