

آئل اینڈ گیس
ریگولٹری اتھارٹی



Oil & Gas
Regulatory Authority

Case No. OGRA-6(1)-NG(KEL)/2020
License No. NG-22/2021

IN THE MATTER OF

K-ELECTRIC LIMITED (KEL)

**LICENCE TO UNDERTAKE REGULATED ACTIVITY RELATED TO
CONSTRUCTION AND OPERATION OF PIPELINE FOR
TRANSMISSION OF NATURAL GAS/RLNG**

UNDER

**OIL AND GAS REGULATORY AUTHORITY ORDINANCE, 2002,
NATURAL GAS REGULATORY AUTHORITY (LICENCING)
RULES, 2002**

DECISION

JANUARY 6, 2021

Mr. Noorul Haque, Chairman

Mr. Muhammad Arif, Member (Gas)

Mr. Zain Ul Abideen Qureshi, Member (Oil)

CERTIFIED TRUE COPY

TABLE OF CONTENTS

DESCRIPTION	Page
DECISION OF THE AUTHORITY	
Brief Facts	03
Admission of the Application	03
Virtual Public Hearing Proceedings	04
Presentation by the Applicant	05-08
Arguments of the Participants	09-10
Response of K-Electric	11
Observations / Decision of the Authority	11-12




CERTIFIED TRUE COPY

AUTHORITY'S DECISION

BRIEF FACTS:

1. The K-Electric Limited, Karachi (KEL) (the applicant) has applied under OGRA's Natural Gas (Licencing) Rules, 2002 for grant of license for Construction and Operation of a Transmission Pipeline. KEL is a subsidiary company of KES Power Limited. The applicant has commenced construction of this power station as BQPS (III) (900 MWCCPP) in its Bin Qasim Power Complex in Karachi to serve the electricity needs of Karachi and adjoining areas. To fuel the same, in accordance with the decision of the CCOE, K-Electric will take delivery of allocated gas from PLL from the tie-in point at SSGC network within the boundary of Custody Transfer Station and this tie-in point will be situated immediately downstream of the battery limit of FOTCO's pipeline. K-Electric is to lay this pipeline which will handle RLNG supply up to 250 (MMSCFD) at 85 bar pressure 14-inch diameter transmission line tie-in points to its facility through this project.

ADMISSION OF THE APPLICATION:

2. After a thorough deliberation by concerned Depts. of OGRA and completion of the requisite data / information by the applicant, the application was presented before the Authority for consideration and admission, accordingly the Authority admitted the application under Rule 5 of Natural Gas Licensing Rules, 2002 on 23-10-2020. Under Rule 5 of Natural Gas Licensing Rules, 2002, the Authority invited all the interveners and interested / affected persons and parties to furnish their comments / interventions / views, if any, on the application filed by the applicant through publication of Public Notice published in leading newspapers on November 6, 2020. Furthermore, the Authority fixed the instant case for Virtual Public Hearing due to 2nd massive wave of Pandemic/COVID-19 outbreak throughout the country. Accordingly, virtual Public Hearing which was conducted by the Authority from OGRA Office, Islamabad through Virtual / Zoom Application on 25-11-2020 at 11:00 a.m.

   
CERTIFIED TRUE COPY

VIRTUAL PUBLIC HEARING PROCEEDINGS:

3. In response thereto, the following participants requested the Authority to participate in the Hearing through virtual / zoom link and attended the same:

Participants of Virtual Public Hearing at Islamabad on 25-11-2020

a) Representatives of the applicant (K- Electric Limited)

	Name	Designation
1.	Syed Moonis Abdullah Alvi	Chief Executive Officer
2.	Dale Roger Sinkler	Chief Generation & Transmission Officer
3.	Muhammad Aamir Ghaziani	Chief Financial Officer
4.	Abbas Husain	Deputy Chief of Generation & Transmission
5.	Adnan Rizwi	Head of Business Development
6.	Aamir Rizwan Qureshi	Director Business Development
7.	Sajjad Shahani	Resident Director
8.	Rizwan Pesnani	Head of Treasury & Corporate Finance
9.	Syed Irfan Shah	Head of Legal Affairs
10.	Sana Shah	General Manager Legal
11.	Tahir Ali Khan	Complex Head-BQPS
12.	Amir Iqbal Hassan Muhammad	Deputy General Manager Buss. Development
13.	Muhammad Iqbal Vora	Deputy General Manager Business Development
14.	Muhammad Yasir Ali	Manager BF Generation

b) Representatives of the SSGCL

- i) Mr. Amin Rajpoot, Managing Director
- ii) Mr. Muhammad Waseem, Deputy Managing Director
- iii) Mr. Fasihuddin Fawad, Chief Financial Officer
- iv) Mr. Asad Mustafa (DMG Regulatory Affairs)

