



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

June 19, 2015

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

Mr. William Hammink  
USAID Mission Director for Afghanistan

Dear Gentlemen:

My office has long been concerned with the ability of the Afghan government to provide its people and businesses with electricity. Several SIGAR audits have addressed wide-ranging and longstanding problems with U.S. government efforts to build and maintain major infrastructure projects aimed at bolstering power availability throughout Afghanistan.<sup>1</sup> Sustainability within the energy sector represents a high-risk area that must be prioritized within reconstruction efforts if the U.S. mission is to preserve fragile gains and bolster the weak Afghan economy.<sup>2</sup>

Given the criticality of building reliable power systems in Afghanistan, I am writing to inquire about the use of Tarakhil Power Plant to supply back-up power to Kabul, Afghanistan. The late February 2015 avalanches across several of Afghanistan's Northern provinces destroyed key parts of the existing Northern Electrical Power System (NEPS), which distributes imported power from Uzbekistan and Tajikistan and is the primary power source for Afghanistan's capital region. For several weeks following the avalanches, the U.S. and Afghan governments as well as multiple media outlets reported that the natural disaster killed hundreds and created electrical shortages throughout several provinces, including Kabul, during one of the coldest months of the year—when demand for power is at its peak. I am concerned that this incident may have demonstrated that the Afghan government is still unwilling or unable to fully operate the Tarakhil Power Plant even during emergency situations in response to critical, short-term needs, and that the \$335 million U.S. Agency for International Development Office (USAID) investment remains in danger of being wasted or severely underused.<sup>3</sup>

USAID entered into a contract with Louis Berger Group/Black & Veatch Joint Venture to build the 105 megawatt<sup>4</sup> Tarakhil Power Plant on the outskirts of Kabul in July 2007 for several reasons, including to help mitigate concerns about potential shortfalls in available power resulting from natural disasters or neighboring country decisions to reduce power exports.<sup>5</sup> The power plant was intended to significantly bolster the power available on Afghanistan's national power grid through the continuous operation of 18 diesel engines generating power. Although the project was plagued by

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<sup>1</sup> See, SIGAR-Aud t 13-7, *Afghanistan's National Power Utility: Commercialization Efforts Challenged by Expiring Subsidy and Poor USFOR-A and USAID Project Management*, April 18, 2013; SIGAR-Aud t 13-2, *Afghanistan's National Power Utility: \$12.8 Million in DoD-Purchased Equipment Sits Unused, and USAID Paid a Contractor for Work Not Done*, December 18, 2012; SIGAR-Audit 12-12, *Fiscal Year 2011 Afghanistan Infrastructure Fund Projects Are behind Schedule and Lack Adequate Sustainment Plans*, June 29, 2012; SIGAR-Aud t 10-04, *Afghanistan Energy Supply has Increased but an Updated Master Plan is Needed and Delays and Sustainability Concerns Remain*, January 15, 2010.

<sup>2</sup> SIGAR, *High-Risk List*, December 2014.

<sup>3</sup> Following several modifications, USAID's final cost to build the plant was approximately \$307 million, more than \$126 million more than originally budgeted. Upon completion, the agency committed at least \$27.7 million in additional funding for operation and maintenance support through June 30, 2012, and has since provided sporadic support to assist with specific tasks and repairs.

<sup>4</sup> A megawatt is a unit of electrical power equal to one million watts.

<sup>5</sup> The construction and commission of Tarakhil Power Plant was completed as a cost-plus-fixed-fee contract completion task order under the \$1.4 billion indefinite quantity contract for the Afghanistan Infrastructure and Rehabilitation Program.

cost overruns, poor contractor performance, and delays, the power plant was ultimately handed over to the Afghan government in June 2010, and Da Afghanistan Breshna Sherkat (DABS)—Afghanistan’s national power utility—assumed responsibility for the operation and maintenance of the facility.<sup>6</sup>

In June 2014, more than eight months before the devastating avalanches, USAID OIG completed a review assessing the status and sustainability of operations at Tarakhil Power Plant.<sup>7</sup> The results of the OIG review were alarming. For example, USAID OIG found that since the handover in June 2010, the power plant has been severely underused and operated at just 2.2 percent of installed power production capacity. According to USAID OIG, DABS had limited operations since accepting responsibility for the facility because it couldn’t afford to operate the plant—the fuel alone required to operate the plant as intended was estimated to cost approximately \$245 million per year. As a result of the high cost to operate the plant, the USAID OIG reported that the Afghan government has only used it, “as an emergency power source, standing ready to generate electricity for the grid in critical situations, such as interruptions in the availability of imported power to Kabul due to damaged transmission lines.”<sup>8</sup>

In response to the OIG report and the accompanying recommendations to help correct the issues it identified, USAID stated that it had either already initiated, or would initiate, remedial measures to assist the Afghan government and DABS to operate the power plant on a more regular basis, as intended. In its response to the OIG report, USAID stated that all corrective measures would be implemented no later than December 31, 2014, approximately two months before the tragic avalanches of late February 2015. While I commend USAID on its commitment to take corrective action to address the OIG findings, the blackouts and lack of power throughout Kabul resulting from the avalanches raises questions regarding the efficacy of those actions and the commitment and ability of the Afghan government to operate the Tarakhil Power Plant as needed or when absolutely necessary.

To help SIGAR understand the output of Tarakhil Power Plant following the February 2015 avalanche and the actions taken by USAID to help ensure the sustainable operation and maintenance of Tarakhil Power Plant, please provide responses to the following questions, with supporting documentation:

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?
2. What was the monthly megawatt output of the Tarakhil Power Plant for November-May 2015?
  - a. How much diesel did the power plant consume during each of those months and at what cost?
  - b. Did the Afghan government, USAID, or another donor supply the diesel required for the output during this period?

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<sup>6</sup> SIGAR and USAID OIG have both issued reports detailing the multitude of issues that plagued construction of the facility. See, SIGAR-Audit 10-06, *Contract Delays Led to Cost Overruns for the Kabul Power Plant and Sustainability Remains a Key Challenge*, January 20, 2010; and, USAID OIG Audit 5-306-10-002-P, *Audit of USAID/Afghanistan’s Power Sector Activities Under Its Afghanistan Infrastructure Rehabilitation Program*, November 10, 2009.

<sup>7</sup> USAID OIG Review F-306-14-002-S, *Review of Sustainability of Operations at Afghanistan’s Tarakhil Power Plant*, June 14, 2014.

<sup>8</sup> USAID OIG, June 14, 2014.

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?
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?
  - 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?

I am submitting this request pursuant to my authority under Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. Please provide the requested information by July 8, 2015. Should you or your staff have any questions about this request, please contact Mr. Jack Mitchell, Director of Special Projects, at [REDACTED]

Sincerely,



John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction