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USAID ENERGY POLICY PROGRAM

MONTHLY PROGRESS REPORT AUGUST 2014

COMMERCIAL ADVISORY SUPPORT FOR
LNG PROCUREMENT

September 2014

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FGE AUGUST 2014 MONTHLY PROGRESS REPORT

During the month of August, FGE worked on four different task orders as follows:

1. Market Study

Work on the Market Study began immediately in late July 2014 and was organized into two parts. The first part was submitted by the end of August and covered the following areas:

- Overview of Global LNG Industry
- New LNG Suppliers
- Trade Patterns
- LNG Pricing
- Trends in Spot LNG Pricing
- LNG Shipping

The second part was being worked on concurrently and is expected to be completed in mid-September. FGE expects it to be completed on schedule. It will cover the following areas:

- Overview of LNG Development in Pakistan
- Peer Country Comparison
- LNG Commercial Agreements
- Recent Trends in Contractual Pricing
- Recent Trends in Contractual T&Cs

2. LNG Procurement Strategy

Incorporating the work on the Market Study, the LNG procurement strategy has been informed by it as well as meetings with the various parties in Pakistan. It will be delivered in mid-September and covered the the following areas:

- Objectives
- LNG Procurement Options
- Potential Supply Sources - Term/Spot LNG
- Shipping
- Sales and Purchase Agreement (SPAs)
- Key Recommendations for LNG Procurement - Target contractual terms
- General Operational Guidelines

3. Kickoff Meetings in Pakistan

The meeting occurred during the week of August 10 in Islamabad and then a day was spent in Karachi. In attendance from FGE were Dr. Jeff Brown and Mr. Robert Smith. Dr. Fesharaki participated via a skype-video feed from the US. FGE found the meeting to be positive and felt that there is a good chance to successfully advise the government of Pakistan in its quest to import LNG to alleviate its energy shortages.

4. Ongoing LNG Support to the Government of Pakistan

- a. Qatari HOA/SPA review: Begun in late July and completed in August. Final comments sent on 10 September. FGE assessed what was being offered in relation to today's LNG markets.
- b. FSRU Option review: FGE reviewed the agreement and assessed the commercial aspects in terms of how they related to other FSRUs. Conclusions were based on the given information and suggested that it was a hard market to assess owing to how few FSRUs exist in the world.
- c. Government to Government report and negotiations and discussions: A report is being prepared for early September delivery and FGE is discussing potential availability with government candidates.
- d. Ongoing strategic discussions and planning with AEAI and the Government of Pakistan stakeholders with efforts directed towards LNG procurement.

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