



USAID | **PAKISTAN**
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ENERGY POLICY PROJECT (EPP) QUARTERLY PROGRESS REPORT

OCTOBER - DECEMBER 2011



Oct – Dec 2011

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USAID/PAKISTAN: ENERGY POLICY PROJECT (EPP)

Quarterly Report: October – December 2011

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ACRONYMS

EPP	Energy Policy Program
GOP	Government of Pakistan
FARA	Fixed Amount Reimbursable Agreement
GENCO	Generation Companies
GE	General Electric
PSRP	Power Sector Reform Program
CASA	Central Asia South Asia
NPCC	National Power Control Center
PEPCO	The Pakistan Electric Power Company
EECR	Energy Efficiency, Conservation and Renewable Energy
PMO	Project Management Office
EW	Energy Wing
ECC	Economic Coordination Committee
AEAI	Advanced Engineering Associates International
LNG	Liquefied Natural Gas
FODP	Friends of Democratic Pakistan
IMF	International Monetary Fund
NEPRA	National Electric Power Regulatory Authority
IPP	Independent Power Producer
PPIB	Private Power Infrastructure Board
NTDC	National Transmission and Dispatch Company
PSRP	Power Sector Reforms Program
PDIP	Power Distribution and Improvement Program
DISCO	Distribution Company
CPPA	Central Power Purchasing Agency Limited
WAPDA	Water and Power Development Authority
DBDP	Diamer Basha Dam Project
KKH	Karakoram Highway
TUTAP	Turkmenistan, Uzbekistan, Tajikistan, Afghanistan, Pakistan
OGRA	Oil & Gas Regulatory Authority
AEDB	Alternate Energy Development Board

PROGRAM OVERVIEW

USAID’s Energy Policy Project (EPP) supports the jointly agreed upon interests of USAID and the GOP in power generation, transmission, and related policy reform activities. Current key activities include providing monitoring and implementation support to the following six signature energy projects, announced by the Secretary of State, Hillary Clinton:

- Four repair and maintenance projects (3 GENCOs and Tarbela. Total Funding \$68 million)
- Two multipurpose dam completion projects (Gomal Zam and Satpara, Total funding \$66 million)

These projects, when completed, will add more than 888 MW to Pakistan’s generation capacity. As of December 2011, a total of 363 MW have been added to Pakistan’s grid.

Project	MW per FARA	Expected Gains	
		Low	High
Muzaffargarh	165	440	475
Jamshoro	95	120	150
Guddu	55	35	100 ¹
Tarbela	80	88	128
Gomal Zam	17.4	17.4	17.4
Satpara	17.66	17.66	17.66
Total	430.06	718.06	888.06

EPP is providing technical support for identifying and selecting new generation and transmission projects. Examples include concept of importing of power from Central Asian Republics (CARs) (can be transmitted to Pakistan through Afghanistan), providing analytical support for projects such as Step I Due Diligence for Diamer Basha, Kurram Tangi, Warsak and Mangla Dam Projects and issues related to these candidate projects such as the funding requirements for some hydro projects in the next 18 -24 month timeframe.

EPP is also supporting generation & transmission related studies and the policy reform activities assigned by USAID, development of GENCO and NTDC business plans, and developing policies/procedures for the National Power Control Center and advisory services at MWP and the Planning Commission (Energy Wing), Ministry of Finance, etc.

