

15 December 2011

Govt committed so many blunders just for 500MW electricity: CJ

SC reserves judgment in RPPs case; directs Pepco to submit arguments by Saturday; Pepco counsel assures fuel price will be paid to Reshma; Asif says same party awarded six contracts; Nepra absent in decision-making process, holding of inquiries

By Shoaib A. Raja

ISLAMABAD: Chief Justice Iftikhar Muhammad Chaudhry on Wednesday regretted that the government had committed so many blunders just to get 500MW of electricity and paid billions of rupees for a mere 207MW after three years.

The Supreme Court reserved its judgment in the Rental Power Projects case, directing the counsel for the Ministry of Water and Power and the Pakistan Electric Power Company Limited (Pepco), Khawaja Tariq Rahim, to submit his written arguments by Saturday.

The two-member bench of the apex court, comprising Chief justice Iftikhar Muhammad Chaudhry and Justice Khilji Arif Hussain, was hearing a suo moto case, along with two identical petitions, filed by Federal Minister for Housing and Works Faisal Saleh Hayat and PML-N MNA Khawaja Asif, alleging huge corruption in the awarding of RPP contracts.

On Wednesday, the Supreme Court reserved its decision in the case, saying a detailed judgment would be announced instead of a short order. During the course of the hearing, counsel for Pepco informed the bench that upon determination from Nepra, the outstanding amount of the fuel price would be paid to the Reshma Power Project.

At the previous hearing, counsel for the Reshma Power Project, Abdul Hafeez Pirzada, had apprised the bench that the project had not been receiving the fuel price which, he said, was mandatory for electricity generation in the country.

Counsel for Karkey, Akram Sheikh, while concluding his arguments, said that as per the accord signed, Karkey was bound to supply 231MW power supply whereas the total capacity of Karkey was 330MW if fuel were supplied, which he contended was the responsibility of the government.

The CJ then asked Akram Sheikh to produce documents to prove that fuel supply to the RPP was the governments job, at which the counsel said this had been described in the Regenerative Fuel Cell (RFC), which was the amended form of request for proposals (RFP).

Khawaja M Asif submitted a synopsis and rebuttal before the bench and contended that one party was given six RPPs, which, he said, was admitted by the counsel for Walter Power, adding that despite the experience of Bhiki, the same party was awarded six RPPs. He further said that in case of Bhiki, the rental agreement was for one year whereas the gas supply agreement was for nine months, adding that power worth \$137 million was supplied instead of the paid amount of \$217 million.

Asif added that Nepra, being the regulatory authority mandated to oversee the power sector, seemed to be abysmally absent in the decision-making process and appropriate inquiries. He also said violation of PPRA rules by PPIB was witnessed in all RPP tenders. He further submitted that annual loss to the local industry was around Rs210 billion per year due to load shedding, regretting that the masses had been crushed by having to buy electricity from RPPs at very high rates.

Asif further said that he had approached this court because the government had taken Rs1 trillion on 17 percent interest which was a direct burden on the poor masses while Rs200 billion was already due from influential people; however, no action was taken against them.

Justice Khilji observed that influential people were threatening officials for disconnecting their electricity on non-payment. Asif submitted that the government did not pay IPPs the Rs32 billion in dues, but instead wasted billions on RPPs.

The CJ observed that rates given to RPPs were different as companies generating power in Karachi were taking more than the companies working in Punjab. He regretted that if IPPs were given their dues, the power crisis would not have existed.

The bench reserved judgment in the case, expressing that the court had been hearing the case for six months and thus a detailed judgment would be announced instead of a short order.