

No. OGRA-10-11(8)/2018

May 4, 2018

1. Managing Director Pakistan State Oil Limited, PSO House, Clifton, Karachi.	2. Managing Director Pakistan LNG Limited, Petroleum House, G-5, Islamabad.
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Subject: Determination of Re-gasified Liquefied Natural Gas (RLNG) Weighted Average Sale Price for the Month of May 2018.

Dear Sir,

Reference M/s PSO and M/s PLL's email enclosing therewith the data regarding the subject matter.

2. In accordance with the Federal Govt. decision regarding "RLNG Allocation, Pricing and Associated Matters" and advice from Ministry of Energy regarding weighted average sale price dated January 22, 2018, RLNG Weighted Average Sale Prices for the month of May, 2018 has been computed and the attached herewith as Annexure- A and Annexure- B.

3. In the above RLNG price, in respect of PLL, the terminal charges have been determined at a levelized tariff of US \$ 0.4177 per MMBUT, in accordance with the decision of ECC of the Cabinet dated June 28, 2016. Said charges are based on 600 MMCFD LNG consignment. During the month, M/s PLL however has planned the procurement of only two cargoes, instead of six cargoes which optimally utilize the terminal capacity. Resultantly, the terminal charges, owing to underutilized capacity, have increased to US \$ 1.1671/MMBTU. The Authority observed with concern that inefficient management of LNG supply chain is unnecessarily increasing the Terminal Charges directly impacting RLNG price, which is against the ECC decision and public interest. In the previous month, the terminal charges were observed on higher side, the same however were provisionally allowed on the basis that PLL shall recoup the deficiency in the coming month, which has not done by it.

The Authority therefore, in view of foregoing, determines the Terminal Charges at US \$ 0.4177 per MMBTU and advises M/s PLL to effectively manage the LNG supply in order to efficiently utilize the terminal committed capacity and meet the consumers demand. Further, it is also pertinent to highlight that M/s PLL also has the RLNG sale license; it should explore multiple avenues for marketing and sale of RLNG in addition to its existing bulk consumers.

Regards,

Yours truly,

for 
(Abdul Basit Qureshi)
Registrar

Cc to: 1. Managing Director, SSGCL, St-4-B, Block 14, Sir Shah Suleman Road, Gulshan-e- Iqbal, Karachi.

2. Managing Director, SNGPL, 21-Kashmir Road, Gas House, Lahore.

Computation of RLNG Provisional Price May 2018

Particulars	Unit	SNGPL (May-2018)			
		Transmission		Distribution	
		PSO	PLL	PSO	PLL
No. of Cargos		6	2	6	2
Quantity Received		19,200,000	6,400,000	19,200,000	6,400,000
Retainage (PSO @0.75% & PLL 0.67%)		144,000	42,880	144,000	42,880
Quantity Delivered at Terminal		19,056,000	6,357,120	19,056,000	6,357,120
Transmission Loss: 0.19%		36,206	12,079	-	-
T & D Loss: 8.07%				1,537,819	513,020
Total Loss including Retainage		180,206	54,959	1,681,819	555,900
%age Losses		0.94%	0.86%	8.76%	8.69%
Quantity available for Sale		19,019,794	6,345,041	17,518,181	5,844,100
LNG Price (DES)		9.2039	7.9481	9.2039	7.9481
PSO/ PLL other imports related actual costs		0.2927	0.1336	0.2927	0.1336
PSO / PLL margin		0.2301	0.1987	0.2301	0.1987
Terminal Charges		0.4400	0.4177	0.4400	0.4177
LSA management fee (SSGC/PLTL)					
RLNG Cost	US \$/MMBTU	10.1667	8.6981	10.1667	8.6981
Retainage volume adjustment		0.0768	0.0587	0.0768	0.0587
T & D volume adjustment		0.0195	0.0166	0.8992	0.7687
LSA management fee (SSGC/PLTL)		0.0250	0.0250	0.0250	0.0250
Cost of supply		0.6983	0.6983	0.6983	0.6983
Total RLNG price without GST		10.9863	9.4967	11.8660	10.2488
Quantity available for Sale	MMBTU	19,019,794	6,345,041	17,518,181	5,844,100
Total cost of RLNG	US \$/MMBTU	208,957,158	60,256,751	207,871,282	59,894,828
sum of Total RLNG cost (PSO & PLL)	US \$/MMBTU	269,213,909		267,766,110	
sum of quantity available for sale (PSO & PLL)	MMBTU	25,364,835		23,362,281	
Weighted Average Sale Price without GST	US \$/MMBTU	10.6137		11.4615	

