A GLOBAL ENERGY CRISIS IS COMING

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As Pakistan approaches its upcoming elections in February, the energy sector remains a critical challenge for the country’s economic sustainability. With a staggering circular debt of over PKR 4.5 trillion from the power and gas sectors, coupled with transmission and distribution challenges, import costs, subsidy constraints, and system inefficiencies, the sector continues to impede the country’s socio-economic growth. This, combined with the recent doubling of energy prices due to subsidy removal (as per IMF conditions), has created a complex dilemma involving affordability and the financial stability of the energy sector.

The shift to captive power by both residential consumers and industries has further strained the national grid. Approximately 48 million Pakistanis lack access to reliable grid electricity, and nearly half of the population lacks access to clean cooking fuels and technologies. Against these circumstances, it is imperative for the upcoming government to comprehensively address the challenges in the energy sector. As Pakistan shifts towards captive energy, ensuring affordability and accessibility becomes paramount.

While recent policy reforms have been documented in Pakistan’s energy sector, misalignments in goals and regulatory measures have triggered debates within government institutions. The lack of policy consistency and frequent regulatory changes have deterred both private and international finance, resulting in a significant decline in investments crucial for expanding energy sector projects. To overcome these challenges, a holistic approach is necessary, aligning with IMF conditionality.

Considering the energy reform agenda, two crucial aspects come to the forefront: ensuring energy affordability and accessibility for all, aligning with the SDGs. Alternative fuels, renewables, and conservation practices are essential components of this agenda. The skyrocketing electricity prices across various sectors is a formidable challenge awaits the new government. This predicament, crucially poised on the government’s agenda, prompts a meticulous exploration of mechanisms aimed at alleviating the burden on both the state and its citizens.

In this quest for balance, the concept of average billing emerges as a potent tool. The government, cognizant of the need to provide relief to consumers in the domestic sector, is considering innovative approaches such as demand-side management and the adoption of average billing concepts. This strategic move aims not only to ease the financial strain on households but also to ensure a sustainable and predictable energy pricing model.

Amidst the scorching peak summer temperatures, a formidable challenge arises – the energy-intensive cooling of buildings. Recognizing the environmental and economic implications, the government should now turn its focus towards the implementation framework of energy-efficient buildings and sustainable architecture. This forward-looking initiative seeks to strike a balance between the growing demand for cooling and the impera-
The transport sector presents a unique set of challenges for the government, particularly concerning the rising trend of electric vehicles (EVs). Establishing an efficient network of EV charging stations and the accompanying infrastructure demands careful planning. Simultaneously, the government is exploring alternatives for fuel, with a keen eye on the potential of hydrogen. This dual approach aims not only to address the current energy needs of the transport sector but also to pave the way for a cleaner and more sustainable future.

As Pakistan stands at this critical juncture, the energy landscape is both a challenge and an opportunity. The new government’s commitment to tackling rising electricity prices showcases a dedication to fiscal responsibility and consumer welfare. The exploration of innovative solutions like average billing, sustainable architecture, and alternative fuels positions Pakistan on the global stage as a proactive participant in the pursuit of a greener and more resilient energy future.

In the transport sector, the shift to electric vehicles (EVs) raises questions about infrastructure readiness. Regulations for charging stations need to be established, and the potential scaling up of hydrogen fuel should be explored. The industrial sector faces policy challenges, and initiatives such as IPPs’ heat rate audits and the implementation of the Energy Conservation Building Code 2023 are crucial.

Technological infrastructure development, incentivization, and tax rebates are avenues the new government could explore to attract investments. Addressing uncertainties in carbon trading policies and lack of investors in carbon reduction initiatives is vital. The cement industry, a major taxpayer, faces pressure due to government policies, potentially leading to increased prices for consumers.

As Pakistan shifts towards captive energy, ensuring affordability and accessibility becomes paramount. Preparations for the Carbon Border Adjustment Mechanism (CBAM) demand well-coordinated efforts. Despite economic challenges, the upcoming government can address energy sector issues through a comprehensive approach. The following recommendations outline the path forward for Pakistan:

- Encourage investments in technological infrastructure development by offering incentives and tax rebates. Create a stable regulatory environment by addressing uncertainties in carbon trading policies and attracting investors to carbon reduction initiatives.
- Implement measures to promote energy conservation, including the adoption of the Energy Conservation Building Code 2023. Develop strategies to enhance accessibility to reliable grid electricity and clean cooking fuels for the population; and establish regulations and infrastructure to support the adoption of electric vehicles, ensuring a smooth transition to cleaner transportation.

SolaX Power, an industry trailblazer in the solar and storage sector, has announced the successful culmination of its Initial Public Offering (IPO) and subsequent listing on the Shanghai Stock Exchange STAR Market, trading under the stock code 688717. This notable accomplishment marks a pivotal milestone in the company’s decade-long trajectory.

Founded in 2012, SolaX Power is dedicated to realizing a clean and sustainable future through solar energy. As a leading global provider of solar and storage solutions and one of Asia’s pioneering hybrid inverter manufacturers, SolaX Power has matured into a multinational corporation, boasting a workforce exceeding 2,000 employees worldwide. With its headquarters situated in Hangzhou, China, and additional branches strategically located in the Netherlands, Germany, the UK, Australia, Japan, and the US, SolaX Power extends its services to customers across more than 80 countries.

SolaX Power’s expansive product portfolio encompasses Photovoltaic (PV) inverters, energy storage solutions, Electric Vehicle (EV) chargers, and advanced smart energy management systems. The company’s energy storage solutions have earned esteemed recognition, including the distinguished ‘Red Dot Design Award 2021’ and the TÜV Rheinland ‘All Quality Matters’ award for the X-ESS G4. Tailored to cater to residential, commercial, industrial, and emerging utility applications, SolaX Power’s PV inverters are characterized by exceptional efficiency, reliability, adaptability, and intelligent control, positioning the company at the forefront of technological innovation.

Demonstrating an unwavering commitment to sustainability, innovation, and customer satisfaction, SolaX Power strategically situates itself to address the growing demand for clean energy solutions. The Initial Public Offering (IPO) signifies a critical strategic initiative, with the objective of strengthening partnerships, expanding market presence, and making substantial contributions to the global transition towards a greener future.