Staffing: Contractor’s level of effort is comprised of 85% Pakistani and 15% international staff.
Location: All Provinces and Federally Administered Tribal Areas
Total USAID Funding: \$191.06 million (including \$10.9 million for consulting services)

¹ At the beginning of the EPP project, due diligence report on Guddu TPS indicated an expected increase of 55 MW in the production capacity. However, due to further de-rating of equipment the expected gain in production capacity of Guddu has increased to 100MW

PROJECT FINANCIAL SUMMARY

Confidential information redacted

Confidential information redacted

PROJECT HIGHLIGHTS

- To ensure Environmental Compliance with GOP and USAID regulations, Environmental Migration and Mitigation Plans for the thermal projects are being drafted
- Under the Tarbela FARA, 6 engineers completed a 4-week training course in operations, maintenance and monitoring of hydel plants at Andritz Hydro, Switzerland
- Revised payment schedule approved for Gomal Zam and Satpara Dam through amendment of FARA
- SOPs and Contingency Plan for NPCC are being developed
- Induction training Manuals being developed for NPCC's new recruits and existing operators.
- Draft business plan of NTDC was shared for review and comments with the NTDC management
- Based on the recommendation of the Step I Due Diligence report on Kurram-Tangi Multipurpose Dam Project, WAPDA is conducting another study and consultants have been assigned this task. In this regard, EPP is following up with WAPDA and the related developments for this project.
- Prepared a policy paper on the concept of "Public-Private Partnerships" which was shared with USAID.
- Meetings held with MWP, ENERCON and Planning Commission to discuss and prioritize major issues of the Power sector and develop an action plan for policy reforms.
- Discussions on power sector subsidies were held with MOF analyzing the overall situation with respect to subsidies to power sector and the circular debt
- EPP met with MWP and PEPCO to discuss the prospects and potential of power imports from Central Asia. A concept was developed.
- Designed curriculum on modeling applications for the transmission system in collaboration with NTDC Planning Department
- Devised strategy for a possible internship program where university graduates from less developed areas will be placed in the energy sector entities
- Provided support to the planning commission in preparation of following documents:
 - ECC summaries
 - Brief on LOW BTU gas policy
 - Proposal on Latif JV gas pipeline
 - Summary Data on energy and petroleum sector consumptions
 - Brief on Circular debt

PROJECT ACTIVITIES



COMPONENT I: PROJECT MONITORING & IMPLEMENTATION

EPP is monitoring the implementation of six Fixed Amount Reimbursable Agreement (FARA) projects, three existing thermal GENCO power plants (Muzaffargarh, Guddu and Jamshoro), one existing hydropower (Tarbela) and two new multipurpose dams (Gomal Zam and Satpara). EPP is also coordinating with the implementing partners to achieve timely progress and the processing of invoices for reimbursement to the GOP from USAID.

HYDROPOWER PLANTS

Rehabilitation of Tarbela Hydropower Plant under FARA:

During the quarter, replacement work on Unit 1 windings started. The work is progressing steadily and is expected to be completed by March 2012; which will further increase the existing capacity of 185 MW by 10 MWs, totaling 195MWs. After completion of Unit-1, replacement/installation of Unit 3 windings will start. Purchase orders for the remaining FARA items/equipment have been placed including pumps, digital governors and SCADA system.

To ensure Environmental Compliance with GOP and USAID regulations, EPP commissioned Hagler Bailey Pakistan to carry out a study and a draft an Environmental Mitigation and Monitoring Plan (EMMP). Discussions were held the Mission Environment Officer (MEO) regarding the EMMP. Comments from MEO have been incorporated and final approval of the EMMP by the MEO is anticipated in January 2012.

The first batch of six engineers successfully completed a 4-week training course at Andritz Hydro, Switzerland. The participants were imparted training on operations, monitoring and maintenance of hydel plants. This training is part of the Tarbela FARA aimed at the capacity building of technical staff so as to improve the plant operations and maintenance procedure, will in turn will yield a higher power generation.

A meeting was held at Energy house on October 14, in which USAID officials, EPP experts, and management of Tarbela project under FARAs discussed the revised completion dates, bottlenecks, and problems. Subsequently an amendment in FARAs was signed on October 15 between WAPDA Chairman and Acting Director, Energy Office, USAID, with revised dates of the payment schedule after the extension request from the management.