c) Representative of the Pakistan LNG Limited

- i) Mr. Yousaf Inaam (Asstt. Manager Sales & Marketing) and PLL Team

d) Representatives of the Pakistan Gasport Consortium Limited

- i) Mr. Rahat Kamal Siddiqui (Senior Project Director)
- ii) Mr. Col. (Rtd) Akmal Moughal

e) Representative of TEKCELLENT Pvt LIMITED

- i) Muhammad Wamique Zahid, Engineer/Analyst



CERTIFIED TRUE COPY



PRESENTATION BY THE APPLICANT (KEL):

4. Initially, the Registrar OGRA presented a brief of the instant project and sought permission of the Authority to invite the applicant to present his application / presentation which was acceded to and Syed Moonis Abdullah Alvi, Chief Executive Officer, KEL was invited to present Opening Remarks about their project. Mr. Moonis initially paid his words of thanks to the Hon'ble Members of the Authority for extending them an opportunity of hearing to present their case and presented that they have commenced construction of this power station as BQPS (III) (900 MWCCPP) in its Bin Qasim Power Complex in Karachi to serve the electricity needs of Karachi and adjoining areas. To fuel the same, in accordance with the decision of the CCOE, K-Electric will take delivery of allocated gas from PLL from the tie-in point at SSGC network within the boundary of Custody Transfer Station and this tie-in point will be situated immediately downstream of the battery limit of FOTCO's pipeline. K-Electric is to lay this pipeline which will handle RLNG supply up to 250 (MMSCFD) at 85 bar pressure 14-inch diameter transmission line tie-in points to its facility through this project.

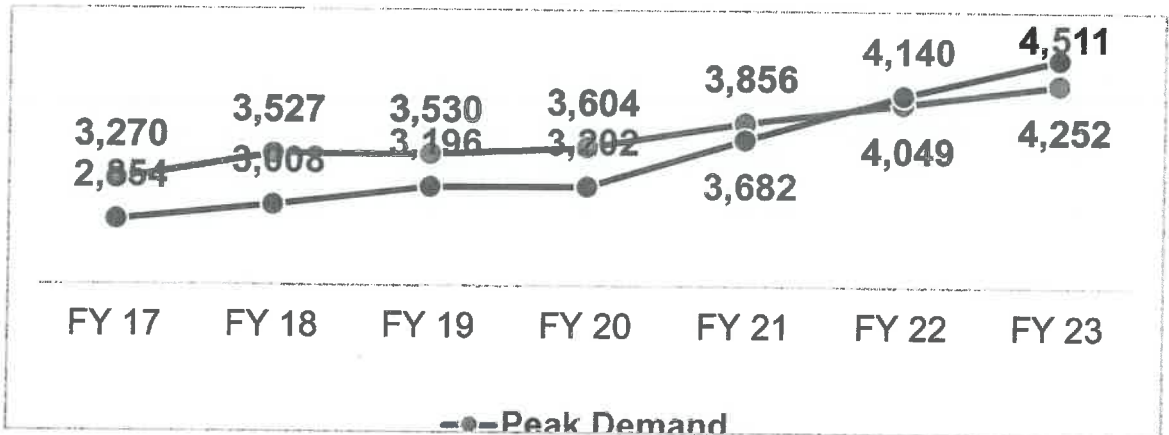
5. After the introductory remarks by the CEO (KEL), Mr. Amir Rizwan Qureshi, Director Business Development (KEL) resumed detailed presentation before the Authority and the audience under the following arguments:

- a) This project of KE called BQPS-III (900MW CCPP) with the initiative to bridge the rising gap in the power demand and supply in Karachi City & adjoining areas in Sindh and Baluchistan being served by KE and NEPRA has already approved the BQPS-III (900MW CCPP) project in the investment plan under KE's Multi Year Tariff (MYT). This project is aimed at providing smooth, reliable and lower cost power to the consumers.
- b) The Construction of BQPS-III project is underway. The turbines have been manufactured and will be delivered on site in December 2020. He added that the proposed transmission pipeline is mandatory for connecting the RLNG supply source with the Bin Qasim Power Complex including the new 900 MW RLNG based power plant. The strategic location of KE's Bin Qasim Power Complex in the closed proximity of Custody Transfer Station (CTS) allows KE to have a dedicated high pressure RLNG supply pipeline with a length of c.2km. The Supply of RLNG at high pressures (85 barg) shall optimize the machine utilization by eliminating the need of compressors, which otherwise is not possible in case of natural gas pipeline. This pipeline will also facilitate the Government in managing the under-utilization of LNG terminal and rationalizing the take or pay impacts, here is the map which shows the demand and supply from financial year




