



21st October 2013

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

Sub: ISGS Tender No. ISGS/Proc/TE-FTLNG/2013 for LNG Services may again become a
disputed Tender.

Dear Sir,

Transparency International Pakistan refers to its letter on the subject tender dated 8th August 2013, whereon it was pointed out that the ISGS Tender Enquiry No. ISGS/Proc/TE-FTLNG/2013 is not in accordance with of Public Procurement Rule 2004 and that LNG handling/regasification is not allowed at any of the existing Terminals at PQA under the terms of the Implementation Agreements of FOTCO and EVTL.

The ministry was notified by TI Pakistan that PQA has no authority to allow to amend the existing terms of the operative terminals, such as to add LNG cargo, for sanctity of contract as well as safety reasons, PQA has awarded licence to various companies to set up LNG terminal near main port for in a special area after qutab point, which is 2 KM away.

TI Pakistan's apprehensions were confirmed by PQA. In a news item published on 15th October 2013. Quoted below PQA has refused to allow FOTCO and EVTL to use their terminals for LNG handling.

The Port Qasim Authority (PQA) has refused to grant a No Objection Certificate (NOC) to Fauji Oil Terminal and Distribution Company Limited (Fotco) and Engro Vopak Terminal Limited (EVTL) to use its jetties for handling liquid natural gas (LNG) imports in its main channel, saying that it could be very dangerous and hazardous for the port, the surrounding industrial installations and population.

According to letters written by PQA to Fotco and EVTL, copies of which are available with The Express Tribune, Fotco and EVTL had requested PQA to provide NOCs for use of their existing jetties for handling LNG imports in PQA's main channel.

Although PQA had refused to issue NOCs for use of its main channel in August 2012, Fotco and EVTL are pressing the authority to allow them to use the existing channels. PQA, in its letter written on October 8, said that it could not change its stance as the LNG Policy stressed to ensure all international safety standards are met, and the widening of the channel near the FOTCO terminal will not achieve minimum recommended safe passage as per international safety standards mentioned in the LNG Policy 2011. PQA further said that it would block its expansion master plan of additional berthing and basin area.



It has been reported that only two Bids have been received on 14th October 2013 from FOTCO and EVTL. In case the proposals are not on the existing Terminals FOTCO Oil Terminal, and EVTL Chemical Terminal, the Bids are to be evaluated in accordance with the pre determined Evaluation Criteria, given in the Bid Documents.

In case both Bid are on the existing Terminals FOTCO Oil Terminal, and EVTL Chemical Terminal, government will be again wasting time in further processing of the bids. The Ministry should invite Tenders on the basis of TI Pakistan recommendations of 26th July 2013.

TI Pakistan in order to expedite Transparent Tendering, in its letter to the Minister dated 3 August 2013, had advised to follow the recommendations forwarded to SSGCL on 26th July 2013, to invite tenders and award it in 6 weeks time.

As the delay in LNG import has been going on since 2005, due to one reason or other, TI Pakistan had proposed the following immediate action by SSGCL;

- 1. Invite Tenders from the 5 LNG terminal license 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.*

TI Pakistan is striving to have transparency in procedures and Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in country.

Regards,


Syed Adil Gilani
Adviser

Copies forwarded for information and appropriate action under the mandate vested, to,

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



PORT QASIM AUTHORITY
(PRIVATE SECTOR PROJECTS DEPARTMENT)

Gateway to National Prosperity

No. PQA/Dir(PSP)/368/2011
Dated: 8/10 October, 2013

M/s Fauji Oil Terminal and Distribution Company Limited
Port Qasim, Bin Qasim
Karachi
Fax # (92-21) 4720010 / 5395656

Subject: NOC FOR PROPOSED LOCATION OF FAST TRACK LNG PROJECT AT PORT QASIM

1. Please refer to FOTCO's letter No. FK/COO/LTSP1913/1 dated 19th September 2013 on the subject matter. PQA standpoint on the issues at the outset is explained in the ensuing paragraphs.
2. In the light of GoP LNG Policy and MoD instructions, it is stressed that every developer should ensure compliance of all national and international safety, hazards, exclusion zones and mitigate all consequential effects. The widening of channel abreast FOTCO terminal will not achieve the minimum recommended safe passage distances as per international codes & standards mentioned in GoP LNG Policy 2011.
3. The location of the new jetty proposed by FOTCO for PSRU on west of existing FOTCO jetty is earmarked for QP-2 and eastern side is assigned for the future expansion in Master Plan which will permanently block PQA future plans of additional berthing and basin area. Hence, besides other complications it will require amendments in PQA Master Plan.
4. Keeping in view GoP LNG policy and international safety /security guidelines, codes & standards promulgated time to time for safe passing distance, operational issues and close proximity of working population, main terminal facilities etc, FOTCO is advised to pursue the matter in accordance with PQA letter No. PQA/Dir(PSP)/368/2011 dated 30th August 2012.


(Muhammad Saqib)
Secretary

Copy to:

1. PS to the Minister for Ports & Shipping, Islamabad
2. The Secretary, Min of Ports & Shipping, Govt. of Pakistan, Islamabad
3. The Secretary, Min of P&NR, Govt. of Pakistan, Islamabad
4. The Managing Director, Inter State Gas Systems (Pvt) Limited,
517-Margalla Road, F-10/2, Islamabad.



Gateway to National Prosperity

PORT QASIM AUTHORITY
(PRIVATE SECTOR PROJECTS DEPARTMENT)

No. PQA/DGM(PSP)/253/2007
Dated 8th October 2013

M/s Engro Vopak Terminal Limited
Marine Drive HC-3 Clinton Block-IV
Karachi

Attn: **Sheikh Imran-ul Haque, CEO**

Subject: **EVTL PROPOSAL ON FAST TRACK LNG IMPORT TERMINALS,
LNG SERVICES, STORAGE & RE-GASIFICATION.**

1. Please refer to the meeting held on 13th September 2013 and in the follow up EVTL letter dated 14th September 2013 on the subject matter. PQA standpoint on the issues at the outset is explained in the ensuing paragraphs.

2. It is point of serious concern that EVTL's QRA findings state that "the main drawback of the brown field is the close proximity of the LNG terminal to the main port terminal facilities, industrial facilities, working population and accommodation facilities. Any potential medium to large release of gas under the current prevailing wind conditions is likely to have a potential impact on the adjacent facilities". In the light of GoP LNG Policy 2011 and MoD instructions, every developer is required to ensure compliance of all national and international safety, hazards, exclusion zones and mitigate all consequential effects.

3. The coordinates of jetty proposed by EVTL in its said letter dated 14th September 2013 have been plotted on the Master Plan which comes out to be 300 to 400 meters approx. west of existing chemical jetty and as such it will not only obstruct the entrance to the future 05 x jetties but will also permanently block the planned basin area. Hence, besides other complications it will require amendment in PQA Master Plan.

4. Keeping in view GoP LNG policy and international safety /security guidelines, codes & standards promulgated time to time for safe passing distance and close proximity of industrial facilities, working population, main terminal facilities etc. EVTL/EPTL is advised to pursue the matter in accordance with PQA letter No.PQA/Dir(PSP)/331/2009 dated 24th August 2010 read with letter No. PQA/Dir(PSP)/253/2011 dated 19th September 2011.

(Muhammad Saqib)
Secretary

Copy to:

1. PS to the Minister for Ports & Shipping, Islamabad
2. The Secretary, Min of Ports & Shipping, Govt. of Pakistan, Islamabad.
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