

IN THE SUPREME COURT OF PAKISTAN, ISLAMABAD

(ORIGINAL JURISDICTION)

Human Right Case No 32686– S/2012

Application by Syed Adil Gilani, 5C, 2<sup>nd</sup> Floor Khayaban-e-Ittehad, Phase VIII, DHA, Karachi

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The complaint of illegal Amendment Agreement dated April 2009 with, KESC and providing KESC illegal benefits over and above terms of Implementation Agreement dated 14<sup>th</sup> Nov. 2005, and granting concessions of billions of rupees per annum to KESC at the cost of the exchequer.  
Bribing offer to Senator

Respectfully Sheweth;

Further to my letter dated 25<sup>th</sup> March 2013, submitted to the honorable Chief Justice on the Senate Sub Committee reports on Water and Power declaring privatization agreement 2005 as illegal, FBR declaring KESC as Tax defaulter, and Secretary Ministry of Water & Power declaring KESC Amended Agreement 2009 were based on بے بنیاد بیانیہ, I submit further the press report on the statement of the Senator Zahid Khan, Chairman Senate Standing Committee on Water & Power, published on 10<sup>th</sup> September 2013 **Annex-A**.

The Senate Standing Committee had considered the report of the Subcommittee on Senate's Sub Committee on Water & Power which had met on 23 August 2013 with Agenda on KSEC **Annex-B**.

Following recommendations have been made by the Committee;

1. The Senate Standing Committee came up with the recommendations at a meeting on Monday which adopted a report of its sub-committee, headed by Senator Shahi Syed and comprising Nisar Mohammad Khan and Humayun Khan Mandokhel. The meeting was presided over by the committee's chairman, Senator Zahid Khan.
2. The report alleged that all agreements signed with Al Jomaiah group — the original buyers of the KESC — were illegal. The company was given an undue favour of Rs72 billion when it was accorded the status of a distribution company of Wapda by reducing its power purchase rates in violation of rules, the sub-committee alleged.

3. It noted that the KESC management did not make investments as required under the privatisation agreement. On the other hand, the government took over its arrears worth about Rs31bn.

4. The company was provided a facility of supply of 650MW from the national grid at reduced rates, leading to a loss of Rs110bn to the government, the report said. Furthermore, taxes to the tune of Rs320 million it had to pay were waived.

5. It said the amendment agreement of 2009 signed with Al Jomaiah had not been approved by the federal cabinet even until now.

6. The committee said the KESC had failed to ensure power supply as required under the agreements for eight years.

7. It recommended to the government to cancel agreements pertaining to KESC sale and recover favours granted to the privatised entity.


8. Shahi Syed said the decision to supply 650MW from the national grid to KESC had been made by the ministry of water and power and was not even approved by the prime minister.

9. The committee recommended a judicial commission be set up to probe violations of the agreements, reinstatement of 7000 KESC employees sacked by the private owners and payment of their dues since their removal from service.

An indulgence of the Honorable Court in the matter is prayed for.

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

Yours Obediently,



Syed Adil Gilani,  
Adviser

11 September 2013

**Ecnl; News report and Agenda**





## Senate panel asks govt to undo KESC sale

KHALEEQ KIANI

The Senate committee came up with the recommendations at a meeting on Monday which adopted a report of its sub-committee, headed by Senator Shahi Syed (above C) and comprising Nisar Mohammad Khan and Humayun Khan Mandokhel.

Updated 2013-09-10 07:52:10

**ISLAMABAD:** The Senate's Standing Committee on Water and Power has asked the federal government to take over the management of the Karachi Electric Supply Company (KESC) and register cases against officials responsible for causing losses of over Rs110 billion to the exchequer through 'illegal' agreements signed with the private owners of the company. The KESC denies the allegations.

The committee recommended a judicial commission be set up to probe violations of the agreements, reinstatement of 7000 KESC employees sacked by the private owners and payment of their dues since their removal from service. The committee came up with the recommendations at a meeting on Monday which adopted a report of its sub-committee, headed by Senator Shahi Syed and comprising Nisar Mohammad Khan and Humayun Khan Mandokhel. The meeting was presided over by the committee's chairman, Senator Zahid Khan.

