

LNG Terminal and Storage Access Rules, 2021

1. Short title and commencement.— (1) These rules shall be called the LNG Terminal and Storage Access Rules, 2021.

(2) They shall come into force at once.

2. Definitions.—(1) In these rules, unless there is anything repugnant in the subject or context,

- (a) “**Access Arrangement**” or “**Access Agreement**” means an agreement between the Terminal Operator and Terminal User executed in accordance with LNG Terminal and Storage Access Code for capacity allocation which may include berthing, unloading, measurement, quality testing, delivery, storage, re-gasification and/ or re-loading of LNG, as approved by the Authority;
- (b) “**Allocated Capacity**” means such Terminal Capacity that the Terminal Operator has allocated to each Terminal User at the time of any capacity allocation in accordance with the Rules and the Code;
- (c) “**Annual Delivery Programme**” or “**ADP**” means the annual schedule for delivery and unloading of LNG cargo of a Terminal User at the LNG terminal for re-gasification or re-loading in accordance with the provisions of the Code;
- (d) “**arm’s length**” means the manner in which unrelated parties transact business in the ordinary course, each acting independently and in its best interest;
- (e) “**Authority**” means the Oil and Gas Regulatory Authority;
- (f) “**Available Capacity**” means such Terminal Capacity that is not allocated or contracted or not in the use of a Terminal Operator;
- (g) “**Boil-off**” means the vapor that results from vaporization of LNG in the FSRU or the LNG Storage Facility (whether during reloading or while in the storage tanks), excluding such gas returned (by vapor return line(s) to the storage tanks during reloading;
- (h) “**Capacity Allocation**” means the maximum storage capacity and daily LNG re-gasification capacity in MMSCF/MMBTU or/and LNG re-loading capacity in million Tons, allocated by Terminal Operator to a Terminal User on firm or interruptible basis;
- (i) “**Capacity Declaration**” means the maximum total Terminal Capacity which may include storage capacity and daily LNG re-gasification capacity in MMSCF/MMBTU or LNG re-loading capacity in million Tons, declared by Terminal Operator;

- (j) **“Capacity Hoarding”** occurs when a terminal user books Terminal Capacity but fails to use it effectively and prevents the use of such capacity by another licensee interested in such Terminal Capacity subject to the terms of its Access Agreement;
- (k) **“Connected System”** means a gas pipeline transmission or distribution system or any other facility, equipment or system that is connected with LNG terminal downstream of the LNG /RLNG Delivery Point(s);
- (l) **“Custody Transfer Point(s)”** means, for the purpose of Terminal Access Arrangement,
 - (i) the flange at the downstream of the meter at which the LNG is transferred from the LNG Carrier by a hose into LNG terminal and/or;
 - (ii) at the point of transfer of LNG/RLNG from LNG Terminal into gas transmission network and/ or its reloading into LNG bowsers;
- (m) **“Dedicated use”** means the use of an LNG terminal by the Terminal Operator or Terminal User who has made firm commitment to the terminal operator to use certain Terminal Capacity for a minimum term of ten (10) years for own use and not for sale to the third party;
- (n) **Energy equivalence means** the balancing of energy content of LNG/RLNG received and dispatched by the terminal operator at the Custody Transfer Point(s) subject to agreed retainage.
- (o) **“Gas Delivery Point”** means the flange at the downstream of the meter installed at LNG terminal at which the gas is delivered to a shipper or customer;
- (p) **“LNG”** means Liquefied Natural Gas;
- (q) **“LNG reloading point”** means the point at the LNG terminal at which the flange coupling of the LNG terminal’s loading line joins the flange coupling of a truck, vessel or other vehicle for re-loading LNG;
- (r) **“LNG terminal”** means fixed or movable facilities, whether located on land or sea, used for loading, unloading, compression, measurement system(s), storage and re-gasification of LNG including all ancillary and auxiliary equipment and pipelines;
- (s) **“LNG Terminal and Storage Access Code”** or **“Code”** is the common set of standard conditions governing access arrangement between terminal operator and terminal user under these rules which shall include processes such as capacity declaration, Capacity Allocation, Capacity Hoarding, Nomination, metering, Tariff, invoicing and payment, force majeure, emergencies, communication, planned maintenance, operational planning and other operational matters, as approved by the Authority, and which shall bind the terminal operator not to discriminate as between similarly situated persons or classes of persons and services in the exercise of its rights or in the performance of its obligations;

