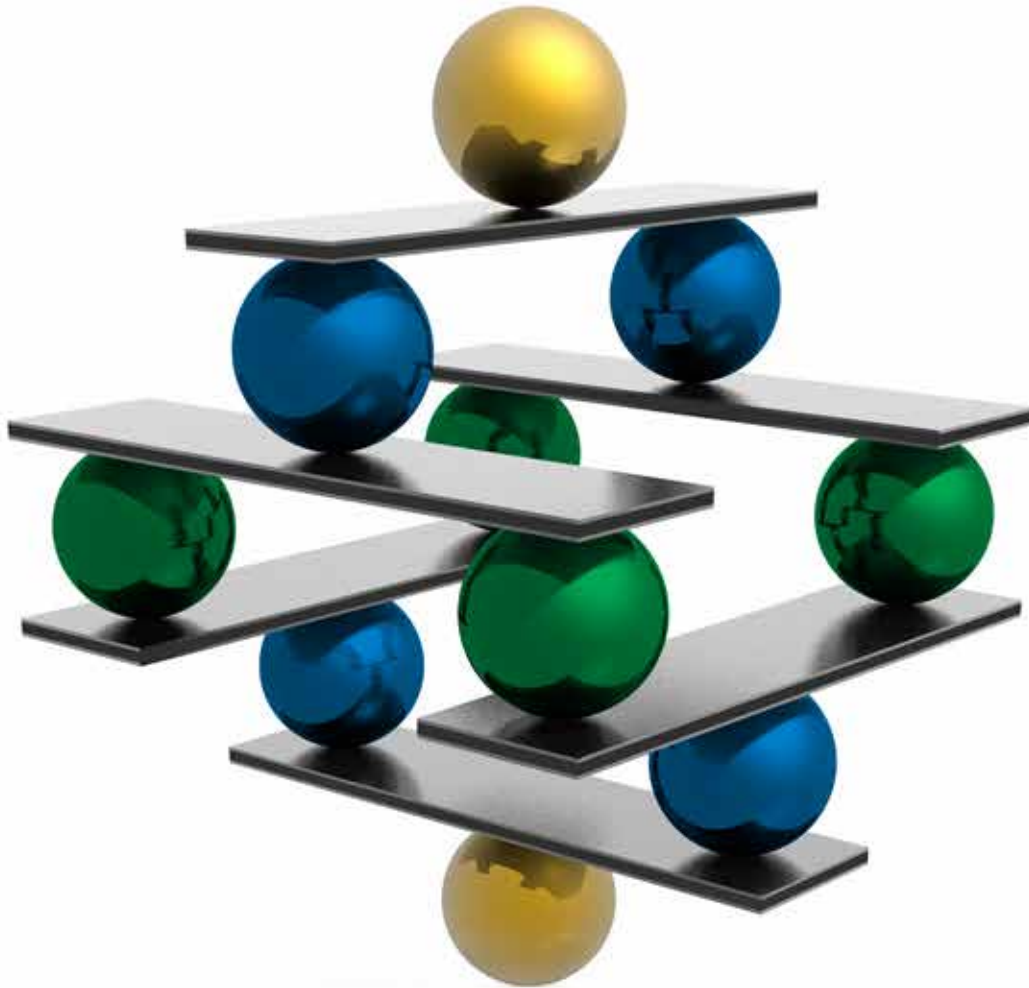


# ANNUAL REPORT

## 2016-17



Oil and Gas Regulatory Authority  
Government of Pakistan



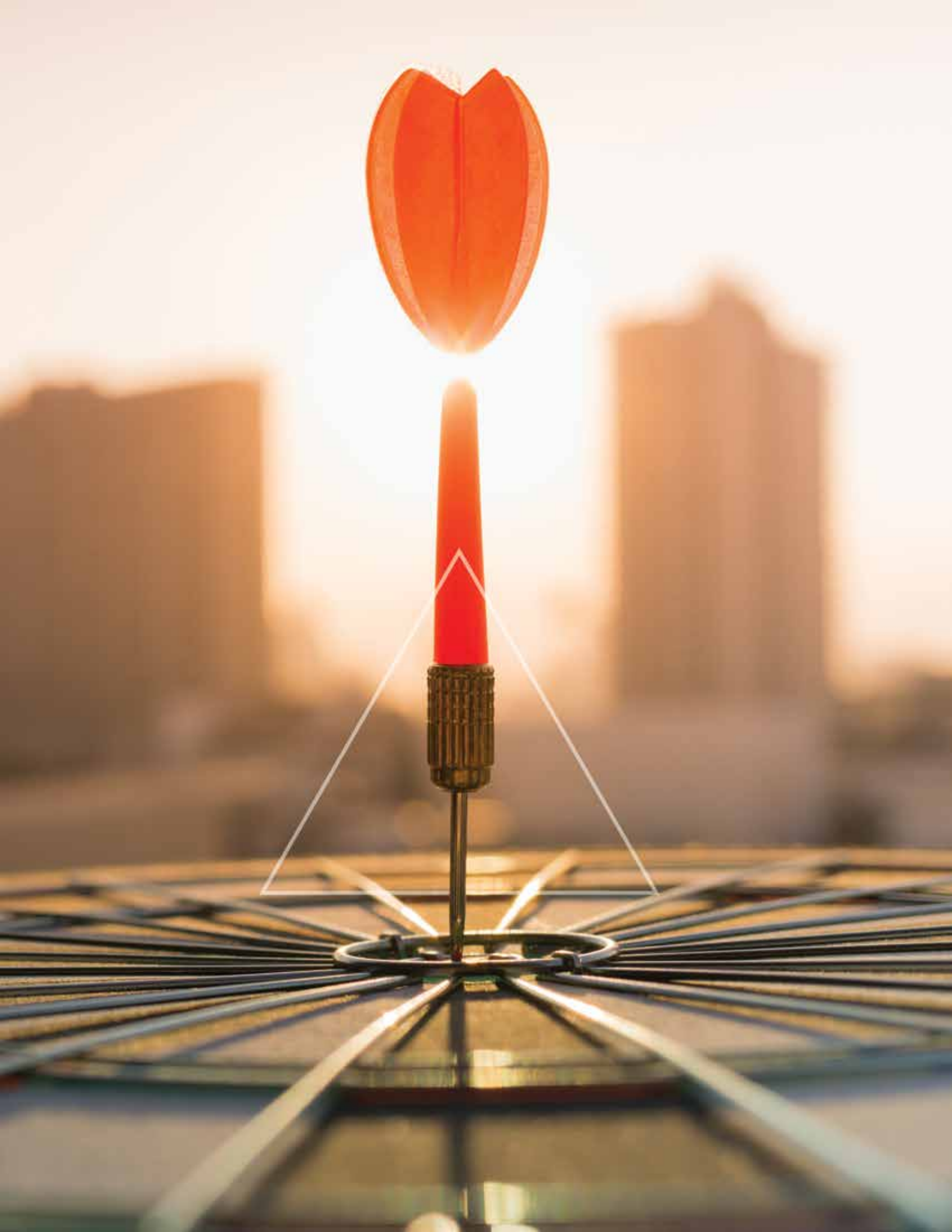




# B A L A N C E



Balance is the key, and as a regulator of Pakistan's oil and gas sector, OGRA remains fully committed to ensure a level playing field for everyone, promoting and protecting the interests of all stakeholders.



# MISSION STATEMENT



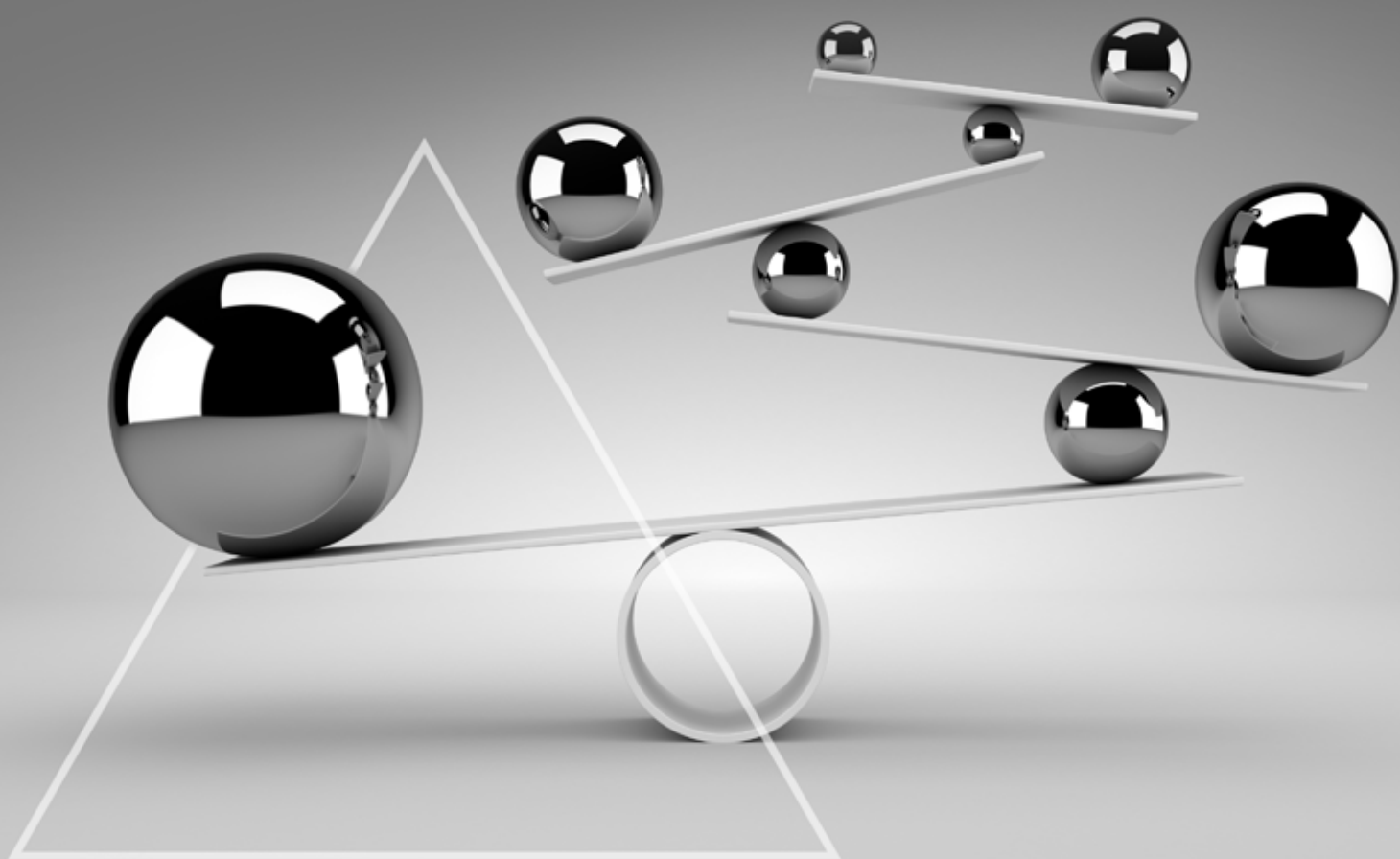
Safeguard public interest through efficient  
and effective regulation in the midstream and  
downstream petroleum sector.





# CONTENTS

|           |   |            |
|-----------|---|------------|
| <b>01</b> | Chairperson's Message                                       | <b>11</b>  |
| <b>02</b> | Profile of the Authority                                    | <b>15</b>  |
| <b>03</b> | Powers & Functions  | <b>25</b>  |
| <b>04</b> | Functions of the Departments                                | <b>29</b>  |
| <b>05</b> | The Organization  | <b>39</b>  |
| <b>06</b> | Process   | <b>47</b>  |
| <b>07</b> | Performance   | <b>51</b>  |
| <b>08</b> | Future Outlook (Anticipated Developments for the Next Year) | <b>93</b>  |
| <b>09</b> | Appendices  | <b>97</b>  |
| <b>10</b> | Abbreviations and Acronyms                                  | <b>109</b> |
| <b>11</b> | OGRA Regional Offices                                       | <b>114</b> |



# CHAIRPERSON'S MESSAGE







## Chairperson's Message

I am pleased to present the Annual Report of the Oil and Gas Regulatory Authority for the fiscal year 2016-17.

Ours is a resilient nation and we have proved it through the last seventy years. Similarly, our organization is the same. Since its inception in 2002, the Oil and Gas Regulatory Authority has evolved and despite some difficult times in between, has managed to retain the essence of its vision statement.

Both the leadership and the employees have demonstrated what it means to be an effective Regulator. OGRA has proved that Regulators who operate with integrity, transparency and fairness can only maintain the trust of stakeholders and effectively achieve their objectives.

OGRA has worked hard this year to play fully constructive role to encourage investment, protect public interest, provide effective and efficient regulation, fostering competition and ensure level playing field in the midstream and downstream industry it regulates for the oil and gas sector.

I am confident that OGRA team will continue to engage effectively on the challenges and add value

provide support in the best interest of oil and gas industry and consumer naturally.

In the report under review OGRA responded positively to the Government's decision of Gas Sector Reforms required for the transformation of the gas sector. It has also taken a larger public role in the media to clearly report the facts and obtain stakeholder views on various proposals which have been put forward for the reforms.

OGRA recognizes the wider role it can play in helping communities have fair and equal access to opportunities to be successful. We work closely with our stakeholders, all levels of government for sustainable activity in the oil and gas Sector.

I on behalf of the Authority would like to extend my appreciation to our entire team for their hard work, dedication and commitment towards OGRA's performance. We also thank our valued stakeholders and the government for their sustained support in all our endeavours.

I look forward to working with my sound professional team on tackling the many interesting and important challenges on the horizon.



# PROFILE OF THE AUTHORITY







## THE AUTHORITY

Noorul Haque  
Member (Finance)

Uzma Adil Khan  
Chairperson

Dr. Abdullah Malik  
Member (Oil)

## 2. Profile of the Authority

### 2.1 Composition

The Authority, established under the Oil and Gas Regulatory Authority Ordinance, 2002, comprises Chairman, Member Oil, Member Finance and Member Gas. The incumbents are selected by the Federal Government through open competition and appointed on tenure basis. The qualifications and other terms & conditions of their appointment, as provided in the Ordinance, are:-

- a. The Chairman shall be an eminent professional of known integrity and competence with a minimum of twenty years of related experience in law, business, engineering, finance, accounting, economics, petroleum technology, public administration or management.
- b. The Member Oil shall be a person who holds an appropriate degree in the relevant field and is an experienced, eminent professional of known integrity and competence with a minimum of twenty years of related experience in the field of oil, including the transportation thereof.
- c. The Member Gas shall be a person who holds an appropriate degree in the relevant field and is an experienced, eminent professional of known integrity and competence with a minimum of twenty years of related experience in the field of natural gas, including the transmission and distribution thereof.
- d. The Member Finance shall be a person who holds an appropriate degree in the relevant field and is an experienced, eminent professional of known integrity and competence with a minimum of twenty years of related experience in the field of corporate finance or accounting.
- e. The Chairman shall be appointed by the Federal Government for an initial term of four years and shall be eligible for reappointment for a similar term.
- f. The Member Oil and Member Gas shall be appointed by the Federal Government for an initial term of three years and shall be eligible for reappointment for another term of four years.
- g. The Member Finance shall be appointed by the Federal Government for an initial term of two years and shall be eligible for reappointment for another term of four years.
- h. The Chairman and other Members shall retire on attaining the age of sixty five years.