Amendment-1 of the Tarbela FARA, revised the completion date to December 31, 2012. From the \$16.5 million assistance amount, total disbursement as of December, 2011 is \$10,209,917. The amount disbursed during the quarter (Oct-Dec 2011) is \$ 700,000.

Gomal Zam Multipurpose Dam under Activity Agreement:

Monitoring visits were conducted by EPP to verify the completion of works and current status on the main dam, powerhouse, transmission line, and other related works. The installation of transmission line towers is in progress; towers have been installed over a distance of 54 km (85 % completion achieved) starting from the Tank Grid station to the powerhouse. Main Dam and Spillway concrete and related works along with mechanical testing of dam fixtures are 100 % complete. Hydropower and Switchyard component is 95 % complete.

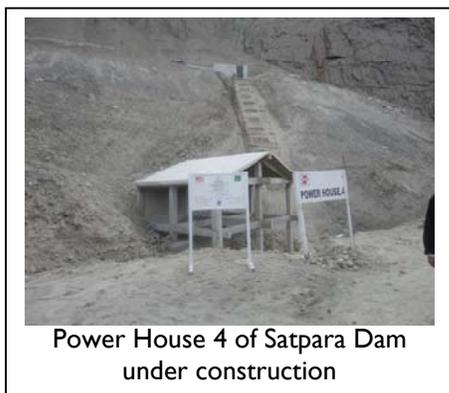
At the end of the reporting end the reservoir level was 691 meters; 9 meters below the power intake level. The reservoir level could not reach the power intake level mainly because of low inflow of water and also because of the outflow for the local needs such as drinking water and agriculture. Therefore full testing and commissioning of power plant was not possible.

Upon WAPDA's request a meeting was held between USAID officials, EPP, and the WAPDA Gomal Zam Project Director. Discussions took place on revised completion dates, bottlenecks and problems. An amendment to FARA was signed on October 15 between WAPDA Chairman and Acting Director USAID. The revised completion date of the milestones is September 30, 2012.

In order to expedite the reimbursements, FARA Amendment was signed on December 28, 2011, through which the Payment Schedule of the Amended Agreement was substitute with the revised Payment schedule, having sub divided milestones for the completed works.

From the \$40 million assistance amount committed for Gomal Zam, the total disbursement as of December 2011 is \$36,589,000. The amount disbursed during the quarter (Oct-Dec 2011) is \$ 5,411,000.

Satpara Multipurpose Dam under Activity Agreement:



Power House 4 of Satpara Dam under construction

Amid the severe weather conditions in Skardu work on the project is being implemented as per schedule. The main dam and Power House 1 & 2 were 100% completed. Work on power house 3 & 4 is 51% complete, and the irrigation system is 99% complete.

An amendment to the Activity Agreement revised the completion date for phase-I covering the dam, irrigation system and minor civil works (gates, windows) on the already constructed power house 1 and 2 is January 31, 2012. The second phase that covers the construction of the power houses 3 and 4 including civil, electrical and mechanical works is expected to be completed by April 30, 2013.

In order to expedite the reimbursements, under FARA Amendment-I a revised payment schedule was approved on December 28, 2011. Under the revised schedule the milestones for the completed works have been sub-divided.

From the \$ 26 million assistance amount committed for Satpara, the total disbursement as of December, 2011 is \$21,485,700. The amount disbursed during the quarter (Oct-Dec 2011) is \$ 10,211,400.

THERMAL POWER PLANTS

Rehabilitation of Muzaffargarh TPS under FARA:

Rehabilitation of boiler super heater tubes at Unit 1, 2 & 3' has been completed, adding 230MW of capacity. For most of the remaining FARA Items, tenders have been opened.

Periodic field visits were conducted by EPP to inspect the delivered equipment/machinery and check performance of the installed/rehabilitated equipment.

Upon NGPCL's request an amendment in FARA was made in November 2011, according to which the revised completion date to November 30, 2012.