- (t) “**Nomination**” means notification process between a terminal user and a terminal operator to schedule the daily, weekly, monthly, half yearly and yearly storage, re-gasification and delivery of gas at the gas delivery point or re-loading and delivery of LNG at the LNG re-loading point or provision of any other terminal services in accordance with the access agreement and Annual Delivery Programme (ADP).
- (u) “**Party**” means a terminal operator, terminal user or connected system operator who is party to an access agreement;
- (v) “**Person**” includes any individual or any legal entity including any partnership, firm, company, trust or corporation;
- (w) “**Re-gasification**” means the process by which LNG is processed to be returned into its gaseous state;
- (x) “**Re-loading**” includes loading of LNG on the trucks, ISO containers or vessels designated by a terminal user and approved by the relevant authority for the purpose in accordance with the access agreement;
- (y) “**Retainage**” shall include Boil-off and gas used as fuel for the operation of LNG terminal; lost and unaccounted-for gas in the LNG terminal including as a result of measurement errors; and gas flared and vented by the terminal operator for reasons of emergency; provided that the amount of retainage shall not be more than international best practices and benchmarks as may be agreed in the access arrangement/ agreement and/ or as may be approved by the Authority.
- (z) “**RLNG**” means natural gas obtained after gasification of liquefied natural gas;
- (aa) “**Shipper**” means a person holding a valid licence issued by the Authority for transmission, distribution, or sale of gas through access agreement for transportation of gas/LNG;
- (bb) “**Schedule**” means a schedule of regulatory fee(s) attached to these rules;
- (cc) “**Tariff**” means the charges payable by terminal user to terminal operator for the terminal services and any other costs and charges under the access agreement;
- (dd) “**Terminal Capacity**” means the berthing, unloading, storage, re-gasification and re-loading capacity of LNG terminal;
- (ee) “**Terminal operator**” means the person operating the LNG terminal under a license issued by the Authority;
- (ff) “**Terminal services**” means the services offered by LNG terminal in accordance with the terms of its license including berthing, unloading, re-loading, storage, re-gasification, measurement and quality testing whether on continuous, uniform or interruptible basis, in accordance with the access agreement; and

(gg) “**Terminal user**” means a shipper or other person that holds capacity of LNG terminal by entering into access agreement with terminal operator or Terminal Developer.

(2) The words and expressions used but not defined hereunder shall have the meanings as assigned to them in the Oil and Gas Regulatory Authority Ordinance, 2002 (Ordinance XVII of 2002) and LNG Rules, 2007. However, the detailed description and elaboration of different provisions of the Access Arrangement shall be those as contained in the Code approved under these rules, as amended from time to time by the Authority.

3. Applicability and Approvals.—(1) These rules and the Code shall apply to all present and future LNG terminals and parties; and each party shall comply with the provisions thereof except to the extent of any exemptions granted by the Authority under rule 15.

(2) Each party shall, in the performance of its respective role, adhere to the principles of competition, efficiency, fairness, non-discrimination, quality, reasonableness, transparency and comply with the Rules and the Code appended with the Rules.

