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SSGC
Sui Southern Gas Company Limited

Ref : RA/321 & RA/60
Dated : 19 October 2015

Mr. Abdul Basit
Registrar
Oil & Gas Regulatory Authority
Plot # 54, ZTE Plaza, Fazal-e-Haq Road,
Near PIA Building, Blue Area,
<u>ISLAMABAD</u>

OIL & GAS REGULATORY AUTHORITY
22 OCT 2015
Diary: 9818

SUBJECT : <u>REVIEW PETITION FOR DETERMINATION OF RE-GASIFIED LIQUEFIED NATURAL GAS (RLNG) PRICE DATED 7 OCTOBER 2015</u>

Dear Sir,
The Authority has determined the provisional price of RLNG through its decision dated 7 October 2015 under the provisions of Petroleum Products (Petroleum Levy) Ordinance 1961 and Petroleum Products (Petroleum Levy) Rules 1967. We have reviewed the decision of the Authority and would like to submit that as a result of determination of said provisional price SSGC is exposed to some major risks namely;

1. LSA charges are being paid to terminal operator which will not be recovered in the RLNG price provisionally determined by OGRA in full; hence SSGC will be out of pocket for no fault of its own while performing its obligations under the contract.
2. In order to make regular payments to Terminal Operator, SSGC is borrowing funds in the absence of corresponding equitable RLNG price and is incurring Finance Cost out of its own pocket.

Owing to above, we understand that review of the Authority is required particularly in the following areas:

1. LSA Charges
OGRA in its determination para 1.3.4 has referred to the seven different pricing parameters, which were conveyed by MP&NR on 27 July 2015 to the Federal Government (FG) for approval. In clause 5.13 of said decision, Authority has determined that:

*"------- the Authority observes that payment between the parties in this regard have to be made **<u>in accordance with the Mutual Agreements.</u>**"* emphasis added
"------- the Authority therefore includes terminal charges at the levelised tariff of $0.66 / MMBTU in accordance with the decision of FG."

In the paragraph referred above, the Authority has acknowledged the fact that payments between the parties have to be made in accordance with the mutual agreements (which in the instant case is LSA). Despite

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acknowledging this fact the Authority has not considered the provisions under which the payments are to be made in the first year and subsequent 14 years; determined the price taking the Terminal Charges of US$0.66 / MMBTU which has been worked out whilst taking an average of 15 years contract term referring the decision of ECC.

We have already elaborated and submitted the detailed working of US$ 0.66 / MMBTU in the meeting held at OGRA Islamabad on 21 August 2015 and through our letter reference RA/60 & RA/321 dated 19 August 2015 (copy attached once again for reference as **Annexure-A**).

The following additional explanations are being submitted in order to further clarify the matter:

It is re-iterated that US$ 0.66 per MMBTU is the average rate calculated based on the following facts:

1. Contract period of 15 years, and cumulative energy of 2,011,150 BBTU in a period of 15 years.
2. In the scenario when in year one the volumes are 200 MMCFD on continuous basis for full year at 95% guaranteed uptime.
3. Similarly from year 2 to year 15 volumes are 400 MMCFD on continuous basis for full year for a term of fourteen years (2-15) at 95% guaranteed uptime.
4. GCV is assumed at 1000 BTU per standard cubic feet.

The above formed basis on which bidders were supposed to submit bids and these are the results of successful bidder which then got incorporated in the agreement, ECC summary & approval communicated through MP&NR's letter No.NG-II 12(62)/14-LNG-Interim-PL-2 dated 15 May 2014.

The Agreement does not state that US$ 0.66 per MMBTU will be charged for LNG processed. Instead agreement says that there will be two charges (i) Capacity Charges (ii) Utilization Charges which will be billed on monthly basis.

In year one the capacity charge is USD 272,479 per day for 365 days at 95% Guaranteed uptime (365*0.95=347 days).

In year 2 up to Year 15 the capacity charge is USD 228,016 per day for 365 days at 95% Guaranteed uptime (365*0.95=347 days).

