



16th July. 2024

To the Office of Safeguards

### **Climate and Environment Impact of Jamshoro Power Plant Conversion**

We, the members of the Alliance for Climate Justice and Clean Energy (ACJCE), are deeply concerned about the silence being maintained by the Asian Development Bank (ADB) over K-Electric's alarming proposal to convert the ADB-funded 660 MW Unit-1 of the Jamshoro Power Plant (JPCL) to the low quality lignite coal being mined from Thar. The seriousness of this proposal can be gauged from its inclusion in K-Electric's Indicative Generation Plan (IGP) which is now awaiting approval from the Cabinet Committee on Energy.

Given that the proposed conversion will have far-reaching and cascading consequences for the socio-ecological profile of Pakistan, we expect and demand a responsible position and action from the ADB in compliance with its own safeguards and the values and goals of the Paris Agreement. Since the ADB has itself already declared that it will no longer support dirty coal-based power projects, it needs to put its declaration into practice to halt the shifting of JPCL Unit-1 to the highly polluting Thar coal. It should also intervene in favour of socio-ecological justice and to support sustainable energy solutions in accordance with its safeguard pledges.

K-Electric's proposal to re-calibrate and reconfigure the project by shifting it entirely to Thar's lignite coal also goes against the original loan agreement between the ADB and the government of Pakistan. The ADB's own description of its 2014 loan for JPCL project stated:

“The project will (i) increase the capacity of the Jamshoro TPS by installing a 600-MW (net) supercritical coal-fired unit, using an 80/20 blend of imported sub-bituminous coal and domestic lignite when available.”

The ADB, therefore, should have a highly important role in the proposed shift, especially because it is the primary financier of JPCL Unit 1. It is, however, surprising that its stance on the proposal is conspicuously missing from even the most recent reports on its website. Its addendum to the Environmental Impact Assessment issued in May 2024 and several monitoring reports are totally silent on this proposal. We are also puzzled as to why the ADB has not raised any concerns over the proposed shift even when its loan for JPCL Unit-1 is not fully utilized yet.



Moreover, the proposed \$500 million investment to convert a plant initially financed by a \$500 million ADB loan puts a serious question mark over JPCL Unit-1's financial viability. As the project's key financier, the ADB must examine and assess its viability and make its findings public.

Equally importantly, the socio-ecological consequences of the proposed shift warrant that a new Environmental and Social Impact Assessment (ESIA) is carried out for JPCL Unit-1. The most important reason for carrying out the new assessment is that Thar's lignite coal is dirtier, has lower calorific value and emits more PM2.5 and sulfur oxide than sub-bituminous coal which constitutes 80 percent of the Unit-1 original fuel mix. The proposed shift, therefore, will lead to a substantial and unaccounted-for increase in the pollution to be caused by the project.

Additionally, lignite coal requires significantly more water than sub-bituminous coal before it can be used for power generation. The extraction of either groundwater or river water for this purpose will exacerbate water scarcity already being faced by communities living next to JPCL Unit-1 as well as those living downstream in the Indus Delta.

The handling of coal ash from the converted plant also remains unclear. The project's original Environmental Impact Assessment (EIA) report estimates that it will produce a colossal volume of ash which, in turn, will require a huge piece of land for its disposal. In the interest of clarity, the relevant part of the report is being reproduced below:

*The annual ash produced from the Project will be in excess of 400,000 tons. Options for disposal of fly ash and prospects for sale to the cement industry are under consideration. Taking into account the potential for recycling of fly ash in the cement and construction industry, the land requirement for the ash disposal for ten years is about 100 acres.* The depth of the ash pond will be around 3.5 m to avoid ash dust formation from the wind.

The proposed conversion will increase not only the volume of ash but also the land required for its disposal. The EIA mentioned above already notes that lignite coal has a 14-15 percent ash content compared to the mere 4 percent ash content in sub-bituminous coal, further necessitating a recalibration of ash handling strategies at the power plant.

What is even more worrying is the fact that the existing environmental law framework does not include specific regulations for handling coal ash. This means that JPCL will face no legal penalties if it does not handle coal ash as per international best practices. We, therefore, urge the bank to make



the approval of these guidelines a precondition for any further development at JPCL Unit-1, including its commissioning and conversion.

