



# TRANSPARENCY INTERNATIONAL-PAKISTAN

3<sup>rd</sup> October, 2016,

Mr. Youns Dagia,,  
Federal Secretary,  
Ministry of Water & Power,  
Islamabad.  
Lahore

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**Sub: Violation of PPRA Rules in Award of Unsolicited Contract for 878km  
Matiari-Lahore transmission line to a Chinese firm at a cost of \$2.1 billion, and  
also illegal approval of Tariff by NEPRA of Rs.0.70 per unit.**

Dear Sir,

Transparency International Pakistan refers to the newspapers report of 3<sup>rd</sup> October, 2016 with caption that "Govt challenges tariff for power transmission line".

It is noted that NTDC has committed a Violation of PPRA Rules in Award of Unsolicited Contract for 878km Matiari-Lahore transmission line to a Chinese firm at a cost of \$2.1 billion. and also NEPRA has illegally approved tariff of Rs.0.70 per unit, without obtaining most economical cost inputs, based on the competitive tendering by NTDC or Contractor.

The nation should not suffer by paying unsolicited cost of \$2.1 billion, and succumb to the threat by the Chinese contractor that they will withdraw from the project unless NEPRA approves a 30% increase in tariff.

Following are the issues which needs to be checked by the Ministry of Water & Power, so that there is no delay in laying of 883 KM Matiari-Lahore transmission line

1. According to PPRA Rules unsolicited contract can not be awarded, and US \$ 2.1 Billion contract awarded to China/China Electric Power Equipment and Technology Co Ltd (CET) is a mis-procurement under Rules 50 of Public Procurement Rules 2004.

2. According to Supreme Court Order dated 2012, in HUMAN RIGHTS CASE NO.7734-G/2009 & 1003-G/2010, unsolicited contract can not be awarded, and therefore and US \$ 2.1 Billion contract awarded to China/China Electric Power Equipment and Technology Co Ltd (CET) is an illegal contract.

Para 84, (III) (X) and XI) of the SC Order is quoted below for reference.

*The contracts of all the RPPs – solicited and unsolicited, signed off or operational, right from BHIKKI & SHARAQPUR upto PIRANGHAIB, NAUDERO-I & NAUDERO-II were entered into in contravention of law/PPRA Rules, which, besides suffering from other irregularities, violated the principle of transparency and fair and open competition, therefore, the same are declared to be non-transparent, illegal and void ab initio. Consequently, the contracts of RPPs are ordered to be rescinded forthwith and all the persons responsible for*



*the same are liable to be dealt with for civil and criminal action in accordance with law.*

*X) All the functionaries of PEPCO, GENCOs, PPIB and NEPRA along with sponsors (successful bidders) who had derived financial benefits from the RPPs contracts are, prima facie, involved in corruption and corrupt practices, therefore, they are also liable both for the civil and criminal action; and (xi) The Chairman NAB is directed to proceed against all the persons referred to in subparagraphs (iii), (ix) & (x) above forthwith in accordance with law and submit fortnightly progress report to Registrar for our perusal in Chambers*

3. On 18<sup>th</sup> August 2016, NEPRA approved the upfront tariff of 71 paisas per unit to be charged to consumers for evacuation of up to 4,950MW of electricity from Tharparkar, Hub and Karachi to load demand centers in Punjab, which is illegal as tariff is approved without competitive bidding.

4. Why NEPRA after rejecting the tariff request twice in November 2015, has all of sudden made a U-turn, and approved upfront tariff of 71 paisas per unit.

The Secretary is requested to order the concerned agency, PPIB or NTDC to terminate the unsolicited contract of US \$ 2.1 Billion, and also order for immediately inviting the Tenders to be awarded on competitive bidding based on PPRA Rules, and NEPRA shall be sent the tariff request after the award of contract which will be based on the lowest competitive prices.

The Secretary is also requested to urgently take action against all those officers of NTDC, PPIB and NEPRA who are responsible for committing gross illegal act of awarding unsolicited contract of US \$ 2.1 Billion, and also caused delays to implement the 878. KM Matiari-Lahore transmission line.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With regards,

  
Sohail Muzzafar  
Chairman

Copy forwarded for information with request to take action under the Rules and Regulations to;

1. Secretary to Prime Minister, Islamabad.
2. Chairman, NAB, Islamabad,
3. Khawja Asif, Minister of W&P, Islamabad
4. Chairman, Prime Minister's Inspection Commission, Islamabad.
5. Registrar, Supreme Court of Pakistan, Islamabad.
6. Managing Director, PPRA, Islamabad.