CERTIFIED TRUE COPY





KE also presented there the information with respect to project as under:

Owner Company	K-Electric Limited
EPC Contractor	Harbin Electric International Co. Ltd.
Project Location	Bin Qasim Power Complex, Port Qasim, Karachi
Project Configuration	02 x 450 MW CCGT (1+1+1)
Primary Fuel	RLNG
Estimated CAPEX	USD 641 million
Project Life	30 years
Efficiency	59.23% (LHV)
Cooling Water Source	Sea Water (once through cycle)

Owner Company	K-Electric Limited
Supplier	Pakistan LNG Ltd.
Project Location	Port Qasim Authority
Pipeline Diameter	14 inches (wt 10.312 mm)
Pipeline length	upto 2km approx.
Codes and Standards	ASME B31.8
Tie-in Point	SSGC header post FOTCO pipeline
Pipeline Capacity	250 MMSCFD
Estimated CAPEX (incl. Metering)	USD 4.0 million (included in overall project cost)
Product	Re-gasified Liquefied Natural Gas (RLNG)
Maximum Operating Pressure	85 barg (Design Pressure: 100 barg)
Corrosion Protection	3 Layer Polyethylene (3LPE) and Cathodic Protection
Pipe Material	API 5L Gr. X65 – Carbon Steel
Leak Safety Provisions	ESD Valves

Handwritten signature

CERTIFIED TRUE COPY

- c) With respect to trenching he added that it will be achieved at a depth of **1.5-2.0 m** having a **width of 1.0 m**. and the pipeline will be buried in soft bedding and a caution tape laid over the sand and the trench will be backfilled with excavated material and compacted.
- d) **Pipeline Tie-in at Custody Transfer Station**
With respect to pipeline Tie-in at custody transfer station the representative argued that it will be Point on SSGC's network situated within the boundary of Custody Transfer Station downstream of the battery limit of FOTCO's pipeline.
- e) He further added that CCOE approved 150 MMCFD RLNG supply for KE while the legacy issues between SSGC and KE were prevailing, so such issues have no connection with this RLNG supply or pipeline. Furthermore, Discussion of PLL, PLTL and KE held with SSGC based on which SSGC, in the meeting held at SSGC office dated **October 8, 2020** chaired by the **Minister of Energy and attended by Special Assistant to Prime Minister on Petroleum, Officials of Ministry of Energy, SSGC and KE**, confirmed to provide tie-in for KE's spur pipeline from the 30 inch pipeline at CTS. In line with the direction given in the above meeting, PLL and SSGC are in discussion on the terms for the services (a) tie-in (b) metering (c) buffering
- f) **Capabilities/expertise to Lay/Construct and Operate the High-Pressure Transmission Pipeline**
- *KE has contracted Zishan Engineering (Private) Limited as Owner Engineer and GASCO Engineering (Private) Limited as EPC contractor for this pipeline project.*
 - *Both ZEL and GASCO are reputable engineering firms with extensive and proven experience in the design, procurement and construction of high pressure gas pipelines including the ones for handling high pressure RLNG.*
 - *KE has submitted a detailed organogram and O&M procedure to the Authority which will be followed for operation and maintenance of this pipeline. External expertise will be hired, as and when needed.*
- g) **Owner's Engineer- Zishan Engineers (Pvt.) Ltd.**
- *ZEL is a renowned engineering consultant providing engineering and project management services in oil and gas sectors.*
 - *ZEL has extensive experience in gas pipelines, pressure regulation, heating and metering systems both within Pakistan & Internationally.*
ZEL Clients include FOTCO, PLTL, SNGPL, OGDCL, Petronas Carigali etc

Key Projects of Zishan Engineers (Pvt.) Ltd.

FEED, Design Review and Supervision for Metering Station and RLNG Pipeline from FSRU to SSGC Pipeline Tie-in Point for **M/s. FOTCO**.

Implementation, Operation & Gas Transportation Services of North-South Gas Pipeline Project for **M/s. SNGPL**.

Technical Evaluation of Pipeline Infrastructure Development Projects for upcoming LNG and Anticipated Indigenous Supplies for **M/s. OGRA**.

