

## KESC AZM CONFERENCE 2012

### TRANSFORMATION WITH A RENEWED 'AZM'



Karachi Electric Supply Company, in its full day "Azm Conference", pledged to bring about a complete change of mindset internally and in the age-old perceptions about the utility, externally. The conference reiterated KESC's stance to transform the utility into an absolutely customer-centric organization utilizing all available resources and manpower with zeal, dedication and the passion to serve. In a congenial atmosphere, charged with team spirit and the zest to perform, the entire top management, and around 200 of KESC's middle and senior management members from generation, transmission, distribution and various other departments of the utility, attended the conference. Participants joined hands to evolve a common vision/mission, values, strategic objectives, initiatives and the way forward for the Company.

During diverse syndicated working sessions, teams of participants candidly discussed their actions, obstacles,

solutions and also gave individual presentations with a view to addressing the strategic challenges facing the utility. Areas of special emphasis included operational effectiveness and efficiency, human resource excellence, and allocation of top priority to customers' issues. Participants also affixed their thumb prints on the pledge board to cement their commitment to KESC's Azm.



Addressing the conference, Mr. Tabish Gauhar, CEO of KESC, acknowledged the role and evolution of the utility, underlined close to a century of its existence and lauded the role of KESC engineers and dedicated workers, whose efforts are transforming the company, and said that the most important task ahead was to make KESC a customer-centric company. Moving on to share his philosophy, he said, "... working for KESC is not a job but a passion to serve."



## EARTH DAY MASS AWARENESS DRIVE



**EARTH DAY 2012**  
April 22<sup>nd</sup>, 2012

Earth Day's theme for 2012 was - "Mobilize the Earth". The theme called for people to transcend nationalities

and backgrounds and join hands to celebrate the event and encourage our planet's protection. The theme put greater responsibility on us to take practical steps to protect the world we live in today to ensure a better tomorrow.

KESC, being a socially responsible organization, believes that small contributions in this direction today can be converted into major initiatives in the future. With this spirit, the Energy Conservation Department of KESC undertook the following initiatives;



Mass Awareness activity at Dolmen Mall Clifton on April 21, 2012



At Bagh Ibne-Qasim, pledge making activity to protect the earth.



Joined hands with the Ministry of Environment & Alternative Energy in 'Beach Cleaning Activity' at Seaview.

## 560-MW BIN QASIM POWER STATION-II ATTAINS GROSS DEPENDABLE GENERATION CAPACITY



KESC achieves Gross Dependable Generation Capacity of 2052 Megawatts with the soon upcoming completion of 560-MW Bin Qasim Power Station-II. However, KESC's re-

quest for supplying the already approved additional 130MMCFD gas quota for the new plant is still pending with the Government, the main reason for delay in the launch of its optimum power production. The project is worth 450 million dollars and has enhanced the generation capacity by 30 per cent. A media visit was organized to the country's largest under construction power plant of its kind. Present on the occasion were the top officials of KESC and a representative of M/S Harbin, China, who explained the functioning and various sections of the plant. KESC's 180 MW GE-Jenbacher Gas Engines- Project had been awarded "Best Fast Track Project (Silver Award)" and "Best Plant in the Region" title by Asian Power Magazine.

## KESC BECOMES ICAEW "TRAINING EMPLOYER"



The Karachi Electric Supply Company has been recognized as 'Training Employer' by the Institute of Chartered Accountants England & Wales (ICAEW). This is the most highly recognized institute of Chartered

Accountants in the world and has a strict screening process for granting an organization the status of Training Employer for students. In Pakistan, KESC is one of the only 12 companies in the industrial sector to be granted this prestigious status. Recognition by such esteemed institutes only goes to reflect the high professional standards adopted by the power utility and the opportunities it provides for fostering young talent. Commemorating the KESC CEO, Mr. Tabish Gauhar said, "We believe in attracting and nurturing talent and it is in line with our change management philosophy to identify today, the leaders of tomorrow".

## WORLD SAFETY DAY 2012 KESC SAFETY VIGILANCE CAMPAIGN

World Safety Day is celebrated on 28th April, each year. The day is celebrated by organizations and institutions throughout the world to refresh and reiterate their commitment towards safety at the workplace. Keeping in view the significance of World Safety Day, KESC took this opportunity to initiate a 'Safety Awareness Drive' KESC strongly feels that a safety and health culture should be promoted at the grass root level, and the same should be instilled in our future generation. With this vision, KESC Safety team was able to reach out to 26131 students of 63 schools to convey some life saving tips on Electrical and Fire Safety. Children and teachers were further guided to report broken electric wires, or any other electricity hazard on our website [www.kesc.com.pk](http://www.kesc.com.pk) and fill out the safe card, just by clicking the red button on the home page.



