

 Early Warning System

ADB-55170-002

Gas Storage Development Systems



## Quick Facts

Countries	Pakistan
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2021-12-17
Borrower	Islamic Republic of Pakistan
Sectors	Energy
Investment Type(s)	Advisory Services, Grant
Investment Amount (USD)	\$ 0.60 million
Grant Amount (USD)	\$ 0.60 million



## Project Description

According to ADB documents, the knowledge and support technical assistance (TA) will (i) analyze and recommend gas storage modalities and options across Pakistan based on the safety, reliability, cost, and effect on amenities as prime considerations; (ii) propose a policy, legal, and regulatory framework to develop, operate, and maintain gas storage facilities following international best practice; and (iii) provide advisory services on a transaction model, financial structure, and development road map for the first gas storage facility in the country. The findings will assist the Government of Pakistan to design and approve optimal storage options (underground or overground) across multiple locations, a capital and ownership structure and road map for each option, and adjustments to the hydrocarbon legal and regulatory framework.

### PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

The TA supports the recommendation of the government's integrated energy plan to deregulate the gas value chain and encourage private sector participation. The government does not intend to offer any sovereign guarantees, capacity charges, or offtake commitments for future LNG terminals and storage; hence, operators would arrange their own buyers, as well as third-party access to pipeline capacity. The TA is linked to the operational priorities of ADB's Strategy 2030: (i) addressing remaining poverty and reducing inequalities by cutting energy poverty and lowering gas tariffs; (ii) accelerating progress in gender equality through access to year-round energy for rural areas for cleaner cooking and cottage industries; (iii) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability by reducing carbon footprints through the replacement of furnace oil and diesel-powered plants with gas-powered plants that are available year-round; (iv) strengthening governance and institutional capacity; and (v) fostering regional cooperation and integration through gas pipeline interconnections with neighboring countries (Turkmenistan and Iran), with options to store gas. The TA is aligned with ADB's energy policy, supporting the low-carbon transition, and TA outputs will include necessary due diligence to ensure compliance with the three conditions of ADB's Energy Policy for any subsequent ADB-assisted projects involving natural gas.

The TA is aligned with the following impact: gas market equilibrium established.<sup>12</sup> The TA will have the following outcome: gas supply chain strengthened, and strategic reserves requirements met..



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## Investment Description

- Asian Development Bank (ADB)

The TA amounts to \$600,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (\$300,000 TASF 7 and \$300,000 TASF-other sources). The government will provide counterpart support in the form of counterpart staff, office accommodation, access to data, hosting stakeholder meetings, and other in-kind contributions.



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## Contact Information

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Responsible ADB Division	Energy Division, CWRD Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines
Executing Agencies	Ministry of Energy (Power Division) 2nd floor, A Block Pak Secretariat, Islamabad, Pakistan

## ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

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## ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



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## Bank Documents

- [Project Disclosure PDF](#)    [\[Original Source\]](#)
- [Technical Assistance Report](#)    [\[Original Source\]](#)