

**APPOINTMENT OF AUDIT/TECHNICAL FIRM FOR
RETAINAGE AUDIT OF PGPCL LNG TERMINAL AT PORT
MUHAMMAD BIN QASIM**

Tender Document

August 2023

PAKISTAN LNG LIMITED



INVITATION TO BIDDERS

Pakistan LNG Limited (PLL) has contracted Pakistan Gas Port Consortium Limited (PGPCL) for storage and regasification of LNG. During the storage and regasification process, certain amount of LNG boils off at a certain rate. This boil off remains in vapor state within the storage tanks of the Floating Storage and regasification unit (FSRU). As per contract with PGPCL, the terminal is allowed to keep the boil off quantity under a limit. In order to manage the boil off, the terminal is allowed to use the boil off vapors as fuel for FSRU and to vent or flare the vapors if required. This is termed as Retainage under the OSA and is defined as under:

- I. Quantities of gas including Boil-Off used in the operations of LNG import facility (including fuel for regasification of LNG)
- II. Quantities of gas lost or unaccounted for in the LNG Import Facility including as a result of measurement error; and
- III. Quantities of gas which for the reason of emergency, the terminal is required to flare or vent.

As per the OSA the allowable Retainage to the terminal is determined by the expression as under:

1 + (0.005 x the higher of the Properly Nominated Quantity and Properly Delivered Quantity for Day)



SCOPE OF WORK & PROCEDURE

To conduct the Retainage Audit for the periods:

1. Year 6: From 1 January 2023 to 31 December 2023
2. Year 7: From 1 January 2024 to 31 December 2024
3. Year 8: From 1 January 2025 to 31 December 2025

by a Third Party Inspector/Auditor in accordance with clause 20.3 of the Operation and Services Agreement (OSA) (copy attached as Annexure – “I”). The audit to be conducted following applicable standards as defined in the OSA for the measurement of LNG/RLNG to verify and determine the following:

1. Retainage verification on daily basis for the following heads:
 - 1.1 Quantities of gas including Boil-Off used in the operation of LNG import facility (including fuel for regasification of LNG)
 - 1.2 Quantities of gas lost or unaccounted for in the LNG Import Facility including as a result of measurement error; and
 - 1.3 Quantities of gas which for the reason of emergency, the terminal is required to flare or vent.
2. Verification of quantities of LNG delivered by PLL to PGPCL in terms of energy unit of MMBTU
3. Verification of quantities of Re- gasified LNG delivered by PGPCL to PLL at Custody Transfer Station in terms of energy unit of MMBTU
4. Reconciliation of LNG quantities supplied to PGPCL and RLNG received by PLL (keeping in view different standards being used in measuring LNG delivered at FSRU and RLNG received at custody transfer station) on monthly and yearly basis..
5. Mass balancing of LNG supplied and RLNG received.
6. Check the calibration and validation of the equipment's/instruments used for quantity and quality determination of LNG and RLNG and for calculation of retainage and identify event(s) where instruments are not working properly or if there is any error in the readings



PLL will provide the following data to carry out the audit:

- LNG supplied to the terminal based on Third Party Independent Surveyors reports
- RLNG received from the terminal verified by Third Party Independent Surveyor
- Retainage figures as reported by the terminal
- Other relevant operational and technical data

Outcome Required:

Retainage Audit Report comprise of the following sections:

- Calculation of LNG received quantities
- Calculation of RLNG send out quantities
- Retainage by Terminal
 - FSRU Consumption (BOG, GCU etc.)
 - FSRU Venting
 - Terminal/Shore Consumption (Water bath heater etc)
 - Terminal/Shore Venting
- Line pack Calculation
- LNG Inventory in FSRU
- Calculation for Unaccounted Gas
- Calculation of Gas Loss
- Calculation of Allowed/Guaranteed Retainage
- Mass Balancing of quantities
- Actual vs Allowed Retainage
- Monthly Retainage in MMBTU and its percentage
- Yearly Retainage in MMBTU and its percentage
- Any other item auditor thinks deemed necessary to be part of report

CODES AND STANDARDS

Following Codes & Standards and guidelines may be followed for Audit purposes:

- GIIGNL LNG Custody Transfer Handbook (Latest Edition)
- ISO 6976
- GPA 2172
- Society of International Gas Tanker and Terminal Operators (SIGTTO)
- Any other Standard defined in Operations and Services Agreement (OSA) and other applicable International Standards