The utilization charge is USD 0.06273 per MMBTU for the whole tenure of the Agreement.

Thus for a month having 30 days at which 200 MMCFD is processed, the LSA charge for the month will be:

		US$
Capacity Charges 272,479 * 30 * 0.95		= 7,765,652
Utilization charges	5,700,000*0.06273	= 357,561
Total LSA Charges		= 8,123,213
Per MMBTU charges		= 1.43

The above are for year 1 only. Let us now analyze the effect in year 2 onwards. Two phenomenon take place, the volume gets doubled from 200 MMCFD to 400 MMCFD thus increasing the MMBTU on which capacity charges are to be proportioned and Capacity charges per day reduced by USD 44,463 per day from USD 272,479 to USD 228,016 per day the combined effect is as under;

For a month having 30 days at which 400 MMCFD is processed the LSA charge for the month will be:

		US$
Capacity Charges 228,016 * 30 * 0.95		= 6,498,456
Utilization charges	11,400,000*0.06273	= 715,122
Total LSA Charges		= 7,213,578
Per MMBTU charges		= 0.63

Above per MMBTU charges are extremely sensitive to the volumes processed and amount of Capacity charges per day; the higher the volumes processed, the lower the rate will be.

In the paragraph 5.13 referred above, the Authority further noted its observation:

"that this levelised tariff has built in benchmark to effectively manage LNG supply as planned per LSA, in order to ensure optimum utilization."

It is submitted that the rationale / basis of working of terminal charges of US$ 0.66/MMBTU as outlined above in no way dictates that it is a benchmark figure. This simply is an average figure that has been worked out considering the tenure and contracted volumes under the LSA which is 15 years and 200 and 400 MMCFD for year 1 and year 2 to 15 respectively.

Allowance of US$ 0.66/MMBTU in year 1 would not meet the requirement of the Company under LSA since the average/month charge (without interruption) for year 1 is US$ 1.43/month. By taking this decision the Authority is effectively deferring the recovery of cost beyond year 1 which may not be fully recovered during the tenure of the contract (relevant working is attached as **Annexure-B**).

As elaborated above in detail, EETPL will not be billing SSGC (as Authority has understood) at US$ 0.66 per MMBTU processed, rather it will be billing SSGC based upon the Agreement as per actual volume processed, which we have elaborated above.

It is further submitted that in the current scenario SSGC is not the utility company who is selling RLNG rather it is only providing the service to SNGPL who in turn are selling this to RLNG Consumers.

The Authority's decision of fixing US$ 0.66 per MMBTU on RLNG Price is not only restricting SNGPL to bill its consumers properly but is also exposing SSGC to huge financial risk.

SSGC is not in a position to recover actual amounts billed by EETPL from SNGPL in view of the 7 October 2015 decision by the Authority. SSGC is potentially exposed to the tune of US$ 28.9 million (being the difference of per MMBTU price approved by OGRA and per MMBTU price billed by EETPL under LSA) that were paid to EETPL since commissioning of FSRU in March 2015 to September 2015 (for details refer to **Annexure-C**).

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Besides the Terminal Charges as elaborated above there are number of charges envisaged in the LSA (other LSA charges) for instance, cost incurred in case of acceptance of warm cargoes, charges incurred in cooling down of FSRU in the event of customer inventory falls below LNG Heel etc. which may arise from time to time and are non recurring in nature. Therefore it is requested to include Other LSA charges in the RLNG Price as and when they incur.

It is therefore submitted that Authority may review its decision and allow recovering actual amount billed by the Terminal Operator (EETPL) from SNGPL in case of SSGC and from RLNG consumer in case of SNGPL, by including LSA charges on actual basis in the RLNG Price.

2. Retainage:

OGRA has determined the retainage @ 0.75% of total cost i.e.US $ 8.39462*0.75%= $ 0.06296 / MMBTU. Authority has again missed the concept behind the working that was envisaged under clause 20 of LSA that deals with retainage.