MTPS faced an issue of operating foreign currency Accounts. EPP supported resolution of the matter through Ministry of Finance. In a meeting held on November 29 with Additional Secretary and GENCO Financial Director it was agreed to allow GENCO to operate FC accounts under a special arrangement. An official notification is expected in January 2012.

From the \$15.193 million assistance amount committed for repair/rehab of Muzaffargarh TPS, the total disbursement as of December, 2011 is \$4,872,500. The amount disbursed during the quarter (Oct-Dec 2011) is \$ 408,000.

To ensure Environmental Compliance with GOP and USAID regulations, a meeting was held with Mission Environmental Officer (MEO) on November 29 regarding the Environmental Mitigation and Monitoring Plan (EMMP). Comments from MEO were incorporated and final approval of the EMMP by the MEO is anticipated in January 2012.

Rehabilitation of Jamshoro TPS under FARA:

Two FARA items (Air Pre-heaters elements and seals at Unit-I and Autoburner Control System) were replaced which added a total capacity of 25 MW.

EPP visited Jamshoro TPS to verify the claims of Item No. 4, 9, 23 & 5. The claims of Item No. 9, 23 & 5 of \$435,000 were verified while claim for Item No. 4 was deferred due to the incomplete shipment of material; the remaining material is expected in January 2012.

Due to the delays in the procurement process which subsequently led to an amendment in the FARA and transferred ownership of procurements to the GENCO, the Jamshoro management requested an extension. A meeting was held at Energy House on November 15, and it was proposed to extend the FARA for one year till November 2012. The approval of the amendment is currently in process.

From the \$18.36 million assistance amount committed for repair/rehab of Jamshoro TPS, total disbursement as of December, 2011 is \$1,375,000. The amount disbursed during the quarter (Oct-Dec 2011) is \$ 705,000.

Rehabilitation of Guddu TPS under FARA:

After evaluating other options, Guddu management reverted to the original FARA plan, which called for overhaul of one of the two 255-MW General Electric Combined Cycle Plants (CCP). The overhaul will increase the capacity of the plant by about 100 MW (higher than the earlier expected increase of 55 MW), improve its efficiency about 3.4%, and improve the reliability of the system by upgrading the obsolete gas turbine and steam turbine control systems.

After more than a year of negotiations on the Scope of Work, price, and contract terms, the Management at Guddu and General Electric (GE) are working towards a consensus. Meetings were held during the month of December to negotiate and decide upon the GE proposal. A decision is expected in January 2012.

Owing to the delays in reaching an agreement with GE, work could not start as per the FARA schedule. Therefore, the Guddu management requested an extension for one year. A meeting was held at Energy House on November 15, and it was proposed to extend the FARA till November 2012. The approval of amendment is currently in process.

To ensure Environmental Compliance with GOP and USAID regulations, a meeting was held with Mission Environmental Officer on November 29 regarding the Environmental Mitigation and

Monitoring Plan (EMMP) of Guddu TPS. Comments from MEO were incorporated and final approval of the EMMP by the MEO is anticipated in January 2012.

Confidential information redacted

COMPONENT 2: POLICY AND REFORM

SUPPORT TO GOVERNANCE AND REFORM TEAM (GRT), MWP

EPP is supporting the Ministry of Water and Power implement the GOP's Power Sector Reform Program (PSRP) in generation, transmission, fuels, policy and finance. GRT support is jointly performed with the USAID funded Power Distribution Improvement Program (PDIP). During the quarter following activities were performed.

