

## PRESS RELEASE

### Limited financing schemes restricting domestic users to install rooftop solar systems: study

**Islamabad, September 27, 2021:** A recent study shows that a major hurdle in the installation of home-based rooftop solar systems is arranging money for them. Its authors say that the demand and need for these solar systems is rising constantly but difficulties in financing them are hindering their diffusion in areas where they are needed the most.

The study titled ‘Unlocking the Economic Potential of Rooftop Solar PV in Pakistan’, carried out by Rural Development Policy Institute (RDPI), was launched in a webinar on Thursday. The study highlights the potential of rooftop solar PV in Pakistan and shows the unequal picture of solar financing landscape along with several barriers restricting rooftop solar drive.

While presenting the findings of the study, Naila Saleh—author of the study and Project Lead at RDPI—said, “Financing is critically important for transition towards capital intensive technologies such as solar PV characterized by high upfront cost.” Speaking about the concessionary financing scheme introduced by State Bank of Pakistan (SBP) to promote rooftop solar systems, she said that restricted lending under the scheme and difficulties in acquiring finance due to stringent securitization has limited the scheme’s scope.

Research Associate at RDPI and study's co-author, Talha Rashid, spoke about the need to introduce operating expenses business model (OPEX) in Pakistan, which currently not even a single solar company is using at domestic level. He said that the growth of rooftop solar can increase rapidly through adopting OPEX – a system in which the developer owns the solar project and the consumer only has to pay for the energy generated.

Syed Aqeel Jafri, Director Policy, Alternative Energy Development Board (AEDB) said that several measures had already been taken to promote rooftop solar, which includes certification of solar vendors and revisions in net-metering regulations. He added that AEDB envisions greening the power sector through renewable power generation.

Musa Khan Durrani, Head of Strategic Alliances, SkyElectric Pvt. Ltd. and GM Business Development, Saif Group, said it was essential that SBP pushes commercial banks to pursue solar financing by aligning incentive structure vis-a-vis other SBP schemes and through active monitoring. He stressed on the need to engage distribution companies, along with power purchase agreement financiers or banks, to provide OPEX model services to customers.

Asad Mahmood, Manager Technical/Company Secretary, National Energy Efficiency & Conservation said, “Currently, majority end-users in Pakistan have 1-phase meters, whereas net-metering applies only to 3-phase meters. This is a binding constraint that is restricting distributed generation participation by the majority. Most solar vendors are also not providing after sales services, causing dissatisfaction of solar PV consumers. Customized solutions is also something vendors mostly don't look into.” Zarak Khan from State Bank of Pakistan also participated in the webinar as one of the panelists.