### 2.1.1 Chairperson

Ms. Uzma Adil Khan assumed the position/role of Chairperson OGRA in July 2016. She has an extensive work experience in many leadership and senior management positions. She is a fellow member of Institute of Chartered Accountants of Pakistan and Institute of Chartered Secretaries and Managers. She did graduation in English Literature / Psychology from University of Punjab. Ms. Uzma Adil's career has been an accomplished and versatile during which she has served in many prestigious organizations at different roles. Prior to joining OGRA, she was engaged with Sui Northern Gas Pipelines Limited (SNGPL) – Pakistan's largest Integrated Transmission and Distribution Gas Company in various executive positions including Chief Financial Officer, Senior General Manager, Company Secretary and eventually retired as Managing Director. She has also worked with Securities & Exchange Commission of Pakistan (SECP). Ms. Uzma Adil also possesses professional experience of working in the textile and education sector. She has been a fellow Member of Board of Studies, ICAP, and Monitoring Committee ICAP, Lahore. She has attended several national and international workshops and seminars. With this diverse background and hands-on experience, her services at OGRA are highly valuable and providing sound leadership to the Authority.



### **2.1.2 Member (Finance)**

Mr. Noorul Haque was appointed as Member (Finance) on July 23, 2015 for an initial term of two years. He is Fellow Member of the Institute of Cost and Management Accountants of Pakistan (ICMAP). He has experience of over 32 years in the fields of accounts, finance, audit management, planning and private sector organizations. He has worked at various management positions in public and private sector organizations. He had been associated with Oil & Gas Regulatory Authority since 2003 in various positions. He has served as Senior Executive Director before his appointment as Member Finance. He played crucial role in formulation of various rules and regulations for oil and gas sector. He participated at various training programs abroad on utility regulations, bench marking, performance monitoring and natural gas pricing, human resource and project management. He is the first employee of Oil and Gas Regulatory Authority to be appointed as Member of the Authority.



### 2.1.3 Member (Oil)

In 1991 Dr. Malik<sup>1</sup> got his Ph.D in Chemical Engineering (Fuel Technology) from Newcastle University – a UK's one of the top institution. He is an active Member of Energy Institute and Chartered Engineer UK. Post his first degree in Chemical Engineering in 1984 from UET Lahore. He got his training from a Shell refinery based in Karachi. He then joined DESCON Engineering – a leading local contracting organisation before leaving for higher studies in UK. Dr. Malik has over 33 years of experience of working within energy sectors including upstream, midstream and downstream oil and gas processing, its transport, power generation, and environmental control technologies. This involved design, development and construction of energy projects in regulated environment.

Dr. Malik worked for several world leading contracting, consulting and technology multinational companies and contributed on world class onshore and offshore projects for Aramco, BP, EoN, Conoco, Sabic and Shell. Dr. Malik's recent project involved setting up an advanced vacuum distillation refinery in which he replaced a mechanical evaporator with a non-mechanical thin film evaporator. This technology was later shortlisted for IChemE UK Global award 2015. While working for industry, Dr. Malik kept his teaching and R&D interests within green energy technologies and developed two novel clean technologies. He also published more than 50 articles in refereed journals and conferences. In 2005, under HEC short term programme Dr. Malik served in Chemical Engineering as Professor appointed by HEC and was part of pioneering team of setting up Energy Technology Centre in UET.

1. Dr. Abdullah Malik was appointed as Member Oil on May 17, 2017.



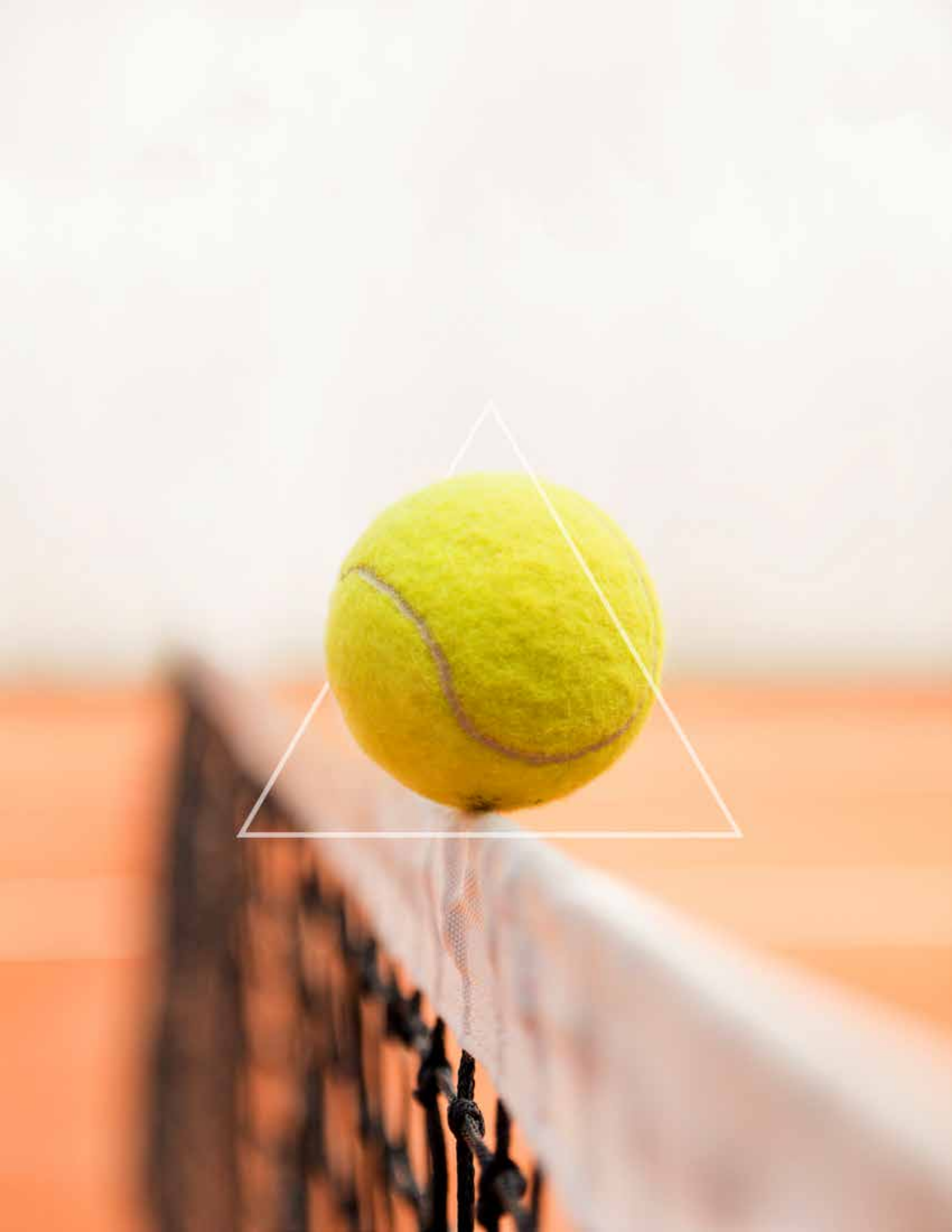
#### 2.1.4 Member (Gas)

Mr. Aamir Naseem<sup>2</sup> joined OGRA as Member Gas on December 23, 2013. Mr. Aamir Naseem holds Bachelor's Degree in Mechanical Engineering from University of Engineering and Technology, Lahore. He has diversified work experience of more than 32 years in country's largest integrated Transmission and Distribution Gas Company. He has expertise in gas distribution encompassing design, construction and operation of distribution network. He served in highly technical department of Gas Measurement for more than 10 years. He had been pioneer in introducing latest measurement techniques including, electronic / smart measurement and remote data collection in the company. He was instrumental in introducing overhead and laser based underground leak detection programmes in the company. He accomplished Changed Management Metering workshop to enormously improve output, quality and integrity. He worked in senior management positions and attended various technical courses within and outside Pakistan including prominent courses in Gas Measurement from Robert Morris University, USA, Leak Detection from Nova Gas, Canada, Human Resource Management course by Cabinet Division and Changed Management course from LUMS. He is fully geared up to use his technical knowledge and expertise of gas utility company to help OGRA in capacity building and decision making.

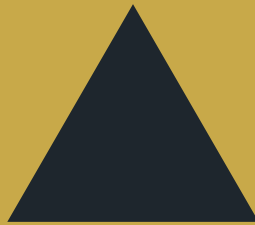
---

2. Mr. Aamir Naseem retired on completion of first term of 3 years in December, 2016. He held the position in the year under review.





# POWERS & FUNCTIONS



## 2.2 Powers & Functions

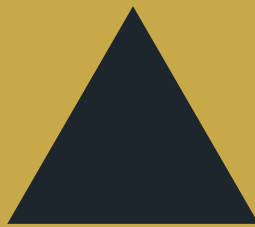
The Powers & Functions of the Authority as embodied in the Ordinance are as under:-

- Exclusive power to grant, amend or revoke licences for regulated activities and enforce compliance of licence conditions to promote efficiency, cost effectiveness, best practices, high safety and service standards etc. The regulated activities are:
  - **Natural Gas**
    - ▶ Construction / Operation of pipelines or storage facilities or other installations.
    - ▶ Transmission
    - ▶ Distribution
    - ▶ Sale
  - **Oil**
    - ▶ Construction / Operation of refinery, pipelines, storage facilities, blending facilities and installations.
    - ▶ Marketing and storage of refined oil products.
  - **Liquefied Petroleum Gas (LPG)**
    - ▶ Construction / Operation of pipelines, production or processing facilities, storage facilities and installations.
    - ▶ Production, storage, filling and marketing.
  - **Compressed Natural Gas (CNG)**
    - ▶ Construction / Operation of installations including testing or storage facilities.
    - ▶ Transporting, filling, marketing and distribution.
  - **Liquefied Natural Gas (LNG)**
    - ▶ Construction / Operation of LNG receiving, re-gasification terminals.
    - ▶ Construction / Operation of LNG storage facilities.
    - ▶ Transportation, filling, marketing and distribution of LNG.
- Determine in consultation with the Federal Government and the licensees, a reasonable rate of return to the natural gas licensees.
- Determine the revenue requirement of gas utilities covering the cost of gas, transmission and distribution cost and the prescribed return.
- Develop and enforce performance and service standards.
- Prescribe procedures and standards for investment programmes of the gas utilities and oversee their capital expenditure to ensure prudence.
- Resolution of complaints and disputes between a person and a licensee or between licensees.
- Enforce standards and specifications for refined oil products as notified by the Federal Government.
- Implement policy guidelines of the Federal Government, issued under Section 21 of the OGRA Ordinance subject to their being consistent with the provisions of the Ordinance.

- Exclusive power to employ officers, staff, experts, consultants, advisors and other employees on such terms and conditions as it may deem fit.
- Exclusive powers to decide upon all matters in its jurisdiction.



# **FUNCTIONS OF THE DEPARTMENTS**



## 2.3 Functions of the Departments

### Registrar Office

Registrar Office receive, examine and process the petitions filed by SSGCL and SNGPL for determination of their revenue requirements of each financial year under the provisions of the OGRA Ordinance, 2002 and the Natural Gas Tariff Rules, 2002. Registrar Office is also responsible to undertake procedures for grant of licenses with respect to Natural Gas, LNG and low pressure flare gas cases. Registrar Office also scrutinize and process the complaints lodged by any person or licensees in accordance with CRPR, 2003 and forward the same to Designated Officers (DOs) of the concerned departments for appropriate decisions/disposal. Section 12(1) of the OGRA Ordinance, 2002, allow the parties who feel aggrieved on the decisions of the DOs to file appeal before the Authority. The Registrar Office receive and process the appeals and review petitions and facilitate the Authority to conduct hearings and formulate the decisions with respect to Natural Gas, LPG, CNG, Oil and Enforcement cases. Record proceedings of the Authority during the hearings and issue decisions of the Authority after approval of the same. Registrar Office also examine and process the applications for the determination of well-head gas price before sending the same to Finance Department and scrutinize the fee matters related to tariff, license petitions, appeals/reviews, well-head price and annual license renewal fee from the licensee. Further, Registrar Office also provide legal opinion and represent OGRA before different courts of Law.

### Oil Department

OGRA is mandated to regulate mid and downstream oil sector in the country under the Pakistan Petroleum (Refining, Blending and Marketing) Rules, 1971 till January 22, 2016 and under the new Rules [i.e. Pakistan Oil (Refining, Blending, Transportation, Storage & Marketing) Rules, 2016] notified on January 22, 2016. The powers conferred under the aforesaid rules & OGRA Ordinance mainly pertain to grant of license to undertake marketing of refined oil products, construction & operation of oil infrastructure [i.e. oil refinery, oil pipeline, oil storage facility, lube oil blending/reclamation facility & oil testing facility], establishing operation of lubricant marketing companies. Besides the aforesaid, Oil Department monitors the quality of refined oil products with respect to GoP approved specifications and also ensure the construction of oil infrastructure is in accordance with the relevant technical standards notified by OGRA. Further, Oil Department deals with complaints of the general public against its licensees and redress the same in line with OGRA's Complaint Resolution Procedure Regulations, 2003.

### Gas Department

The regulatory functions of natural gas sector were transferred to OGRA on March 28, 2002. The basic functions performed by Gas Department pertain to the grant of licenses regarding Sale, Transmission and Distribution of Natural Gas / RLNG, Determination of Revenue Requirements of Gas Utility Companies i.e. SNGPL and SSGCL on regular basis, monitoring and enforcement of rules, regulations / standards and applicable license conditions, approval of Gas Sale / Purchase Agreements pertaining to the regulated gas sector. Another important task performed by Gas Department is to handle cases related to Natural Gas Infrastructure Development Projects. Processing of cases regarding Gas Pipeline Capacity Allocation and related Gas Transportation Agreements. Gas Department is undertaking studies on different aspects of gas sector, liaison with International organizations, World Bank, USAID, etc., regarding Gas Sector Reforms. Furthermore, Gas Department is involved in formulation of rules, regulations and procedures for the conduct of licensees.

