



# Pakistan california solar energy

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A farmer cleans solar panels in a field in Baluchistan region of Pakistan.

(Bloomberg) -- There's a shiny new addition to Pakistan's dusty agricultural heartland: rows upon rows of solar panels.

Imports of solar equipment from China in the first nine months are well ahead of those for the whole of 2023, according to data compiled by BloombergNEF. The \$1.7 billion of purchases would equate to 17 gigawatts of generation, more than a third of Pakistan's total power capacity, if it's all deployed on rooftops and farms across the country, according to industry estimates.

For corn grower, Mohammad Murtaza, installing panels has enabled him to slash his power bill by switching irrigation pumps from diesel or pricey electricity from the grid. Farmers like him are the latest to join the solar craze, following households and factories, in a country where power prices for some have tripled since 2021 as the government cut subsidies to meet International Monetary Fund loan requirements.

This breakneck solarization has several benefits. It's brought financial relief to consumers and businesses who can afford the panels, it's saving the government money on fuel imports, and it will help Pakistan move toward its goal of doubling renewables to make up 60% of the energy mix by the end of the decade.

But the rapid and unregulated boom also threatens to weaken the country's utilities and destabilize the fragile economy.

"There's a great solar rush happening in Pakistan: the numbers are staggering," said Muhammad Mujahid, executive director at Lahore-based panel distributor Innovo Corporation. But it's also creating the "risk of a utility death spiral," he said.

As many customers curb their consumption from the grid or even abandon it completely, Pakistan's power companies are permanently losing a major chunk of demand and revenue. State-owned utilities have accumulated losses of 2.4 trillion Pakistani rupees (\$8.6 billion) between 2014 and 2023, according to government data. The IMF has said retaining demand should be a key objective of reforms.

"Pakistan's distribution companies are losing every day as solar becomes attractive," said Salahuddin Riffai, who was chairman at Islamabad Electric Supply Co. until 2022. "The burden is ever increasing on the customers who are left."

The country was already struggling financially after borrowing heavily from China under the Belt and Road Initiative over the last decade to build up power generation capacity. Pakistan is now in negotiations to try and



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lengthen the maturities of that debt. The government is also in talks with local power producers to revise or end purchase contracts and is considering privatizing some utilities as cost-cutting measures.

"If the government opens up the power market without capping solar capacity, most of the current generation fleet will become idle," said Syed Faizan Ali Shah, who sits on the prime minister's solarization committee. "So then who will pay for those power plants? This is a major concern."

The flood of solar panels from China started in 2023, and turned into a deluge after Pakistan removed import curbs late last year, making it the third-largest destination for Chinese panels, according to BNEF. Now they're being advertised on billboards in major cities and during cricket matches.

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