

K-Electric sale impossible without clearing dues against it

ISLAMABAD: K-Electric that owes Rs125 billion to state-run Sui Southern Gas Company (SSGC) and National Transmission & Despatch Company (NTDC) which is a major hurdle that has stalled the sale of the company's shares to the Chinese Company.

Power Division Secretary Irfan Ali while briefing the Senate Standing Committee on Power that met here on Tuesday with Senator Fida Muhammad in the chair said that unless the K-Electric out standings are resolved, the sale of K-Electric is not possible.

He said that there should be a mechanism to ultimately resolve the issue. He also suggested that there can be a high-level arbitration between the K-Electric and these state-run companies to settle the issue. K-Electric also has claims against some government's departments.

Of the total Rs125 billion, K-Electric has to pay Rs90 billion to the SSGC and remaining 35 billion rupees to the NTDC. This transaction is stalled due to these outstanding dues.

It is worth mentioning that the China's state-owned Shanghai Electric Power Company is interested to buy majority stakes in K-Electric from Dubai-based Abraaj Group. This transaction is stalled since 2016.

The committee also recommended to the government to double the award of payments to owners of land acquired for 870 MWs Suki Kinari Hydropower project. While discussing the implementation status of recommendations, the committee deliberated over the issue of re-allocation of funds for the completion of electrification schemes of districts Mansehra and Kohat. Taken up for the third time since December 2018, the committee recommended that the Power Division arrange for provision of 20 percent funds for completion of remaining work of various approved schemes of 'Rehabilitation of Electricity Distribution Infrastructure.

Secretary Power Division, Irfan Ali told the committee that electrification projects fall in under-developed areas and considering the quantum of work, the time period of three months, since the date of sanction of funds was not sufficient to complete the project during the FY 2017-18. He said that according to an office memorandum dated 26 April, 2018 no money can be drawn for deposit into chest or transfer to company's bank account after FY 2017-18.

PESCO took up the matter with AGPR Sub Office Peshawar after which directions were conveyed in writing that no payment is to be authorized after the closure of the current Financial Year 2017-18 for the current year's budget. It was revealed that funds of PKR229 million had been sanctioned for execution of power infrastructure schemes in various areas in districts Mansehra and Abbottabad and PKR298 million for rehabilitation of electricity distribution infrastructure in district Kohat. The committee was informed that out of these funds an amount of PKR238 million has been utilized and the balance amount of PKR112 million and PKR60 million remain unutilized respectively. In view of the importance of the scheme, especially the development of Kohat, the committee recommended that 60 million of the 298 million be paid immediately so that the project may be completed.

While taking up the matter of payment of the federal government share to the Sindh Irrigation Department by 22 April, 2019 as per commitment in favour of XEN Bengari Sindh Feeder Division Kashmore, Chairman Committee Senator Fida Muhammad stressed the need for the third and last installment of PKR670 million to be paid immediately so that the project may be completed.

While discussing the issue of electricity connections given to Afghan Refugee Camps in the country, Senator Nauman Wazir Khattak was of the view that all connections must be allocated as per NEPRA rules and that bulk supply of electricity must be stopped to the camps.

Scrutiny of Public Sector Development Programme (PSDP) proposed by the Ministry of Energy (Power Division) for the next financial year was deferred on the request of the ministry and will be taken up exclusively in the next meeting.

The meeting was attended by Senator Moula Bux Chandio, Senator Mushahid Ullah Khan, Senator Muhammad Akram, Senator Syed Muhammad Ali Shah Jamot, Senator Dilawar Khan, Senator Nauman Wazir Khattak, Senator Shamim Afridi, Senator Lt. Gen (R) Salahuddin Tirmizi and senior officers of the Power Division, NTDC, TESCO, PEPCO, PESCO and K-Electric.

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