The formula envisaged that for the first year i.e. for 200 MMCFD, retainage of 1.5% will be arrived that can be utilized by EETPL, if the volume processed is lower than 200 MMCFD, the retainage factor will go up as per the formula. Retainage is a function of flow rates. Since the commissioning of the terminal, the flow rates have seen significant fluctuations between 100 to 300 MMCFD and there also have been days where re-gasification has not taken place. This has resulted in an average flow rate to-date of 166.5 MMCFD at which rate the allowable retainage would be around 1.7%.

In paragraph 5.17 of the decision the Authority noted:
"The Authority notes that two out of three factors forming retainage are variable components and hence shall not be consistent / fixed throughout the supply period. They are rather dependent on the occurrence of some specific circumstances / emergency situation. However, some quantity shall be required in the operations of import facility. In view of the same, the Authority includes retainage @ 0.75% on total delivered quantity, subject to review based on the actual volumes charged on this account and after obtaining feedback of all stakeholders through public hearings".

In the above referred paragraph reference has been made to provision of LSA that describe the factors owing to which certain retainage has been allowed to EETPL, the calculation has however been explained separately under the clause 20.1.2 of the LSA. Any retainage in excess of the guaranteed retainage shall be borne by EETPL under clause 20.1.4 and for that purpose annual adjustments are to be made. From the above it is evident that the amount of guaranteed retainage under relevant clauses of LSA should form part of the price of RLNG.

Further the Authority's stance of reviewing the retainage after obtaining feedback in Public Hearings is not justified and in contradiction of the position taken by the Authority in case of Terminal Charges; these are also the charges under the LSA and needs to be incorporated in RLNG price accordingly as per the terms of agreement.

3. Cost of Services
Reference may please be made to the decision of ECC conveyed through MP&NR letter dated 27 July 2015 under which the Federal Government has approved pricing components of RLNG, that includes at serial (v) SSGC / SNGPL cost of services (to be determined by OGRA).

SSGC has claimed cost of service US$ 0.13/MMBTU based on actual results for FY 2014-15 comprising of allocated O&M cost on the transmission network, depreciation and return on assets of relevant pipeline segment.
We understand that the disallowance of cost of service in RLNG prices may not financially affect the Company if allowed in the revenue requirement determined by OGRA.

Kindly appreciate that there is no doubt about the fact that any incremental cost associated with RLNG should be borne by RLNG consumers. The concept of allocation of cost to different segments of business is also based on established business practices.

It may please be noted that under the existing arrangements, SSGC is transporting gas on behalf of SNGPL; SSGC's cost of service associated with the operations should therefore form part of RLNG price.

Provisions of Section 6(2) (j) of OGRA Ordinance and Rule 20(xx) of NGRA Licensing Rules govern the Third Party Access. Under these provisions SSGC is required to provide access to its network based on a fee to be determined by OGRA. In the instant case SSGC's cost of service if allowed in the pricing and recovered to SSGC would be in line with the applicable provisions of Law as referred above.

4. Administrative Margin of gas Companies $ 0.05 / MMBTU:
Under paragraph 5.6 of the decision, the Authority disallowed the Administrative margin of gas companies stating:

> *"The Authority observes that gas companies have made general contention on this issue as stated at para 2.11 above; they have neither quantified nor properly justified the same. The Authority, therefore, provisionally disallows gas companies' claim in this regard"*

As regards to the Administrative margin our submissions are as under:
The Authority in its determination under paragraph 1.3.4 has referred to the seven different pricing components, which were conveyed by MN&PR on 27 July 2015 as being approved by the ECC vide Case No. ECC-87/11/2015 dated 6 June 2015.

The said components include the administrative margin of $0.05 / MMBTU both for SSGC and SNGPL to be allowed in the pricing of RLNG.

