



Transparency points out illegal gas supply to KESC

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ISLAMABAD: The Transparency International Pakistan (TI-Pakistan) has asked the managing director of the Sui Southern Gas Company Limited (SSGC) to take note of the illegal supply of gas to the Karachi Electric Supply Company (KESC).

TI-Pakistan Adviser Syed Adil Gilani in his letter to SSGC MD Azim Iqbal Siddiqui mentioned that TI-Pakistan has received complaint that the KESC has been unduly favoured by SSGC by providing over 300 MMSCFD gas.

"The TI-Pakistan refers to Nepra following actions taken by the authority against KESC on October 13, 2009 on various complaints sent by TI-Pakistan against KESC, as informed to it by the Nepra registrar on November 26, 2009."

Nepra, the electricity regulator, has decided to impose the following penalties on the KESC that includes:

- 1) A fine of Rs300,000 being the maximum amount prescribed under Section 29 of the Act has been imposed on the KESC for its failure to provide an uninterrupted power supply to its consumers as per its obligations under the licence conditions.
- 2) Another fine of Rs300,000 was also imposed on the KESC for its failure to dispatch adequate power from its own plants and IPPs which resulted in shortage of power and resultant available loadshedding in Karachi.

The authority has further observed that if KESC continues with the practice of reducing or under utilising its generation capacity from IPPs, further strict punitive action will be taken against it in future.

The TI-Pakistan subsequent to Nepra decision against KESC of October 2009 had requested in November 2009 to Nepra and SECP to monitor the performance of KESC in order to take action in accordance with Nepra orders. It was the duty of Nepra to monitor KESC performance, but Nepra has failed to perform its statutory obligation during last two years.

The complaint received by TI-Pakistan states that M/s Abraaj Group in 2009 has managed illegally to get Disco status for KESC, which means buying electricity from Wapda at 25 to 30 percent of the rates agreed in the Implementation Agreement, and that this concession was even not allowed to KESC when it was operated under government control prior to 2005.

The TI-Pakistan requests SSGC to check the legal provisions of guaranteed gas supply to KESC under the provisions of the Implementation Agreement 2005, and if the complaint is correct and there is no provision of guaranteed gas supply to KESC at subsidised rates at the cost of government of Pakistan revenue, then SSGC is becoming a partner in crime of KESC, and cheating the exchequer being a public organisation with more than 80 percent GoP holding.

This act of SSGC may also be a crime under NAB Ordinance 1999 and invite invoking of Article 9 of NAO, Corruption and Corrupt Practices sub section (vi).