SPECIAL TERMS & CONDITIONS

- Bidder must submit bid bond of 2% in the form of pay order or bank guarantee in favor of Pakistan LNG Limited along with the bid. Bid without bid bond will be considered incomplete and will not be entertain.
- Selected bidder must submit Performance Bank Guarantee (PBG) of 10% of Bid value in favor of Pakistan LNG Limited in the form of pay order or bank guarantee.
- Bidders are required to obtain Advance Ruling from the Federal Board of Revenue (FBR) under Section 206A of the Income Tax Ordinance 2001 (Pakistan's Income Tax Law). The Advance Ruling issued by FBR covers application of Income Tax Ordinance 2001 to transaction proposed or entered into by Foreign Service Provider.
- Bidder must also comply with all other requirements of Federal Board of Revenue (FBR) Pakistan.
- All payments will be made in PKR and subject to deduction of taxes as per Pakistan Law.
- **Dispute Resolution:**
All disputes controversies or differences that may arise between the Parties arising out of or in connection with this Agreement, shall be settled amicably through mutual negotiations in good faith. All such disputes that are not settled amicably within 60 days from the date of notification of such dispute shall be referred to arbitration. The arbitration proceedings shall be conducted in accordance with the Arbitration Act, 1940, or any amendment thereof and decided by a sole arbitrator, who shall be a retired judge of the Supreme Court of Pakistan and shall be appointed by the mutual consent of both the Parties. The decision of the arbitrator shall be final and binding on the Parties. The arbitration shall be held at Karachi. Arbitration shall be condition precedent to any other action/remedy under the law. Both Parties agree to contribute equally towards the cost of arbitration proceedings.
- **Governing Law and Jurisdiction:**
This Agreement shall be subject to and construed in accordance with the substantive and procedural laws of the Islamic Republic of Pakistan and will be subject to the exclusive jurisdiction of the Courts of Karachi having competent jurisdiction.
- It is mandatory for the audit firm that the professionals whose information are provided with the proposal documents must conduct the audit.
- Audit/Inspection firm registered with Pakistan Engineering Council (PEC) as Consulting Engineer will be given preference.
- Bid Validity: Bid must be valid for a period of 120 days from the bid submission date.
- Final Retainage Audit Report will be issued within 90 days from the date of opening meeting for initiation of audit.



BIDDING DOCUMENTS

The bidder should submit the technical and commercial proposal separately;

Technical Proposal

All the Bidders willing to participate in the tender enquiry are required to submit their bids along with proposed methodology for execution as per schedule A of the Tender document.

Note: Any queries be forwarded to: muhammad.asad@paklng.com
muhammad.naveed@paklng.com
admin@paklng.com



Bill of Quantity (BOQ)

APPOINTMENT OF AUDIT/INSPECTION FIRM FOR RETAINAGE AUDIT OF PGPCL LNG TERMINAL

S. No.	Item/Study	Price
Retainage Audit for the periods:		
1.	Year 2023 - From 1 January 2023 to 31 December 2023	
2.	Year 2024 - From 1 January 2024 to 31 December 2024	
3.	Year 2025 - From 1 January 2025 to 31 December 2025	
4.	Total Price (1 + 2 + 3)	

Notes:

- Bidder will quote audit price for each year and will conduct audit for respective year. Bidder with lowest total price at items no. 4 will be considered as financially compliant bidder.

For each year quoted price, payment terms will be as follows:

- 30% payment as Mobilization Advance
- 35% payment on the submission of draft Retainage Audit Report
- 35% payment on the submission of Final Retainage Audit Report



SCHEDULE - A
TECHNICAL QUALIFICATION REQUIREMENTS

FOR

**APPOINTMENT OF AUDIT/INSPECTION FIRM FOR
RETAINAGE AUDIT OF PGPCL LNG TERMINAL**

August 2023

PAKISTAN LNG LIMITED



Evaluation Criteria

Assessment of capability (shortlisting) of Audit/Inspection Firms shall be as per following criteria:

S-No.	Description	Total Points	Detailed criteria shown in
1	Five years' experience of the Audit/Inspection Firm for the similar assignment	30	Table-1
2	Qualifications of key professionals / experts available for the proposed assignments	30	Table-2
3	Relevance of methodology for various types of proposed assignments	25	Table-3
4	Accreditation with International/ National bodies	15	Table-4

Note:

Minimum qualifying marks: 75

The Audit/Inspection Firm shall submit the above information along-with documentary evidence.