  **CERTIFIED TRUE COPY**  

Techno-Economic Feasibility Study, Review & Finalization of Tender Documents, Bidding Process and Negotiations & Award of Contract for Machike-Tarujabba Oil Pipeline Project for M/s. Inter State Gas Systems.

h) EPC Contractor-GASCO Engineering (Pvt.) Limited

- GASCO is one of the Pakistani firms which integrates engineering, procurement, construction (EPC) and project-management solutions for Clients in diverse industries.
- GEPL has completed number of projects including a range of EPC pipeline, Engineering & Consultancy, Rental Compression and Production, Operations & Maintenance.
- Clientele list includes SSGC, Engro, ENI Pakistan, OMV Pakistan, PPL, MOL Pakistan etc.

KEY PROJECTS OF EPC CONTRACTOR

EPC of 6" EDC pipeline project for Engro Polymers & Chemicals Ltd.

Construction of 42" x 80 km RLNG pipeline project for SSGC

EPC in relation to Gas Conversion of 425/525MW Combined Cycle Power Plant at Nandipur along with 24" Pipeline for M/s. NPGCL

EPC for 120 MMscfd Gas Boosting Station - Complete facility of Gas Pressure Boosting Compressor station on Mari Gas Pipeline near central manifold Well No. 6 at Daharki for M/s. CPGCL

Project Approvals/NOCs

RLNG Supply/Source	Cabinet Committee of Energy (CCOE) has approved allocation of 150 MMCFD RLNG to be supplied to KE by Pakistan LNG Limited (PLL).
PSM RoW	Approval for RoW from Pakistan Steel Mill (PSM) has been granted.
PQA RoW	Provisional approval for RoW from Port Qasim Authority has been received. Post detailed engineering, Final Approval is in progress and at advance stage for issuance.
SEPA	NOC from SEPA has been received for Environment Impact Assessment (EIA).

i) Project Update-Transmission Pipeline

Heads of Agreement (HOA) has been signed between KE and PLL

- GSA negotiation is in progress, the agreed draft will be submitted to the Authority for review and approval
- Basic engineering completed by Zishan Engineering (Pvt) Limited subsequent to which EPC Contract has been awarded to GASCO Engineering (Pvt) Limited.
- Detailed Engineering of project is 90% completed.
- Orders for the procurement of major items have been placed.
- Manufacturing of line pipe has been completed. The consignment is ready for shipment, expected to be arrived at site by mid-December'2020
- Completion of the project is expected by **end February'21.**

Benefits of the Project

- *Help in meeting the rapidly growing electricity demand of the city and bridge the demand/supply gap in Karachi city, which is the industrial and economic hub of Pakistan.*
- *Aid in improving the operational reliability of the generation fleet by periodically decommissioning old units.*
- *Improve the fuel diversification within KE's generation fleet as the new combined cycle plant will operate on RLNG.*
- *Enhance transmission evacuation capacity by offloading EHT network*
- *Replace the old grid stations / HV Substation(s) to enable provision of operating at N-1 Contingency.*
- *Facilitate Government in improving utilization of Gasport LNG Terminal to effectively manage the burden of Take or Pay for RLNG handling.*
- *Enable KE to operate its highly efficient gas-based plant(s) while the gas reserves in the country is depleting.*
- *Lower cost of power generation due to higher efficiency ultimately benefiting the inhabitants of the Karachi.*
- *Create positive impact on environment due to cleaner nature of RLNG as compared to generation on furnace oil or coal.*

ARGUMENTS OF THE PARTICIPANTS:

6. After a very length presentation by the applicant, Registrar OGRA informed the Hon'ble Authority that Utility company SSGCL, PLL and Pakistan Gas Port Consortium Limited, Karachi and TEKCELLENT Pvt LIMITED, Karachi have requested for comments upon the instant licence application. Accordingly, the following participants presented their point of view:

i) Sui Southern Gas Company Limited, Karachi

Managing Director, SSGCL briefly elaborated the following points:

- a) K-Electric Limited (KEL) is a major defaulter of SSGCL. The total receivable amount as at 30th September, 2020 is Rs.115,913 million (includes Rs.86,261 million LPS from July, 2012 to July, 2020. If KEL is allowed to lay down and operate this pipeline then it is most likely that they would never pay off the outstanding balance towards SSGCL as they would no longer require SSGCL's supplies.*
- b) KEL does not have the required capabilities / expertise to lay/construct and operate the high-pressure Transmission Pipeline.*
- c) SSGCL assumes that OGRA will ensure that construction / operation of this pipeline will not interrupt / hinder SSGCL's installations and operations of the system.*
- d) Since RLNG is solely allocated to SNGPL by GoP as per their requirements from both of the LNG terminals so it would be imperative to seek views/comments of SNGPL in this matter.*
- e) OGRA is also requested to take comments from stakeholders of the existing entire LNG supply chain.*
- f) Principle NOCs from all the stakeholders are required to be obtained by KEL.*
- g) With respect to tie-in points of two proposed locations by KEL, SSGCL submits that since the location of supply of RLNG to KEL is at the very start of the entire RLNG infrastructure, therefore any abruption / surge occur due to operational variations*

of KEL will directly affect the operations of RLNG and its infrastructure across the country.