(3) The Authority may, in respect of the matters requiring its approval under these rules and the Code, grant approval on an application made pursuant to these Rules/ LNG Rules 2007 including copy of the executed access agreement:

4. Terminal operator’s role.—(1) The terminal developer or operator shall,-

- (a) Develop a Capacity Allocation Mechanism consistent with rule 9 and the Code and submit it to the Authority for its approval. The Capacity Allocation shall be either through competitive bidding process or first come first serve basis in a fair, transparent and timely manner. [The above mechanism is to be submitted along with its application for the license whereas the existing licensees shall do so within thirty (30) days of the notification of these rules];
- (b) Prepare a tariff methodology and tariff structure consistent with rule 13 and the Code, and submit it to the Authority, in respect of public sector entity, [along with its application for the license whereas the existing licensees shall do so within thirty (30) days of the notification of these rules];
- (c) Publish on its website the information about Available Capacity, Allocated Capacities, released and reduced Terminal Capacities, types of terminal services, Tariffs for each type of terminal service, capacity allocation mechanism and such other disclosures as are required by these rules and the Code, and update any change therein with immediate effect but not later than Seven (7) days thereof;
- (d) “Obtain prior approval of the Authority for each access agreement for the allocation of Terminal Capacity, provided that the tariff of such access agreement in respect of private entities shall be mutually agreed and shall not necessitate the approval of the Authority;”

- (e) Allocate Available Capacity based on the capacity allocation mechanism and report each Capacity Allocation to the Authority with immediate effect but not later than seven (7) days thereof;
 - (f) Obtain prior approval of the Authority for each access agreement for the allocation of Terminal Capacity;
 - (g) Not prevent competition and ensure non-discrimination in providing terminal services and capacity allocation;
 - (h) Prevent capacity hoarding by terminal users through commercial and contractual remedies provided in the Code and access agreement, including through use-it-or-lose-it and other suitable measures;
 - (i) Facilitate the assignment or transfer of Terminal Capacity in accordance with the provisions of the Code;
 - (j) Transact business at an arm's length basis, particularly, in the case of integrated projects and affiliated entities;
 - (k) Act as a reasonable, efficient and prudent terminal operator; and
 - (l) Ensure safety, reliability, integrity and quality of terminal services, as per the best international practices.
- (2) Without prejudice to sub-rule (1), a terminal operator shall,-
- (a) receive, store, re-gasify and reload LNG cargoes,
 - (b) provide terminal services in accordance with the Code and access agreement;
 - (c) fairly and accurately manage inventories of LNG cargoes;
 - (d) allocate gas volumes/LNG on the basis of borrowing and lending, or other inter-user arrangements so as to ensure security of supply to the terminal users, in accordance with the Code and access agreement; and
 - (e) manage the terminal operations and provide terminal services in a fair and transparent manner.
- (3) The terminal operator shall adhere to all applicable standards and codes, as per best international practices and approved by the Authority from time to time, in the provision of terminal services.

5. Terminal user's role.—(1) A terminal user shall be responsible for,-

- (a) delivery of LNG cargoes in accordance with the annual, quarterly and monthly schedules developed by the terminal operator pursuant to the Code;
- (b) timely and accurate Nominations to the terminal operator for both LNG deliveries and gas send-outs or LNG re-loading from the LNG terminal in accordance with the Code and access agreement;
- (c) updating its Nominations (re-nominations) promptly where additional information becomes available, as set out in the access agreement;
- (d) cooperating with the terminal operator in the application of mechanism for borrowing and lending of LNG among the terminal users; and
- (e) taking delivery of gas at Gas Delivery Point and re-loading LNG in accordance with the Code and access agreement.

(2) The terminal users shall adhere to all applicable standards and codes in the utilization of terminal services.

6. Title and risk of LNG- (1) The title to the LNG delivered for and on behalf of the terminal user at the custody transfer point shall at all times vest in the terminal user;

(2) The custody, control and risk of loss of the terminal user's LNG shall pass from the terminal user to the Terminal Operator upon delivery of the same at the Custody Transfer Point.

(3) The custody, control and risk of loss of the inventory of a terminal user shall pass from the Terminal Operator to the terminal user upon,-

- (a) delivery of re-gasified LNG at the Gas Delivery Point;
- (b) delivery of LNG at the LNG re-loading point; or
- (c) return of LNG to the LNG Carrier at the Custody Transfer Point, if the LNG is returned during unloading operations.

7. LNG and Gas quality(1) A terminal user shall deliver LNG in terms of energy equivalence and as per the quality and specifications as given in the Code. The terminal operator shall send out gas or re-load LNG in accordance with the gas specifications as given in the Gas Network Code.

