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Thar Coal Energy Project

The most ambitious energy project of the country seems to have finally caught the attention of the major global players in the industry. According to a news report, a consortium of US-based lignite mining giants has offered to invest dollar 10 billion in a large energy complex in Thar to produce 6,000 MW of coal-based power and introduce in Pakistan the concept of gasification and production of liquid fuel from coal. The consortium at present is holding talks with the Pakistan authorities, including the Board of Investment, and seeks to tap a portion of the total reserves with time-saving technologies in the complicated lignite mining operation. TharPak, L.L.C., which was set up to organise and lead the consortium believes that the mining operations would eventually have a production capacity of over 100 million tons per year to feed 80,000 barrels a day of direct coal to liquids plant. The project would be completed in three phases and expected to generate 2,000 MW of electricity in the first phase, which could be increased to 6,000 MW by the last phase. It was also revealed that the consortium comprises Evan Energy, Marshall Miller and Associates and Advanced Resources International. As is widely well-known, Evan Energy is a leading international energy investment and consulting firm focusing on coal and related industry while Marshall Miller and Associates is a diverse consulting and engineering firm offering a wide spectrum of services in North and South America and Europe. Advance Resources International is also internationally recognised for its research and consulting services relating to unconventional gas, enhanced oil recovery etc. In addition, TharPak has secured the assistance of two internationally reputed research universities namely, the Virginia Centre for Coal and Energy Research and West Virginia University's National Research Centre for Coal and Energy, for training the local workforce.

At a time when the country is starved of energy and foreign investment in almost all areas of the economy has dried up due to obvious reasons, the investment prospects of such a magnitude by internationally recognised firms in this particular sector carry a great deal of significance. This is so because in Pakistan's case, growth potential does not only seem to have hit a ceiling imposed by insufficient energy supply but has also impacted negatively on all other areas of the economy including job creation and the overall quality of life. While energy demand has increased markedly during the last decade or so, supply has failed to match the growing demand due to policy failures with respect to setting up of viable new power projects, increasing exploration of natural gas, crude oil and coal, tapping regional markets and incentivising development of renewable energy sources. One indication of this distressing situation is the rising "peak electricity load management" in the country which has jumped from 2,645 MW in FY07 to 6,151 MW in FY11 or from 16.7 percent of total demand to 33.2 percent in the same period. Since modern production processes are heavily dependent on uninterrupted supply of energy, it is imperative for Pakistan to accord top priority to this sector for sustainable growth and the avoidance of social chaos and anarchy in the country.

However, while recognising the urgent need to augment energy supplies, it must be admitted that the public sector's ability to finance projects in this area is constrained by low tax revenues and the

private sector is handicapped due to a variety of factors including a dismal rate of savings. Against this background, the only ray of hope could be foreign funding along with the infusion of necessary technology and the ability to take high risks which are inevitable in such projects. With this background in mind and the reported progress on negotiations with the consortium, one could at least hope that Pakistan would be able to overcome the gigantic problem of energy deficit sometimes in the future and avoid the probability of economic meltdown. It must be remembered that to attract dollar 10 billion of foreign investment and that too at this particular juncture in an untried technology would definitely be a great achievement in itself besides paving the way for investment in other fields of the Thar Coal project and ancillary industries. Those who oppose foreign investment on national considerations forget the fact that investors, whether domestic or foreign, are in the business of making money and generally are only motivated by the relative security and profitability of their funds. All in all, we feel that successful conclusions of negotiations would be in the best interests of the country and at least provide a hope to the people that a project about which every government has so much boasted is now going to take a practical shape.