



# Whistleblower Pakistan

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## TRUSTEES

Ms. Yasmeen Lari

Justice (R) Nasira Iqbal

Ms. Shahana Kaukab

Mr. Sohail Muzaffar

Justice (R) Zia Perwaiz  
(Secretary General)

Justice (R) Dr. Ghous  
Muhammad  
(Vice Chairman)

Syed Adil Gilani  
(Chairman)

The Chairman,  
National Electric Power  
Regulatory Authority (NEPRA),  
Attaturk Avenue (East), NEPRA Tower,  
Sector G-5/1, Islamabad.

**Subject:** Notice of Hearing- Hearing in the matter of Monthly Fuel Charges Adjustment (FCA) Request of K-Electric (formerly KESCL) for the Month of June, 2016.

Reference:

- A. NEPRA's Advertisement Daily News dated 05.08.2016
- B. Whistleblower Pakistan letter dated 20.05.2016
- C. Whistleblower Pakistan letter dated 15.03.2016
- D. Whistleblower Pakistan letter dated 02.07.2015
- E. Whistleblower Pakistan letter dated 09.06.2015
- F. Whistleblower Pakistan letter dated 04.03.2015
- G. Whistleblower Pakistan letter dated 03.03.2015
- H. Whistleblower Pakistan letter dated 14.01.2015
- I. Whistleblower Pakistan letter dated 15.12.2014
- J. Whistleblower Pakistan letter dated 01.12.2014
- K. Whistleblower Pakistan letter dated 01.12.2014
- L. Whistleblower Pakistan letter dated 10.11.2014
- M. Whistleblower Pakistan letter dated 10.11.2014
- N. Whistleblower Pakistan letter dated 05.09.2014
- O. Whistleblower Pakistan letter dated 04.09.2014
- P. Whistleblower Pakistan letter dated 04.06.2014
- Q. Other letters of Whistleblower written with regard to K-Electric Issues



I Adil Gilani, Chairman Whistleblower, Pakistan am a law abiding and concerned citizen of Pakistan and an end-consumer of K-Electric system. I am deeply perturbed and burdened by the higher price of electricity and illegal load shedding in the distribution territory of K-Electric mainly due to operation of the utility by K-Electric in a non-prudent manner as well as due to un-economic and un-wise decisions of the Authority.

Whistleblower Pakistan has been participating in the process of Monthly and Quarterly Adjustments proceedings of K-Electric which NEPRA conducts in Karachi. Whistleblower Pakistan is raising serious concerns which all consumers of electricity are facing. The financial and economic impact of issues which are being raised by Whistleblower Pakistan are not in millions but in billions of rupees on monthly basis. The highlighted issues are not only affecting the Nation in terms of finances and the economy, but the Nation is also facing social disorder due to load shedding, mis-governance of Distribution Companies and high prices of electricity on account of inefficiencies of the Power Sector players. Unfortunately, the Regulator is protecting the Investor, the Utility K-Electric, and ignoring the most deserving stakeholder: that is the consumers of K-Electric. The current working of NEPRA shows protection and promotion of inefficiencies.

Through Monthly Fuel Charges Adjustments and Quarterly Adjustments, NEPRA not only adjusts the effect of Fuel Price but also adjusts the Generation mix, Impact of T&D losses etc. to their actual values as against the Reference values and also sets the Reference values for the next quarter. The factor of Generation mix is itself dependent on effective Regulation as well as development and operation of the Utilities as per prudent practices. Hence, the process of Fuel Charges Adjustment not only provides opportunities of effective monitoring of the performance of Power Plants and their Despatch but can also be used as a tool to evaluate the impact of Regulatory decisions made in the past.



Availing the opportunity of the proceedings of Monthly and Quarterly Adjustment in K-Electric Consumer-end Tariff, Whistleblower Pakistan, along with other stakeholders, is also participating and highlighting various issues which are causing loss to the National economy and the electricity consumers.

Whistleblower Pakistan in the past has mentioned several times that K-Electric is a private vertically integrated utility which is engaged in the business of electricity Generation, Transmission, Distribution and its sale to the electricity consumers in the area of Karachi and some of its adjoining areas. Although K-Electric is performing the functions of electricity Generation, Transmission and Distribution under separate Licenses but they have no separate Tariff for each such separate function. K-Electric has a Consumer-end Tariff determined by NEPRA; K-Electric is the only Utility in Pakistan which is doing this business in a vertically integrated manner.

Strong monitoring from the Regulator, in timely manner, is the prime need of the Regulatory regime and this need increases manifold if the Utility is vertically integrated like K-Electric as it is maintaining all accounting books under 'One-Single' management and there is no check and balance from end-consumers and National Ex-Chequer's perspective. Therefore, under such conditions a vigilant, competent, wise, experienced, and pro-active Regulator which believes in merit is needed to protect the interest of the electricity consumers and the National economy by ensuring that all National resources are being used to their best economic values.

It is a known fact that Electricity is the basic need of the society and being a monopoly of the Utility Company in the specified area there is always a chance that the Utility may exploit the condition to realize its own vested interest under various names. Companies do not hesitate to obtain their interest at the cost of disharmony among the Provincial/State Governments/people. Such Companies may often approach the Courts with distorted facts to maximize their undue profits at the cost of electricity