## LPG Department

OGRA is empowered to regulate the LPG sector under the OGRA Ordinance, 2002 and LPG (Production & Distribution) Rules, 2001 with effect from 15th March, 2003. Since then OGRA has been regulating the sector in accordance with LPG (Production & Distribution) Rules, 2001 and the policies of the Federal Government. The core functions of LPG Department include issuance of licenses to construct and operate LPG production, storage/filling facilities, air-mix plants and LPG auto-refuelling stations under LPG Rules, 2001. Other functions are registration of LPG equipment manufacturers and other miscellaneous matters related to LPG sector. LPG Department ensures compliance to the OGRA Ordinance, 2002, LPG Rules, 2001 and LPG Policy Guidelines of the Federal Government issued from time to time in all licensing issues under its jurisdiction. Further it also conduct inspections of storage/filling plants, refuelling stations, production/extraction plants, air-mix plants and manufacturing facilities of equipment manufacturers through short listed third party inspectors. Moreover, matters related to extension/renewal of licenses, amendment/transfer of licenses, cancellation/revocation of licenses, periodic inspection of LPG works and facilities to ensure their conformity with the laid down standards and annual renewal of the registration of OGRA's authorized manufacturers of LPG equipment are also being handled by LPG Department.

## LNG Department

LNG sector is a promising sector with significant anticipated growth in the years to come. OGRA, being the concerned regulator has played a vital role in guiding the companies interested in establishing LNG import infrastructure in the country. Regulation of LNG sector is governed under OGRA (LNG) Rules, 2007 which define pre-requisites for obtaining licenses. LNG rules encourage prospective project developer to enter into LNG market after fulfilment of requisite formalities including license from OGRA as per present policy. LNG Department regulates the LNG sector in the country and played a vital role in establishment of first ever LNG terminal in the country from issuance of provisional license to terminal construction and operation license. Subsequent to issuance of operational license, the Department monitors compliance to the terms and conditions of the license. Moreover, OGRA also grants license for marketing and distribution of LNG, being a regulated activity. The consultants for LNG related tasks have been short listed by the LNG Department which upon requirement are appointed for inspections and for evaluation of application(s).

## CNG Department

CNG Department regulates CNG sector in the light of provisions of CNG Rules, 1992, OGRA Ordinance, 2002 & Policy of the Federal Government in vogue. There is a ban on issuance of new provisional license since February, 2008. The provisional licenses are converted into marketing licenses to operate CNG stations after completion of applicable formalities inter-alia including explosive license and satisfactory pre-commissioning inspection. In order to ensure safe operation of CNG stations, annual safety audit is conducted through OGRA's designated third party inspectors. The deficiencies, if found are rectified in accordance with provisions of applicable rules/technical standards. In case, CNG stations fail to remove deficiencies within stipulated time period, are penalized as per applicable rules/procedure. The cases regarding amendment, renewal and transfer of CNG licenses and equipment, alteration in works etc. are processed upon completion of requisite formalities as per the policy/rules. OGRA enlists local and international CNG equipment manufacturers subject to conformity of applicable international technical standards. Complaints against CNG stations are dealt as per applicable criteria and Complaint Resolution Procedure Regulations, 2003.

## Finance Department

Finance Department plays a pivotal role in tariff determination of oil and gas sector as per the powers delegated under the OGRA Ordinance, 2002. Finance Department is primarily involved in the determination of revenue requirement of gas utilities viz; SSGCL & SNGPL. Accordingly, category-wise natural gas sale prices and prescribed prices are notified under the law. Determination and notification of well-head gas prices on bi-annual basis is also carried out as per the agreements signed between gas producers & GoP.

Finance Department's role is not only limited to the natural gas sector, but also includes monitoring of petroleum products including notification of kerosene oil & E-10 after the deregulation effective June, 2011. Since September, 2008, Inland Freight Equalization Margin (IFEM) is also being managed by the Finance Department including its monthly computation and notification. During the recent financial year, Federal Government has also delegated the powers of RLNG price determination to OGRA. The same is carried out on monthly basis as per the policy guidelines issued by Economic Coordination Committee.

Beside tariff determination process of oil and gas sector, Finance Departments has a major contribution in techno-financial and legal matters including tariff related aspects in licensing of natural gas sector, third party access regime, formulation of new tariff regime, unbundling of sui companies under Government's gas sector reforms agenda. Finance Department has devised efficiency related benchmarks including HR cost and provision for doubtful debts so as to curtail major component of operating expenditure. These benchmarks have remained successful in terms of allowing prudent and rationale operating cost. Finance Department has always remained vigilant while striving a balance between all stakeholders.

### **Complaints Department**

Complaint against Gas Utility Company is entertained by the Registrar OGRA, if a consumer/person fails to get desired relief from the licensee, the Registrar forwards the complaint to concerned Designated Officer (DO) of the Complaints Department related to specific area under Complaint Resolution Procedure Regulations (CRPR), 2003. The DO performs quasi-judicial functions while dealing with the complaints. The DO after obtaining comprehensive report/response further clarifications from gas utility company/licensee, gives an opportunity of meeting/hearing to both the parties and decide the complaints based on available documentary evidences, hearing proceedings, arguments exchanged etc. as per applicable policy/procedures. Implementation of OGRA's decisions on complaint cases are also ensured by the concerned DO. Further, record of the complaints is also maintained under the respective Designated Officer, who prepares response/replies, if necessary in respect of court case(s)/petition(s) etc. pertaining to complaints cases.

### **Enforcement Department**

The basic function of the Enforcement Department is to liaison with Licensees, Consumers and the Authority. Collect information based on ground realities i.e problems faced by consumers and licensees. Assist the Authority in making effective policy for regulating the oil and gas sector, keeping in view the problems of the industry. Further, protect the rights of consumers by maintaining check and balance/deterrence on licensees. Enforcement Department conducts surprise/planned inspections at CNG stations; LPG bottling plants, LPG authorized distributors, registered LPG equipment manufacturers, petrol pumps or any other licensed facility on the request of parent Department of OGRA or on the directions of the Authority. These inspections are generally conducted for controlling overcharging and compliance of safety during operations.

### **Corporate & Media Affairs**

The main functions of the Corporate & Media Affairs Department is to build and sustain positive perception/image for the organization as a progressive Regulatory Authority of Pakistan's Energy Sector, create awareness of its actions in public interest, gain industry buy-in and sensitizing its direct and indirect stakeholders about rules/regulations and their compliance in national interest. To keep abreast the stakeholders about the policies/actions of the organization on regular basis and to build ownership as well as to bridge the communication gap, establishing and executing major goals and objectives for OGRA, to implement policies established by the Authority, to provide leadership, direction and guidance over Organization's activities. To analyse and evaluate the operational effectiveness of the organization. To coordinate major activities through subordinates and appraises assigned personnel and to represent the organization to stakeholders, international organizations, media and the general public. To introduce Regulatory Reforms in-line with international best practices and Government policies.

## Planning & Coordination / IT Department

Coordinate all activities of OGRA to produce material for preparation and printing of OGRA Annual Reports i.e. “Report on Conduct of OGRA Affairs” and “Report on State of the Regulated Petroleum Industry” as per provisions of OGRA Ordinance, 2002. Process training courses for capacity building of OGRA employees through provision of local and foreign trainings and participation in seminars, symposiums & workshops etc. at local and international level. Liaison with all Departments/Units of the Authority on multifarious issues as and when required and to coordinate/process cases pertaining to different Ministries/Divisions/Departments, etc. Also coordinate with all Departments for preparation of presentations/briefs for local and international forums on different topics relating to functions/performance of OGRA. Coordinate and provide material to Government functionaries for preparation of Cabinet Year Book, Pakistan Trade Policy, Finance Minister’s Budget Speech, Pakistan Five Year Plan, Regulatory Framework, Economic Survey of Pakistan, Performance, etc. Cases pertaining to intern-ship for young graduates as per approved policy of the Authority. The Department also manage IT related services and matters under the Head of IT professional that includes maintenance and information updation of OGRA’s website pertaining to oil & gas regulatory issues, place press releases and decisions of the Authority etc. Provision of IT support to end users at all levels of the organization, internet and email services, computer software support/ re-installation, support hardware specifications and recommendations on IT matters, etc.

### Capacity Building

Capacity building is a coordinated process of deliberate interventions to (i) upgrade skills (ii) improve procedures and (iii) strengthen organization. It refers to the investment in human capital, institutions and practices that enable to achieve sustained development objectives.

OGRA is dynamic organization committed to making the most effective use of the talent, skills and abilities of its workforce and helping all employees maximize their contribution to improve organizational performance. To demonstrate its commitment, it has formalized its training programs through the allocation of specific budget resources and through the policy statement: “Opportunities for training will be based on an assessment of employees’ development needs and will be provided to each employee.” OGRA is cognizant of the importance to invest in human capital. It realizes the “quality of people” which is key factor that differentiate best from the good. It therefore encourages training & development of its employees in management as well as technical/regulatory matters in order to equip them to the international best regulatory practices and techniques in energy sector.

### IT Orientation

There is need to ensure that information technology is embedded into the culture of an organization with knowledge spread throughout, rather than solely concentrated at an operational level. OGRA’s IT policy is inspired by this thought. All officials in OGRA have dedicated computers and are connected to Local Area Network (LAN) to share resources like printers, scanners, heavy duty network printers etc. OGRA building has dedicated Fibre Optic Internet links. For efficient communication, OGRA internet email facility is provided to all officers. The Authority is continuously striving to reduce paper usage and achieving efficiency through more intense use of information technology.

OGRA maintains web portal “[www.ogra.org.pk](http://www.ogra.org.pk)” which has been designed using latest and secure web development tools. It is user friendly and being updated regularly. Anyone can access it to reach the OGRA Ordinance, Rules and Regulations, Decisions, Press releases, Oil price notifications, Gas & well-head pricing notifications, LPG price notifications & licenses, List of provisional & operational CNG stations, Enforcement press release & news, Tender notices, Job announcements etc. OGRA’s website is most popular, frequently viewed domain in the country. It is favourite amongst consumers of petroleum & gas products, media and other stakeholders.

OGRA has implemented Licensed Accounting Software in order to provide better services and utilization of resources efficiently. This project is for the development and implementation of a new financial accounting system in OGRA after a thorough study of the functions and processes. OGRA has also launched online complaints registration for an easy and rapid access by the complainants.

### **Media & Public Relations Department**

Dealing with the Media and Public Relations/Protocol affairs of the organization including pre-qualification of advertising agencies, publication of notices/advertisements in the print media; publication of Gazette notifications and settling accounts thereof, to monitor and scan all published material that relates to Oil and Gas Sector of OGRA and submission of daily press clippings to the Authority and all executives, translation of documents relating to parliamentary business, making necessary arrangements to conduct meetings/hearings/public hearings/sessions/seminars at HQ/outstation, correspondence with the Cabinet Division, Kept coordination with the National Assembly, Senate, Cabinet Division, MP&NR and PM Secretariat for briefings by OGRA to the PM Secretariat NA/Senate Standing Committees, ECC, Public Accounts Committee and other sub committees, making traveling/boarding/lodging arrangements for domestic/foreign visits of the Authority and settling accounts thereof, obtaining Note Verbal from Ministry of Foreign Affairs, liaison with the embassies for endorsement of visas, liaison with the Embassies/Pakistan Missions abroad during visit of the Authority and providing facilitation at Airport, Liaison with the government organizations/agencies/media firms on behalf of OGRA.

### **Administration Department**

Administration Department is responsible for overall administrative/management services. This Department has to ensure efficient and smooth administrative operations of the organization which include provision of logistic support to each and every department/unit/section of the Authority and its regional offices. All kinds of administrative matters including procurement, repair & maintenance are also being handled by this Department. Administration Department implements policies relating to all avenues which fall under Management Services. In addition, this Department deals with pre-qualifications of firms, execution & extension of contract/lease agreements relating to procurement agencies and hiring office buildings etc. as per PPRA rules.

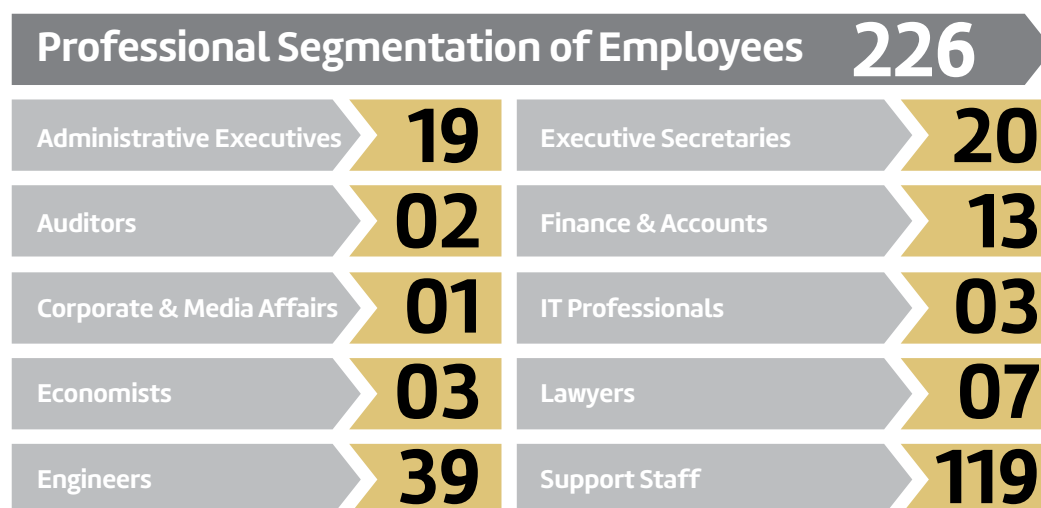
### **Human Resource Section**

HR Section has been entrusted with the assignment to manage the affairs of Human Resource of the Authority in light of the OGRA Service Regulations, 2005. The Section is responsible to facilitate the process of hiring of human resources by the Authority which includes preparation of all requisite documentation. The personal files / data are managed for effective career development of the employees. The Performance Evaluation Reports are also maintained by HR Section being instrumental for elevation of Executives/Support Staff of the Authority. Career planning, compensation and benefit schemes/cases like HBA, insurance, gratuity, leave encashment etc., medical treatment, leave cases are also being dealt by HR. Besides this, matters pertaining to office discipline/decorum and conduct/disciplinary cases as per OGRA Service Regulations are being dealt by this Section in respect of all category of employees of the Authority.

Human Resource Section of OGRA provides services and support to all employees of the Authority and committed to cultivate a superior service oriented culture, the HR Section seeks to provide benefits to the employees that promote health, wellness and a sound work environment. Through employees orientation and professional development, HR Department promote the values of inclusiveness and long term employees engagement. In all areas, HR Section firmly upholds the tenets of confidentiality, accountability and trust, and values excellence, integrity and communication. OGRA goals are diverse, highly skilled, productive, healthy, and efficient workforce, fair and lawful treatment of all employees, aligning HR policies and processes with the organization's needs and goals.

OGRA is a progressive organization where due emphasis is given on quality, efficiency and goal-orientation. The Departments are small teams of highly motivated professionals with minimum support staff. The work environment of OGRA in terms of communication and team work is highly effective where a sense of responsibility is created among the employees which provide them confidence to act effectively. OGRA provides an environment where employees are encouraged to fully participate in the process of feedback/ input in the decision making process.