(2) The terminal operator shall have the right to refuse to accept, or to accept with certain conditions, the delivery of LNG at the Custody Transfer Point which does not conform to the quality and specifications as given in the Code.

(3) The terminal user shall have the right to refuse to accept, or to accept with certain conditions the delivery of,-

- (a) gas at the Gas Delivery Point which does not conform to the quality and specifications of the Gas Network Code; or

- (b) LNG at the LNG reloading point which does not conform to the quality and specifications of the Code.

8. LNG Terminal and Storage Access Code. —(1)The LNG Terminal and Storage Access Code or Code, as approved by the Authority, shall become an integral part of the access arrangements and shall be binding on the parties.

(2) The Pakistan LNG Terminal and Storage Access Code may be modified, from time to time, to incorporate any new developments after necessary consultation with the interested parties and the same shall be effective after approval by the Authority.

9. Terminal Capacity.—(1) In case of new LNG terminals and any expansion of the existing LNG terminals, the terminal developer or operator shall develop and implement the fair and transparent mechanism to assess demand for terminal services and allocate Terminal Capacity which shall be in accordance with the capacity allocation mechanism.

- (2) The terminal operator shall ensure the process in the following manner:-
 - (a) the market participants have access to the terminal operator’s website and offices to get all the relevant project information;
 - (b) the capacity allocation mechanism shall be available on the terminal operator’s website and an advance public notice thereof shall be published in one English and one Urdu newspaper having nationwide circulation;
 - (c) a project profile containing all the relevant information of the new LNG terminal or expansion of an existing LNG Terminal shall be available on the terminal operator’s website and shall also be submitted to the Authority, which shall include the following: -
 - (i) the total amount of planned Terminal Capacity;
 - (ii) the time frame by which Terminal Capacity will become available;
 - (iii) the descriptions of different types of terminal services, such as firm, spot and interruptible;
 - (iv) whether terminal services will be available as bundled packages or on segregated basis (e.g., individual services of berthing, unloading, storage, regasification and re-loading);
 - (v) any specific terms and conditions of terminal services;
 - (vi) the capacity allocation mechanism;
 - (vii) the applicable timelines and requirements for each step in the process of Capacity Allocation;
 - (viii) indicative range of tariffs for each terminal service;
 - (ix) introduction to the terminal developer and operator and their contact points; and
 - (x) any other relevant project information; and

- (d) the process for inviting and processing requests for Terminal Capacity, and accepting or rejecting such requests shall be transparent and non-discriminatory.

(3) The terminal operator shall hold meetings after an advance public notice, and inform the market participants about relevant details of the LNG project, including material on technical, financial and commercial information. The terminal operator shall allow the potential terminal users adequate time to submit non-binding requests for Terminal Capacity.

(4) In respect of the unused or uncontracted Terminal Capacity except as referred in sub-rule (1), the terminal operator may follow any mode of allocation specified in the capacity allocation mechanism which may include first-come-first-serve basis, public auctions/ competitive bidding, outreach to specific business sectors, first option to the existing terminal users and such other processes as are consistent with these rules and the Code.

(5) The terminal operator shall ensure that the capacity allocation mechanism meets the following conditions:-

- (a) be fair, transparent and non-discriminatory;
- (b) facilitate competition;
- (c) be compatible with the functioning of the wider market;
- (d) be capable of adapting to evolving market circumstances;
- (e) not hamper or create barriers to market entry by new participants;
- (f) not prevent market participants with a small market share from competing effectively;
- (g) reflect efficient and maximum use of Terminal Capacity to foster investment in the LNG terminal;
- (h) make terminal services available on a short, medium and long-term basis; and
- (i) offer market-based solutions for primary or secondary allocation of Terminal Capacity to terminal users.

(6) Bilateral negotiations may only be allowed in the case of dedicated use of the LNG terminal by an end-user, subject to the condition that the LNG terminal was set up specifically for the dedicated use and due approval has been granted by the Authority in this behalf.