The campaign was greatly appreciated by children and schools.

### Continuous Medical Education at Marriott Hotel :



A half day 1st CME (Continuous Medical Education) session was also organized on communicable/occupational diseases at Marriott Hotel where the CEO's message was also read to highlight the importance of the day and the commitment of the management to this international obligation as well as the AZM in bringing this organization to a multinational level.

### Other Public Safety Initiatives taken by KESC

Another step towards public safety was pasting of 20,000 retro-reflective warning signs on electric poles in fatality prone areas.

## EXCELLENT PERFORMANCE BY KESC FOOTBALL TEAM

KESC promotes various activities on a regular basis – sports being one of them. Recently, KPT organized the National Football Challenge Cup in Karachi which was participated in by 16 teams from all over Pakistan.. KESC, just like last year,



performed well in the tournament and finished as the runner-up. KESC faced KRL in the final which was the most exciting and closely-fought match of the entire tournament. KRL finally emerged as the winner after defeating KESC 3-1 on penalty kicks. Thus KESC ended up as the runner up of the tournament.



## KESC AWARDED 'CORPORATE SOCIAL RESPONSIBILITY BUSINESS EXCELLENCE AWARD 2012'

The award for 'Corporate Social Responsibility Business Excellence Award 2012', was presented to KESC at the first CSR Business Excellence Awards 2012, organized by National Forum for Environment & Health (NFEH) in collaboration with United National Environmental Program (UNEP). The award recognizes KESC for its ongoing commitment towards sustainable social and environmental investments for the community, especially in the areas of health and youth development. This year, more than 87 companies and organizations had submitted their nominations. The names of 36 companies to be awarded were shortlisted by a three



## THERE'S A WAY BUT WHERE'S THE WILL?



**By Ghufran Atta Khan**  
Chief Marketing & Communication Officer

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As another wave of power riots sweeps across the country, one wonders if the government is really serious about addressing the structural issues of the power sector. This is because the government, unfortunately, seems to be resorting again to short-term measures such as writing a few cheques to restore furnace oil supply to power plants. As the past is a testament, such a myopic approach does not make for a sustainable power sector and will exacerbate the existing situation.

By assiduously following fundamentally flawed policies, the power sector – the lifeline of social, industrial and commercial activities – has been damaged and brought to its current dismal state. Little has been done to exploit the water resources of the country and there has been negligible development in utilizing the much talked about coal reserves of Thar. Meanwhile, successive governments have used gas as a tool to win political support and have recklessly allocated quotas to the industrial and transport sectors without considering the consequences of this haphazard approach. Unsurprisingly, this has created powerful lobbies, which jostle for even larger allocations. But all this has come at the cost of the power sector: in 2005, the sector used 44 percent of the country's gas supply but is now making do with just 27 percent.

The combined effect of all this has been to increase the power sector's reliance on furnace oil, which is four times more expensive. And this is the root cause of every issue that the power sector now faces, including the rapid increase in electricity tariff, the growing burden of tariff differential subsidy on the national exchequer and the circular debt crisis that has paralyzed the entire energy sector.

While the people had to suffer the consequences of this mismanagement, a few powerful and resourceful industrial groups have begun generating power using gas. These industrialists are not to blame – their commercial interests were threatened by the sharp rise in electricity prices – but the government was duty-bound to protecting the interests of the people. Sadly, each successive government failed to fulfill this responsibility and more and more gas was diverted to private power plants. An estimated 1,000 mmcfd gas was supplied to captive power plants through the SSGC/SNGPL network while another 250 mmcfd was supplied through the SSGC network. This volume, if supplied to the power sector, would have been enough to generate around 5,000 MWs of power.

Shockingly, the gas allocation to private captive power plants blatantly violates the government's own policy. The Natural Gas Allocation and Management Policy of 2005 mandates:

"Gas supply to all consumers in Captive Power Sector will be made after first meeting the requirement of Domestic, Fertilizer, Commercial, Industrial, and Power (both WAPDA/KESC and IPPs) Sectors on the following basis:

- (a) Those dual fired power plants with a capacity of up to 50 MW, which employ combined cycle or cogeneration technology, shall be encouraged for allocation of gas. In order to ensure the optimal gas use for power generation, industrial units collectively setting up merchant power plants for self-consumption only will also be included in this category.
- (b) Gas supply for self-power generation would be on "as and when available basis" at different locations.
- (c) The pipeline extension, if required, would be at the cost of the sponsor of the industrial unit." and (b) The gas load does not exceed 1 MMCFD."