The OGRA Ordinance, 2002 empowers the Authority to formulate OGRA Service Regulations and to introduce amendments from time to time as per the changing organizational needs. Employees are recruited strictly on the terms and conditions as stipulated in the OGRA Service Regulations 2005 notified under the OGRA Ordinance 2002. The appointments are made on merit through a competitive and transparent process keeping in view the regional quotas as per policy of the Federal Government. The Human Resource at OGRA is a diversified work force in terms of gender, regions and professional background, segmentation of employees as on June 30th, 2017 is tabulated as below:



## Legal Department

The Legal Department provides legal analysis and advice to all departments and the Authority. It is also entrusted with the assignments of drafting/vetting of rules, regulations and other documents having legal prospect and proposing amendments whenever required. During the year it provided opinions/vetted 313 legal documents of Finance/Accounts, Gas, Complaints, LPG/LNG, CNG, Registrar/Complaints, Administrative and Oil matters.

## Litigation Department

The Litigation Department has the prime responsibility to ensure representation in order to defend OGRA before the courts of law all over the country. It manages cases pending before the courts of law, prepares detailed para-wise comments, reply, written statements in consultation with respective departments and seeks recommendations/approval of the Authority in each case. Keeping in view the nature and gravity of the each case, it recommends the suitable lawyer, determines fee and issue wakalatnama duly approved by the Authority and pursues the cases under the fully approved robust procedure. The Department maintains records of cases and strives to follow up all the cases. Efforts are being made to update status of court cases through an electronic data for information of the Authority and concerned quarters.

## Secretariat

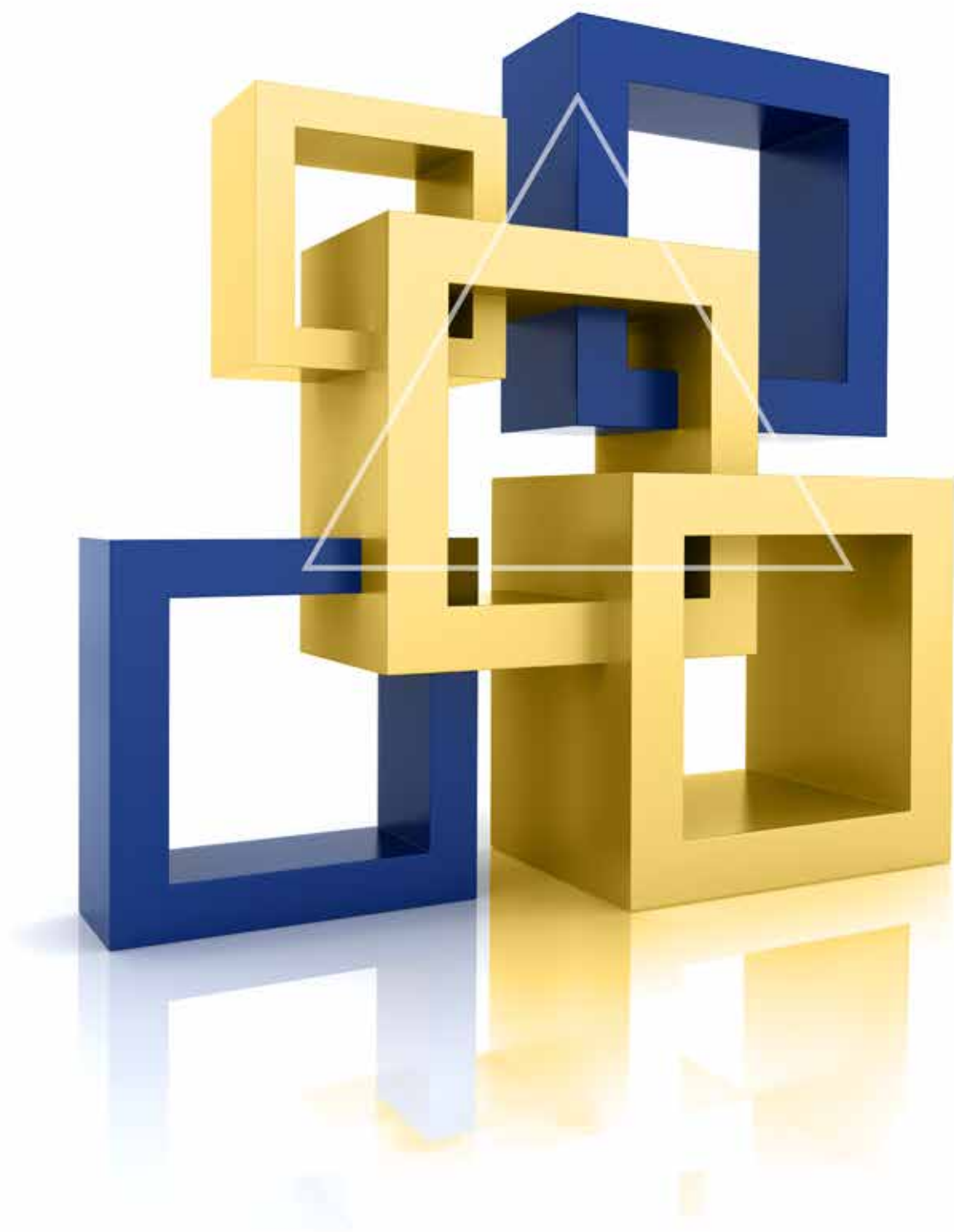
Secretariat Department is responsible for performing the duties and responsibilities of secretariat nature, as entrusted to it, under the supervision of Secretary OGRA. The Department is mandated to effectively conduct the meetings of the Authority (Regulatory & Administrative) wherein the decisions are taken, in the spirit of OGRA Ordinance, 2002, pertaining to the regulatory affairs of the mid and downstream petroleum sector as well the internal matters of the organization. Key functions/responsibilities include issuance of notice, agenda and working papers to the Authority Members and concerned Departmental

Heads after soliciting approval of the Chairman/Chairperson for calling Meeting in accordance with Sub-Section 5 of Section 4 of the OGRA Ordinance, preparation and submission of minutes of the meeting proceedings to the Authority for signatures and dissemination of decisions to the concerned Departments. Further, this Department monitors the implementation of the decisions by the concerned Departments and compiles the report on implementation status for presentation before the Authority as regular agenda in each Meeting. Secretariat Department is responsible to coordinate with the Cabinet Division and other agencies regarding the matters of the Chairman/Chairperson and Members of the Authority and it also acts as a custodian of record of declaration of assets submitted by all employees of OGRA on yearly basis.

### **Internal Audit Department**

Internal Audit Department performs its functions as per Regulation 15 of OGRA Financial Regulations 2005. Internal Audit conducts Pre-audit of all bills for payments. It coordinates with the Auditor General of Pakistan who conduct audit of accounts of OGRA. It submits replies to the audit observations, memos and draft paras in consultation with the concerned departments. Internal Audit also coordinates with the Departmental Accounts Committee (DAC) and Public Accounts Committee (PAC) for discussion / settlement of audit paras raised by the Auditor General. Further, Internal Audit renders comments, advices, suggestions, proposals and recommendations on various fiscal, administrative & operational issues to the Authority, if so required.



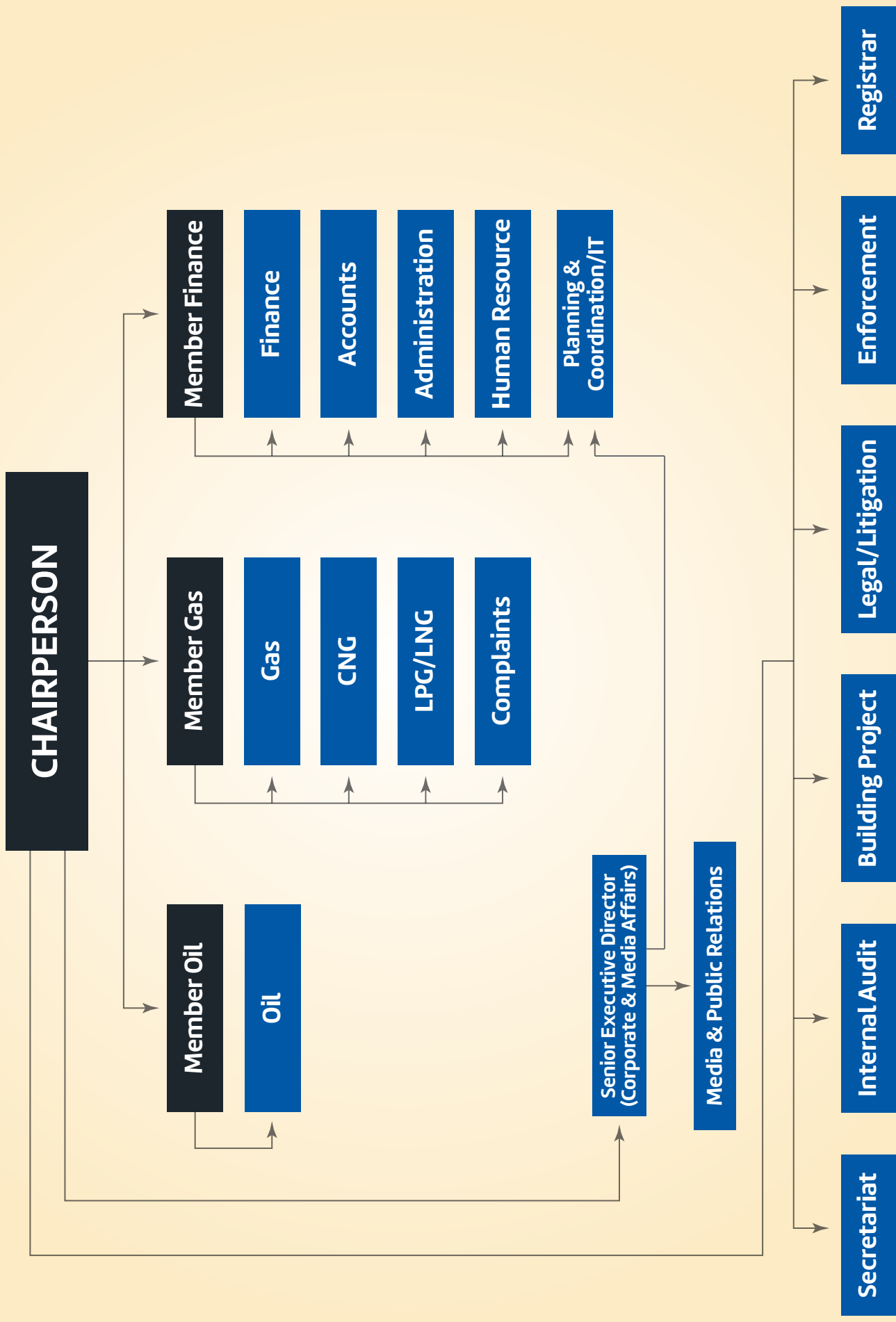


**T H E   O R G A N I Z A T I O N**





# ORGANIZATIONAL STRUCTURE



# SENIOR MANAGEMENT



**Imran Ghaznavi**

Senior Executive Director  
Corporate & Media Affairs



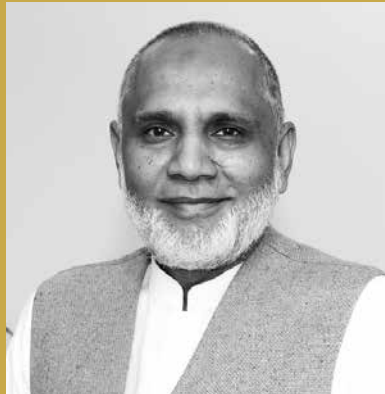
**Shahzad Iqbal**

Executive Director  
Gas Department



**Zain-ul-Abideen**

Executive Director  
CNG Department



**Muazzam Hussain Ch.**

Executive Director  
Complaints Department



**Sarmad Aslam**

Secretary OGRA  
Executive Director  
Oil Department

**Sohail Ahmed Tariq**

Executive Director  
Enforcement Department



**Anwar Ali Sheikh**

Executive Director  
Planning & Coordination/  
IT Department



**Misbah Yaqub**

Executive Director  
Finance & Accounts Department

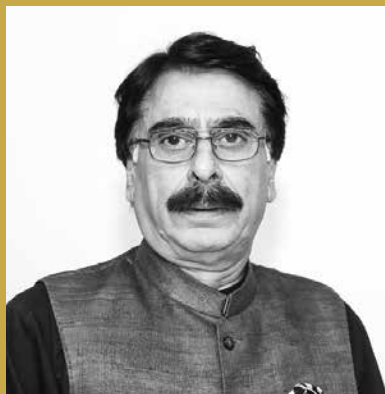


**Muhammad Rizwan ul Haq**

Executive Director  
Legal/Litigation Department

**Shahid Nauman Afzal**

Executive Director/  
Technical Assistant to  
Chairperson





1. Corporate & Media Affairs / Planning & Coordination / IT Department and Media & Public Relations Department
2. Gas Department
3. CNG Department
4. Complaints Department
5. Secretariat / Oil Department
6. Enforcement Department





1. Finance & Accounts Department
2. Legal & Litigation Department
3. LPG / LNG Department
4. Registrar Office
5. Internal Audit
6. Admini & Human Resource (HR) Department