- h) SSGCL further highlighted that SNGPL vide its letter dated 13-04-2020 addressed to DG (Gas) stated that they would be requiring 600 MMscfd gas from PGPC terminal owing to Peak RLNG demand by various sectors in different seasons in line with the Socio-Economic Agenda of the Government. They also suggested that M/s PLL may enter into RLNG supply arrangement with KEL only **As and When Available Basis**.
- i) SSGCL further contended that in case KEL is allowed to construct and operate the subject pipeline, it would result in huge financial loss to SSGCL. It must be noted that KEL requires volume of 150 MMscfd RLNG for their BQPS-III Plant, however their application for grant of license, 14" dia pipeline has been proposed in their design to cater the flow of 250 MMscfd for their current and future requirement (kindly refer to design basis).

At the end, SSGCL concluded that they are of the firm opinion that unless and until the matter of payment of outstanding dues and Late Payment Surcharge (LPS) accrued thereon is not settled and the on-going litigation by KEL is not withdrawn voluntarily by KEL and the relevant Gas Sales Agreements (Indigenous Gas & RLNG) are not signed, the objections / reservations of SSGCL on the subject matter will remain in field.

ii) Pakistan LNG Limited (PLL), Karachi

Mr. Yaver Ghazi, PLL Procurement Dept. stated that PLL supports the instant project and as per directions of the Cabinet Committee of Energy (CCOE) they have entered into an agreement with KEL for sale, supply of RLNG and it is not the unutilized access capacity rather this contract is for new supply of RLNG.

PLL is of the opinion that the problem between SSGCL and KEL will be settled down by signing of Interconnection Agreement between both the parties as directed by the Ministry of Energy.

iii) Pakistan Gasport Consortium Limited (PGPCL), Karachi

Mr. Rahat Kamal Siddique, Senior Project Director, PGPCL stated that they had a question KEL about the connection point of FOTCO pipeline which has been responded by KEL management, however we would like to ask from KEL team to clarify how their proposed pipeline will cross the Pakistan Steel Mill channel. Accordingly, the KEL management responded the question of PGPCL.

vi) TEKCELLENT Pvt LIMITED, Karachi

Mr. Muhammad Wamique Zahid, Engineer/Analyst, Tekcellent Ltd stated that would the KEL management like to reply that what kind of measures / due diligence will be adopted by KEL for maintenance, corrosion protection and leakage issues which may like to occur in future during the operation of the proposed pipeline which was responded by KEL management, accordingly.

vii) **RESPONSE OF K-ELECTRIC TO VARIOUS POINTS/OBJECTION/QUESTION of INTERVENERS/PARTICIPANTS**

KEL, while responding to SSGCL's interventions related to outstanding gas bills and safety and operational concerns of the proposed transmission line, KEL representatives clarified that outstanding gas bill/ arrears mainly pertain to LPS, and the same is under litigation before Hon,ble Sindh High Court. Moreover, SSGCL was part of the discussions / meetings held in Ministry of Energy (MoE) on the instant issue. Further both the issues i.e., proposed transmission line and arrears are important issues and are being dealt with in parallel. KEL has the experience of operating gas pipeline, which are feeding natural gas to its power plants. The proposed transmission line will be monitored with due vigilance under applicable standards, besides ESD Valves will also be provided on the proposed line. Moreover, flow control valves will the provided in this project, which will minimize the operational issues (if any) on SSGCL's system. KEL will continue to do business with SSGC, as it requires natural gas to the tune of 180 MMCFD for its other power plants. KEL representative also added that the matter was discussed with the Cabinet Committee on Energy of Pakistan and approved by the CCOE.

KEL representative clarified on concern raised by Tekcellent regarding possible corrosion on the proposed transmission pipeline, KEL informed that it will follow international standards/OGRA standards to ensure safety of the transmission line.

PLL representative clarified on a question raised by ED (LNG) that title of PLTL extends up to starting point of SSGC's CTS and secondly under-utilized Terminal Capacity is being offered to KEL.