Clearly, a handful of captive power plants have been supplied huge volumes of gas at the cost of the power sector that serves millions of ordinary people and thousands of industrial and commercial entities. The ever decreasing supply of gas to the power sector has also led to annual imports of additional furnace oil worth Rs. 700 billion, of which Rs. 300 billion is the additional burden on government's resources in shape of tariff differential subsidy.

That the state is allowing this state of affairs to continue, only to protect the interests of a small minority driven by its own selfish commercial interests, is mindboggling. Even so, if the government is serious about reviving the economy and providing social justice to the people, it will need to make decisions for the greater good. And the first bold step would be the revocation of all gas allocations for captive power plants. The gas so freed up must then be supplied to the power sector so as to provide relief to individuals, businesses and industries, which have equal rights to this scarce national resource.

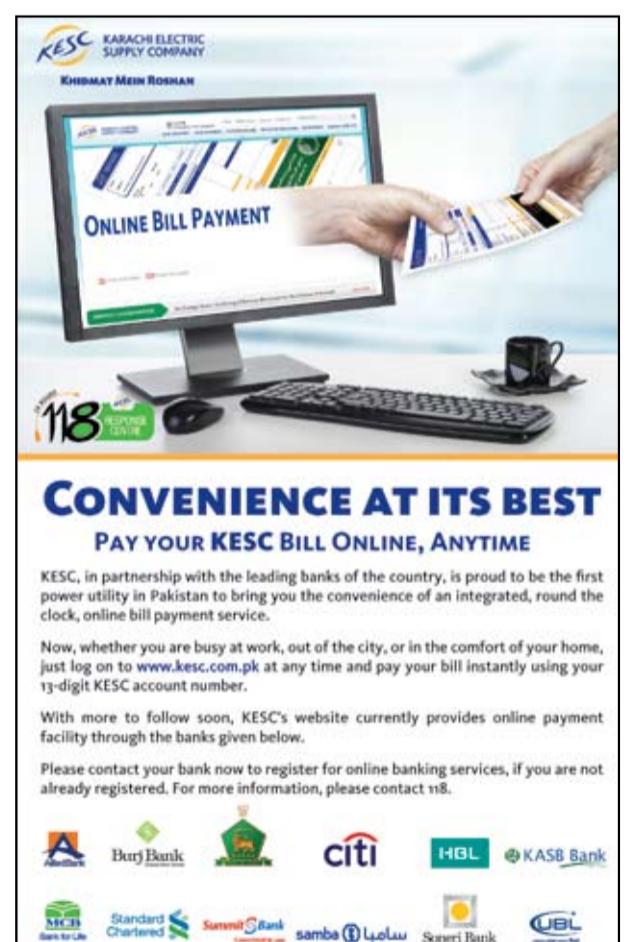
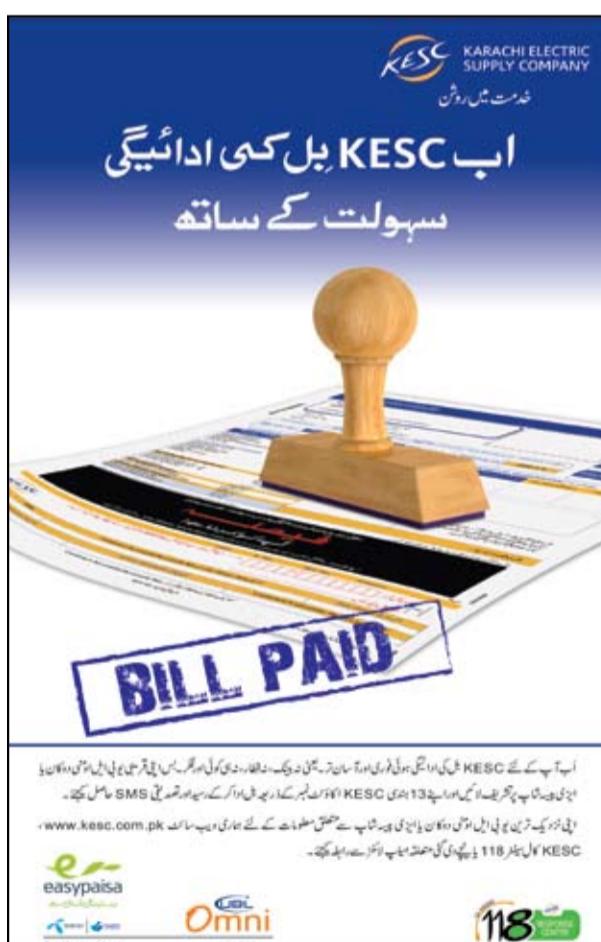
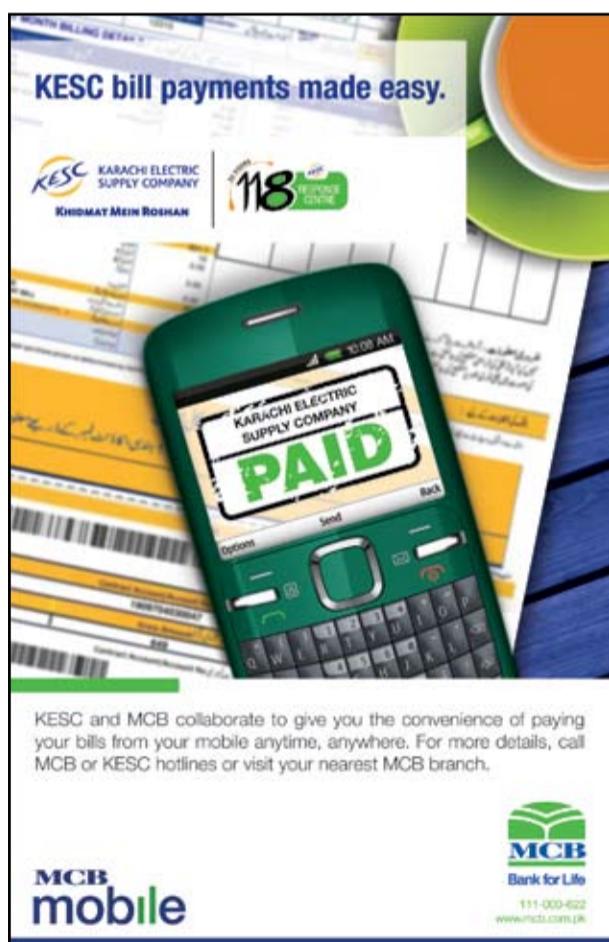
The strategic benefits of such a decision would be immense. More gas for power utilities means cheaper power generation. Even if we generate just 5,000MW, this could potentially reduce tariffs by over Rs625 billion. This will also reduce the amount paid under the Tariff Differential Subsidy, at present almost Rs300 billion annually. More gas will also reduce the hours of power outages, which will in turn drastically improve the cash flow situation of the power utilities and enable them to improve performance. The net impact would be a significant reduction in the circular debt volume that would not only energize all power utilities but also invigorate the entire energy sector.