10. Terminal Maintenance.—The terminal operator shall develop a schedule of annual maintenance of the LNG terminal for the subsequent year, after sharing it with all the terminal users and taking into account their observations. The schedule of annual maintenance shall be circulated to the terminal users to allow them to plan the delivery of LNG cargoes accordingly.

11. Inspection (s) by the Authority.—(1) The Authority through its own, or any of its designated officers or Third-Party Inspector(s) may appoint/ authorize to inspect the terminal facilities to ensure for compliance of the rules and the Code, from time to time.

(2) The cost of such inspections shall be borne by the Terminal Operator or the Terminal User, as the case may be.

12. Capacity allocation to short-term and small terminal users.—(1)The terminal operator shall allocate a minimum of **[ten (10) percent]** of the total Terminal Capacity of a new LNG terminal and any expansion of the existing LNG terminal to the terminal users,-

- (a) A party or a person which is interested to enter into an access agreement for a term not exceeding three (3) years; and/ or
- (b) which do not require more than ten (10) percent of the Available Capacity or such other amount as the Authority may, by notification in the official Gazette, specify in this behalf.

(2) A terminal operator shall not allocate whole of the Terminal Capacity to a single terminal user except with the prior approval of the Authority.

(3) If any amount of Terminal Capacity remains unallocated on account of insufficient interest after two public invitations have been made by the Terminal Operator, such unallocated amount of the Terminal Capacity may be allocated to any other interested person in accordance with the Capacity Allocation Mechanism.

13. Terminal Tariff. — (1)The terminal tariff shall be in accordance with the policy guidelines of the Federal Government from time to time and the same shall be adhered with the following principles or conditions:

- (a) it shall protect the users of regulated activities and consumers against monopolistic or oligopolistic pricings. The tariff design in all respect shall promote competitive environment and efficient practices;
- (b) it shall be non-discriminatory, fair and transparent providing level playing field to all the stakeholders;
- (c) it shall be true reflective of reasonable cost and optimum utilization of terminal capacity aimed to minimise the product cost, economic distortion and sending the appropriate economic signals in the market;
- (d) it shall not cross-subsidize the costs of different terminal services;
- (e) it shall be based upon efficient and economical use of the LNG terminal;
- (f) it shall be always flexible to incorporate the benefit of research, modernization, upgradation, innovations etc; and pass on the impact of the same to the end consumers;
- (g) it shall, in no time, adversely impact the terminal users on account of inefficient operation, additional cost or failure to meet the efficiency related benchmarks, and
- (h) it shall be based on only prudent, cost effective and economically efficient capital and revenue expenses.

(2) The terminal tariff, in compliant to the sub-clause (1) above, shall be based on following uniform methodology:

- (a) Capacity or fixed element covering capacity reservation and other fixed charges including detailed computation and justification of; return, directly attributable operating cost, depreciation (based on economic useful life) and government taxes, if any;

- (b) Variable elements covering the variable operation and maintenance charges of the LNG terminal including detail computation and justification of internal gas consumption etc; at efficient level; and
- (c) Utilization of capacity, the entire gross capacity of the terminal shall be taken into account for the purpose of fixed and variable charge rate.

(3) The terminal tariff inter-alia the capacity utilization rates and variable charge rate shall be regularly published by the LNG developer or LNG TO/O, as the case may be, at such intervals as determined by OGRA and the same shall all time available for price negotiation between the parties. The tariff so published, in respect of each fixed and variable component, shall be supported by detailed computation, authentic data and plausible justification keeping in view the national and international best practices.

(4) The parties while negotiating the tariff with the LNG terminal operator shall extend comprehensive due diligence so as to achieve the competitive environment and protect the end consumer interests.

(5) The Authority shall approve the negotiated tariffs only for the parties whose licenses require such approvals as per policy/policy guideline of the Federal Government. While approving such negotiated terminal tariff in the access agreement, the Authority shall strike a balance to the extent possible, in order to optimize the interests of all stakeholders including the ultimate consumers. For this purpose, the minimum of the terminal tariffs prevalent in the country may be benchmarked to approve the instant negotiated terminal tariff.

