



PRL's REUP to Enhance Capabilities and Sustainability

PRL's Board-led Transformation towards Refinery Expansion and Upgrade Project (REUP) and the call for a comprehensive Refining Policy.

Pakistan Refinery Limited (PRL) is making significant strides towards enhancing and modernizing its refining capabilities through the Refinery Expansion and Upgrade Project (REUP). This transformative endeavour aims to propel PRL into a sustainable future, producing cleaner and environmentally friendly fuels, while meeting growing market demands. However, the urgent need for a comprehensive refining policy to support the industry's development and attract investments remains a pressing concern.

The REUP project involves expanding the crude processing capacity from 50,000 barrels per day (bpd) to 100,000 bpd. PRL is committed to adopting a state-of-the-art Deep Conversion Refinery configuration, equipped with advanced technology that adheres to stringent environmental protocols, including the production of EURO V standard fuels.

The significance of the PRL REUP is multi-faceted. It not only ensures compliance with international fuel standards, but also generates substantial employment opportunities, stimulates economic activity, and fosters skill development by training professionals on state-of-the-art licensed technology. Moreover, the project significantly contributes to the national GDP, reduces import dependency, and promotes import substitution, resulting in substantial savings of valuable foreign exchange. By increasing local production of refined products, the REUP project enhances energy security and lays the foundation for a self-sufficient and sustainable energy sector.

Mr. Tariq Kirmani, Chairman of the Board of Directors at PRL advocates for a brownfield policy that empowers existing refineries to undertake essential upgrades. With an estimated investment of circa USD 4-5 billion, this approach would lead to upgrading all existing refineries, eventually resulting in 5 deep conversion refineries, collectively capable of refining around 350,000 barrels per day (bpd) of crude oil. He highlights the significant advantages of a brownfield policy, stating, "The payback from a brownfield policy far exceeds the benefits anticipated from a greenfield policy."

Even in the face of ongoing economic challenges, PRL's commitment to REUP is unwavering. Despite the significant devaluation of the rupee, which has nearly doubled the cost of the Front-End Engineering Design (FEED) work for PRL, the Board of Directors reaffirmed their dedication to the project during a recent board meeting. The FEED work, currently underway and progressing satisfactorily, is envisaged to be completed by Q4, 2024. PRL also intends to shortly execute multi-million-dollar contracts for the acquisition of critical Technology Licenses, which are essential to the progress of FEED work. EPC tenders are also planned to be floated by Q4, 2024.

However, PRL's efforts require support from the Government of Pakistan (GoP) now more than ever. While the GOP has recently approved an attractive refining policy for Greenfield Refinery Projects to woo investments in a new refining complex, which is slated to cost circa USD 10-12 Billion for a refinery of ~ 250,000 bpd, the urgent need for a policy addressing the upgradation of existing refineries remains unaddressed.

Mr. Kirmani further emphasized, "The government must take this initiative to create an enabling environment that fosters growth, incentivizes investments, and promotes objectives of self-sufficiency and energy security."

REUP's significant cost savings compared to alternative refinery constructions makes PRL's upgrade project an efficient and effective solution for desired outcomes. However, to fully capitalize on this opportunity, the industry's challenges must be addressed.