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Member (Oil) Office
Date: 03/03 Time: 12:20 PM

Chairman's Secretariat, OGRA
23-02 11:45 Dy. No. 09

To: The Registrar,
Oil & Gas Regulatory Authority (OGRA)
54-B, Fazal-e-Haq Road,
Blue Area, Islamabad

Subject: **FEED Based Tariff Submission Related to MTT-WOP by Frontier Oil Company – 1 (FOC-1) Pursuant to Grant of Construction License No: OIL-01/2018 by Authority under Rule 25(2) of Pakistan Oil Rules, 2016**

1. In pursuance of the grant of Construction License No. OIL-01/2018 and its subsequent renewal upto 7 June 2025 vide OGRA letter no. OGRA (OIL)-19-3 (155)/2017 Vol-III dated 10 February 2022 by the Honorable Authority for Machike-Thallian-Taru Jabba White Oil Pipeline (MTT-WOP) Project, it is stated that FOC-1 is undertaking out project development activities on a fast track basis.

2. FOC-1 is hereby submitting the FEED based Tariff Petition for MTT-WOP Project which is based upon the 3rd party FEED and CAPEX/ OPEX review process by WOOD PLC.

3. FEED based Tariff has been calculated through Financial Modeling based on CAPEX/ OPEX estimates of optimized FEED and outlined in attached documents "TARIFF PETITION MTT-WOP" including its supporting documents (attached as Schedules) listed below:-

a. **Volume I** (One Book)

- (1) Schedule-1: Regulatory Consents and Approvals
- (2) Schedule-2: Interim Term Sheets
- (3) Schedule-3: ROW charges
- (4) Schedule 4: CAPEX and OPEX Summary
- (5) Schedule 5: Project Schedule
- (6) Schedule 6: Ernst & Young Report on Financial Model
- (7) Schedule 7: Financial Model

b. **Volume II** (Seven Books)

- (1) Schedule 8: Feed Summary Report
- (2) Schedule 9: Engineering Survey & Mapping and Topographic Sheets

c. **Volume III** (Three Books)

- (1) Schedule 10: ESIA Report
- (2) Schedule 11: Volume Studies Report



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4. Submitted for consideration, review and further advise by the Authority, please.


CEO FOC1
(Brigadier Shamim Akram, Retired)

Case Number 103/WOP/OGRA License/FOC1 dated 22 February 2022

Copy to: The Chairman, Oil & Gas Regulatory Authority (OGRA)
Member (Oil) – OGRA
Senior Executive Director (Oil) - OGRA

Project Cost

1

Description	Amount (USD)	Amount (USD)
CAPEX - Terminals	57.31	57
CAPEX - Pipeline	107.97	108
Total Construction Cost	165.28	165
Contingencies	33.06	33
Insurance	0.83	1
Taxes & Duties	12.40	12
Total EPC Cost	211.56	212
Upfront Right of Way Rental Charges	18.25	18
Land Acquisition	3.83	4
Line Fill Charges	0.00	-
Escalations (RoW & Line Fill Charges)	0.00	-
RoW & Line Fill Charges	22.08	22
SPVC Cost	1.00	1
Design & Supervision	6.94	7
Management & Consultancy	0.00	-
Development Cost	7.94	8
Local Financing		
IDC	33.49	33
Arrangement Fees	0.17	0
Commitment Fees	2.43	2
DSRA	0.00	-
Exchange Loss on 50% Foreign Component	0.00	-
Financing Cost	36.09	36
Foreign Financing		
IDC	0.00	-
Arrangement Fees	0.00	-
Commitment Fees	0.00	-
DSRA	0.00	-
Financing Cost	0.00	-
Total Project Cost	278	278



Project Cost

2

Description	Amount (USD)	Amount (USD)
CAPEX - Terminals	21.70	22
CAPEX - Pipeline	54.70	55
Total Construction Cost	76.40	76
Contingencies	15.28	15
Insurance	0.38	0
Taxes & Duties	5.73	6
Total EPC Cost	97.79	98
Upfront Right of Way Rental Charges	9.80	10
Land Acquisition	0.00	-
Line Fill Charges	0.00	-
Escalations (RoW & Line Fill Charges)	0.00	-
RoW & Line Fill Charges	9.80	10
SPVC Cost	1.00	1
Design & Supervision	3.21	3
Management & Consultancy	0.00	-
Development Cost	4.21	4
Local Financing		
IDC	15.51	16
Arrangement Fees	0.08	0
Commitment Fees	1.12	1
DSRA	0.00	-
Exchange Loss on 50% Foreign Component	0.00	-
Financing Cost	16.71	17
Foreign Financing		
IDC	0.00	-
Arrangement Fees	0.00	-
Commitment Fees	0.00	-
DSRA	0.00	-
Financing Cost	0.00	-
Total Project Cost	129	129



Year Count		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Year		01-Jul-23	01-Jul-24	01-Jul-25	01-Jul-26	01-Jul-27	01-Jul-28	01-Jul-29	01-Jul-30	01-Jul-31	01-Jul-32	01-Jul-33	01-Jul-34	01-Jul-35	01-Jul-36	01-Jul-37
Total entering Machike (MCK)	Tons	3,177,522	3,631,818	4,143,576	4,271,316	4,407,542	4,546,813	4,687,164	4,829,153	4,975,379	5,123,739	5,274,310	5,427,168	5,582,392	5,703,982	5,839,295
Thallain (THL) to Taru Jabba (TJB)	Tons	1,197,692	1,293,319	1,373,486	1,444,842	1,512,813	1,576,258	1,636,842	1,696,617	1,755,318	1,813,517	1,870,925	1,927,980	1,983,742	2,038,610	2,089,409