Given the benefits, the government should also consider the following additional steps:

- I. Increasing the price of gas for captive power plants by at least 150 percent so that they get power at the same rate as industrial consumers of power companies. This will encourage them to use supply from power distribution companies.
- II. SSGC and SNGPL should ask independent auditors to unearth the irregularities in the implementation of the 2005 gas allocation policy.
- III. NEPRA should not grant any more licenses for captive power plants and should conduct a financial and operational audit of each existing plant. The regulator should also take action against any plants found to have reduced capacity offtake from power plants and made a shift towards self generation or those involved in selling capacity to a third party. According to section 22 of the NEPRA Act, such companies need to serve a notice period of three years and pay cross subsidies as well.
- IV. Distribution companies should be empowered to disconnect supply to those industrial/commercial/bulk customers that have kept the utility connection as a backup and are thus violating the regulations outlined in II and III above.

- V. Distribution companies should be directed to utilize the capacity freed up by the above measures and provide new connections to industrial applicants.
- VI. Distribution companies should be directed to ensure uninterrupted power supply to all industrial consumers.
- VII. In accordance with the gas policy of 2005, the maximum amount of gas must be diverted to the power sector. The gas allocation policy should also be revised to give top priority to the power sector.
- VIII. Part of the benefit of the reduction in Tariff Differential Subsidy must be passed on to the industrial sector in order to encourage them to switch to power utilities.
- IX. Distribution companies should be directed not to procure power from captive power plants using gas or furnace oil for generation and to prefer those plants that use coal or renewable sources.

We need an all-inclusive policy that revitalizes every sector of the economy, not just a few individuals or industrial groups. Fortunately, we have the solution to the present power crisis. We only need our decision-makers to take the right step now, before it is too late.



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