



**TRANSPARENCY  
INTERNATIONAL-PAKISTAN**

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24 July, 2009

Mr. Raja Pervez Ashraf,  
Federal Minister for Water and Power,  
Chairman  
Private Power Infrastructure Board (PPIB),  
Ministry of Water and Power,  
Government of Pakistan  
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**Sub: Request to supply the Evaluation report and Contract Agreements of rental  
Power Procurements made by PPIB**

Dear Sir,

Transparency International Pakistan (TI Pakistan), aims at Building a coherent National Integrity System, to institutionalize efforts to curb corruption, and make our country Zero Tolerance against Corruption.

Rule of Law shall be supreme in Pakistan. The ultimate goal of this procurement system is to make corruption a "high risk" and "low return" undertaking.

According to PPRA Ordinance 2002 and Public Procurement Rules 2004, all procurements, either buying equipment or renting equipment or products, shall be processed under Public Procurement Rules 2004. Under the Public Procurement Rules 2004, Rule No 47, these procedures overrules even S.R.O. (I)/2001.

We are enclosing press reports which contains highly disturbing news published in Business Recorder on 23 July 2009, on award of these Contracts, and also report published in nation on 17 July 2008 for tenders. Are these same tenders opened in July 2008?

The Freedom of Information Act 2002 Article 7 declares all Contracts as the public record;

*7. Declaration of public record.- Subject to the provision of section 8, the following record of all public bodies are hereby declared to be the public record, namely:-*



# The Nation

## 12 cos. submit bids for 1,000MW IPP, 500MW rental power projects

Friday July 16, 2008

ISLAMABAD (APP) - As many as 12 national and international companies have shown their interest to invest in power sector by submitting their bids for international competitive bidding of 1,000 MW IPP and 500 MW rental private power projects.

These bids were opened in the presence of Secretary Ministry of Water and Power Ismail Qureshi, senior officials of the Ministry, bidders and media persons here on Tuesday at Private Power and Infrastructure Board headquarters.

Out of total nine companies submitted their bids of overall 3,058 MW against 1,000 MW cumulative power generation capacity while three companies submitted their bids of overall 779 MW against 500 MW rental power project.

Those companies submitted bids for 1,000 MW IPP included Ruba Energy Limited (166 MW) at Kala Shah Kako, Pace Power Generation Limited (1000MW) at Muzaffargarh, Curative (170MW) at Chakwal, Fatima Power Generation Limited (200MW) at Shah Makeen, Okara, Caviliar (500MW) at Port Qasim, Saba Generation Company (171MW) at Arifwala, Attock Oil Company (202.179 MW) at Mandibahudin, Progas Energy Limited (345MW) Port Qasim and Pak Electron Limited (304MW) Keth village, Lahore.

Three companies submitted bids against 500MW rental power included Walters (230MW) at Kurangi, Karachi, Karkey (248.95MW) at Karachi and Caviliar (300MW) at Port Qasim.

Secretary Ministry of Water and Power Ismail Qureshi talking to journalists said that the government received a good response from investors and besides national companies five foreign companies from countries including USA, UAE and Turkey have also submitted their bids.

He said the submitted bids will be evaluated by an evaluation committee within 10 days and on the basis of criteria financial bids will be opened. He said the qualified bidders will be announced will be announced on August 2 and letter will be awarded to them.

He said the successful companies will start operational work in six months in rental power while IPP will start operations in 12 months. He said all steps were taken to make the bidding process transparent.

He said the main objective of the bidding was to overcome power shortfall being faced by the country, adding, the step is part of govt's short-term strategy to increase power generation.

Besides, he said long-term and medium-term strategies are also being initiated to generate more electricity in the country.

**PPIB admits rental plants' tariff higher****MUSHTAQ GHUMMAN**

ISLAMABAD (July 23 2009): The Private Power Infrastructure Board (PPIB) has acknowledged that tariff of rental power plants is higher than independent power producers (IPPs) despite lower efficiency, official sources told *Business Recorder*. Earlier, some senior officials of Pakistan Electric Power Company (Pepco) had said in Islamabad at a meeting with the donors that the recent power crisis had compelled Pepco to install most inefficient and expensive power plants.

"Tariff for rental projects is higher than the IPPs by 0.76 cents to 1.63 cents per unit. Being used, rental projects also have low efficiency as compared to IPPs, resulting in higher fuel cost," sources quoted senior officials of PPIB as having briefed the Board.

PPIB Managing Director Fayyaz Elahi briefed the Board that it had invited bids through international competitive bidding (ICB) on September 26, 2008 under two packages: (a) package-I (IPP and rental power projects to be commissioned by the end of 2009); (b) package-II (IPP projects to be commissioned by the end of 2010).

Under package-I, no bid was received for IPPs, while under package-II, three bids from the following bidders were received: (a) Engro PowerGen (Pvt) Limited-527 MW net, (b) Reshma Power Generation Limited-137.11 MW net, and (c) Saba -154.07 MW net. After evaluation of envelope-I (qualification and technical bids), envelope-II (financial and tariff bids) were opened on March 11, 2009. The bid evaluation committee, while presenting the evaluation report, recommended that there was room for reduction in tariffs quoted by bidders. Hence, the tariff reduction should be negotiated with all bidders.

Sources said that the Minister for Water and Power, Pervez Ashraf, constituted a committee, which negotiated tariff with the bidders and asked them to submit revised tariff in sealed envelopes. The revised tariffs were opened on April 7, 2009 in the presence of negotiation committee, PPIB official and the bidders.

According to sources, presentation was also made to the Board on the results of evaluation for consideration and approval along with the comparison of tariffs for IPPs and rental projects on common parameters (ie fuel price, plant factor and exchange rate).

Sources said that the government has been holding meetings with the Presidents and Chief Executive Officers (CEOs) of banks and DFIs at National Bank of Pakistan (NBPs) to finalise loan facility arrangements for 14 percent advance payment to rental power projects, but the issue is still unresolved. Most of the banks are reluctant to issue Standby Letters of Credit (SBLCs) for whole tenure of the contracts due to their excess exposure on power sector and their own constraints.

Rental power projects are being added on the basis of 36-60 months tenure with 7 to 14 percent advance payments, and SBLC or GoP guarantee, as security. Sources said that the issue had been brought to the notice of President Asif Ali Zardari and Prime Minister Yousaf Raza Gilani so that the banks could be pressed through State Bank of Pakistan (SBP) so that rental plants could get advances.