Pertinently, it is not the first time that we are raising such questions about the ADB's involvement in coal-based power generation in Pakistan. During our communication with it over its pre-feasibility studies for energy transition mechanism (ETM), we urged it to prioritize socio-ecological and community concerns while considering which coal-fired power plants to retire. We specifically emphasized pre-selecting JPCL Unit-1 for retirement as a manifestation of the ADB's willingness to correct its course on investment in coal-based power generation in Pakistan. We thought it only fitting that the ADB itself should undo the damage it had caused by investing in JPCL Unit-1.

We are also aware of the communications between the ADB and residents of Thar, represented by Mr Leela Ram, regarding the adverse impacts of lignite coal mining on their lives, livelihood and livestock. We acknowledge the fact that the ADB did shortlist one of Thar's coal-fired power plants for potential retirement but we are wondering when, if at all, it will respond to the pleas for the retirement of JPCL Unit-1. We sincerely hope that it understands the severe social and economic costs an increased use of Thar coal will have on the people living near coal mines. It is, indeed, really unfortunate that these important stakeholders were neither consulted during the gestation stage of JPCL Unit-1 nor are they being consulted before converting it entirely to Thar coal. It is disconcerting to note that the ADB seems oblivious to the plight of this community despite having received letters from its representative about the detrimental effects of mining on its lives, environment and water resources.

Given all that goes above and given that the ADB is a self-professed champion of responsible socio-ecological practices, we always expected that it would initiate some action on its own on the proposal to shift JPCL Unit-1 to Thar coal. We, however, are saddened to note that it has taken no such action yet. Should we assume that the proposal has already had the ADB's silent consent? If not then we demand that the ADB explain the considerations that are keeping it silent on the issue. We also demand that the ADB must break its silence immediately and provide answers to the following question:

1. What are its roles and responsibilities if and when significant changes are made to the projects funded by it, particularly when those changes have profound and adverse social and environmental impacts?
2. What are the ADB's due diligence obligations in response to the proposed modifications in JPCL Unit-1?
3. What implications will an ADB approval of the proposed shifting of the power plant to Thar coal have on the ADB's obligations under international law and under its own forthcoming ESF framework?



Here we must warn the ADB once again about the impacts of the proposed conversion as it will further devastate the already suffering community in Thar, on the one end, and create new catastrophes for those living close to JPCL Unit-1, on the other end. These impacts are in addition to the one the project will have on the Indus river and those dependent on the river for drinking water, irrigation and other socio-economic and environmental purposes. We believe that we do not need to elaborate on the last point since the ADB has already been made amply aware of the destruction of water resources from coal mining and coal-based power generation in Thar.

In the end, we would like to remind the ADB of its own claim of having become “the climate bank of Asia and the Pacific.” If, however, it remains a silent spectator to the proposed conversion of JPCL Unit-1, approves it covertly or becomes an active party in this process, its above-mentioned claim will neither have any substance nor any meaning. We would also like to remind the ADB that its silence, connivance or complicity over the proposal will be in violation of its own climate aspirations, particularly those enshrined in the principles guiding the proposed revisions to its ESF framework.

In our point of view, the ADB’s failure to take note of the environmentally threatening and socially worrying proposal to shift JPCL Unit-1 to Thar coal will amount to moving many steps backwards in the quest for responsible climate action. It will certainly derail Pakistan’s energy transition and will also set a bad precedent for the conversion of other coal-fired power plants to local fuel.

Silence, therefore, is not an option for the ADB. Otherwise, we will be justified in seeing it as the prime mover behind Pakistan’s continued expansion of and reliance on coal-based energy generation.

We await your reply.

Respectfully,

Muhammad AbdurRafe

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*The following member organizations of the Alliance for Climate Justice and Clean Energy (ACJCE) have endorsed these comments:*



S#	Organization Names	Logos
1	Indus Consortium for Humanitarian, Environmental And Development Initiatives	
2	Alternative Law Collective	
3	The Knowledge Forum	
4	Policy Research Institute for Equitable Development (PRIED)	
6	Lok Sujag	