Kindly note that we have already apprised the Authority regarding the rationale of the Administrative Margin explaining the fact that the margin is not meant to recover any specific cost element; It has been proposed as an incentive to the gas utilities which have been exposed to various risks while entering into this transaction. Extracts from our previous letter reference RA/60&RA/321 dated 19 August 2015 are re-iterated as under:

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"The administrative margin allowed and approved by ECC of the Cabinet is not on cost recovery basis but is on the basis of giving a reasonable return for doing business and to mitigate additional risks being faced by the company. The associated additional risks may interalia include:

i. SSGC has issued US $ 46.398 Million SBLC to EETPL, the charges are borne by the company.
ii. Financial charges may arise in case of late payment of dues since under LSA the payment terms are later of 15 business days from the issuance of the invoice or 21 days from the month end."

We would like to draw the attention of the Authority to the fact that while entering into the RLNG transaction particularly in the first phase where capital investments are not involved and the Company is not getting any incremental return on assets of the Company, no benefit is accruing to the Company despite putting all efforts, utilizing its time and resources and carrying all the risks under the LSA.

As elaborated above, the Administrative margin of $0.05/MMBTU has been claimed in the light of decision of the ECC of Cabinet, therefore the Authority is requested to implement the decision of the august body in letter and spirit.

In view of the above submissions, the Authority is requested:

1. To include LSA charges on actual basis in the RLNG price retrospectively instead of allowing provisional levelised tariff of US$ 0.66 / MMBTU.
2. To include other LSA charges on actual basis in the RLNG price as and when incurred.
3. To include retainage based on applicable clause 20 of the LSA in the RLNG price.
4. To include SSGC cost of Service with particular reference to section 6(2) (j) of OGRA Ordinance read with Rule 20(xx) of NGRA licensing Rules 2002.
5. To include SSGC's administrative margin in the RLNG price in line with the approval of ECC.

The above is submitted for the favorable consideration of the Authority.

Yours Sincerely

Syed Fasihuddin Fawad

For and on behalf of

Managing Director

"Annexure-A" 23

SSGC

Sui Southern Gas Company Limited

Ref : RA/60 & RA/321
Dated: 19 August 2015

Mr. Ihsan ul Haq Alvi
Joint Executive Director (F)
Oil & Gas Regulatory Authority
ZTE Plaza near PIA Booking Office, Blue Area
Islamabad.

Subject: SALE PRICE OF RLNG
Ref : OGRA-9-(81)-LNG/2015 Dated: 12 August 2015

Dear Sir
This is with reference to your above referred letter.

The information required from SSGC is being given as follows.

Point No. 1. (iii) and (iv)

Please note that the Parties (i) Sui Southern Gas Company Limited (SSGCL), (ii) Sui Northern Gas Pipeline Limited (SNGPL) and (iii) Pakistan State Oil (PSO) have initialed in the month of April 2015, a Final Draft "Tripartite Agreement" to cater for the arrangement for import of LNG by PSO under the SPA which shall be sold to the Gas Companies in accordance with the Gas Companies respective allocated shares in pursuance of the terms of the said Agreement. The LNG will however be delivered by PSO to SSGC, which will take delivery of the LNG for and on behalf of SNGPL and re-gasify the same at Engro Elengy Terminal Pvt Ltd., pursuant to the LNG Services Agreement (LSA). SSGC will then deliver RLNG/Swapped Gas to SNGPL under the Gas Companies Transportation Agreement.

The two Gas Utility Companies (Sui Southern Gas Company & Sui Northern Gas Pipelines Limited) intend to enter into Gas Transportation Agreement, the draft of which is being finalized by the two Companies. The said agreement shall provide provisions relating to storage, re-gasification, transportation / swap and its delivery to Sui Northern Gas Pipelines Limited.

Please note that the swap arrangement is being carried out in pursuance of the decision of ECC of the cabinet in its meeting held on 14 March 2015. The copy of the MPNR's letter No: NG(II)-16(I)/15-RLNG-Pt, dated: 25 March 2015 is enclosed as **Annexure – A.**

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PIPE LINE TERMINAL: University Road, Karachi-32. Telephone : 9243500

Point No : 4

Terminal charges of US$0.66 per MMBTU are based on levelized tariff of 15 years. This re-gasification charge is based on the presumption that for the first contract year LNG re-gasification will be 200 MMCFD while it will be 400 MMCFD for the remaining 14 years, without any interruption, from the commercial start date.

