

# Timely Purchases of LNG is Critical for Sustained Growth

## Private Sector procurement of LNG will transform Pakistan's gas sector – Iqbal Z. Ahmed

*Exclusive interview of CEO/Chairman, Associated Group*

**P**akistan GasPort Ltd (PGP) intends to change the current method of using pipeline for natural gas supply in the country with a virtual gas pipeline to be built through a system of trucking. Chairman and CEO of Associated Group, Iqbal Z Ahmed, disclosed this during a recent exclusive interview session conducted by the Energy Update about energy issues of Pakistan. He continues to say that.....

**Energy Update:** As per your opinion, what are the reasons behind the current natural gas crisis in the country?

**Iqbal Z Ahmed:** It is because of the late ordering of LNG. The ongoing gas crisis could have been averted had the Government bought in cargoes in time. Forecasts indicated the growing market gap in energy demand especially as a result of the plummeting local gas production. All this can be far more efficiently managed if the private sector were to be facilitated by the Government to bring in its own LNG cargoes and sell directly within the private-sector.

**EU:** So what is the way forward in your opinion?

**Mr Ahmed:** A forum must be convened by the Government to bring in all the multiple stakeholders in the LNG landscape—LNG terminals, endusers, and the regulator to streamline the process for introducing the idea of a multiuser LNG terminal in Pakistan wherein entities from both public and private sectors bring in their LNG cargoes, under an inter-user framework, as per the global norms at multi-user LNG terminals in places like Italy and Lithuania.

A decision was made by the Government in July last year to allow third-party access (TPA) to private firms to import LNG and sell directly to customers in the private sector. The

■ By M. Naeem Qureshi

matter regarding revenue sharing formula between the Government and the terminal operators though is yet to be agreed upon despite the fact that a cabinet committee was constituted in August headed by the deputy chairman the Planning Commission.

Private-sector initiatives to unlock the excess capacity of existing LNG terminals must not become constrained by red-tapism especially when the existing LNG terminal operators are seeking no product off-take-guarantees or financial assistance from any of the Government bodies.

We firmly believe that the private-sector imports of LNG will bring in the product at a much more competitive pricing and be a game-changer for the energy sector in Pakistan. Our own terminal, Pakistan GasPort Limited, has excess capacity of 150 mmcsfd which we can immediately utilise to provide guaranteed supply and competitively-priced LNG for industries and the power sector in and around Karachi. The opportunity cost of not having imported LNG cargoes at the right price around in August-September period for Winter months has been manifest in gas loadshedding and rationing to industries.

For optimal decision-making and implementation, the



Government must strive to remove these bottlenecks that have led to the present state of paralysis in policy-making and created the unnecessary gas shortages in the country.

## EU: What is your advice to the government concerning the energy situation?

**Mr. Ahmed:** Energy sector is in dire need of an overhaul to avoid the recurring circular debt issues and adopt an optimal energy mix for the country. For base-load electricity production and industrial requirements, LNG is the best way forward for plugging the energy demand-supply gap. We need to have an energy roadmap for the country that envisages a 10 year economic development trajectory. For its implementation, we require driven and dynamic people. The Prime Minister himself is known for being an out-of-the-box decision-maker. He should preside over the energy roadmap and its implementation so that the objectives of energy security and economic interests are achieved and we become a middle-income country by say 2025.

## EU: Would you share more detail about your business?

**Mr. Ahmed:** The JJVL (Jamshoro Joint Venture Ltd) has been closed since June. The federal cabinet made the decision to restart it but four months have passed since a file in this connection was sent to a ministry for its opinion as the file is yet to be returned.

## EU: What is the upcoming venture of the PGP?

**Mr. Ahmed:** The PGP has signed an agreement with Gwadar GasPort for doing a project of 200 MMCFD gas supply. We will bring two FSUs for the project as one of the FSU will permanently stay

for the project having the built-in technology to directly fill LNG in the tank trucks. We will supply this gas directly to our consumers having consumption of 1 MCF per day for their own usage. It will form a virtual gas pipeline. This project will create no burden on the government. The project needs no financing, off-take, or guarantee from the government. It will all be done offshore. The project is coming here as a major investment. Just in the last year, China sold 23 million tonnes gas alone through trucking. The United States, South Korea and many other countries have been using this method. All of these countries adopted this model to change the method of gas supply from piping to trucking. We have already identified 100 of our customers as we are going to approach them with the proposition that this project would end their headache about availability of energy as afterwards all they are required is to fully concentrate on their businesses.

## EU: When would the commissioning of this pioneering project be completed?

**Mr. Ahmed:** We intend to commission the Gwadar LNG Project by Sept this year. The Project will be entirely set up in the private-sector at around \$60 million. We have applied to the Government of Balochistan for NOCs and approvals and plan to complete these formalities very soon. The scope for further such projects within Gwadar or Karachi exists. We have taken the first move in the country and achieved key milestones which we will share with the public soon. The project will be a boon for the free economic zone in Gwadar as we will offer critical energy for port industrialisation at reduced rates. The energy multiplier through the creation of industries and jobs for the local population will catapult Gwadar as a leading port in the region. We are assessing incentive packages for industries in Balochistan so that the wider province benefits from this transformational project.

## EU: What are the other upcoming projects of your company?

**Mr. Ahmed:** We also want to install an integrated LNG terminal at Port Qasim. We want to use our existing terminal at Port Qasim to import rich LNG to extract LPG from it. We want to make our country having surplus LNG so that we are able to export it from here. We don't have any issue in this regard as neither there is any problem of investment nor that of technology. We don't need any money or guarantee from the government as all we need is a kind permission to achieve the task. ■