**P R O C E S S**



## 3. Process

### 3.1 The Authority's Regulatory Decision Making Process

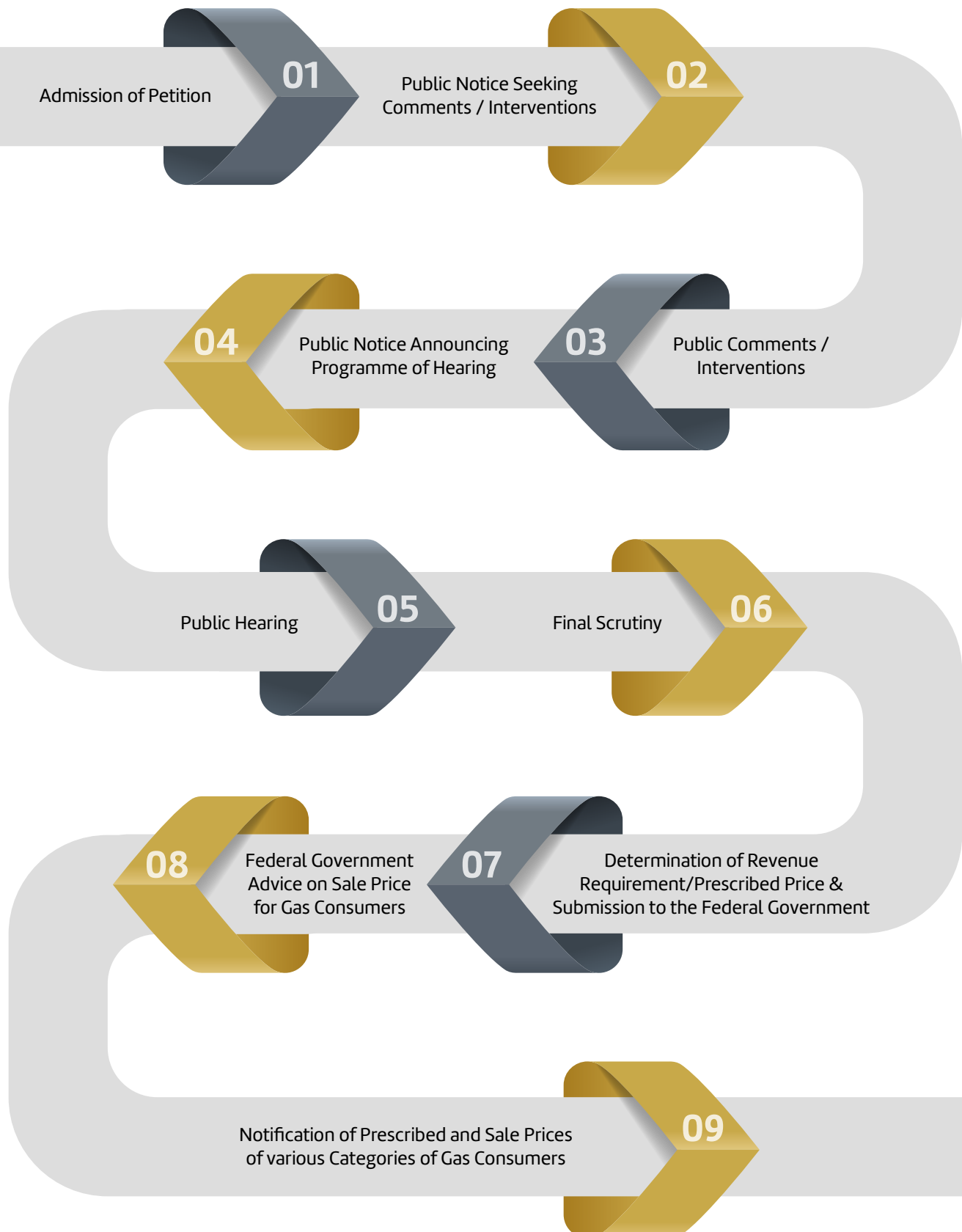
The regulatory framework is a quasi-judicial for issuance of licenses, tariff setting and maintenance of proper standards and quality of services by the licensees. Therefore, the Authority is vested under the Ordinance and Rules with the power of delivering decisions. The Authority exercises the power of original jurisdiction in case of petitions filed for the grant of licenses for various types of regulated activities, setting of tariff which include determination of estimated and final revenue requirement of natural gas transmission and distribution licensees at the beginning and the end of each financial year respectively, and also its review during the year. In addition to natural gas, the Authority is empowered to grant licenses for Oil, CNG, LPG and LNG related regulated activities. The Authority is also vested under the law with the appellate power against the decisions of its delegates and power to review its own decisions.

All petitions are examined in the light of relevant rules, which, inter-alia, involve interactive process of consultation with all stakeholders including consumers through public hearings. This provides the general public an opportunity to put across its point of view on the cost and quality of service provided by the utility companies. This enables the Authority to have the benefit of a wider range of information and all shades of opinion, which it evaluates before reaching a decision. To give a bird's eye view of the process, following Fig. shows the steps involved in the determination of revenue requirement of a gas company from receipt of petition to the notification of prescribed and sale prices.



Authority in Public Hearing

## The Process of Determination of Estimated Revenue Requirement, Notification of Prescribed and Consumer Gas Prices





**P E R F O R M A N C E**



## 4. Performance

### 4.1 Formulation of Rules and Regulations

Oil and Gas Regulatory Authority is an independent regulatory body. It was established on March 28, 2002 in pursuance of OGRA Ordinance, 2002. The objective of OGRA is to “foster competition, increase private investment and ownership in the midstream and downstream petroleum industry, protect the public interest while respecting individual rights and provide effective and efficient regulations”.

Section 41 and 42 of the OGRA Ordinance, 2002 require the Authority to formulate rules and regulations respectively to carry out the Authority’s functions as provided in the Ordinance, the rules are to be approved and notified by the Federal Government, whereas the regulations are to be approved and notified by the Authority itself. Rules and regulations are fundamental instruments to achieve the above mentioned objectives and OGRA’s exclusive responsibilities under the OGRA Ordinance, 2002. One of the fundamental instruments i.e. the Natural Gas Licensing Rules (NGLR) were framed under the former Natural Gas Regulatory Authority (NGRA) Ordinance.

Since its inception in March 2002, the Authority has put in place a comprehensive regulatory framework as described in **Appendix-I**.

### 4.2 Authority Meetings

The Authority in pursuance of Section 4(1) of the OGRA Ordinance, 2002 conducted seven Regulatory & six Administrative meetings during FY 2016-17.

### 4.3 Natural Gas Sector

#### 4.3.1 Grant of Licences

##### a) Grant of Licence to M/s Gaseous Distribution Company Pvt. Ltd.

The Authority, on 22-12-2016, granted Licence to M/s Gaseous Distribution Company Pvt. Ltd. (GDCL) to undertake regulated activity of Sale of Natural Gas to OGRA’s licensed CNG Stations in the Sindh Province as per the following model:-

- Natural gas will be transported from Transmission and Distribution (T&D) network of Gas Company i.e. SSGCL under the terms and conditions of Gas Transportation Agreement (GTA) under Third Party Access (TPA) regime / applicable rules / law. GDCL will be exclusively responsible to purchase/arrange LNG and re-gasify at ETPL’s Terminal or any other terminal with prior permission of the Authority.
- GDCL will sale the natural gas to CNG Stations at CMSs in accordance with terms and conditions of Gas Sales Agreement between Licensee and Consumers.
- Services of Gas Utility Company will be obtained for the billing and metering under the mutually consented services agreement until and unless licensee set up its own metering / billing system with permission of the Authority.

##### b) Grant of Licence to M/s Fauji Oil Terminal and Distribution Company Ltd. (FOTCO) for Transmission of Natural Gas

The Authority, on 21-12-2016, granted Licence to M/s Fauji Oil Terminal and Distribution Company Ltd. (FOTCO) to undertake regulated activity of transmission of natural gas, which incorporates construction and operation of natural gas pipeline (30”x13.3” km long) along with ancillary /

connected facilities for the purpose of transmission of natural gas from proposed Pakistan Gas Port Consortium Ltd. (PGPCL's) Terminal to SSGC's tie in point at Port Qasim (Karachi).

OGRA issued licenses for transmission, distribution, sale & storage of natural gas and for construction of LNG import terminals as given in **Appendix-II**.

#### **4.3.2 Determination of Revenue Requirement (RR) of Gas Utilities and Gas Tariff**

OGRA determines revenue requirement / prescribed prices of natural gas utilities for various categories of retail consumers, for carrying out regulated activities of transmission, distribution and sale of natural gas under Section 8 of the OGRA Ordinance, 2002.

The revenue requirement consists of the following major components:

- Cost of gas paid to the gas producers (approx. over 80% of prescribed price).
- Transmission and distribution cost including depreciation.
- Prescribed return per License conditions, which currently is 17.5% in case of Sui Northern Gas Pipelines Limited (SNGPL) and 17% in case of Sui Southern Gas Company Limited (SSGCL) of the value of their average net operating fixed assets.

The cost of gas, which constitutes bulk of the revenue requirement of the gas utilities, is linked with international prices of crude oil and High Sulphur Fuel Oil (HSFO) according to the Gas Pricing Agreements between the Federal Government (GoP) and the gas producers. Any change in cost of gas is, therefore, practically a pass through amount which is closely monitored by OGRA and its impact on revenue requirement is assessed on frequent basis.

The Authority scrutinizes main head of accounts with major focus on operating revenues, operating cost and assets base. Detailed analysis of each item of operating expenditure and revenue is carried out in terms of rationality and prudence. Only justified and reasonable operating expenditures and revenues are included as part of revenue requirement computations.

The evaluation of addition to fixed assets is carried out to establish prudence of investment. In this whole process need assessment and cost effectiveness is ensured to protect consumers from unnecessary burden as all approved cost is reflected in the tariff.

The gas utility companies submit their Estimated Revenue Requirement (ERR) to the Authority for each financial year by December 1<sup>st</sup> of the preceding year in accordance with the OGRA Ordinance and the Natural Gas Tariff Rules, 2002. These petitions are scrutinized, processed and decided in accordance with the rules and in light of comments and suggestions of all the stakeholders and general public. Later, determination of Final Revenue Requirement (FRR) is carried out at the end of the financial year on the basis of auditor's initialled accounts.

The companies may also file motion for review against any decision of the Authority, within thirty days, under the relevant provisions of law, and they more often, do avail this opportunity.

The Authority has also directed SSGCL & SNGPL to submit review petitions to the Authority for revision in cost of gas on the basis of actual and anticipated changes in international prices of Crude Oil and HSFO in October every year, with a view to ensure the half yearly review, in any case. The Authority has decided the following eighteen (18) petitions in financial year:

| Sr. No | SSGCL                                 | Sr. No | SNGPL   |
|--------|---------------------------------------|--------|---|
| 1.     | Motion for review FRR for FY 2012–13  | 1.     | Motion for review FRR for FY 2012–13                                |
| 2.     | Motion for review FRR for FY 2013–14  | 2.     | Motion for review FRR for FY 2013–14                                |
| 3.     | Motion for review FRR for FY 2014–15  | 3.     | Motion for review FRR for FY 2014–15                                |
| 4.     | FRR for FY 2015–16                    | 4.     | FRR for FY 2015–16  |
| 5.     | DERR for FY 2016–17                   | 5.     | DERR for FY 2016–17   |
| 6.     | Motion for review DERR for FY 2016–17 | 6.     | Motion for review DERR for FY 2016–17                               |
| 7.     | Motion for review ERR for 2015–16     | 7.     | Additional Budget Requirement for FY 2016–17                        |
|        | –                                     | 8.     | Motion for Review FRR for 2015–16                                   |
|        | –                                     | 9.     | Motion for Review FRR for 2015–16 (Chaudhry Muhammad Aslam, Lahore) |
|        | –                                     | 10.    | Motion for Review ERR for 2016–17 (Chaudhry Muhammad Aslam, Lahore) |
|        | –                                     | 11.    | Motion for Review ERR for 2016–17 (APTMA)                           |

The process of determination of revenue requirements is transparent and ensures effective participation of consumers and general public. This interactive process provide all stakeholders an opportunity to put across their point of view on the cost and quality of service provided by the utility companies. This enables the Authority to have the benefit of a wider range of information and all variety of opinion, which it evaluates before reaching at a decision.

The Authority, while fully conscious of its duty to balance the divergent interest of the stakeholders, attaches primary importance to protect consumers' interest who, by and large are voiceless, remaining however, within the Government's policy framework and providing incentives to entities to perform optimally.

Various components of ERR for FY 2016–17 & FRR for FY 2015–16 with respect to OGRA determinations in comparison to SSGCL & SNGPL requests are summarized as under:

#### 4.3.2.1 Sui Southern Gas Company Limited

##### Estimated Revenue Requirement (ERR) of SSGCL for FY 2016–17

The Authority determined the Estimated Revenue Requirement of SSGCL for FY 2016–17 at Rs. 150,190 million against Rs. 173,066 million demanded by SSGCL as given in following **Table**:

**OGRA's Determination of ERR of SSGCL for FY 2016–17**

| Particulars                                 | SSGCL Request | OGRA Determination | Rs. Million |
|---|---------------|--------------------|-------------|
|   |               |                    | Difference  |
| Sales Volume (BBTU)                         | 390,315       | 390,315            | –           |
| Cost of Gas                                 | 132,862       | 133,285            | 423         |
| Transmission & Distribution Cost and Others | 20,324        | 14,947             | (5,377)     |

|  |         |          |          |
|--|---------|----------|----------|
| UFG Adjustment                                       | (750)   | (13,826) | (13,076) |
| Depreciation   | 6,213   | 5,708    | (505)    |
| Return on Net Operating Assets                       | 13,578  | 9,718    | (3,860)  |
| Additional Revenue Required for Air-Mix LPG Projects | 840     | 359      | (481)    |
| Total Revenue Requirement                            | 173,066 | 150,190  | (22,876) |
| Total Revenue Available                              | 166,266 | 175,608  | 9,342    |
| Surplus / (Shortage)                                 | (6,800) | 25,418   | 32,218   |
| Average Prescribed Price ( Rs. / MMBTU)              | 435.73  | 354.24   | (81.49)  |

### Final Revenue Requirement (FRR) of SSGCL for FY 2015-16

The Authority determined the final revenue requirement of SSGCL for FY 2015-16 at Rs. 148,160 million against Rs. 207,596 million demanded by SSGCL as shown in the **Table** as under:

#### OGRA's Determination of FRR of SSGCL for FY 2015-16

| Particulars   | SSGCL Request | OGRA Determination | Rs. Million |
|---|---------------|--------------------|-------------|
|   |               |                    | Difference  |
| Sales Volume (BBTU)                                   | 383,989       | 383,989            | -           |
| Cost of Gas   | 151,088       | 151,088            | -           |
| Transmission & Distribution Cost and Others           | 16,586        | 15,644             | (942)       |
| Finance Cost on Delay Payment on Gas Producer         | 26,222        | -                  | (26,222)    |
| Financial Impact on Account of Sindh High Court Order | -             | (18,360)           | (18,360)    |
| UFG Adjustment  | (750)         | (14,106)           | (13,356)    |
| Depreciation  | 5,096         | 5,048              | (48)        |
| Return on Net Operating Assets                        | 8,978         | 8,470              | (508)       |
| Additional Revenue Required for Air-Mix LPG Projects  | 376           | 376                | -           |
| Total Revenue Requirement                             | 207,596       | 148,160            | (59,436)    |
| Total Revenue Available                               | 172,775       | 175,668            | 2,893       |
| Surplus/ (Shortage)                                   | (34,821)      | 27,508             | 62,329      |
| Average Prescribed Price ( Rs. / MMBTU)               | 525.81        | 363.48             | (162.33)    |

During the current financial year, the honourable Sindh High Court issued a landmark decision on November 25, 2016 and vacated the interim stay granted to SSGCL in respect of revenue requirement for FY 2010-11 to FY 2015-16. The consequential financial impact arising due to the honourable Sindh High Court's judgment comes to Rs. 36,719 million that is to be recovered from SSGCL. Securities and Exchange Commission of Pakistan has allowed phased recognition of the said financial impact in two years i.e. FY 2015-16 and FY 2016-17. Accordingly, Rs. 18,360 million i.e. 50% of the financial impact, has already been recovered from SSGCL in FRR FY 2015-16 by the Authority and remaining 50% shall be recovered in FRR FY 2016-17 in the light of exemption granted by Securities and Exchange Commission of Pakistan.