OBSERVATIONS / DECISION OF THE AUTHORITY:

7. The Authority, after scrutiny of the application, hearing the arguments of the Applicant and the participants at length as well as on the basis of all available information, has arrived at the conclusion that the Applicant fulfills the legal requirements and is entitled to the requisite license. During the proceedings the Hon'ble Authority observed that the subject project is of much importance and that should be completed well in time to mitigate the electricity shortfall in province of Sindh. Therefore, the Authority, in exercise of its powers conferred under Sections 22(1), 23(1)(a)(d) and 23(6) of the Oil and Gas Regulatory Authority Ordinance, 2002 read with Rule 3(3) of Natural Gas (Licensing) Rules, 2002 and Rule 3(1) of OGRA Gas (Third Party Access) Rules, 2018, hereby grants a license subject to terms and conditions mentioned in the License Document to the applicant in the name and style of **M/s K-Electric Limited,**


Karachi (KEL) [the licensee] to undertake the following activities subject to the terms and conditions given herein:

- i) *Construction and Operation of 14 dia meter x approx. 2.4 Km long Natural gas pipeline alongwith ancillary/connected facilities for the purpose of transmission of Natural Gas/RLNG from Tie in Point, SSGCL's Custody Transfer Station (CTS) located at Port Qasim Karachi to KE's Bin Qasim Power Complex (Power Plant)*
8. The License shall be valid for an initial term of 25 twenty-five years with effect from **[January 6, 2021]** unless revoked earlier or modified or amended by the Authority.
9. The licensee shall not be liable to pay annual fee under the Natural Gas (Licensing) Rules, 2002 to the Authority so long as the Licensee is carrying out the transmission of natural gas exclusively for self-consumption.
10. The Licensee shall be liable for promptly and regularly payment to the Authority the fee, if applicable under the OGRA Gas (Third Party Access) Rules, 2018.
11. The terms and conditions imposed on the licensee are contained in the **License Document** consisting of eight **[08]** pages which must be implemented by the Licensee in its true letter and spirit.

January 06, 2021



(Zain Ul Abideen Qureshi)
Member (Oil)



(Muhammad Arif)
Member (Gas)



(Noorul Haque)
Chairman


REGISTRAR
Oil & Gas Regulatory Authority
Islamabad

آئل اینڈ گیس
ریگولیٹری اتھارٹی



Oil & Gas
Regulatory Authority

ISLAMIC REPUBLIC OF PAKISTAN

LICENSE

FOR

CONSTRUCTION & OPERATION OF PIPELINE FOR
TRANSMISSION OF NATURAL GAS/ RLNG

TO

K - ELECTRIC LIMITED

(KEL)

UNDER

OIL AND GAS REGULATORY AUTHORITY ORDINANCE,

2002

AND

NATURAL GAS REGULATORY AUTHORITY

(LICENCING) RULES, 2002

Licence No. NG - 22 /2021

ARIR 20


CERTIFIED TRUE COPY

Table of Contents

Description	Page
The License	3
TERMS AND CONDITIONS APPLICABLE TO THE LICENSEE.....	4
1. Definitions	4
2. Compliance with Laws/Ordinance/Rules.....	4
3. Renewal, Modification, Revocation and Early Termination of Licence.....	5
4. Gas Sale or Utilization of Transmission Capacity	5
5. Payment of Fee	6
6. Maintenance of Record and Provision of Information.....	6 - 7
7. Notices	7-8



CERTIFIED TRUE COPY

January 5, 2021

License No. NG - 22/2020

The Licence

The Oil & Gas Regulatory Authority (hereinafter referred to as '**the Authority**') established under the Oil & Gas Regulatory Authority Ordinance, 2002 (Ordinance No. XVII of 2002) (hereinafter referred to as '**the Ordinance**'), in exercise of its powers conferred by Section 22 (1), 23(a)(d) and 23(6) of the Ordinance and Rule 3(3) of Natural Gas Regulatory Authority (Licensing) Rules, 2002 (the 'Licensing Rules') read with Rule 3(1) of OGRA Gas (Third Party Access) Rules, 2018 hereby grants a License to M/s K-Electric Limited, having its registered office at KE House, 39-B, Sunset Boulevard, Phase – II Defense Housing Authority, Karachi, Pakistan (the 'Licensee') to undertake the following regulated activities subject to the terms and conditions given hereinafter:-

Construction and Operation of Transmission Natural Gas Pipeline

- (i) Construction and operation of 14" diameter x *approx.* 2.4 Km long Natural Gas Pipeline alongwith ancillary / connected facilities for the purpose of transmission of Natural Gas/ RLNG from Tie in Point, SSGC's Custody Transfer Station (CTS) located at Port Qasim Karachi to KE's Bin Qasim Power Complex (Power Plant).

Validity

The License shall be valid for an initial term of 25 years, starting from the date herewith and unless revoked earlier.



CERTIFIED TRUE COPY

Part – A

Terms and Conditions Applicable to the Licensee

1. Definitions

1.1. Words and expressions used in the License but not defined herein shall have the same meaning as are assigned to them in the Ordinance and the Rules.