Year Count		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Year		01-Jul-38	01-Jul-39	01-Jul-40	01-Jul-41	01-Jul-42	01-Jul-43	01-Jul-44	01-Jul-45	01-Jul-46	01-Jul-47	01-Jul-48	01-Jul-49	01-Jul-50	01-Jul-51	01-Jul-52
Total entering Machike (MCK)	Tons	5,976,003	6,114,148	6,253,776	6,394,934	6,537,671	6,682,038	6,828,088	6,975,877	7,125,463	7,276,909	7,430,277	7,585,636	7,743,057	8,002,750	8,271,153
Thallain (THL) to Taru Jabba (TJB)	Tons	2,140,305	2,189,657	2,240,416	2,292,623	2,346,321	2,401,554	2,458,369	2,516,812	2,516,812	2,516,812	2,516,812	2,516,812	2,516,812	2,516,812	2,516,812

WACC Calculation**Cost of Capital**

Project IRR	14.6%
Equity IRR	25.0%

WACC Calculations

Cost of Equity	Re	38.56%
Cost of Debt	Rd	13.25%
Weight of Equity	We	30%
Weight of Debt	Wd	70%
Tax	T	29%
WACC	= {Re/(1-t)}*30% + Rd*70%	25.57%



WACC Calculation

Tariff - Cost of Service					Return on year end assets at WDV			
Year	Operating Expenditures	Depreciation	Other Operating Cost	Cost of Capital	Product Volumes	Tariff		
						Total Revenue	USD / MT	
2023	11	9	3	63	3,177,522	87	27.3	
2024	12	9	3	61	3,631,818	85	23.4	
2025	12	9	3	59	4,143,576	83	20.1	
2026	12	9	3	57	4,271,316	82	19.1	
2027	12	9	3	55	4,407,542	80	18.1	
2028	13	9	3	54	4,546,813	79	17.4	
2029	14	9	3	52	4,687,164	78	16.6	
2030	14	9	3	50	4,829,153	77	15.8	
2031	14	10	3	48	4,975,379	75	15.1	
2032	15	10	3	46	5,123,739	74	14.5	
2033	16	10	3	44	5,274,310	73	13.9	
2034	16	10	3	42	5,427,168	72	13.2	
2035	17	10	3	41	5,582,392	71	12.6	
2036	17	10	3	39	5,703,982	69	12.1	
2037	17	10	3	37	5,839,295	67	11.5	
2038	19	10	3	35	5,976,003	67	11.2	
2039	19	11	2	33	6,114,148	65	10.7	
2040	20	11	2	31	6,253,776	64	10.2	
2041	21	11	2	29	6,394,934	63	9.8	
2042	21	11	2	27	6,537,671	61	9.3	
2043	22	11	2	25	6,682,038	60	9.0	
2044	23	11	2	23	6,828,088	59	8.7	
2045	23	11	2	21	6,975,877	58	8.3	
2046	24	11	1	20	7,125,463	56	7.9	
2047	25	11	1	18	7,276,909	55	7.6	
2048	26	12	1	16	7,430,277	54	7.3	
2049	26	12	1	14	7,585,636	53	7.0	
2050	28	12	1	12	7,743,057	52	6.8	
2051	28	12	1	10	8,002,750	51	6.3	
2052	28	12	0	0	8,271,153	40	4.9	



WACC Calculation

Tariff - Cost of Service

					Return on year end assets at WDV			
Year	Operating Expenditures	Depreciation	Other Operating Cost	Cost of Capital	Product Volumes	Tariff		
						Total Revenue	USD / MT	
2023	7	4	1	29	3,177,522	42	35.1	
2024	7	4	1	29	3,631,818	41	31.9	
2025	7	4	1	28	4,143,576	40	29.5	
2026	6	4	1	27	4,271,316	39	26.8	
2027	7	4	1	26	4,407,542	38	25.1	
2028	7	4	1	25	4,546,813	38	23.9	
2029	7	4	1	24	4,687,164	37	22.7	
2030	7	4	1	23	4,829,153	37	21.5	
2031	8	4	2	22	4,975,379	36	20.4	
2032	8	4	2	21	5,123,739	35	19.5	
2033	8	5	2	21	5,274,310	35	18.7	
2034	8	5	1	20	5,427,168	34	17.8	
2035	9	5	1	19	5,582,392	34	17.0	
2036	9	5	1	18	5,703,982	33	16.2	
2037	9	5	1	17	5,839,295	32	15.4	
2038	10	5	1	16	5,976,003	32	14.9	
2039	10	5	1	15	6,114,148	31	14.3	
2040	10	5	1	14	6,253,776	31	13.6	
2041	10	5	1	14	6,394,934	30	13.1	
2042	11	5	1	13	6,537,671	29	12.5	
2043	11	5	1	12	6,682,038	29	12.0	
2044	11	5	1	11	6,828,088	28	11.5	
2045	12	5	1	10	6,975,877	28	10.9	
2046	12	5	1	9	7,125,463	27	10.6	
2047	12	5	1	8	7,276,909	26	10.4	
2048	13	5	1	7	7,430,277	26	10.2	
2049	13	5	0	6	7,585,636	25	9.9	
2050	13	5	0	5	7,743,057	25	9.7	
2051	13	6	0	5	8,002,750	24	9.4	
2052	13	6	0	0	8,271,153	19	7.5	