### 4.3.2.2 Sui Northern Gas Pipelines Limited

#### Estimated Revenue Requirement (ERR) of SNGPL for FY 2016-17

The Authority determined the estimated revenue requirement of SNGPL for FY 2016-17 at Rs. 225,662 million against Rs. 207,091 million demanded by SNGPL as shown below in the **Table**:

#### OGRA's Determination of ERR of SNGPL for FY 2016-17

|   |               |                    | Rs. Million |
|---|---------------|--------------------|-------------|
| Particulars                                 | SNGPL Request | OGRA Determination | Difference  |
| Sales Volume (BBTU)                         | 418,840       | 418,840            | -           |
| Cost of Gas                                 | 128,216       | 128,632            | 416         |
| Transmission & Distribution Cost and Others | 34,562        | 23,030             | (11,532)    |
| UFG Adjustment                              | -             | (7,044)            | (7,044)     |
| Depreciation                                | 19,774        | 17,238             | (2,536)     |
| Return on Net Operating Assets              | 24,539        | 19,063             | (5,476)     |
| Previous Year Shortfall                     | -             | 44,743             | 44,743      |
| Total Revenue Requirement                   | 207,091       | 225,662            | 18,571      |
| Total Revenue Available                     | 219,916       | 201,416            | (18,500)    |
| Surplus / (Shortage)                        | 12,825        | (24,246)           | (37,071)    |
| Average Prescribed Price ( Rs. / MMBTU)     | 480.34*       | 480.63*            | 0.29        |

\*Due to admissibility of previous year revenue shortfall.

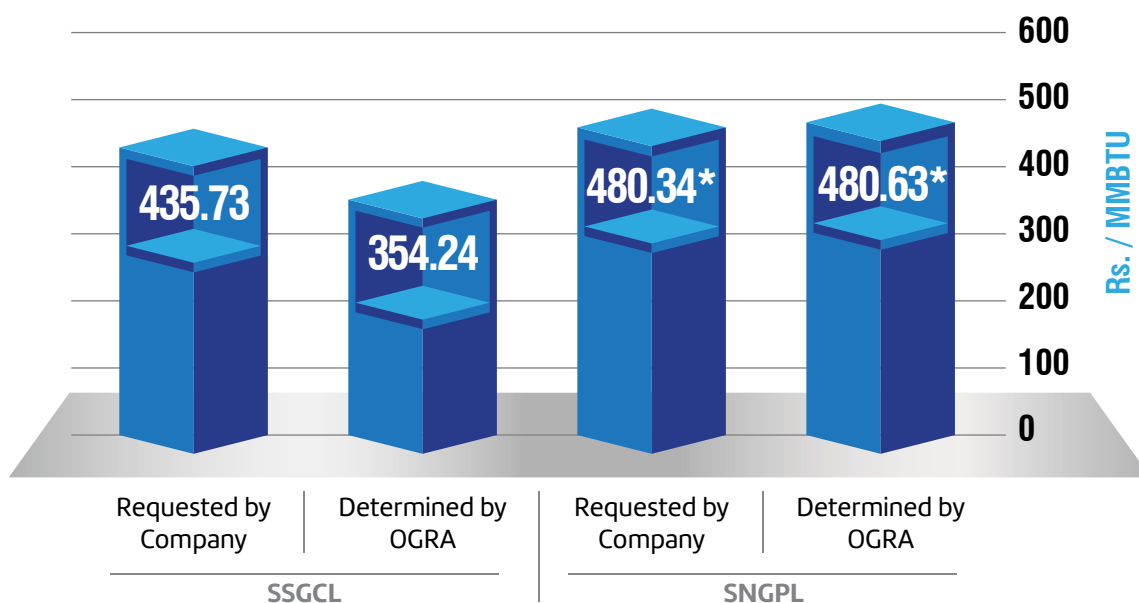
#### Final Revenue Requirement (FRR) of SNGPL for FY 2015-16

The Authority determined the final revenue requirement of SNGPL for FY 2015-16 at Rs. 253,383 million against Rs. 270,006 million demanded by SNGPL as shown in the following **Table**:

#### OGRA's Determination of FRR of SNGPL for FY 2015-16

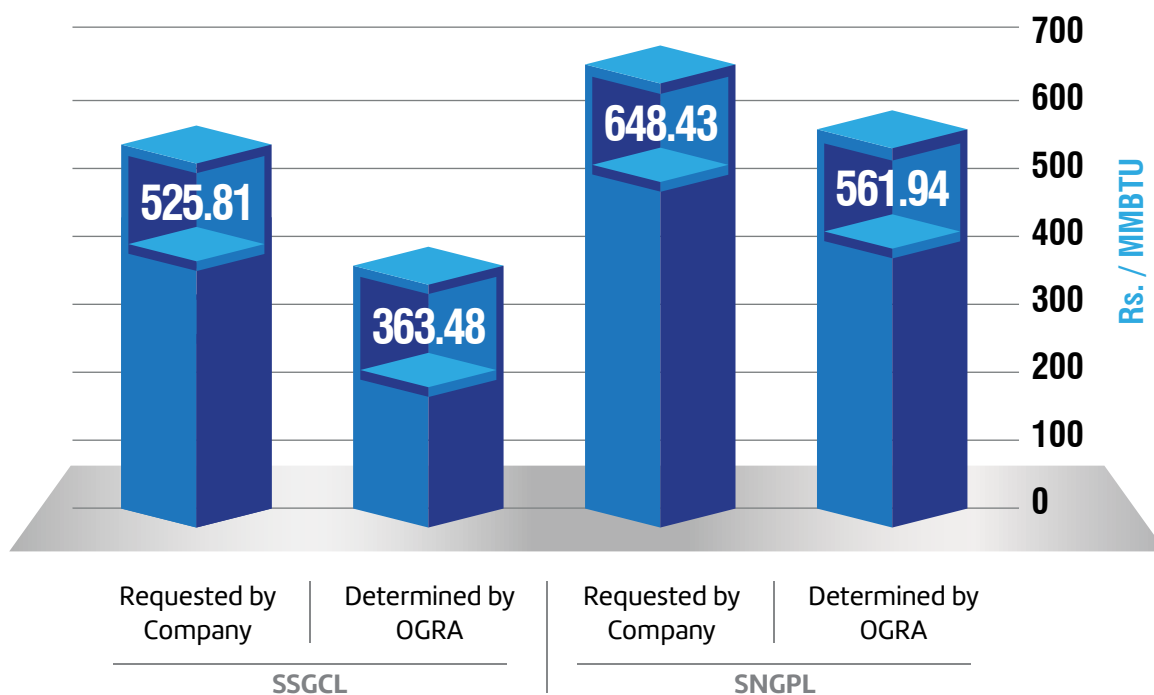
|   |               |                    | Rs. Million |
|---|---------------|--------------------|-------------|
| Particulars                                 | SNGPL Request | OGRA Determination | Difference  |
| Sales Volume (BBTU)                         | 408,106       | 408,106            | -           |
| Cost of Gas                                 | 157,043       | 157,043            | -           |
| Transmission & Distribution Cost and Others | 44,005        | 33,183             | (10,822)    |
| UFG Adjustment                              | -             | (7,518)            | (7,518)     |
| Depreciation                                | 10,451        | 10,602             | 151         |
| Return on Net Operating Assets              | 13,764        | 15,055             | 1,291       |
| Previous Year Shortfall                     | 44,743        | 45,018             | 275         |
| Total Revenue Requirement                   | 270,006       | 253,383            | (16,623)    |
| Total Revenue Available                     | 172,721       | 191,397            | 18,676      |
| Surplus / (Shortage)                        | (97,285)      | (61,986)           | 35,299      |
| Average Prescribed Price ( Rs. / MMBTU)     | 648.43        | 561.94             | (86.49)     |

### Average Prescribed Price of SSGCL & SNGPL for DERR in FY 2016-17



\*Due to admissibility of previous year revenue shortfall.

### Average Prescribed Price of SSGCL & SNGPL for FRR in FY 2015-16



### 4.3.3 Human Resource Cost Benchmark

The Authority had introduced HR benchmark on experimental basis for the very first time in FY 2004–05. Later on, the Authority, on the basis of business dynamics, manpower rationalization, and cost of labour, wages and uniform base rate for both gas utilities, reviewed and revised HR benchmark.

During FY 2016–17, the Authority extended the existing HR benchmark, while adopting the actual HR cost of FY 2014–15 with following parameters;

- 65% weightage to number of consumers
- 25% weightage to T&D network
- 10% weightage to sale volume
- 50% CPI of last year HR cost

OGRA remained successful in curtailing the major component of T&D cost at a reasonable level.

### 4.3.4 Determination and Notification of Well-head Gas Prices

Section 6(2)(w) of OGRA Ordinance, 2002 empowers the Authority to determine the well-head gas prices to be charged by the producers of natural gas in accordance with their respective contracts with GoP, and notify the same in the official gazette. The Authority accordingly issued 99 well-head gas price notifications during FY 2016–17 in respect of 52 gas fields.

### 4.3.5 Weighted Average Cost of Gas (WACOG)

The cost of gas is a major part of the prescribed price of gas, retainable by two gas utilities. Under the existing pricing agreements, the cost of gas (well-head price) of producers is indexed to the international price of crude oil/fuel oil. The gas prices differ for different gas fields, therefore, the cost of input gas into SSGCL and SNGPL systems also differs substantially causing a significant variation on the prescribed prices. The GoP, as a policy, has always maintained uniform consumer prices of gas all over the country and resultantly, it issued a policy guideline under Section 21 of the OGRA Ordinance, 2002 on June 18, 2003 that the cost of gas of SSGCL and SNGPL should be worked out on an overall weighted average basis to keep this major input cost uniform for both the utilities. To implement this policy guideline, the two gas companies have signed an agreement, with the approval of OGRA, for making adjustments of the cost of gas paid to the producers on the basis of WACOG. For FY 2016–17, WACOG at the beginning of the year was at Rs. 275.18 per MMBTU.

### 4.3.6 Notification of Prescribed and Sale Prices (Natural Gas Sector)

Under the OGRA Ordinance, 2002, the Authority is required to notify the prescribed prices for each category of consumers for natural gas of both the gas companies in order to enable each licensee to achieve the revenue requirement as determined by the Authority. During the year under review, the Authority has not issued notifications of prescribed prices for both the gas utilities i.e. SSGCL and SNGPL.

Pursuant to the provision of the OGRA Ordinance, GoP advises the sale prices for various categories of consumers, after adjustment of Gas Development Surcharge in the Prescribed Prices determined by the Authority. The category-wise breakup for the sale prices applicable for FY 2016–17 is placed at **Appendix–III**.

## 4.4 Major Projects of SNGPL and SSGCL

Gas Companies, under the provisions of rules, terms and conditions of their licences, obtain prior permission of the Authority for undertaking extension in their Transmission and Distribution network to cater demand of different sectors including Domestic, Commercial and Industrial. Based on the same new projects for the transmission and distribution of natural gas are envisaged by the Gas Companies / Licensees and placed before the Authority for approval. The projects are approved by the Authority, if found prudent, feasible, delivering tangible benefits to the end consumers.

Brief detail of the infrastructure development projects of SSGCL and SNGPL approved during 2016-17 is as follow:-

### 4.4.1 Transmission Projects of SNGPL

The Authority allowed Rs. 24,569 million under the head of transmission vide its decision on ERR (2016-17). Details of which are given as under:

#### Phase II (LNG Project)

SNGPL projected Rs. 41,891 million under the LNG Phase-II Project, expected to be completed in the fiscal year 2016-17.

SNGPL had earlier projected an overall amount of Rs. 58,004 million for laying of pipelines under Phase-II of Pipeline Infrastructure Development Plan during the previous years and the Authority had already granted principle approval of Phase-II of the project for upcoming LNG and anticipated indigenous supplies.

However, keeping in view the percentage physical progress of various components of the above pipeline projects, as on 19<sup>th</sup> September, 2016, the Authority allowed Rs. 22,172 million against the projected amount of Rs. 41,891 million subject to actualization. The over and above actual expenses was to be considered by the Authority at the time of FRR for FY 2016-17.

#### Transmission Mains (Normal)

SNGPL projected to lay 12" Diameter x 106 Kilometers Mardan-Swat loop-line to cope with low gas pressure in Swat at a cost of Rs. 2,221 million as well as up-gradation of Nowshera Valve Assembly at Rs. 100 million. The total projected amount under the head is Rs. 2,397 million.

Keeping in view the above request of the SNGPL and to cope with the low pressure problem, the Authority allowed Rs. 2,397 million under the head of Transmission Mains for the said year.

### 4.4.2 Distribution Projects

The Authority, in SNGPL's DERR 2016-17, approved an amount of Rs. 11,672 million against the projected amount of Rs. 21,835 million, the details of which are given in the following **Table**:

| S.No. | Description   | Rs. Million               |                        |
|-------|---|---------------------------|------------------------|
|       |   | Amount Projected by SNGPL | Amount Allowed by OGRA |
| 1.    | Laying of Distribution Mains Pending Works against PWP-II Schemes (4, 800 Km)   | 8, 930                    | 8, 305                 |
| 2.    | Laying of Distribution Mains New Schemes Approved (Moratorium Relaxed) (700 Km) | 2, 373                    | 935                    |
| 3     | Laying of Distribution Mains (Anticipated Approvals from GOP (2, 500 Km)        | 7, 000                    | 0                      |

|              |   |               |               |
|--------------|---|---------------|---------------|
| 4.           | Combing, Augmentation, Head Office Reserves (370 Km)        | 1, 221        | 640           |
| 5.           | Laying of Distribution Mains at Cost Sharing Basis (100 Km) | 320           | 320           |
| 6.           | System for Rehabilitation and UFG Control Activities        | 1,675         | 1, 223        |
| 7.           | Cathodic Protection   | 316           | 249           |
| <b>Total</b> |   | <b>21,835</b> | <b>11,672</b> |

#### 4.4.3 Transmission Projects of SSGCL

SSGCL projected an amount of Rs. 48,841 million for addition of assorted diameters of pipelines to its transmission network during the said year, breakup of which is as follow:

- Addition in Normal Transmission Pipeline Assets = Rs. 13,682 million
- Addition in Pipeline Assets related to RLNG Projects = Rs. 35,159 million

The Authority provisionally allowed an expenditure of Rs. 1,344 million for addition to Normal Transmission Network, the detail of which is as under:

|              |   |               | Rs. Million                 |
|--------------|---|---------------|-----------------------------|
| S.No.        | Description of Segment  | The Petition  | Determined by the Authority |
| 1.           | 30" dia × 212 Km Pipeline from Shahdadpur to Malir (1st segment Hyderabad to Karachi 131 Km)    | 7,879         | --                          |
| 2.           | Check Metering Facility at Shahdadpur for Gambat South Field Gas Measurement                    | 344           | 344                         |
| 3.           | 8" dia × 85 Km Pipeline from Jhal Magsi to Shori  | 1,181         | --                          |
| 4.           | 16" dia × 9 Km Re Route of Kotri Barrage  | 191           | --                          |
| 5.           | 16" dia ILBP Rehabilitation and Intelligent Pigging   | 24            | --                          |
| 6.           | 12" dia × 344 Km QPL Rehabilitation and Intelligent Pigging                                     | 328           | --                          |
| 7.           | Construction of Sub-merge Crossings   | 67            | --                          |
| 8.           | 24" dia × 33 Km Tando Adam Masu Loopline  | 112           | --                          |
| 9.           | Up-gradation and Relocation of Regulation on 18" & 20" IRBP at ACPL                             | 97            | --                          |
| 10.          | 24" dia × 31 Km from SMS Kathore to SMS Surjani   | 1,429         | --                          |
| 11.          | 24" dia × 34 Km Loopline from Shikarpur to Jacobabad  | 1,429         | 725                         |
| 12.          | Re-routing of Existing QPL 12" dia × 9 Km (56 Km to 65 Km) and 12" dia × 14 Km (84 Km to 96 Km) | 550           | 275                         |
| 13.          | 12" dia × 53 Km Mehar Gas Field Integration Project (MGFIP) at Thari Mohabat - Leftover         | 43            | --                          |
| 14.          | 6" Nur Bagla & Sujawal - Leftover   | 8             | --                          |
| <b>Total</b> |   | <b>13,682</b> | <b>1,344</b>                |

SSGCL claimed an amount of Rs. 35,159 million to be capitalized on Pipeline Infrastructure Development

Projects for upcoming RLNG. The Authority provisionally allowed the addition to gas transmission pipeline assets related to RLNG projects at Rs. 17,500 million for the said year as tabulated below:

|              |   |               | Rs. Million                 |
|--------------|---|---------------|-----------------------------|
| S.No.        | Description of Segment  | The Petition  | Determined by the Authority |
| 1.           | 42" dia x 14 Km loop between Nara – Sawan                         | 96            | --                          |
| 2.           | 24" dia x 21 Km Interlink between Pakland to Khadeji              | 124           | --                          |
| 3.           | Tie-in and Integration Arrangement – from tie-in point to Pakland | 34            | --                          |
| 4.           | 42" dia x 342 Km – from Pakland to Nara & Indus River Crossing    | 34,905        | 17,500                      |
| <b>Total</b> |   | <b>35,159</b> | <b>17,500</b>               |

Keeping in view the progress of the above project as well as the policy guidelines of the Federal Government conveyed to OGRA vide M/o P&NR's letter dated 10.02.2016, the Authority provisionally allowed an amount of Rs. 17,500 million (50% of the projected amount) against these projects for the said year.