The terminal charge of US$ 0.66 per MMBTU comprise of the following two components.

i. Utilization charges of US $ 0.06273 per MMBTU based on volume re-gasified.
ii. Fixed capacity charge i.e. US $ 272,479 per day for first year based on 200 MMCFD volume re-gasified and US $ 228,016 per day based on 400 MMCFD gas processed from second year onwards for remaining 14 years.

It is clear from the above that per day Capacity charges are fixed in nature and any deviation in volume would lead to increase / decrease in Terminal charges per MMBTU.

Based on the above EETPL has raised its monthly invoices in line with the LSA and the same were forwarded for price determination to OGRA.

Point No: 5

Cost of service statement based on historical cost for FY 2014-15 is attached as **Annexure-B.**

Point No: 6

As regards to the administrative margin, we have provided the explanation and the same is being re-iterated as under:

"The administrative margin allowed and approved by ECC of the Cabinet is not on cost recovery basis but is on the basis of giving a reasonable return for doing business and to mitigate additional risks being faced by the company." The associated additional risks may interalia include:

i. SSGC has issued US $ 50 Million SBLC to EETPL, the charges are borne by the company. Any default in payment by SSGC to EETPL will lead to call of SBLC.
ii. Financial charges may arise in case of late payment of dues since under LSA the payment terms are later of 15 business days from the issuance of the invoice or 21 days from the month end.

Point No: 7

As already explained in our earlier letter dated: 5 Aug 2015, "additional volumes of RLNG delivered to SNGPL for making up the requisite BTU may be treated as deemed sales". Accordingly in respect of Financial Year 2014-15, the Company received Re-gasified LNG from Engro Elengy Terminal and transferred natural gas to SNGPL under Swap arrangement. The GCV of RLNG obtained from EETPL is higher than that of natural gas transferred to SNGPL

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which resulted in additional supply of 1,086 mmcf gas to SNGPL, the same is included as deemed sales in UFG working of the Company.

The following reasons contribute on the Transmission gas losses:-

1. The gas loss due to blow down during startup and shut down of compressors (A normal operational phenomena) will increase in future as it is anticipated that about 10 compressors will be operational on the Transmission network as against the current requirement of just three compressors.

2. Filters & scrubbers installed at Transmission network for gas conditioning requires frequent cleaning during its isolation and re-commissioning, which contribute gas loss.

3. Condensate is formed during gas transportation with variation in pressure and temperature resulting in gas loss due to shrinkage.

4. Difference between RLNG Receipt Meter (Large) and Residual Sale Meter (Small and Large numbers) will also contribute in some gas loss.

We hope that the above will serve the purpose.

Yours faithfully,

Syed Fasihuddin Fawad
General Manager (RA)
(For Managing Director)

CC: **GM (Regulatory Affairs Deptt) SNGPL**

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Annex- A

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IMMEDIATE

No. NG(II)-16(I)/15-RLNG-Pt
Government of Pakistan
Ministry of Petroleum & Natural Resources
(Policy Wing)
Directorate General of Gas
21-E, Huma Plaza, Blue Area
***

Islamabad, the 25th March, 2015

01. **The Managing Director,**
M/s Pak Arab Fertilizer Ltd,
Lahore

02. **The Managing Director,**
M/s Dawood Hercules Fertilizer Ltd,
Lahore

03. **The Managing Director,**
M/s AGRITECH Ltd,
Lahore

04. **The Managing Director,**
Pakistan State Oil,
Karachi

05. **The Managing Director,**
Sui Southern Gas Company Ltd,
Karachi

06. **The Managing Director,**
Sui Northern Gas Pipelines Ltd.,
Lahore

07. **The Chairman,**
Oil & Gas Regulatory Authority,
Islamabad.

08. **The Chairman,**
Federal Board of Revenue,
Islamabad.