1.2. In this License, unless there is anything repugnant in the subject or context, -

1.2.1. "**Agreement**" means Gas Supply Agreement with LNG Importer/ Sale License Holder, or any other agreement to be entered by the licensee under Natural Gas Regulatory (Licensing) Rules, 2002, OGRA Gas TPA Rules, 2018.

1.2.2. "**consents**" means all such acknowledgements, agreements, approvals, authorizations, concessions, consents, decisions, licenses, notifications or permits required to be obtained by the Licensee to carry out the regulated activities;

1.2.3. "**dispute**" means any dispute or difference arising between the Licensee and transporter, or a connected system operator, in relation to the regulated activities;

1.2.6. "**Ordinance**" means Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002);

1.2.7. "**party**" means the Licensee, transporter or a connected system operator who has entered into an access arrangement or the interconnection and operation arrangement under the Rules;

1.2.8. "**regulated activities**" of the license means the scope of activities defined in this License as per Section 2(xx) of the OGRA Ordinance, 2002; and

1.2.9. "**Rules**" means the Natural Gas Regulatory Authority (Licensing) Rules, 2002, OGRA Gas (Third Party Access) Rules, 2018, Natural Gas Tariff Rules, 2002 and any other applicable rules framed under the Ordinance.

1.3. Any reference to a statute or a delegated legislation shall be deemed to mean and include its modification, amendment, replacement or substitution by a subsequent law.

2. Compliance with Laws, Standards

2.1. The Licensee shall ensure that it complies at all times with the applicable laws, including the provisions of the Ordinance and the Rules.

2.2. The breach of any law, including the breach of any provision of the Ordinance or any Rules or Regulations framed there under, any decision of the Authority shall be deemed to be a breach of the terms and conditions of the License and vice versa.

2.3. The Licensee shall locate, design, construct, operate and maintain its facilities in strict accordance with the technical and other standards prescribed by the Authority and in a manner so as not to endanger public health or safety.

2.4 If the pipeline is constructed or operated and maintained by any third party, that party must be holder of a valid license from the Authority and shall comply all other applicable laws for this purpose.

2.5. The Licensee shall apply for, obtain and maintain all consents necessary under applicable laws including requirements of the Pakistan Environmental Protection Act, 1997 (XXXIV of 1997), as amended from time to time for carrying out the regulated activities properly and in a timely manner and shall diligently pursue all such applications.

3. Renewal, Modification and Revocation of License

3.1. On an application by the Licensee to the Authority, the Authority may renew, modify, amend the License in accordance with the provisions of the Ordinance and the Rules.

3.2. The terms and conditions of the License may be amended, varied, modified or revoked by the Authority in accordance with the provisions of the applicable laws.

4. Early Termination of License

The Authority may, on an application made by the Licensee at least one (01) year prior to the proposed termination date or the expiry of the License, whichever is earlier, terminate the License in accordance with the provisions of the Ordinance and the Rules.

5. Assignment, Sale and Transfer of license

The Licensee shall not assign, encumber, sell or transfer this License, change in ownership, controlling interest, re location of facility or any rights or obligations thereunder without prior written approval of the Authority.

6. Gas Sale and Capacity allocation

6.1. The Licensee shall not sale gas to any person who does not hold valid license from the Authority, in accordance with the provisions of the Ordinance and the Rules.

6.2 The Licensee shall not allocate capacity of its gas pipeline transportation system to any other person without obtaining prior necessary approvals/ licenses of the Authority, in accordance with the provisions of the Ordinance and the Rules.

7. Acquisition and Transfer of Shares

The Licensee shall not directly or indirectly acquire or hold any controlling interest or shareholding in any transporter without the prior written approval of the Authority.

8. Maintenance of Records

8.1 The Licensee shall keep complete and accurate records and data regarding the regulated activities, as may be required for the purpose of this License.

8.2 The Licensee shall provide to the Authority promptly upon its request such documents, records or information regarding the regulated activities as the Authority may require pursuant to the Ordinance, the Rules and the Regulations made thereunder.

9. Audit, Enforcement and imposition of fine

9.1 Where the Authority requires any type of audit with respect to the regulated activities, the Licensee shall arrange or pay fee for such audit to the Authority.

9.2 If the Licensee contravenes any provision of the Ordinance, Rule, condition of the License or the Authority's decision, without prejudice to any other legal action taken, the Authority may take such action as may be prescribed by the Ordinance and Rules, including imposition of fine and/ or suspension or revocation of the License in accordance with the Ordinance and Rules.