The Authority also decided that, in view of the above policy guidelines, all costs incurred in creation of RLNG infrastructure are to be charged / recovered from RLNG Consumers without affecting consumers relying on domestically produced gas. Hence cost of transmission pipeline assets related to RLNG, amounting Rs. 17,500 million, is to be recovered from RLNG consumers only. As per the FRR Petition, SSGCL has actually capitalized an amount of Rs. 24,509 million on RLNG infrastructure development during the fiscal year.

#### 4.4.4 Distribution Projects of SSGCL

SSGCL has projected an amount of Rs. 10,257 million for gas distribution system and related facilities & equipments. The Authority provisionally allowed the addition to gas distribution system at Rs. 5,141 million for the said year, as tabulated below:

|                  |  |              | Rs. Million                 |
|------------------|--|--------------|-----------------------------|
| S.No.            | Description  | The Petition | Determined by the Authority |
| 1.               | Rehabilitation Mains and Services – UFG Control Program        | 2,547        | 744                         |
| 2.               | Replacement Meters – Domestic and Bulk Meters – UFG C-Program  | 866          | 400                         |
| 3.               | Segmentation – UFG Control Program                             | 578          | 290                         |
| 4.               | Cathodic Protection – UFG Control Program                      | 547          | 275                         |
| <b>Sub-total</b> |  | <b>4,538</b> | <b>1,709</b>                |
| 5.               | Laying of Distribution Mains including Services-Existing Areas | 2,158        | 1,658                       |
| 6.               | Installation of New Connections (meters)                       | 649          | 312                         |
| 7.               | Replacement /Repair of Gas Meters                              | 1,192        | 941                         |
| 8.               | Installation of Modems, EVCs and Filter Separators             | 445          | 200                         |
| 9.               | Construction of CMSs, TBSs, and TRSs,/ Cathodic Protection     | 96           | 96                          |
| 10.              | New Towns  | 486          | 25                          |

|     |  | Sub-total | 5,026  | 3,232 |
|-----|--|-----------|--------|-------|
| 11. | 12" dia x 26.5 Km Tando Allhayar Supply Main   |           | 378    | 0     |
| 12. | 20" x 7 Km Distribution Main from Desalination Plant DHA Phase VIII to Dolmen Mall Clifton |           | 315    | 200   |
|     |  | Total     | 10,257 | 5,141 |

#### 4.4.5 Approval of Agreements

The Authority under provisions of the NGRA Licensing Rules, 2002 approves the following Gas Supply/ Purchase Agreements (GSPAs) for supply of gas between the Gas Producers and Gas Companies/ Consumers:-

- Gas supply contract of a quantity greater than 10 MMcfd of natural gas executed between licensee and consumer.
- Gas supply contract of natural gas executed between licensee and producer.

The GSPAs for supply of gas between the Gas Companies and the Gas Producers / Consumers considered and approved by OGRA, during the FY 2016-17 are tabulated below:

| S.No. | Description   | Category                        | Date of Approval |
|-------|---|---------------------------------|------------------|
| 1.    | Approval of Supplemental Agreement to GSA-1 of Novation Agreement between Mari Petroleum Ltd., SNGPL and Engro Fertilizer Ltd.  | Producer & Consumer             | 20-12-2016       |
| 2.    | Approval of Amendment in the GSA Executed between Foundation Power Company Dharki Ltd (FPCDL) & Mari Petroleum Company Ltd (MPCL)                                       | Producer & Consumer             | 4-10-2016        |
| 3.    | Approval of Third Supplemental Agreement to Qadirpur Gas Sale & Purchase Agreement between OGDCL and SNGPL.   | Producer & Licensee             | 8-08-2016        |
| 4.    | Approval of GSPA of OMV's Latif Gas Field between M/s OMV and JV Partners, i.e. PPL & ENI (the Sellers) and SNGPL (the Buyer).  | Producer & Licensee             | 20-9-2016        |
| 5.    | Addendum to Tripartite Agreement (TA2) initialled by PSO, SNGPL and SSGCL.  | Licensee & Associated Companies | 25-08-2016       |
| 6.    | Addendum to GSA initialled between SNGPL and Quaid e Azam Thermal Power (Pvt) Ltd (QTPL) for supply of 200 MMcfd RLNG.  | Licensee & Consumer             | 19-10-2016       |
| 7.    | Addendum to GSA initialled between SNGPL and National Power Parks Management Company (Pvt) Limited at Balloki District Kasur for supply of 200 MMcfd RLNG.              | Licensee & Consumer             | 24-11-2016       |
| 8.    | Addendum to GSA initialled between SNGPL and National Power Parks Management Company (Pvt) Limited at Haveli Bahadur Shah, District Jhang for supply of 200 MMcfd RLNG. | Licensee & Consumer             | 28-10-2016       |
| 9.    | GTA between SNGPL and SSGCL for transportation of RLNG  | Licensee & Associated Companies | 27-10-2016       |

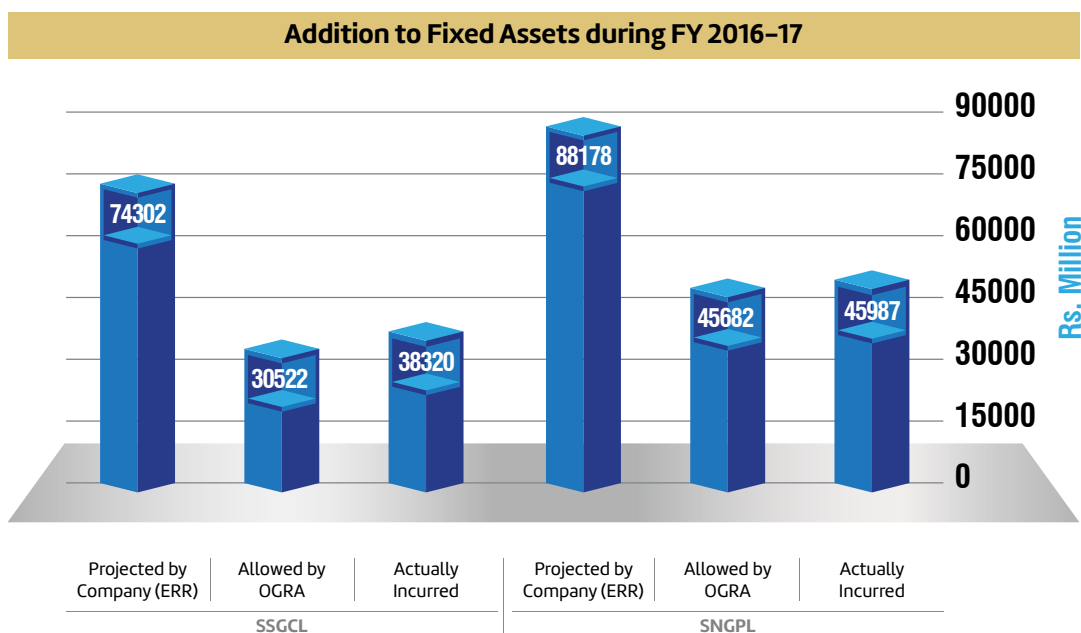
|     |  |                     |            |
|-----|--|---------------------|------------|
| 10. | Second Addendum to Gas Sale Agreement between SSGCL & Fauji Fertilizer Bin Qasim Limited   | Licensee & Consumer | 08-12-2016 |
| 11. | Interim tripartite agreements (03) to be signed by: <ul style="list-style-type: none"> <li>● SNGPL, Central Power Purchasing Agency Guarantee Ltd, National Power Parks Management Company (Pvt) Limited for HBS.</li> <li>● SNGPL, Central Power Purchasing Agency Guarantee Ltd, National Power Parks Management Company (Pvt) Limited for Balloki.</li> <li>● SNGPL, Central Power Purchasing Agency Guarantee Ltd, and Quaid-e-Azam Thermal Pvt Ltd for Bhikki.</li> </ul> | Licensee & Consumer | 19-06-2017 |

#### 4.4.6 Addition of Assets, Natural Gas Network and Gas Consumers

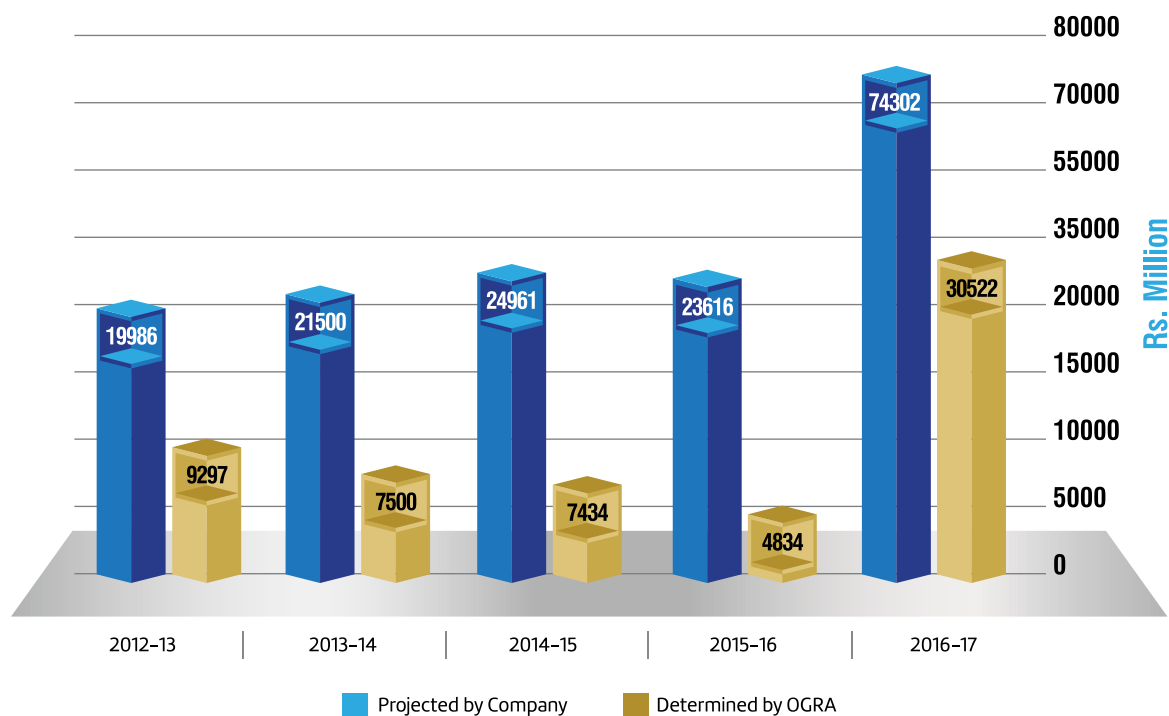
The Gas Companies are obligated under Rule 4(2) of Natural Gas Tariff Rules to submit Petition, containing projections/ estimates with reference to addition in assets pertaining to the natural gas infrastructure development projects, for the Determination of ERR to the Authority. The Petition is thoroughly examined and determination is decided by the Authority as per Section 8(1) of the OGRA Ordinance, 2002, allowing only the viable and prudent projects, and imposing cuts on the investments where felt necessary.

##### Increase in Assets

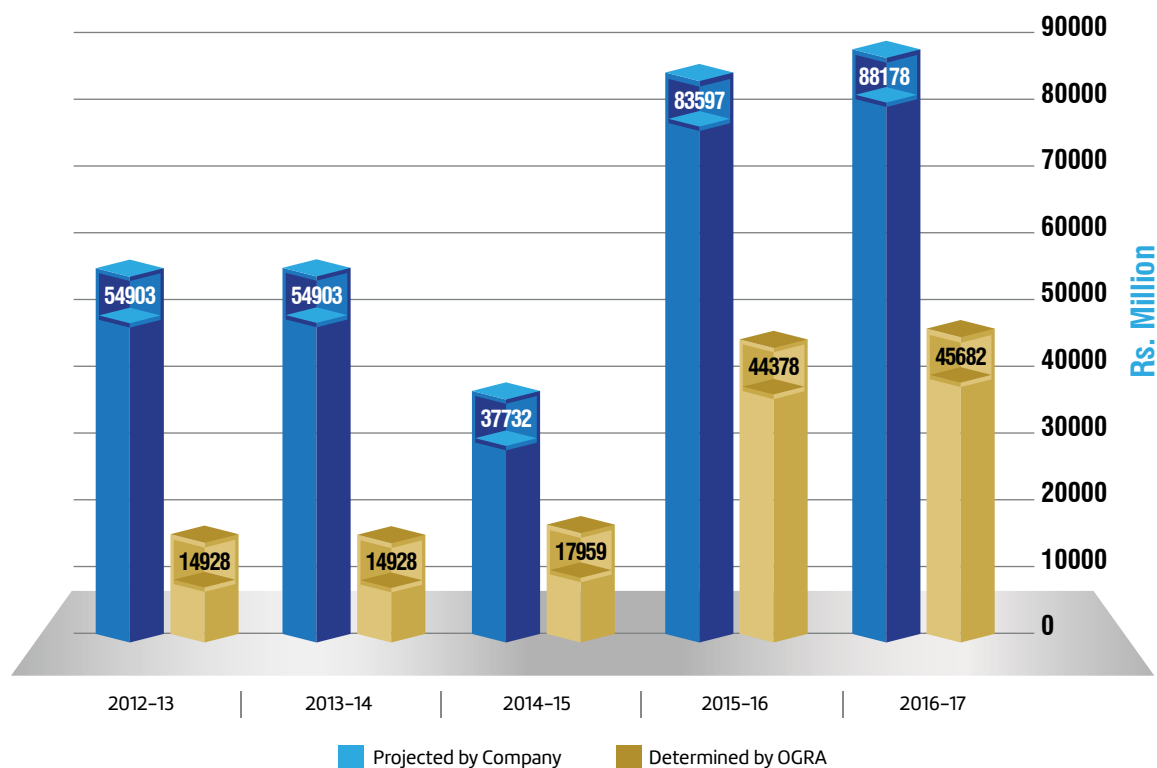
SSGCL and SNGPL requested for an increase in assets valuing Rs. 74,302 million and Rs. 88,178 million respectively as per their ERR Petition for the FY 2016-17. As per the Determination, OGRA allowed a sum of Rs. 30,522 million and Rs. 45,682 million to SSGCL and SNGPL respectively. As per FRR Petition, SSGCL and SNGPL actually incurred an amount of Rs. 38,320 million and Rs. 45,987 million respectively during the said year.