(6) The Authority may call for any further information or materials that it shall deem appropriate for its approval, as per clause (5) above.

(7) The Federal Government may, from to time, may revise the policy guideline regarding the terminal tariff for the public sector utilities and accordingly issue the policy guideline to OGRA under Section 21 of the Ordinance which shall form the basis for such tariff.

(8) The Authority may, on its own motion or upon a complaint lodged by any aggrieved person or on the compelling reasons, review the tolling tariff methodology and the Tariffs of any LNG terminal to determine its compliance with these rules.

(9) The Authority may, subject to due opportunity of hearing to the terminal operator, require the terminal operator to make such changes to the tolling tariff methodology, tariff structure and tariff rates as may be necessary to bring them in full compliance with these rules.

14. Transparency of information, reporting and disclosures.—(1) Transparency and access to vital information about access arrangement shall be ensured by the parties.

(2) The terminal operator shall publish the following information on its website and update it within three (3) days of any change, and shall simultaneously report the same to the Authority, namely:-

- (a) Terminal Operator's Licence;
- (b) LNG Terminal and Storage Access Code;
- (c) Gas Network Code for the use of gas pipeline transportation system;
- (d) Technical Characteristics of LNG terminal;
- (e) Total Terminal Capacity, Available Capacity and Allocated Capacities;
- (f) Capacity Allocation Methodology/Mechanism;
- (g) Types of terminal services;
- (h) Tariffs for different terminal services;
- (i) Standard forms and applications for terminal services;
- (j) Standard access agreement and its annexes;
- (k) Capacity transfer agreement and assignment instruments;
- (l) Specifications for LNG vessels;
- (m) Annual maintenance schedule; and
- (n) Emergency procedures.

(3) The Authority shall regularly monitor the roles of the parties to access agreement and call for any additional information/ data to ensure that the parties duly comply with their obligations under these rules, the Code and access agreement.

(4) The Authority may issue, such general or specific directions to one or more parties as deemed necessary, from time to time.

(5) The Authority shall use the information obtained under this rule to prepare annual report on the state of gas market with particular reference to access agreements and competition in the market and such report shall be made part of the yearly report required to be published and submitted to the Federal Government under section 20 of the Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002).

15. Exemptions. — (1) The Authority may, on an application of the terminal operator supported by sufficient evidence and the fee prescribed in the Schedule, grant exemption from one or more provisions of these rules and the Code except as specified in sub-rule (3), provided that the Terminal Capacity will be used by the terminal developer, or a dedicated end-user or licensee so specified by the policy guidelines of the Federal Government.

(2) The Authority shall carry out periodic monitoring of the exempted LNG terminals to ensure that the aforesaid conditions shall continue to be met and, for the purpose, the Authority may call for any additional information/ data and materials at any time that it may deem appropriate.

(3) No exemption shall be granted by the Authority against the conditions of its monitoring role, development and publication of capacity allocation methodology/ mechanism, preparation of tolling tariff methodology, capacity hoarding, terminal congestion measures, reporting and disclosures, as specified in these rules and the Code.

(4) No exemption granted under these rules shall automatically apply to any future expansions of the LNG terminal.

16. Capacity assignment and transfer.—(1)A terminal user shall have the right to assign or transfer the Allocated Capacity to another licensee and such right shall be exercised in

relation to the unutilized part of the Allocated Capacity subject to the prior written consent of the terminal operator in an open and transparent manner..

(2) No terminal user shall, without the prior approval in written of the Authority, assign, transfer or convey the capacity of the terminal to another licensee.

(3) For the transfer or assignment of Allocated Capacities, the terminal user (s) shall comply with the rules and the provisions of the Code.

17. Capacity hoarding and terminal congestion.—(1)The Authority may, from time to time, call upon the terminal operators to provide such information/ data as may be required by the Authority to effectively monitor the use of Terminal Capacity and, subject to due opportunity of hearing to the parties, pass such orders as may be required to effectively prevent Capacity Hoarding.

