



Mr. Shahid Khaqan Abbasi,
Minister for Petroleum & Natural Resources,
Room No. 301, 3rd Floor,
A Block Pak Secretariat
Islamabad.

Sub: Serious Objection on violation of Public Procurement Rules 2004 in procurement process
for award of Liquefied Natural Gas Retrofit Project

Dear Sir,

Transparency International Pakistan refers to its letter dated 9th September 2013 in which clarification on your statement that you have told "the SNGPL chairman to examine all legal implications of the majority decision, and keep in mind that tolling charges offered by 4Gas Asia at 80 cents per MMBTU would be considered as benchmark, and if future bids were on the higher side, he and his supporting members would be held responsible".

No response has been received from you on this allegation.

Another complaint is received the same project is forwarded for your examination, with copies of one director's letter to Chairman SSGC,L, email correspondence between SSGCL and Legal Advisor Mr Anwar Mansoor Khan, and draft minutes of last Board meeting of SSGCL. **Annex-A.**

The allegations, like change of professional recommendations by Consultants are very serious and may amount to application of PPRA Rule No 2 (f) on all the firms/persons related to this project, processing a tender after legal validity of bids has expired.

TI Pakistan is of the same view that according to Rule No 26 (3) bid validity cannot be extended more than one extension equal to original validity period. As such the Liquefied Natural Gas Retrofit Project bids are not valid after 20th August 2013, and such bids can not be considered after the expiry of legal period of the Bid Guarantee, which has been illegally extended by the bidder voluntarily, which may result into application of Rule 2(f) on the company.

The recommendations of TI Pakistan given to SSGCL on 26 July 2013 is reproduced below,

As the delay in LNG import has been going on since 2005, due to one reason or other, TI Pakistan proposes following immediate action by SSGCL, which were not followed.

- 1. Invite Tenders from the 5 LNG terminal licence holders, as well as from all parties/JVs who are interested, who shall provide proof of having at least one LGN Terminal. 15 days Tender Notice be issued on Monday 29 July 2013.*
- 2. Evaluation Criteria, shall be only the Tolling Rate per mmbtu. There shall be only two parts of tooling Rates, i) Capacity Charge, Variable Charge.*
- 3. The lowest offered bid will be accepted.*
- 4. The Bids will be opened on 13th August 2014.*



5. Evaluation shall be completed on 20th August 2014, and posted on SSGCL and PPRA website.
6. Contract awarded on 5 September 2013.

This is also reported to TI Pakistan that in December 2012 SSGCL had invited tenders for LNG Terminal from PQA licensed firms, fate of which is not known.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,

Syed Adil Gani
Adviser

Copies forwarded for information to;

1. Secretary to the Prime Minister, for information of the Prime Minister, , Islamabad,
2. Minister of Finance, Islamabad
3. Minister of Petroleum, Islamabad
4. DG NAB (A & P), NAB, Islamabad.
5. MD, PPRA, Islamabad
6. Registrar, Supreme Court of Pakistan, Islamabad.