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Petyr Baelish in ‘Game of Thrones’ famously defined chaos in the following way: “Chaos isn’t a pit. Chaos is a ladder. Many who try to climb it fail and never get to try it again. The fall breaks them. And some are given a chance to climb”.

Physics defines chaos as “the property of a complex system whose behavior is so unpredictable as to appear random, owing to great sensitivity to small changes in conditions.” Chaos in Pakistan is exceedingly intricate and multifaceted. The nature of multifaceted chaos revolves around 3Es.

These 3Es are (Political) Economy, Energy, and Environment. The relationship among these 3Es is such that we are stuck in a vicious cycle, where economic turmoil refrains us from making long-term sustainable decisions, which results in inefficient planning in energy and the environment.

This ineffective planning in energy and the environment makes us vulnerable in terms of the economy, and the cycle continues. Currently, Pakistan is facing dollar outflow, rising debt, and chances of economic default as many prominent credit agencies like Finch and Moody’s have downgraded our credit ratings.

Consequently, we cannot play with the Ponzi schemes anymore. The debts are expensive for us, and finding creditors is getting tougher and tougher. Thus, the time is ripe or, I would say, it is do or die for us to steer the ship out of these chaotic waters.

In Lord Baelish’s words, “some are given a chance to climb”. Pakistan is also given a chance to climb the ladder and escape this chaos. This article explores two conventional ways to enhance the energy transition and increase the dollar’s inflow in the economy, which is the lynchpin to the solution to our economic problems. So, that energy transition can be made part of economic policy.

One is the supply-side solution through climate diplomacy, and the second is demand-side management in the transport sector for green development and energy transition.

Firstly, in climate diplomacy, our foreign corps is required to promote the global drive to address the issue of climate injustice, whereby some countries are facing disproportionate adversities due to climate change. Pakistan has recently faced floods caused by changing weather patterns, resulting in thousands of deaths and billions of dollars in damage. Effective diplomatic efforts can leverage climate financing initiatives such as the Green Climate Fund (GCF), established by the United Nations Framework Convention on Climate (UNFCCC), Just Energy Transition Partnerships (JETPs), the Asian Development Bank’s Energy Transition Mechanism (ETM), and the Bridgetown initiative.

These initiatives provide financially constrained nations with a ‘big push’ to break the vicious cycle of energy poverty and a struggling economy. The initial JETP was established during COP 26 in Glasgow, where France, Germany, the United Kingdom, the United States, and the European Union pledged USD 8.3 billion in funding to South Africa for an energy transition to renewable sources from fossil fuels. Secondly, there is a need to understand the long-term viability and sustainability of energy transition through the transformation of the transport sector in Pakistan in terms of changing the behavior of the public. About 86% of the total petroleum products are consumed in the transportation sector, which amounts to around $1 billion per month. If we save about 30% each month, we can save $300 million per month and $3.6 billion annually.

To achieve this, we can implement the following practical steps:

**Short-term Solutions:** The first and foremost solution in this regard is the effective and efficient use of the Mass Transit System. Transit trains are the most efficient mode of transportation. Mass transit systems can increase efficiency by 280% compared to cars. The second one is to encourage the culture of carpooling. Carpooling calls for optimal use of seating capacity in cars, so, one person in one car is discouraged. Carpooling can increase fuel efficiency from 18 PKML for a car with a single person to 57 PKML.

Lastly, work-from-home policy: The COVID-19 lockdowns reduced the demand for transportation fuels, which resulted in a significant reduction in import bills. The work-
Pakistan buys its first cargo of discounted Russian crude oil

Pakistan has made its first order for discounted Russian crude oil and a shipment is scheduled to arrive at Karachi port in May, according to a new agreement between Islamabad and Moscow.

In addition, China and India, Russia now has a new market for its crude as it allows Moscow to divert volume from western markets where its oil has been prohibited following the crisis in Ukraine. Discounted crude provides Pakistan, which is already struggling financially due to a balance of payments problem and dangerously low foreign exchange reserves, with much-needed relief.

The vast majority of the country’s foreign payments are made for energy imports. According to statistics from analytics company Kpler, Pakistan imported 154,000 barrels of oil per day in 2022, which was essentially flat from the previous year.

Saudi Arabia, the biggest exporter in the world, and the United Arab Emirates provided the majority of the crude.

There may be a significant decline in Middle East suppliers to Pakistan if Russian crude production were to hit 100,000 barrels per day.

Fossil fuel consumption subsidies worldwide soar

Fossil fuel consumption subsidies worldwide soared in 2022, rising above USD 1 trillion for the first time, according to new IEA estimates, as turmoil in energy markets sent fuel prices in international markets well above what was actually paid by many consumers. Last year’s record subsidies - amid the global energy crisis triggered by Russia's invasion of Ukraine - were double their 2021 levels, which were already almost five times those seen in 2020.

These escalating outlays were in sharp contrast with the Glasgow Climate Pact, which in November 2021 called on countries to “phase-out inefficient fossil fuel subsidies, while providing targeted support to the poorest and most vulnerable”. Our analysis shows that many of these government measures were not well targeted, and while they may have partially protected customers from skyrocketing costs, they artificially maintained fossil fuels’ competitiveness versus low-emissions alternatives.

For many years, the IEA has monitored subsidies for fossil fuels, evaluating situations in which consumers pay less than the market price of the fuel itself. According to our preliminary estimates for 2022, oil subsidies increased by around 85% while natural gas and electricity consumption subsidies more than doubled. As noted in the World Energy Outlook, high fossil fuel prices were the main reason for upward pressure on global electricity prices, accounting for 90% of the rise in the average costs of electricity generation worldwide (natural gas alone for more than 50%).