


No. F. 1(20)/DD-II/PPRA/2011  
GOVERNMENT OF PAKISTAN  
PUBLIC PROCUREMENT REGULATORY AUTHORITY  
(CABINET DIVISION)  
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Islamabad, the October 28, 2011.

SUBJECT: SSGCL IS ILLEGALLY SUPPLYING GAS TO KESC – KESC DOES NOT HAVE ANY GUARANTEED GAS SUPPLY COMMITMENT IN THE IMPLEMENTATION AGREEMENT OF 2005.

Reference Public Procurement Regulatory Authority Letter No. Nil Dated 23.09.2011 on the subject cited above.

2. Your request was forwarded to Sui Southern Gas Company Limited (SSGC) for disposal under Rules – 48 of PP Rules, 2004. Procuring Agency has given the comments on the request and the same is being enclosed for your kind perusal.

  
( Naeem Ahmed )  
Deputy Director-II

**Syed Adil Gilani,**  
Advisor,  
Transparency International- Pakistan,  
5 C, 2<sup>nd</sup> Floor,  
Khayaban-e-Ittehad, Phase VII,  
DHA,  
KARACHI



**SSGC**

**Sui Southern Gas Company Limited**

Syed Adil Gilani  
Adviser  
Transparency International Pakistan  
5C, 2<sup>nd</sup> Floor, Khayaban-e- Ittehad, Phase VII  
DHA, Karachi

DMD (CS) / TI - KESC  
25 October 2011

**Subject: SSGCL is illegally supplying Gas to KESC – KESC does not have any guaranteed gas supply commitment in the Implementation Agreement of 2005**

Dear Sir,

This is with reference to your letter dated 21 September 2011 on the above subject, which comprises two parts. One relates to NEPRA's action against KESC and the other relates to guaranteed supplies of gas under Implementation Agreement 2005.

- Part One: NEPRA's action against KESC; as the matter does not pertain to SSGC, we cannot provide any comments.
- With reference to the other part : guaranteed supplies of gas under Implementation Agreement 2005, our comments are as follows:

We wish to inform that contrary to your statement of 300 MMCFD gas as mentioned in the first line of your above referred letter, SSGC is currently supplying only 190 MMCFD gas to KESC. The average supply to KESC during the last financial year has been 159 MMCFD. Our average supply during this financial year up to 30 September 2011 is 186 MMCFD.

SSGC is not privy to the terms and conditions of the Implementation Agreement 2005. Therefore, we are not aware of the provision of guaranteed Gas supply to KESC.

The Government of Pakistan had allocated 276 MMCFD gas to KESC. Out of which allocation of 40 MMCFD gas had lapsed as KESC failed to fulfill the allocation conditions. Therefore, as per our understanding KESC gas allocation is only 236 MMCFD.

SSGC is currently supplying gas 190 MMCFD gas at the insistence of the Government in order to allow KESC to reduce its electricity load shedding and also as per the court orders of the Honorable High Court of Sindh. SSGC is supplying this gas on best effort basis and its volumes are dependent upon the availability of gas received from gas fields. Contd...page 2

*DWI*

DD-II *[Handwritten signature]*

*4000  
27-10-2011*

By No. 1266-1-000.IVPPRA/2009  
Dated: 25-10-11

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## Sui Southern Gas Company Limited

Furthermore, SSGC is supplying gas to KESC at the gas price which is duly approved by the Government of Pakistan and notified by Oil and Gas Regulatory Authority (OGRA) and is the same for WAPDA Power Stations at Rs. 447.14 Per MMBTU, which is higher than the tariff for Independent Power Producers at Rs. 377.39 Per MMBTU. Therefore, we are not supplying gas at subsidized rates to KESC as stated in your letter.

We hope the above clarifies the position.

Yours faithfully

Zuhair Siddiqi  
Deputy Managing Director  
(Corporate Services)

CC:

1. Chairman, Public Accounts Committee, Islamabad
2. Auditor General Pakistan, Islamabad
3. Registrar Supreme Court of Pakistan, Islamabad
4. MD, PPRA, Islamabad
5. Chariman, NAB, Islamabad
6. Mr. Nisar Ahmed, Director SSGC, Karachi
7. MR. Sohail Wajahat Siddiqui, Chairman PSO, Karachi