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**LNG: delivering on our promises**

When my fellow Pakistanis read this, the first question that may come to mind is why the minister for maritime affairs is writing an article on LNG. So, let’s start with that. My association with the PTI spans over two decades. I joined the struggle in 1999 and actively started participating in politics in 2002 when I contested the elections on a provincial seat from Karachi.

The struggle to secure social justice, equality, rule of law and – most importantly – to improve the lives of common man continues. In 2018, after the PTI came to power, the Honourable PM asked me to assume charge of the Ministry of Maritime Affairs. For those who recall, the Port Qasim Authority (PQA) was and is a party to the infamous NAB cases on the two LNG terminals. PQA officers have been questioned regarding technical due diligence with regard to the development of the two terminals. A reminder to everyone: we did not initiate the cases; we inherited them.

The cabinet in its collective wisdom, with support from the Petroleum Division, therefore agreed that the PQA should take the lead in allocation of potential land to interested parties that want to set up more LNG terminals. The PQA then initiated studies to evaluate the Quantitative Risk Assessments (QRAs) submitted by all five aspirants. An international consulting firm, HR Wallingford, which had initially developed the PQA master plan and was already conducting studies for deepening and widening of the 43 plus KM PQA channel, was tasked to do the evaluation. HR Wallingford conducted their studies and approved all five QRAs with slight modifications. The PQA then invited all five potential applicants to build their terminals with a new set of rules and policy framework.

What was the difference? First, there would be no financial commitments from the government (take or pay guarantee) unlike the first two LNG projects which have government guarantees. Simply put, bring your own LNG, create market space for yourself and sell your gas.

For the record, the existing terminals charge approximately $190 million per annum for the duration of their fifteen-year contracts. Yes, that is correct – $190 million per annum for 15 years amounts to approximately $2.85 billion over the contract period. Also, for all practical purposes, there was no need for the PML-N government to sign a ‘take or pay’ agreement on the second LNG terminal.

It is a matter of fact that for the longest period, we were only utilizing 40 percent of the capacity on the second terminal but paying 100 percent capacity charge because of the unscrupulous agreement signed with the second terminal operator. In financial terms, we pay approximately $250,000 for regasification per day to the operator of the second terminal. That means we were wasting $150,000 daily as we neither had the cargo nor the requirement.

Secondly, the PQA board after a lot of deliberations decided to charge a concession fee of $10 million per terminal from the new applicants. Out of the five, the PQA was able to attract two investors who agreed to build and operate LNG terminals without any government ‘take or pay’ guarantee. The concession fee also allowed the PQA to filter out real investors versus potential blockers. It also gives the PQA part of the funding required to dredge and open an alternate channel dedicated for LNG cargoes. For the record, private investors have been trying to set up LNG terminals since 2006.

In addition to the above, the Ministry of Maritime Affairs took another bold initiative to allow a ‘virtual LNG pipeline’ from the Karachi Port Trust (KPT) as well. Basically, LNG will be filled directly in ISO Tanks on trucks inside the port. The trucks will then transport these ISO Tanks filled with LNG to the doorstep of various SMEs.

The government’s role is to provide a policy framework and act as an enabler for investors, keeping in view its responsibility of ensuring end benefits to the nation through increased choice. But the energy value chain has been monopolized by a few; therefore, as we moved towards encouraging the new terminal operators, several roadblocks came up. Allowing others to create space and compete, while very important for the nation, is also in direct conflict with the vested interests.

The fight we took on also directly disturbs one established interest group, whose chairman once thundered to a formal audience of having “a God-given birthright to control the gas chain in Pakistan”. Some of the exploits of this vested group include the infamous 50MW Naudero-II Rental Power Project (RPP), the Rs38 billion money laundering case, default of Rs22 billion (adjudged by the Supreme Court) in the LPG quota scandal, arbitration against the GOP for $50 million on the LNG terminal delay and damages, cases in the Supreme Court for LPG contracts etc. The owners/directors have been charged with and even convicted by the courts of law. It is a story of misery spread over two decades that has cost the national exchequer billions of rupees.

This is a perfect script of how personal partnerships with state officials and plea bargains with accountability agencies have hurt the state. The financial gain against the interest of the state is further protected by buying influence against those who stand in the way of such blatant violations.

To borrow a line from my colleague Sheikh Rasheed, the “faces behind the case” are the strong and the influential who have roamed the corridors of power and continue to build roadblocks for new entrants. But under Imran Khan, the government continues to fight for the rights of the people and InshAllah will continue to succeed. We continue to stand tall, while these vested groups indulge in activities below the dignity of men. Our struggle of two decades, alongside Imran Khan who chooses to keep the nation’s interest above all, serves as a personal inspiration to continue the good fight.

Let me also take the opportunity to remind everyone of a promise that the prime minister made regarding the LNG purchase, to his many naysayers. Pakistan under him has secured an LNG deal 31 percent below the price of Pakistan’s first contract done under the PML-N regime. Ironically, the first deal was signed in February 2016 and we signed ours in February 2021.

I am also cognizant of the fact that our government should not rest after securing the deal but focus on the future and how we need to reduce the basket price of energy for the good of the common man.

As a member of the Cabinet, the ECC and the Cabinet Committee on Energy, I find it incumbent upon myself to push for the hard decisions that will benefit the nation and our people. No doubt, the task is monumental and perhaps a lot larger than we had imagined, but by God we came to power with a purpose, and under the leadership of Imran Khan we will fight to rid the system of corruption and leave no stone unturned to help our nation rise to the levels it is capable of. God bless Pakistan.

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