Table-1 Experience of the Audit/Inspection Firm (in the last 5 years) Total Points 30

Category	Total marks
1. Local Retainage/LNG/Gas Measurement Audit	10
2. International Retainage/LNG/Gas Measurement Audit	10
3. Plant Audit/Inspection	05
4. Ship/Vessel Audit	05
The detailed scoring criteria are as under:	
<ul style="list-style-type: none">• 3 points each for relevant assignment completed• 2 point each for other oil and gas assignment completed	



Table-2: Key Professionals / Experts Total Points 30

	Total	Academic	Local Experience	International Experience
1. Assignment Leader	15	4	5	6
2. Senior Inspectors / Technical Professional /Experts	10	3	5	2
3. Focal Person Associates	5	1	3	1
<p>Academic: Masters/ Professional Degree: 100% Bachelor Degree: 50% Diploma/Associate Education: 25%</p> <p>Local Experience: 10 years or above: 100% 5 to 8 years: 50% 2 to 4 years: 25%</p> <p>International Experience: 10 years or above: 100% 5 to 8 years: 50% 2 to years: 25%</p>				
<p>Calculation of Marks</p> <p>1. Assignment Leader Total Marks Obtained = Academic + Local Experience + International Experience</p> <p>2. Focal Person Associates Total Marks Obtained = Academic + Local Experience + International Experience</p> <p>3. Senior Inspectors /Technical Professional / Experts Total Marks Obtained = Academic + Local Experience + International Experience</p>				



Table-3 Relevance of Proposed Methodology Total Points 25

Scoring Criteria	Points Allocated 25
<ul style="list-style-type: none"> Proposed Methodology does not describe a logical step by step process of acquiring significant information to be audited, analysis of samples and information, results of the analysis and inference and recommendation for identifying/improving areas of operation. 	5
<ul style="list-style-type: none"> Proposed methodology describes a logical and step by step process of gathering information of significance, analysis to be conducted on the information, sampling criteria, inferences made from the analysis, reporting the current status of operations and gaps in existing operations versus applicable codes/standards. 	14
<ul style="list-style-type: none"> Proposed methodology describes a logical and step by step process of gathering information of significance, analysis to be conducted on the information, sampling criteria, inferences made from the analysis, reporting the current status of operations and gaps in existing operations versus applicable codes/standards. The methodology proposes to be adopted in the existing conditions and environment along with their cost-effectiveness, suitability and improvement. 	25

Table-4 Accreditation with International/National Bodies Total Points 15

Category	Total marks
1. More than 8	12 - 15
2. Between 5 - 7	7 - 11
3. Between 1- 4	0 - 6



INFORMATION FORM

1. Name of Consultant [Lead partner, if association]
 - Address
 - Telephone No(s)
 - Fax Number
 - E-mail Address
2. Description of consulting firm (ownership/organization)
3. Experience (Number of Years)
 - Local/national
 - International
4. Name(s) and Address (es) of Associates, if a JV; their short description and description of their role in the JV/Association.
5. Experience of the firm during the past 5 years:
6. Organization chart showing consultant's structure.
7. Financial standing of Consultant (Audited Financial Statements for the last three years).
 - Subsidiaries and associates.
 - Financial reference [name/address of bank(s)]
8. Professional staff proposed for the assignment on Form B.
9. NTN and Sales Tax Number:
10. Additional information

Yours truly,

Name of Authorized Representative:

Position :

Date :



Form – A

Assignment Completed by the Consultants in the last 5 years

(along with documentary evidence)

[NAME OF THE FIRM/CONSULTANT]

1. Name of Assignment :
2. Country :
3. Name of Client :
4. Address :
5. Start Date : Month/Year
6. Completion Date : Month/Year
7. No. of Staff / professionals provided :
8. Total Nos. of Staff Months :
9. Approx.: Value of Services / Assignments :
10. Name of Other JV Firms (If any) :
11. No. of Staff/Staff Months Provided by the JV partner(s):
12. Description of Project :
13. Description of Services Provided by the Firm :

Note: One form for each assignment. Additional information may be attached with the form.