09. **The Chief Executive,**
Engro Elengy Terminal (Pvt) Ltd,
Karachi

(847)

MD SSGC
Received on 25-3-15

	Action by	Copy to
DMD (MS)	✓	
DMD (C3)		
Co. Secy		
CFO		
CIA		
SGM (IT)		
SGM (T)		
SGM (ES)	✓	
SGM (MS)		
SGM (D)S		
SGM (D)N		
SGM (CS)		
GM (HR)		
GM (RA)		

Subject: **IMPORT AND SUPPLY OF LNG/RLNG TO FERTILIZER PLANTS ON SNGPL NETWORK**

Dear Sir (s),

I am directed to inform that that ECC of the Cabinet in its meeting held on 14.03.2015 vide case No. ECC-37/05/2015 dated 14.03.2015 while considering a summary submitted by this Ministry on the subject has approved the following model subject to provision that this import shall be contingent upon the allocation of Terminal and pipeline capacity by the Ministry of Petroleum & Natural resources for a specific timeframe, wherever such capacity is available after lifting the firmed up requirement of the power sector:

(i) Fertilizer sector has been allowed to import their own LNG from international market LNG from their own sources. The fertilizer plants shall hold the title to the purchased LNG for the transaction to be bankable.

(ii) Under the present arrangement PSO is being allowed to import one commissioning cargo through FSRU on FOB basis or LNG carrier on DES basis under LNG SPA. In case PSO is unable to bring the commissioning cargo then the fertilizer plants may be allowed to import commissioning cargo subject to payment of incremental charges over and above the charges to be incurred by PSO.

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(iii) The existing terminal operator will provide storage and re-gasification facility at applicable re-gasification /storage tariff along with SSGC margin.

(iv) [redacted] transported from Terminal to each fertilizer plant by Sui companies under swap arrangements.

(v) The Sui companies will ensure that RLNG delivered to above fertilizer plants shall be in equivalent BTUs of LNG imported by above fertilizer plants.

(vi) Currently the above fertilizer plants are idle and are not contributing any revenue in the form GST to the Government exchequer, therefore, they may be charged GST @ 5% on fertilizer produced by using imported LNG (as was allowed by ECC to CNG sector vide Case No.ECC-135/22/2014 dated 29.10.2014) which will help increase affordability of fertilizer produced from expensive LNG.

(vii) In addition to above, no GIDC will be levied on imported LNG to be utilized by the above plants.

(viii) Since the above plants are bulk users on high pressure transmission network with minimum or no transmission losses, therefore, the transmission losses, if any, may be charged at actual.

2. You are requested to take further necessary action in the implementation of above ECC decision under intimation to this office at the earliest.

Yours truly,

(Abdul Rasheed Jokhio)
Director (Tech.)

c.c:

(i) Secretary Finance, Government of Pakistan, Islamabad
(ii) Director to Minister for Petroleum & NR
(iii) SPS to Secretary Petroleum & NR
(iv) PA to DG(Gas) Petroleum & NR

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Annex. B.

SSGC Cost of Service

		Rupees Based on 2014-15 O&M Cost
Operating and Maintenance Cost	a	194,998,522
Depreciation	b	374,098,673
Return on Assets	c	443,129,848
Fixed cost	d	**1,012,227,043**
Contracted Capacity (MMCFD)		200
Technical Capacity (MMCFD)		208
Total Capacity Charges	e=d/208*200	973,295,233
Contracted Capacity (MMCFD)	f	200
Tariff per MMBTU - $	e/(f*365*1000)/100	**0.133**
WDV 30-6-14	g	2,793,695,501
Depreciation	h	(374,098,673)
WDV 30-6-15	i=g-h	2,419,596,828
Average Assets	j=(g+i)/2	2,606,646,165
ROA - 17% of WDV	j*17%	**443,129,848**
Network length	k	305
O&M cost - Rs. per KM (Based on cost of FY 2013-14)	l	639,339
Operating and Maintenance Cost	m=k*l	194,998,522

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Utilization of Pipeline Segments at ILBP System for Transportation of RLNG to SNGPL at Sawan (Phase-I)