10. Inspection by Authority

The Licensee shall permit any person duly authorised by the Authority to carry out such inspection and examination of any of its assets or records as may be required to be undertaken by the Authority to comply with its functions or to exercise its powers under the Ordinance and Rules.

11. Payment of Fee

11.1 The Licensee shall not be liable to pay annual fee in line with Rule 29, Schedule II (1)(b)(iii) of the Natural Gas Regulatory Authority (Licensing) Rules, 2002 to the Authority so long as the Licensee is carrying out the transmission of natural gas exclusively for self-consumption.

12. Abandonment

12.1 The Licensee shall not abandon any facility or pipeline without the prior consent of the Authority.

Part – B

13. Emergencies

13.1 The Licensee shall maintain or cause to be maintained emergency services and all emergency calls shall be responded as stipulated in the performance and service standards specified by the Authority, from time to time.

- 13.2 The Licensee shall, within ninety (90) days of the date of issue of the License or at such later date as may be approved by the Authority, submit to the Authority for approval the Licensee's plan and procedures for handling any emergency concerning or arising out of the regulated activities.
- 13.3 The Licensee shall submit a report to the Authority not later than one hundred and eighty days (180) from the date of issue of License and, thereafter, every ninety (90) days, providing information specified in Condition 13.4 regarding the emergencies that had occurred in the preceding ninety (90) days and the actions taken by the Licensee.
- 13.4 The report shall include:
- 13.4.1 Number of emergencies and their specific locations;
 - 13.4.2 Causes of emergencies;
 - 13.4.3 Any injury and estimate of damages;
 - 13.4.4 Action taken by the Licensee;
 - 13.4.5 Average time taken to respond to an emergency and to handle the emergency;
 - 13.4.6 Any action taken to prevent such emergencies in future; and
 - 13.4.7 Any other information specified by the Authority.
- 13.5. In addition to the report required from the Licensee under Condition 13.3:
- 13.5.1 The Licensee shall inform the Authority promptly but not later than twenty four (24) hours of any serious emergency having taken place and provide daily update on the emergency and action being taken by the Licensee until such time the emergency has been completely addressed;
 - 13.5.2 For the purpose of this Condition, 'serious emergency' means:
 - 13.5.2.1 Injuries to or death of an individual;
 - 13.5.2.2 Major damage to the property;
 - 13.5.2.3 Damage to or rupture of transmission pipeline;
 - 13.5.2.4 Suspension of natural gas to a shipper or a city;
 - 13.5.2.5 Any other factor prescribed by the Authority.

14. Provision of Information to Gas Seller (PLL)

- 14.1 The Licensee shall provide to PLL such information as may be reasonably requested for the purposes of, -
- 14.1.1. enabling the transporter to fulfil the obligations under its respective license for the safe operation, development or maintenance of any pipeline network;
 - 14.1.2. preventing or detecting theft, illegal taking of gas or fraud in relation to gas trading or gas escapes; and

15. Notices

15.1. All notices to be given under any Condition shall be given in writing and shall be deemed to have been properly served if delivered in person or sent by registered mail or transmitted by facsimile to the relevant party at the address set out below or at such other address as that party may from time to time specify in writing to the other:

Licensee:

Chief Executive Officer,

K-Electric Limited

KE House, 39-B, Sunset Boulevard, Phase – II Defense Housing Authority,
Karachi,

PAKISTAN.

Telephone No: 021-32637133, 021-38709132

Authority:

Registrar,

Oil and Gas Regulatory Authority

54-B, Fazal -e-Haq Road, Islamabad

Phone: 051-9244296, 051-9244090-98 (Ex-157)

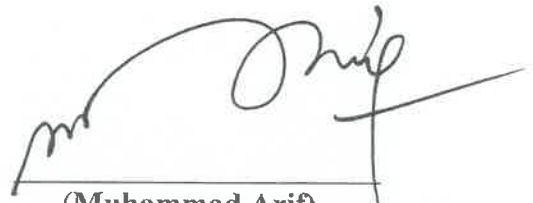
Fax: 051-9244379

Website: www.ogra.org.pk

15.2. Any notice given under the provisions of Condition shall be deemed to have been duly served and received at the actual time of delivery, if delivered personally, seven (7) working days subsequent to the date of postage, if sent by registered mail; and at the time of receipt, if transmitted by facsimile or e-mail where there is confirmation of uninterrupted transmission by a transmission report and provided that the original of the notice is then delivered personally or sent by registered mail as soon as reasonably practicable.



(Zain Ul Abedeen Qureshi)
Member (Oil)



(Muhammad Arif)
Member (Gas)



(Noorul Haque)
Vice Chairman/ Member (Finance)



REGISTRAR
Oil & Gas Regulatory Authority
Islamabad