Notes:

i. Calculation of LNG DES Price	PSO	PLL
Brice_m3 February, 2018	65.6780	65.6780
Brice_m2 March, 2018	66.6752	66.6752
Brice_m1 April, 2018	71.7395	71.7395
Brent_m	68.0309	68.0309
CPm=13.37% (PSO) of Brent_m (PSO), 11.6247% for PLL	9.0957	7.9084
Port Charges (in the excess of limit borne by LNG supplier)	0.1082	0.0397
Total DES	9.2039	7.9481

- ii. Average cost of supply for has been taken on provisional basis as per DERR-2017-18.
- iii. Weighted Average Sale Price has been worked out in light of the advice of the Ministry of Energy
- iv. Retainage incase of PLL has been taken at 0.67% and in respect of PSO, it has been determined at 0.75%. Retainage has been taken on provisional basis subject to final outcome of the audit.
- v. The above prices have been computed on the basis of data provided by M/s PSO & M/s PLL. The parties (SNGPL, SSGCL, PSO & PLL) shall scrutinize the same on the basis of evidences before making payments as per their mutual agreements.

Computation of RLNG Provisional Price May 2018

		SSGC (May-18)			
		Transmission		Distribution	
		PSO	PLL	PSO	PLL
No. of Cargos		6	2	6	2
Quantity Received		19,200,000	6,400,000	19,200,000	6,400,000
Retainage (PSO @0.75% & PLL 0.67%)		144,000	42,880	144,000	42,880
Quantity Delivered at Terminal		19,056,000	6,357,120	19,056,000	6,357,120
Transmission Loss: -0.74%		(141,014)	(47,043)	-	-
T & D Loss: 13.29%		-	-	2,532,542	844,861
Total Loss including Retainage		2,986	(4,163)	2,676,542	887,741
%age Losses		0.02%	-0.07%	13.94%	13.87%
Quantity available for Sale		19,197,014	6,404,163	16,523,458	5,512,259
LNG Price (DES)		9.2039	7.9481	9.2039	7.9481
PSO/ PLL other imports related actual costs		0.2927	0.1336	0.2927	0.1336
PSO / PLL margin		0.2301	0.1987	0.2301	0.1987
Terminal Charges		0.4400	0.4177	0.4400	0.4177
RLNG Cost		10.1667	8.6981	10.1667	8.6981
Retainage volume adjustment		0.0768	0.0587	0.0768	0.0587
T & D volume adjustment		(0.0752)	(0.0644)	1.5700	1.3421
LSA management fee		0.0250	0.0250	0.0250	0.0250
Cost of supply		0.2454	0.2454	0.2454	0.2454
Total RLNG price without GST		10.4387	8.9628	12.0839	10.3693
Quantity available for Sale	MMBTU	19,197,014	6,404,163	16,523,458	5,512,259
Total cost of RLNG	US \$/MMBTU	200,391,990	57,399,067	199,667,909	57,158,125
sum of Total RLNG cost (PSO & PLL)	US \$/MMBTU	257,791,057		256,826,034	
sum of quantity available for sale (PSO& PLL)	MMBTU	25,601,177		22,035,716	
Weighted Average Sale Price without GST	US \$/MMBTU	10.0695		11.6550	

Notes:

i. Calculation of LNG DES Price	PSO	PLL
Brice_m3 February, 2018	65.6780	65.6780
Brice_m2 March, 2018	66.6752	66.6752
Brice_m1 April, 2018	71.7395	71.7395
Brent_m	68.0309	68.0309
CPm=13.37% (PSO) of Brent_m (PSO), 12.87705% for PLL	9.0957	7.9084
Port Charges (in the excess of limit borne by LNG supplier)	0.1082	0.0397
Total DES	9.2039	7.9481

- ii. Average cost of supply for has been taken on provisional basis as per DERR-2017-18.
- iii. Weighted Average Sale Price has been worked out in light of the advice of the Ministry of Energy
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- v. The above prices have been computed on the basis of data provided by M/s PSO & M/s PLL. The parties (SNGPL, SSGCL, PSO & PLL) shall scrutinize the same on the basis of evidences before making payments as per their mutual agreements.