



SZABIST'S PROPOSAL ON MEDIUM TERM POLICY ON RENEWABLE ENERGY

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For: AEDB




The premise of a generic policy document

- To make an economy self sustained thereby, leading to rapid growth and development.
- *Dorothy Lele*, a consultant for the Canadian International Development Agency , insists that “social and human development should be the ultimate aim of Pakistan’s energy policies, not just a fortunate by-product.”




Medium Term Policy

- Commercial finance assistance,
 - Resolved policy conflicts,
 - Policy for non-electric renewable energy
 - Attachment of implementing rules and regulations with some of the previous policies.
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One Important Characteristic

- A policy that supports the development of a successful renewable energy technology manufacturing base.
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The Attached Benefits


- lessen our dependence on imports
 - Generates four to six times more employment
 - These projects also stimulate the rural economy by pumping \$15–20 million into the local economy for each 100 megawatts of clean energy development.
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A counter argument

- Failure to support a world-class domestic renewable manufacturing sector in the face of greatly expanded demand for renewable energy will likely have negative consequences for job creation in the country.
- Foreign competitors will capture most of the new manufacturing sector jobs and revenues.
- As witnessed in the U.S., the failure of the federal government to adopt long-term regulatory policies like the RES (Renewable Energy Standards) and programs that encourage domestic manufacturing of new renewable energy technologies has allowed Europe, Japan, China and other countries that do have such policies to capture the lion's share of manufacturing jobs.



Consequences

- Failing to develop such policies would further delay investments and hamper Pakistan's economic growth (Vucetic & Adamantiades, 2009).
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SZABIST INITIATIVE

CRER and MEPIC study center

- Learn the technology through,
 - Either learning the fundamentals of technology,
 - Technology Transfer,
 - Or reverse engineering

- With the technological breakthrough, develop a domestic manufacturing industry which in turn creates,
 - Employment
 - Economies of scale
 - Learning experience

Consequently, all of these would result in cheaper technology.

- Then after, R &D is in the quest to innovate.

The Dilemma

- At the Workshop, we discovered that these goals would be held for the time being and would not be included in the policy draft to be submitted by the end of this month to the cabinet for approval.
- As per AEDB representative, renewable energy market is in the inception stage.


SHORT TERM VERUS LONG TERM

- In the quest we should not forget that this is a short run solution for the long run we need to sow the seed today.
- A seed, which would harvest into a domestic manufacturing base tomorrow.
- Therefore, a midway is to be adopted in drafting the policies today. These shouldn't be completely focused and lenient towards imports.



Recommended Policies

- Local Content Requirement
 - Financial and Tax incentives
 - Upfront Tariff
 - Research and Development
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SUCCESS STORIES IN DEVELOPING RENEWABLE ENERGY MANUFACTURING BASE

Denmark

- Government funded research and development,
- Investment subsidies provided.
- Capital investment subsidy of 30% in 1979 gradually reduced to 0% in 1989.
- A total of 2567 wind turbines were subsidized with a total of DKK 276 millions.
- Renewable set-asides (quotas).

Germany

- 100 MW wind power project, a demonstration project by the government in 1987 led to,
 - Entrance of new market players,
 - Emergence of learning networks between wind turbine suppliers and local components suppliers.
 - Hence, growth in the “political” strength of the renewable energy stakeholders.

An Ending Note

- The national renewable energy policy of Pakistan's primary objective should be:

“Development of a domestic manufacturing base of renewable energy technologies along with rapid market inception through private investments.”



Conclusion

- We do not want Pakistan to become merely a spectator in the expansion of world renewable energy markets but a contender.
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References

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- <http://www.bluegreenalliance.org/admin/publications/files/0012.4.pdf>
- Vucetic, V & Adamantiades, G. A. (2009), *Powering Pakistan: meeting Pakistan's energy needs in the 21st century*, UK: Oxford University Press. Pp xvii



THANK YOU ALL