The report alleged that all agreements signed with Al Jomaiah group — the original buyers of the KESC — were illegal. The company was given an undue favour of Rs72 billion when it was accorded the status of a distribution company of Wapda by reducing its power purchase rates in violation of rules, the sub-committee alleged.

It noted that the KESC management did not make investments as required under the privatisation agreement. On the other hand, the government took over its arrears worth about Rs31bn.

The company was provided a facility of supply of 650MW from the national grid at reduced rates, leading to a loss of Rs110bn to the government, the report said. Furthermore, taxes to the tune of Rs320 million it had to pay were waived.

It said the amendment agreement of 2009 signed with Al Jomaiah had not been approved by the federal cabinet even until now.

The committee said the KESC had failed to ensure power supply as required under the agreements for eight years.

It recommended to the government to cancel agreements pertaining to KESC sale and recover favours granted to the privatised entity.

Shahi Syed said the decision to supply 650MW from the national grid to KESC had been made by the ministry of water and power and was not even approved by the prime minister.

The committee held the ministry of water and power, Wapda and power companies responsible for energy crisis.

Senator Zahid Khan said the prime minister had issued directives to set up power plants to raise generation capacity by 10,000MW by 2018, but the target seemed impossible because of lack of coordination among those concerned.

The Minister of State for Water and Power, Abid Sher Ali, reported to the committee that massive electricity theft continued in Peshawar under official patronage and that the Khyber Pakhtunkhwa government was becoming a hurdle in a crackdown against thieves.

He said the members of the provincial assembly were supporting power thieves, creating a scare among Wapda officials.

**KESC REBUTS CHARGES:** Ahmad Faraz, a spokesman for the KESC, has said the allegations against the company are "baseless, false propaganda and without any justification" which can cast an adverse impact on Pakistan's attempts to woo foreign investors.

He said in a statement that KESC privatisation had taken place in accordance with laws and with the approval of the federal cabinet, the Economic Coordination Committee and the Council of Common Interests. The subsequent induction of Abraaj Capital as a new shareholder in KESC three years after the privatisation was legally in order, the company contended.

He said Abraaj Capital had invested \$361m to increase the company's generation capacity by 1010 MW and rehabilitate its network infrastructure, thus complying with its obligations under the amendment agreement. The company is compliant with all commitments made by it



**SENATE SECRETARIAT**

No.F.3 (1)/Sub (1)/2013-Com.II,

Islamabad, the 16<sup>th</sup> August, 2013**NOTICE**

A meeting of the Sub-Committee of the Standing Committee on Water and Power will be held on 23<sup>rd</sup> August, 2013 at 10.30 a.m. in Committee Room No.4, Parliament House, Islamabad. In case of Senate Session in the morning, the meeting will be held at 02.00 p.m.

2. The agenda before the Committee would be as under:-
- (i) Briefing by the Ibraj Company and Al-Jummaia Consortium about the agreement with the GOP and heir present status of implementation.
  - (ii) Briefing by the KESC's employees union about the problems being faced by the employees after privatization of the company.
  - (iii) Briefing by the Directors of KESC board about the investment made by the Ibraj Company and Al-Jummaia Consortium in KESC so far and the steps taken by the company for enforcement of the already installed capacity of the company and installation of new generation plants.
  - (iv) Presentation of the report by the state bank of Pakistan About the monthly recovery statement of KESC for the fiscal years 2011-12.
  - (v) Briefing by the M/O law and Justice about the KESC's privatization agreement 2005 and amended agreement 2009 and decision taken by the ECC regarding Amended Agreement and provision of incentive package to KESC (Ibraj Company).
3. Members are requested to kindly make it convenient to attend the meeting.



(MALIK ARSHAD IQBAL)  
Secretary Committee  
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|-----------------------------------|----------|
| 1. Senator Shahi Syed             | Convener |
| 2. Senator Nisar Muhammad         | Member   |
| 3. Senator Hamayun Khan Mandokhel | Member   |