

No-LG-12(62)/2022-LNG
Government of Pakistan
Ministry of Energy (Petroleum Division)
Directorate General of Liquefied Gases

Islamabad, the 30th August 2022.

**Chairman,
OGRA,
Islamabad.**

Subject: **Amendment in LNG Policy 2011 for exemption from mandatory Third-Party-Access (TPA) to New LNG Terminals**

I am directed to OGRA's letter No. OGRA-LNG-11(38)/2022 dated 01-03-2022. In this regard Petroleum Division submitted a summary dated 15-08-2022 to the **Economic Coordination Committee (ECC)**, containing following proposals in paras number 6 & 7;

"6. *In view of the above, it is proposed that the article 6.2(a) of LNG Policy, 2011 may be replaced with the following and issued as policy guidelines for the purposes of section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002;*

- (ii) *Access Rights: (i) Provision of Third-Party-Access (TPA) to new LNG terminals and associated facilities, developed by private sector, without involving any government guarantees or off-take commitments, will be on optional basis on negotiated tariff with first right of use for the terminal developers, operators and their associated undertakings (as defined in Companies Act, 2017). This optional TPA will be for a period of 20 years only, from the date of commencement of construction, and thereafter terminal will be subject to mandatory TPA; whether it is regulated TPA (rTPA) or negotiated TPA (nTPA) following the principle of use-it-or-lose-it (UIOLI). Terminal developers, operators and associated undertakings will submit relevant information including capacity utilization and terminal tariff (only in case of TPA) to OGRA for information and market monitoring;*
- (v) *TPA to the un-used capacity of LNG terminals, contracted by public sector entities will be mandatory and regulated by OGRA. However, TPA to any excess capacity of the LNG terminals which is not contracted by public sector entities will be optional based on negotiated tariff with first right of use for the terminal developers, operators and their associated undertakings;*
- (vi) *New LNG terminals shall (i) enter into all commercial arrangements at an arm's length, and in a fair and reasonable manner and (ii) fully adhere to the conditions of their license, issued by Oil and Gas Regulatory Authority;*
- (vii) *The above policy provisions (i to iii) shall supersede in case of any inconsistency in the LNG Policy of 2011.*

7. *Section 6(2)(j) of OGRA Ordinance 2002 mandates OGRA to ensure the provision of open access, common carrier and common operator as may be deemed necessary or expedient by the Authority in the public interest based on an application made by an interested party to the Authority. An amendment in the said Section is being proposed through a separate summary for the CCLC, the above proposals, if approved will become effective after the said amendment has been legislated."*

2. ECC vide its decision in Case No. 240/29/2022 dated 19-08-2022, decided as under which is being conveyed for information and necessary action;

“The Economic Coordination Committee (ECC) of the Cabinet considered the summary dated 15-08-2022 submitted by Petroleum Division regarding “Amendment in LNG Policy 2011 for Exemption from Mandatory Third-Party Access to New LNG Terminals and approved the proposals as contained at paras- 6 & 7 of the summary.”

3. Furthermore, the above referred decision of the ECC has also been ratified by the Federal Cabinet vide Case No. 372/Rule-19/2022 dated 19-08-2022.

(Muhammad Usman)
Assistant Director (LNG-I)

CC;

- i. PS to Minister of State, Petroleum Division, Islamabad.
- ii. SA to Secretary, Petroleum Division, Islamabad.
- iii. SPS to AS (P), Petroleum Division, Islamabad.