Policy:

- EPP met with MWP, ENERCON and Planning Commission to discuss and prioritize the major issues of the Power Sector for developing an action plan. The following issues were identified:
 - Conservation strategies
 - Possible improvements in GENCOs O&M for desired increase in their capacity and higher efficiency.
 - Policies of Power Generation Holding company for efficient control of GENCOs
 - Imbalance between the costs of electricity generation, transmission and distribution VERSUS Less revenues per actual notified/applicable tariff and still lesser- the actual collection, resulting into Circular debt and massive load shedding and possible solutions.
- A paper titled "Impact of Restored MWs On the Lives of Women" was drafted USAID, highlighting the benefits of additional capacity to the lives of women in Pakistan.
- Upon MWP's request-cases studies were prepared and presented comprising of the challenging situations faced by countries regarding power sector challenges and how they came out of the crisis. The cases studies prepared were:
 - Brazil Case Study on Electricity Market
 - Korea Case Study on Electricity Market
 - South Africa/ Eskom Case Study
- MWP requested EPP to review the issues regarding NEPRA notified tariffs, especially in light of the new legislation relating to NEPRA. A memo was prepared and shared with MWP.
- A report was prepared on the key areas of focus on energy efficiency in generation and transmission
- To analyze the effect of electricity theft on the energy sector a memo was prepared for MWP.

Finance:

- EPP met with Ministry of Finance and discussed the subject of power sector subsidies and methodology to ameliorate the bleeding adding to Circular Debt.
- A meeting was held with the CFO Pakistan Holding Company (PHL), the repository of Circular Debt, MOF and NEPRA to devise TORs for completing audit of subsidies given to DISCOs.

Hyderabad Electric Supply Company has been selected for a thorough analysis for piling up Circular Debt both with respect to leakages (technical plus theft) and non-collection of receivables.

- Reviewed the Articles and Memorandum of Association of the proposed Holding Company for GENCOs and provided feedback on governance structure.
- Reviewed the Preliminary Offer For Sale Document For Offer For Sale of Shares of Pakistan Petroleum Limited. Provided feedback on maximizing share price by Dutch auction through book building. Advised on underwriting of shares by different investor classes in case hard underwriting option for the Retail Tranche was not to be followed to minimize costs.
- On MWP's request prepared a presentation highlighting the steps needed to be taken to ensure efficient contracting for thermal power plants.
- An analysis of the Indian Power Sector was prepared for MWP, to see if the initiatives can be replicated in Pakistan to resolve the energy crisis
- A presentation on "Rice Husk- Waste to Power" covering the preliminary analysis of the alternate energy sector and the way forwards was shared with MWP.
- EPP initiated work on developing a document highlighting the focal issues related to the promotion of solar household products by ENERCON.
- Net Hydel Profits: EPP participated in meetings on 'Net Hydel Profits' with WAPDA and Government of KPK.
- Tariff Determination Methodology: On MWP's request a memo on feasible tariff determination components was prepared and shared with MWP.
- Provided summary on current position of circular debt/payables position for September 2011 to the -, MWP.
- Completed – analysis of data on Receivables for July 2011, and prepared report depicting key data.
- EPP team also held a meeting with Mr. Arshad Mahmood, Advisor MWP, to gather information and input relating to issues of Energy Efficiency/GENCO performance for compiling a report on Energy Efficiency.
- Regular meetings were held with MWP's senior management to discuss ongoing issues and provided feedback/information.

Transmission:

- First draft of the Standard Operating Procedures (SOP) for National Power Control Center (NPCC) is being prepared and is 97% complete. The SOP for SCADA & Communication remains open since this can only be completed during initial commissioning. The internal review process of the drafted SOPs continued during the quarter; first 15 out of 25 SOP are completed

and review of remaining SOPs is under progress. The initial draft of the SOPs final review is expected to be completed during the next quarter.

- EPP team is also developing a contingency plan for NPCC which will act as the backup procedures in the wake of any disaster or an emergency.
- Induction Training Manual (Orientation & Operations) for NPCC's new recruits and the existing operators is being developed. The first draft is expected to be ready by March 2012.
- EPP technical team collected and analyzed data for the 132 kv grid review. Initial recommendations are being drafted and the task is 50% complete
- NPCC -Economical Dispatch evaluation assessment and recommendation report will be started in January 2012. Data Collection from NPCC continued during the quarter.
- EPP along with Project Director SCADA visited the 500 KV Grid Station at Rawat on November 2, 2011 in connection with Contingency Plan of NPCC/NTDC and an overall study of the Grid station and allied transmission network.