Sr.No	Title of Pipeline	Dia (inch)	Length Km	Commissioning Year	Design Capacity MMCFD	Actual Flow MMCFD	WDV 30-6-14	Depreciation	WDV 30-6-15
1	24"dia x 116 Km Pakland to Sindh University	24	125	Jun-05	208	208	1,247	42	1,205
2	30"dia x 9 Km Sindh University to HQ-3	30		2005			173	6	167
3	24"dia x 15 Km HQ-3 to Masu	24	15	Jun-06			184	6	178
4	24"dia x 83 Km Tando Adam to HQ-2	24	83	2006-07			1,190	321	869
5	24"dia x 82Km HQ-2 to Nara	24	82	1994-95			-	-	-
	Total	–	–	–	–		**2,794**	**374**	**2,420**

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200 MMCFD in Year 1 and 400 MMCFD from year 2-15

Year	Volume MMCF	Energy MMBU	Capacity Charges	Utility charges	Total Charges
			Amount in USD		
1	69350	69350000	94,482,093	4,350,326	98,832,419
2	138700	138700000	79,064,548	8,700,651	87,765,199
3	138700	138700000	79,064,548	8,700,651	87,765,199
4	138700	138700000	79,064,548	8,700,651	87,765,199
5	138700	138700000	79,064,548	8,700,651	87,765,199
6	138700	138700000	79,064,548	8,700,651	87,765,199
7	138700	138700000	79,064,548	8,700,651	87,765,199
8	138700	138700000	79,064,548	8,700,651	87,765,199
9	138700	138700000	79,064,548	8,700,651	87,765,199
10	138700	138700000	79,064,548	8,700,651	87,765,199
11	138700	138700000	79,064,548	8,700,651	87,765,199
12	138700	138700000	79,064,548	8,700,651	87,765,199
13	138700	138700000	79,064,548	8,700,651	87,765,199
14	138700	138700000	79,064,548	8,700,651	87,765,199
15	138700	138700000	79,064,548	8,700,651	87,765,199
		2011150000			1,327,545,205
Levelised tarrif for 15 years					**0.66**

"Annexure - B"

	year	volume	energy	Capacity charges	Utilisation Charges	Total	US $				
							Tariff / MMBTU				Net shortfall
							per year	Allowed by OGRA	Short / (Surplus)		
	1	69,350	69,350,000	94,482,093	4,350,326	98,832,419	1.43	0.66	0.77	53,061,418.75	
	2	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	49,284,617.75
	3	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	45,507,816.75
	4	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	41,731,015.75
	5	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	37,954,214.75
	6	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	34,177,413.75
	7	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	30,400,612.75
	8	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	26,623,811.75
	9	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	22,847,010.75
	10	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	19,070,209.75
	11	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	15,293,408.75
	12	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	11,516,607.75
	13	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	7,739,806.75
	14	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	3,963,005.75
	15	138,700	138,700,000	79,064,548	8,700,651	87,765,199	0.63	0.66	(0.03)	(3,776,801.00)	186,204.75
			2,011,150,000			1,327,545,205					
			2,011,150			**0.66**					

"Annexure- C"

SSGC Working without Sales Tax						
No of days	Capacity Charges	Utilization charges	Payment to EETL	LSA Charges Claimed	LSA Charges Disallowed	Amount of Disallowance
	in USD					
3	817,437	27,370	844,807	1.94	1.28	556,842
30	8,174,370	287,742	8,462,112	1.84	1.18	5,434,698
31	8,446,849	350,962	8,797,811	1.57	0.91	5,105,240
30	8,174,370	336,756	8,511,126	1.59	0.93	4,968,025
31	8,446,849	411,245	8,858,094	1.35	0.69	4,531,266
31	8,024,507	185,586	8,210,093	2.78	2.12	6,257,487
			(1,702,994)			(1,702,994)
30	7,765,652	422,222	8,187,874	1.22	0.56	3,745,554
186	**49,850,033**	**2,021,883**	**50,168,923**	**1.56**		**28,896,119**

Sindh Sales Tax of 15% will not form part of cost being allowed as input tax.

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