(2) The parties shall develop and implement suitable measures to prevent and remove congestion in LNG terminals and shall particularly apply the use-it-or-lose-it and other processes specified in the Code to make any unutilized Terminal Capacity available for use by the other licensees.

18. Appointment of Third-Party Consultant (s).—The Authority may appoint one or more third-party consultant/ firm(s) of national or international repute to verify that the agreements, documents, capacity allocation, capacity transfer agreements, quality and quantity of LNG, testing of LNG, measurement tests, Boil off including other relevant details and any other regulated activity to conform to the LNG Terminal Access Rules and the Code. The cost relating to such assignments shall be borne by the terminal operator or the terminal user, as determined and decided by the Authority, from time to time.

19. Dispute resolution and complaint redressal.—(1) The parties to access agreement shall use the mechanisms given in the Code for the resolution of disputes relating to activities that fall within the remit of the Code and access agreement.

(2) Without prejudice to sub-rule (1), any person aggrieved of a violation of these rules or the Code by a party may file a complaint before the Authority against such party in accordance with the provisions of the Oil and Gas Regulatory Authority Ordinance, 2002 and rules and regulations made thereunder.

20. Measurement.—(1) There shall be installation of the measurement equipment at the LNG terminal to measure the quality and quantity of LNG including Boil off in accordance with the international best practices and internationally accepted procedures for LNG measurement, which shall be prepared by the terminal operator and provided in each Access Arrangement and published on its website in accordance with the Code appended with these Rules.

(2) Gas flows will be measured at the Gas Delivery Point on the basis of actual calorific value of the gas injected by the terminal operator in the gas pipeline transportation system connected to the LNG terminal or other connected system.

(3) The error limit or accuracy of the measurement equipment shall be as agreed between the parties in the access agreement and in accordance with the best international practices.

(4) Verification and calibration shall be carried out according to the internationally accepted standards/ best practices prevailing in the LNG industry and in the event of multiple standards, the more stringent standards will be applicable.

21. LNG/Gas accounting and reconciliation.—(1) The LNG accounting at the Custody Transfer Point shall be carried out in MMBTU terms by the parties to the access agreement.

(2) Gas reconciliation, billing and other charges and their settlement in terms of MMBTU shall be addressed in accordance with the access agreement and in accordance with the Code.

22. Fees.—Any party seeking an approval from the Authority under rule 3 and the Code shall be liable to payment of the fees specified in Schedule, which may be revised by the Authority, from time to time, by notification in the official Gazette.

23. Conflict of rules and agreements.—In case of a conflict between these rules and the Code, the provisions of the rules shall prevail. Where any conflict arises between the provisions of the Code and access agreement or any other agreement, the provisions of the Code shall prevail and the interpretation done by the Authority shall be deemed to be binding on the parties.

24. Penalty.—(1) No licensee shall contravene or fail to comply with any provision of the Ordinance, rules, Code, regulations and terms and conditions of a license or a decision of the Authority. Any licensee who commits such contravention or breach shall be punishable with fine, subject to sub-rule (3), which may extend to one-quarter of one percent of the annual turnover of the licensee in the most recent complete financial year.

(2) In case of a continuing contravention the licensee shall be punishable with additional fine which may extend to one-tenth of one percent of annual turnover of the licensee in the most recently completed financial year for every day during which such contravention continues after the first contravention.

(3) In imposing any fine under these rules, the Authority shall keep in view the principle of proportionality of the fine to the gravity of the contravention or failure. Prior to imposing a fine the Authority shall, in writing require the person liable to be affected to show cause orally, in person or otherwise, or in writing, as to why the fine may not be imposed.



SCHEDULE**[See rules 15 and 22]****REGULATORY FEES**

No.	Activity	Fee (Rupees)
1.	Application of Access Agreement	[Rs. 25000] per MMSCFD
2.	Application of Capacity Transfer	[Rs. 5000] per MMSCFD
3.	Application of Exemption	[Rs. 500,000]
4.	Application of Amendment or Renewal of Access Agreement	[Rs. 500,000]
5.	Tariff Approval Fee	[Rs. 1,000,000] per application