Import of Power:

EPP met with the Secretary, MWEP and MD PEPCO and discussed the prospects of power imports from Central Asia. Discussions were primarily focused on comparing the CASA 1000 concept with emerging opportunities, and providing the possibility for combining into a single project with much higher benefits, lower costs, and quicker implementation. Serving primarily thermal power, the power imports would be able to deliver year-round. If implemented, the project will require synchronization of Pakistan grid with the Asian grid.

SUPPORT TO PLANNING COMMISSION

Hydrocarbons:

- ECC summaries: Provided support to Energy Wing in the review of proposals for ECC approvals and preparation of Briefs and comments:
- Prepared a Brief on the Low BTU gas policy to provide an incentive to gas producers in some dormant gas fields.
- Prepared a proposal on the Latif JV gas pipeline project; construction of a pipeline for processing of additional gas (based on early recovery from the gas field) to meet gas shortages. .
- Prepared a Brief and comments on the working papers for the Steering Committee of the ECC of the Cabinet on Iran-Pakistan (IP) and Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline.
- Developed a presentation on the status and way forward in the energy sector (power, coal, oil and gas, renewable energy, policy and intuitional).

- Provided support to Energy Wing (EW) in the preparation of a draft PC-II for technical assistance to the Planning Commission for energy efficiency projects to be financed by ADB, under a multi-tranche facility.
- Developed a presentation highlighting the summary of key issues and way forward in the oil and gas sectors (upstream, downstream oil, downstream gas, policy). Further progress will depend on interest of EW to pursue implementation with concerned agencies.
- Followed up on the letter from MPNR to USAID regarding USAID support for Shale Gas (policy and technology experts). Meetings were held with USAID and MNPR to review the gas situation and options for USAID assistance to MPNR in Shale Gas, LNG imports and downstream gas allocations and pricing. EPP also meet with LMKR (consultants to the Directorate General of Petroleum Concessions, MPNR) to review LMKR's resources for data management and interpretations and other potential areas of expertise in order to facilitate the recruitment of Shale Gas experts. A proposal has been drafted for procuring LMKR services.
- During the quarter met with PC representatives and discussed LNG imports and related gas sector issues as part of the development of a paper on the subject.
- Compiled summary data on energy and petroleum sector consumptions in the country for 2009-10.
- In response to a USAID query from USAID, discussed the status, cost and viability of using the Price Integrated Energy Model (PIEM). During the meeting, it was decided that the model needs to be enhanced and capacity of Planning Commission staff to be built prior to the implementation of PIEM.

IT Support:

- Assisted in organizing meeting of Board of Directors of all DISCOs in Planning Commission on 22nd December 2011 mainly discussing past year's performance of each DISCO and challenges they are facing and steps each DISCO is taking to overcome these challenges.
- Created a brief for the Deputy Chairman on the Power Sector Crisis with a focus on NEPRA related issues.
- Gathered information for organizing a Seminar on Business and the Middle Class in Pakistan at the Planning Commission. Modified and updated a presentation for the seminar.
- Updated presentation on Functionalization of CPPA.
- Created a brief for Deputy Chairman on Circular Debt in the power sector, covering its causes, current status, and means to overcome.
- Prepared a brief and recommendations for Deputy Chairman on Status of Badhra field in Sindh.