Form - B

**Qualification & expertise of key professional staff
Proposed for the assignment**

1. Name :
2. Profession/Expertise :
3. Date of Birth :
4. Nationality :
5. Years with the Firm :
6. Languages and degree of proficiency :
7. Experience :
8. Membership of Professional Societies :
9. Academic Qualification :
10. Other Trainings :

I, the undersigned, certify that, to the best of my knowledge and belief, these bio-data correctly describes myself, my qualifications and my experience.

Note: It is mandatory for the audit firm that the audit must be conducted by the professionals whose information are provided with the proposal documents.



20. RETAINAGE

20.1 Fuel, Shrinkage and Flared Gas

20.1.1 For the purposes of this Agreement, “Retainage” means:

- (a) subject to Clause 21.3.1, quantities of gas (including Boil-Off) used in the operation of the LNG Import Facility (including fuel for regasification of LNG); and
- (b) quantities of gas lost or unaccounted for in the LNG Import Facility including as a result of measurement error; and
- (c) quantities of gas which (for reasons of Emergency) the Operator is required to flare or vent, subject to and as provided for in Clause 20.1.4.

20.1.2 The Operator shall be entitled without charge to Guaranteed Retainage in accordance with the Retainage formula provided in this Clause 20.1.2. It is, however, clarified that any savings in Retainage, under the agreed formula, calculated on an annual basis, shall be the ownership of the Customer. For the purposes of this Clause 20, “Guaranteed Retainage” means, in respect of a Day, the amount of Retainage calculated as follows:

$$R_j = Z_0 + b_0 \cdot V_j$$

where:

R_j = Guaranteed Retainage for Day "j" in MMSCF

Z_0 = 1

b_0 = 0.5%

V_j = the higher of the Properly Nominated Quantity and Properly Delivered Quantity for Day "j",

and, in respect of any period longer than a Day, the aggregate Guaranteed Retainage for each Day within that period.

20.1.3 The Operator shall quantify the total amount of Retainage on every Day of the Term on which the Customer has LNG (including the LNG Heel) stored within the storage tanks of the LNG Import Facility, and separately any:

- (a) quantity of gas that may have been vented or flared pursuant to Clause 20.1.4; and
- (b) increase in the quantity of Boil-Off gas directly resulting from the Operator having accepted Off-Spec LNG in accordance with Clause 17.2.9,

by means of approved and independently calibrated measurement equipment on board the FSRU or otherwise located at the LNG Import Facility and the Customer’s Inventory shall be reduced accordingly in respect of such Retainage.

20.1.4 To the extent necessary for safety reasons in the event of a constraint or limitation in the Connecting Pipeline, or the SSGC Pipeline Network on the flow of RLNG away from the LNG Import Facility (including under circumstances referred to in clause 22.2.3, or inability of the LNG Import Facility to discharge RLNG or otherwise in an Emergency), the Operator shall,



subject to Clause 20.1.3(a), be entitled to flare (or if the flare is not operational, vent) a quantity of gas unless the circumstances in which such flaring is necessary result directly from the Operator's negligence or breach of this Agreement in which case the provisions of Clause 20.2 shall apply. The Operator shall as soon as reasonably practicable notify the Customer of the aforesaid.

20.2 Liquidated Damages for Retainage

20.2.1 At the end of each Contract Year, the Operator shall determine the aggregate amount of Retainage and Delivered Quantity for all Days in that Contract Year, and the aggregate Retainage as a percentage of the aggregate Delivered Quantity (the "**Actual Retainage Rate**").

20.2.2 If for any Contract Year the Actual Retainage Rate is greater than the Guaranteed Retainage Rate allowed for under Clause 20.1.2, the Operator shall pay to the Customer an amount calculated in US\$ million as zero decimal one five (0.15) times the LNG Price per zero decimal one per cent (0.1%) excess, apportioned as necessary over the relevant Contract Years. The "LNG Price" for this purpose shall be the average actual price paid by the Customer to the LNG Supplier for the relevant LNG cargo(s) over the relevant Contract Year, expressed in US\$ per MMBTU.

20.3 Retainage Audit

20.3.1 At any time within ten (10) Months following the end of each Contract Year, the Customer may request by notice to the Operator that an audit in relation to that Contract Year will be carried out in accordance with Clause 9.8.

20.3.2 The Operator shall implement any recommendations the Auditor may have made to the extent that such recommendation is accepted by both Parties.

