



USAID
FROM THE AMERICAN PEOPLE

MEMORANDUM

June 26, 2015

TO: John F. Sopko
Special Inspector General for
Afghanistan Reconstruction (SIGAR)

FROM: Donald L. “Larry” Sampler
Assistant Administrator for
Afghanistan and Pakistan Affairs (OAPA) /s/

SUBJECT: Response to the Inquiry Letter on Tarakhil Power Plant
(SIGAR Inquiry Letter-15-65-SP)

REF: SIGAR-15-65-SP Inquiry letter on Tarakhil Power Plant dated
June 19, 2015

Thank you for your letter of June 19, 2015 regarding the Government of Afghanistan’s operation of the Tarakhil Power Plant in Kabul, Afghanistan. We welcome the opportunity to respond to the specific questions in your letter, as detailed below.

The Tarakhil Power Plant has proven to be a vital component of the North East Power System (NEPS). We have no indication that the Afghan power utility, Da Afghanistan Breshna Sherkat (DABS), failed to operate Tarakhil as was alleged in your letter. On the contrary, the plant has provided Kabul with a power source during winter months when additional power has been needed or during emergencies when imported power to Kabul has been interrupted, including this past February when an avalanche disrupted power lines from Central Asia. During the disruption, DABS mobilized several assets including Tarakhil to provide electricity to Kabul during peak hours. Tarakhil provided over 6,000 MWH of during February 2015. Moving forward, DABS will continue to operate Tarakhil power to meet peak demand.

In 2007, USAID and Embassy Kabul decided to support the Government of Afghanistan's plan to increase access to electricity in Kabul through the construction of the Tarakhil Power Plant. The plant was envisioned as a means of providing insurance against disruption of power supplies from Central Asia and as backup during peak demand. In December 2009, toward the end of the Tarakhil Power Plant's construction, the installation of a transmission line bringing power to Kabul from neighboring Uzbekistan and Tajikistan provided imported power at a relatively low cost (\$0.06 per kilowatt-hour) compared to the cost of Tarakhil's power (\$0.33 per kilowatt-hour). This further strengthened the decision to use Tarakhil for peak loads and as an emergency back-up source. Diversifying power sources is a common practice worldwide.

In return for U.S. assistance to Tarakhil, the Afghan government committed to making DABS an independent, para-statal entity. USAID has worked closely with DABS to improve its capacity to manage the country's electrical system, and in June 2010, the management of Tarakhil Power Plant was handed over to DABS. The USAID Office of the Inspector General's (OIG) June 2014 review of Tarakhil power plant provided an opportunity for USAID to bolster its efforts to improve DABS managerial and technical capacity to better operate the plant. USAID concurred with OIG's five recommendations and took corrective action to address them.

Please find a full response to each of SIGAR's questions below.

1. How much diesel (liters and cost) has USAID provided to the Afghan government specifically for the operation of Tarakhil Power Plant since January 1, 2013?

Since January 1, 2013, USAID has not provided fuel for the operation of Tarakhil Power Plant.

2. What was the monthly megawatt output of the Tarakhil Power Plant for November-May 2015?

Total energy generated by Tarakhil Power Plant for this period is 7,418.4 MWh (Attachments 2 and 3).

Breakdown of energy generated per month starting October 23, 2014 is:

October 2014: 506.2 MWh

November 2014: 151.9 MWh
December 2014: 30.9 MWh
January 2015: 46.5 MWh
February 2015: 6,032.8 MWh
March 2015: 485.9 MWh
April 2015: 164.2 MWh
May 2015: 0.0 MWh

a. How much diesel did the power plant consume during each of those months and at what cost?

The amount of fuel consumed during this period starting October 23, 2014, for generation of the above mentioned amount of electrical energy is 1,754,782 liters at the cost of \$1.13 per liter (Attachments 2 and 3).

Breakdown of fuel consumption per month:

October 2014: 120,304
November 2014: 36,281
December 2014: 7,840
January 2015: 11,344
February 2015: 1,422,777
March 2015: 116,270
April 2015: 39,966
May 2015: 0.00

b. Did the Afghan government, USAID, or another donor supply the diesel required for the output during this period?

All diesel fuel for this period was supplied by DABS.

3. Did USAID provide the Afghan government with any support specifically to help address the power shortages that resulted from the late February 2015 avalanches in northern Afghanistan?

DABS conducted all of the repair work, without financial or even direct technical assistance from USAID, which was necessary to restore transmission lines knocked out by avalanches over the winter. The ability of DABS to conduct all of the repair work is another demonstration of the progress it has made toward self-sufficiency.

4. Did USAID complete the USAID OIG-recommended analysis identifying a more economical and affordable fuel supply that could allow the Afghan government to operate Tarakhil Power Plant as intended—on a regular, sustainable basis?

Yes, the Mission’s Afghanistan Engineering Support Program (AESP) commissioned an analysis to identify a more economical and affordable fuel supply for Tarakhil Power Plant. The completed report (Attachment 1) reviewed and provided a financial analysis for three alternative fuel sources to identify a preferred fuel for Tarakhil Power Plant.

a. If so, did USAID consult with appropriate Afghan government entities throughout the course of the analysis; did USAID brief appropriate Afghan government entities on the outcome of the analysis; and, has the Afghan government taken any clear action as a result of the analysis?

USAID and the Implementing Partner consulted with DABS senior management group throughout the course of the analysis.

USAID briefed DABS senior management group on the outcome of the analysis. The report was made available on the shared document storage portal at the Implementing Partner, to which DABS and USAID both have access. A private sector company has submitted a proposal to DABS to use heavy fuel oil (HFO) for power generation, and also to provide operations and management support as result of the completed analysis.

ATTACHMENTS:

- 1 – Alternative Fuel Evaluation Report
- 2 - Generation, Fuel Consumption and Storage Report of Tarakhil Power Plant for Year 2014–2015
- 3 - Generation, Fuel Consumption and Storage Report of Tarakhil Power Plant for Year 2015–2016

cc:

Alfonso E. Lenhardt
Acting Administrator, U.S. Agency for International Development

William Hammink
Mission Director, U.S. Agency for International Development/Afghanistan