COORDINATION, CAPACITY BUILDING & GENERAL SUPPORT SERVICES TO USAID

- Developed curriculum in collaboration with NTDC Planning Department on modeling applications for the transmission system for engineers at NTDC and NPCC. Subject area involves system analysis and optimization using PSS/E modeling software at two levels – beginners and advanced. The course is tentatively scheduled to start in January 2012.
- Designed a strategy for an internship program involving university students and energy organizations. Initial discussions were held with potential sponsors and the organizations have shown a positive response.
- Prepared a memo for the Acting Director, USAID about the Water Dialogue held in Islamabad during the first week of November. The U.S. Under Secretary of State for Democracy and Global Affairs, Maria Otero, led the U.S. delegation. This was the fourth round of dialogue on water issues between US and Pakistan.
- Prepared a brief for USAID's assistance in thermal power plants. Prepared a brief snapshot about the interventions under FARA.
- Prepared report on possible measures to expedite reimbursement to WAPDA, to enable GENCO's early implementation of FARA's was prepared for USAID.
- Compiled a list of deliverables issued by EPP for the electronic library. This activity included collecting documents prepared since 2008 to date, by reviewing all the documents, files, shared folders and organizing the files for easy access.

NTDC BUSINESS PLAN

During the quarter, initial draft of the NTDC business plan was completed by EPP and is under review by NTDC. The plan will be shared with MWP and related stakeholders after incorporating NTDC's feedback. EPP conducted a number of meetings with NTDC and CPPA management in Lahore. The agenda was to discuss the salient features of the Business Plan and hand over hard copies of the Draft Business Plan for review and comments of NTDC management.

For designing the business plan, EPP completed the financial model and structural options to capture the exact dynamics of circular debt. In this regard several meetings were held with MWP to understand the adequacy of tariffs notified relative to the cost of service. EPP also met with the CEO of IESCO to review the NTDC business plan as a whole and specifically to consider the 132 kV networks which is the interface between NTDC and distribution companies such as IESCO.

COMPONENT 3: NEW PROJECTS, PLANNING & DEVELOPMENT

Activities for the reporting period were:

When projects are identified by the GOP and others to USAID as candidates for USG support, USAID requests EPP to undertake a two-step Due Diligence exercise to determine whether the proposed project meets the requirements established by USAID. The criteria relate to technical viability, cost and overall effect.

- EPP met with USAID to discuss the need, requirements and implication of a new study to review the Technical and Environmental aspects of the Diamer Basha Dam Project (DBDP). The study will be carried out in cooperation with Asian Development Bank (ADB) and WAPDA. Upon USAID's directive, EPP identified and proposed experts to work with ADB in developing a Scope of Work for the study. A field visit to the Diamer Basha Dam Project (DBDP) site was made in October 2011.
- EPP initiated discussion with WAPDA on the Kurram-Tangi Multipurpose Dam project to meet USAID requirements for detailed information. A meeting was held with WAPDA at Lahore to gather accurate and latest information on the development and progress of the project to derive a schedule for risk assessment. The TORs of Consultant selected for review of design and construction supervision of the project were reviewed. Project implementation schedule, EIA and RAP (resettlement) studies were discussed. Information of pre-construction activities at site and details of cost estimate based on revised PC I prepared and submitted to GOP in July 2011 was obtained. A preliminary draft based on all the above compiled information was shared with USAID.
- EPP continued to advise and support WAPDA in their effort to develop the Kurram-Tangi Multipurpose Dam Project by suggesting improvement in quality and credibility of project design review. WAPDA had earlier agreed to EPP's advice to review project design and had selected a consortium of consulting firms for the task but the allocation of consultant resources to tasks seemed inconsistent with purpose of the review.
- USAID, EPP met with WAPDA at the Energy House on Friday, 14 October 2011, to discuss Pre-Construction activities at the KTDP.
- EPP followed up with WAPDA on a \$ 100 million funding request received from Tarbela management in October 2011 for the essential spares and rehabilitation. WAPDA was requested to provide rationale and expected benefits from these interventions. Response from WAPDA is awaited.
- On 10 October 2011, EPP team attended a presentation in Mangla by Messrs Montgomery Watson Harza (MWH), consultants to WAPDA for the proposed Rehabilitation of Mangla Power Plant. EPP comments and suggestions to strengthen their ongoing feasibility study for the rehabilitation works were subsequently forwarded to WAPDA for their consideration. Subsequently, WAPDA signed the consulting agreement at the Governor House, KPK on 17 November 2011.

