

Developing electricity market for future



We need to design a system where cost of losses can be minimised to produce energy competitively. That is, the system where, prices are not made volatile by arbitrary taxation and regulation works for the poor. We need a competitive electricity market with minimum government interference. But there are certain challenges to develop a market for electricity, which needs to be taken care of.

The electricity market is complex; it requires legal, financial and human capacity at every level. It requires healthy participants. We have moved from vertically integrated to the single-buyer model but so far failed in developing a wholesale market. There are private participants in the generation, but no competition due to guaranteed long-term contracts.

Political and bureaucratic capture is so strong that it resists change. This capture discourages healthy participants to take part in the market and compete.

To move forward there is need for existing generation to be broken down into smaller entities to minimise the generation complex in which we are currently locked. NEPRA allows generation plants with new equipment; if this condition is removed, generation costs will come down automatically, and these plants will also be available for competition. Distributed generation offers avenues to create competition in the retail market.

The sector needs to be financially viable first. Power sector with losses does not allow the market to move forward smoothly. Wheeling is the first step to move towards a wholesale market. Simplify wheeling of power that will be the prelude to efficiency and market development. NEPRA needs to ensure bilateral contracting and does not allow any entity to create hurdles in it.

We need professional management throughout the supply chain. Besides, we need compliant consumers_ universities, media and other community institutions can play a role in creating awareness among consumers. Finally, for competitive bidding (in future) we need a bidding plan. Without a bidding plan, market cannot be developed.

