



# TRANSPARENCY INTERNATIONAL-PAKISTAN

30<sup>th</sup> September, 2014

Federal Secretary,  
Minister of Ports & Shipping,  
Government of Pakistan,  
Secretariat Block D,  
Islamabad.

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## Reminder

**Sub:** Port Qasim Authority has executed LNG Terminal Implementation Agreement for 30 Years, in violation of ECC decision for LNG import for 15 years, ISGS Tender Condition of 15 years in Tender Ni. ISGS/Proc/TE-FTLNG/2013, and SSGCL Operation and Service Agreement dated 29-4-2014 for 15 years.

Dear Sir,

This is with reference to Transparency International Pakistan's letter dated 15<sup>th</sup> September, 2014, sent to the Federal Secretary, Minister of Ports & Shipping, on cited subject. However no reply has been received till date.

Transparency International Pakistan, vide its above mentioned letter, had forwarded a complaint on tenders for the Fast Track LNG Import terminal which was invited by Interstate Gas System PVT, Ltd, ISGS in 2013, and tender documents was to be issued on 15-8-2013. After pre-bid meeting, on request of all bidders, the period of Contract was amended from 10 years to 15 years.

The complaint has been examined by TI-P. The serious violation in transparent bidding noted is the Change of Contract period unilaterally and without any authority by PQA in June 2014 for LNG Supply and Terminal facilities at PQA, in contradiction to the approved period only 15 years by ECC/ISGS/SSGCL.

The Secretary, Ports & Shipping is requested to take immediate corrective action to amend the period of Contract in IA of PQA to 15 years in order to avoid future litigations.

A news item about same issue. Engro finds major faults in LNG terminal agreement published today is also attached, which if of concern to TIP as PQA/MoP&S are also not complying with the law.

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

With Regards,

Sohail Muzaffar  
Chairman

Copies forwarded for the information with request to take action under their mandate to:

1. Secretary to Prime Minister, Islamabad.
2. Mr. Khurshid Shah, Leader of Opposition & Chairman, PAC, National Assembly, Islamabad.
3. Chairman, NAB, Islamabad.
4. Minister of Finance, Islamabad.
5. Minister of Ports & Shipping, Islamabad.
6. Registrar, Supreme Court of Pakistan, Islamabad.



## Engro finds major faults in LNG terminal agreement

[Newspaper view](#) [Print](#)

By Khaleeq Kiani | 9/30/2014 12:00:00 AM

ISLAMABAD: As the government may be expecting early commissioning of first LNG terminal, the Engro Terminal Pakistan Limited the contractor and operator has complained of non-fulfilment of at least 10 contractual obligations by the government and the Sul Southern Gas Company Limited (SSGC).

In a complaint to Federal Minister for Petroleum Shahid Khagan Abbasi, Petroleum Secretary Abid Saeed, SSGC Chairman Ismail Miftah, and SSGC MD Shoaib Warsi, the chief executive officer of Engro Elengy Terminal Limited (EETL), Shaikh Imranul Haque, has conveyed concerns that delay in resolution of commitments was now resulting in delay of first gas date and our inability to progress the project as per schedule.

According to the petroleum minister, the EETL was required to achieve commercial operation of the terminal by the end of March 2015 under the agreement. However, he said, the government was pushing it to complete the terminal by the end of December or January.

Mr Shaikh said that the government had directed the SSGC to hire requisite legal support required to close out the direct agreements and options agreement, draft of which has been pending with the SSGC.

Moreover, agreements were required to be finalised with all the parties before Aug 28, 2014. These included Marine Construction Direct Agreement, Pipeline Construction Direct Agreement, Port Qasim Lease Direct Agreement, Bridge Floating Storage and Regasification Unit (FSRU) Charter Direct Agreement, Long term FSRU Charter Direct Agreement, Port Qasim Authority Implementation Direct Agreement and EVTL Support Services Direct Agreement.

Likewise, option agreements were also needed to be finalised. These included agreement between FSRU owner, SSGC and EETL regarding the grant of a purchase option in favour of SSGC by the FSRU owner with respect to long term FSRU and agreement between SSGC and EETL regarding grant of a purchase option in favour of SSGC with respect to Connecting Pipeline, the unloading facilities and other relevant facilities by EETL.

The EETL chief said the condition of use was also not finalised before signing of an agreement on April 30 and it was mutually agreed between SSGC and EETL that this schedule will be finalised within 30 days i.e.

by May 29. However, due to expiry of consultancy with QED consultants, this schedule was still pending.

The EETL has also complained that it was to be provided with standby letter of credit (SBLC) by Aug 28 but there was no progress on the matter.

On top of that, the company has complained that it has not yet been taken into confidence over development of billing and commissioning procedures and the procedure for LNG handling for multiple customers of EETL and no response had come from SSGCL despite repeated reminders.

Oil and Gas Regulatory Authority (Ogra) had formally issued a licence to EETL for construction of a terminal at Port Qasim for landing and regasification of LNG to be imported next year.

This was one of the most critical stages towards import of about 500mmefd (million cubic feet per day) LNG originally targeted for November 2014 by the PML-N government. The target was revised to April 2015