- EPP is also engaged with Ministry of Finance to explore ways and means to obtain cost effective insurance against credit default on Pakistan sovereign risk for raising offshore USD long-term loans. GOP needs to tap offshore funding to meet critical gaps and innovative structures will be required to obtain success.

PUBLIC PRIVATE PARTNERSHIP

EPP submitted a paper on Public-Private Partnership to USAID. Based on preliminary feedback, the revised paper has been completed for internal review, which will be shared with USAID shortly for consideration. Draft presentation on PPP has also been prepared internally and will be shared with USAID in December.

For information gathering and compilation of the PPP paper, a number of meetings were held by EPP as detailed below:

EPP met with Engro Powergen to ascertain progress on Engro's coal mining and coal-fired power generation project as Engro had requested for USAID support in developing common infrastructure for the agriculture sector

EPP met with Engro Vopak to ascertain the state of the market development of LNG in Pakistan.

EPP met with HUBCO to obtain updates on the company's future plans and possibility of working in coal-fired generation.

EPP also met with LARAIB Energy Limited to ascertain progress on New Bong, the first run of the river hydro-electric power project as IPP in the private sector. LARAIB was keen to develop a rapport and discussions with USAID to assist development of the hydro-power generation sector in Pakistan. Laraib generously offered to host a presentation at their New Bong site for USAID/EPP.

ADMINISTRATION/MANAGEMENT: SUPPORT TO EPP

Administration is structured to support on-going and planned project activities while ensuring contractual compliance. Administration encompasses the following functions: Accounting/Finance, Human Resources, Procurement, Contracts, Logistics and Communications. In implementing these functions, processes and policies are developed to ensure uniformity of efforts.

Accounting/Finance

A draft budget was developed that included estimates from respective task leaders. Miscellaneous payments were made to the vendors during the quarter. Payroll and financial reconciliations completed. Accounting/finance policy was revised.

Human Resources

One technical staff member was added during the quarter - Communication Specialist. Recruiting process for a Financial Advisor-Ministry of Finance is completed. New employee will be joining on January 3, 2012.

Procurement

During the quarter SonicWALL Network Firewall was procured to ensure the security of our Internet & Intranet traffic including Anti-Spam, Anti-virus Gateway, Bandwidth management features. Other purchase orders were placed to support operations, for example, office equipment/supplies and technical services. The CCTV system was procured.

A technical purchase order was issued to Power Planners International for NTDC training, which will be conducted in the next quarter.

Trouble shouting IT equipment in office and for operations at ministries; all related matters have been resolved during this month. Transition of official *ep-ep.com.pk* E-mail Domain with (25) E-mail boxes to Nayatel. Procurement and Installation of SonicWALL NSA 240 Network Firewall at AEAI's Islamabad Office

Contracts

All 4 Concurrence requests for travel and all 7 requests for staffing approved by USAID. Consent to place commercial agreement with Auriga was approved.

Logistics

18 Trips (arrangements, Per Diem & documentation), evaluated potential guesthouses for staff. Arranged international travel for employees. Obtaining visa extensions for the international staff is in process. Surveys of other firms to compare employee benefits have been completed. Negotiated reduced lodging rates in Lahore. Security protocols and resources are being evaluated. Exterior improvements being developed.

Communications

Trouble shooting IT equipment in office and for operations at ministries; all related matters have been solved during this month. Developing a library for the office. Developing report writing aids for technical staff. IT policy is being revised.

General Support

Briefings prepared to support USAID for PAKINFO, Energy Summit between USG & GOP and Tarbela. Investigating energy efficiency measures for the office.