

BUSINESS

Deepening of power crisis feared if IPPs not paid dues

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ISLAMABAD: The Water and Power Development Authority has failed to pay Rs100 billion to independent power producers (IPPs), causing a shortfall of 1,366 MW in the country's power system.

Most of the 17 IPPs are operating below capacity because they have failed to maintain oil stocks due to shortage of funds. Five of them have been closed down.

Statistics of the ministry of petroleum and natural resources as on Jan 4, show that most of the IPPs are running out of fuel stocks, indicating that the power supply situation may not improve next month if Wapda did not clear dues immediately.

The thermal plants that have been closed down are: AES Lalpir Ltd, which has a gross generation capacity of 350 MW per day, Altern Energy (14 MW), Japan Power Generation (120 MW), Southern Electric Power Company (135 MW) and Rental 1 & 2 Bhikki (300 MW). The total comes to 919 MW — around 40 per cent of the current shortfall of over 2,200 MW.

The Pakistan State Oil has sent a letter to the ministry, threatening to cut furnace oil supplies to IPPs if the government failed to clear its Rs11 billion dues without any further delay.

According to the power generation and supply 'security package,' the IPPs should maintain fuel oil stocks sufficient for at least 15 days.

The package was introduced in the shape of a fuel supply agreement, power purchase agreement and the implementation agreement under which the government was bound to ensure an uninterrupted payment of dues to IPPs.

Under the agreement, the IPPs are required to work at capacity and maintain required fuel stocks

while the oil and gas companies have to ensure fuel supplies to IPPs.

Since the government is unable to pay Rs100 billion to IPPs, which is the main reason behind the existing Rs400 billion circular debt, it is not in a position to ask them to maintain the required oil stocks.

According to the petroleum ministry, the Kot Addu Power Company (Kapco), the biggest plant with 1,385 MW capacity, maintains fuel stocks sufficient for four and a half days. The Hub Power Company Ltd (Hubco) and Sepcol, which have generation capacity of 1,206 MW and 110 MW, respectively, maintain stocks for around four days.

Sources told Dawn that Wapda had to pay Rs40 billion to Hubco alone. Hubco's fuel requirement is 1,700 metric tons and it is generating 1,100 MW per day despite non-payment of its dues by the government.

The petroleum ministry has asked the government to ensure payment to Hubco and Kapco on a priority basis to ensure these IPPs remained in operation.

The ministry has also asked for generation of additional funds to restart the Lalpir plant that was closed on Dec 17, 2008. It has suggested a similar arrangement for Kohinoor Energy which has a capacity of 131 MW.

Saba Power Company (130 MW) maintains fuel stocks for only a day, KEL for two and half days, while AES Lalpir does not have any fuel stocks.

At present total power generation capacity in the country is about 19,500 MW, of which hydel power is only 6,500 MW, the remaining 13,000 MW is thermal, either using natural gas or furnace oil. A negligible 450 MW is nuclear and only 150 MW is through coal.

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