### Addition in Fixed Assets during the Last Five Years–SSGCL

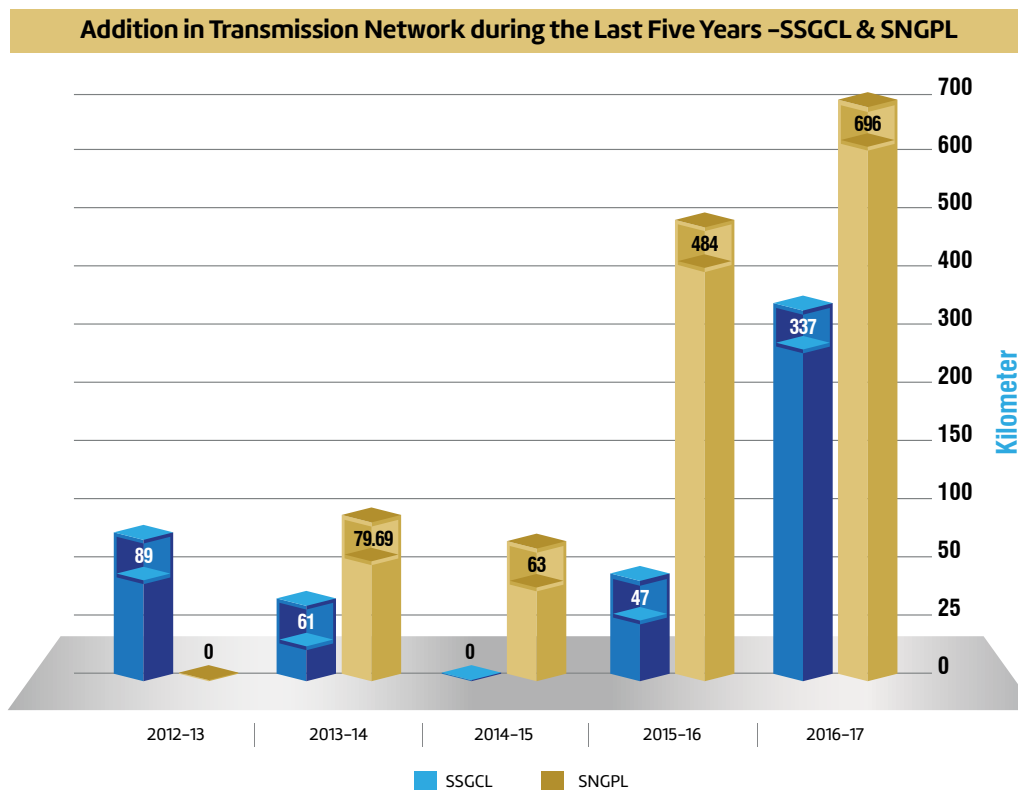
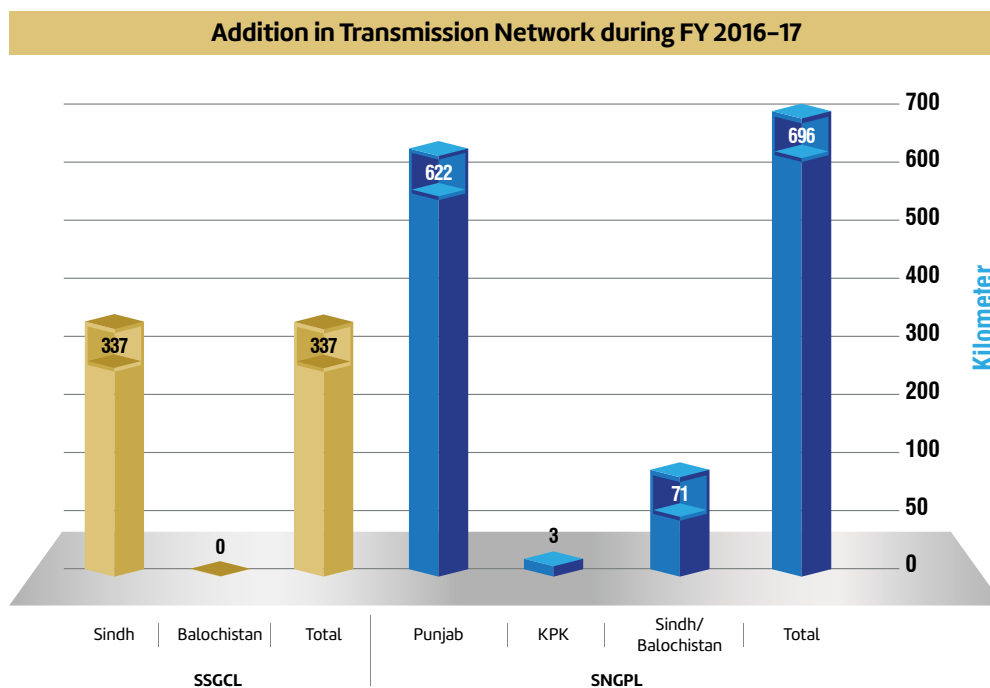


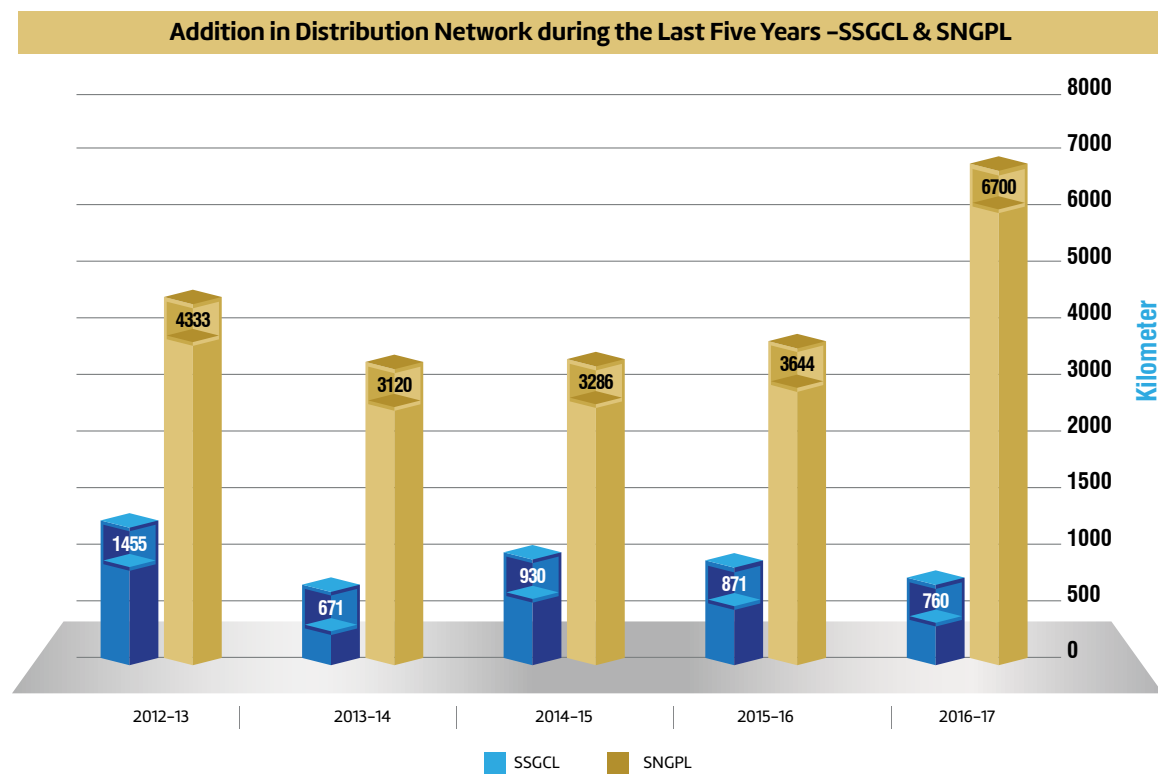
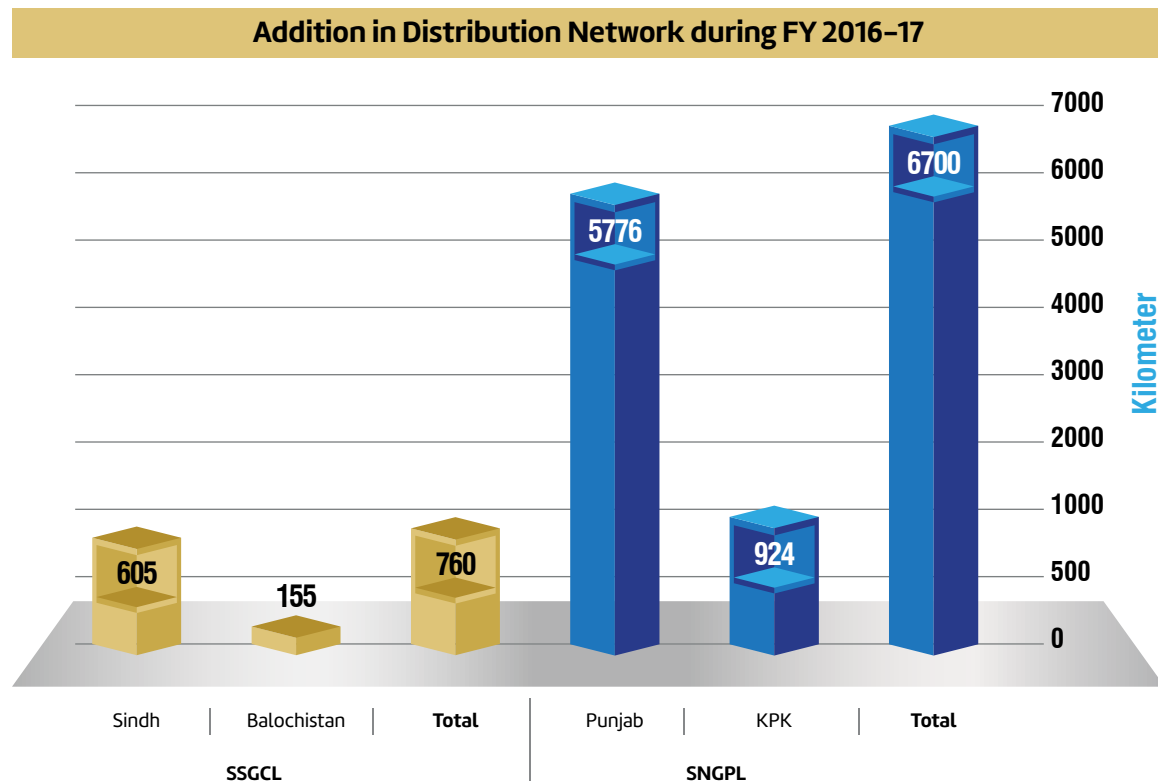
### Addition in Fixed Assets during the Last Five Years–SNGPL



### Addition in Transmission & Distribution Network

SSGCL and SNGPL expanded their transmission network by 337 Km and 696 Km and distribution network by 760 Km and 6,700 Km respectively during FY 2016-17.

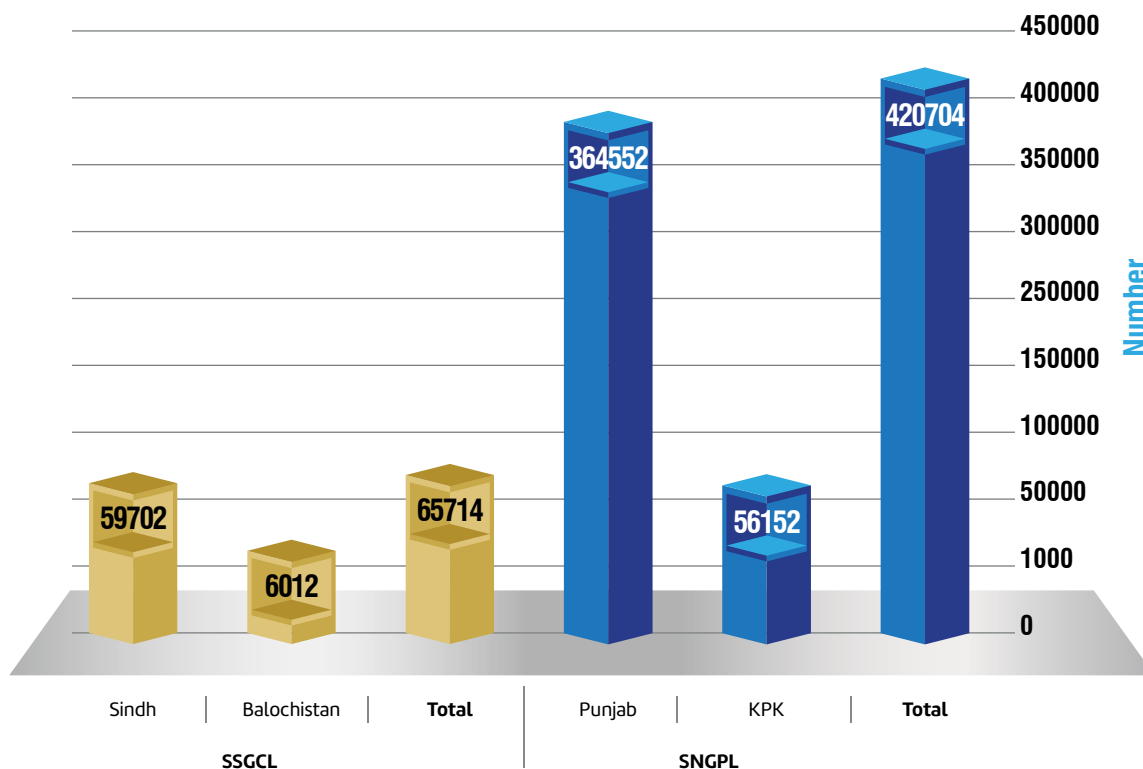




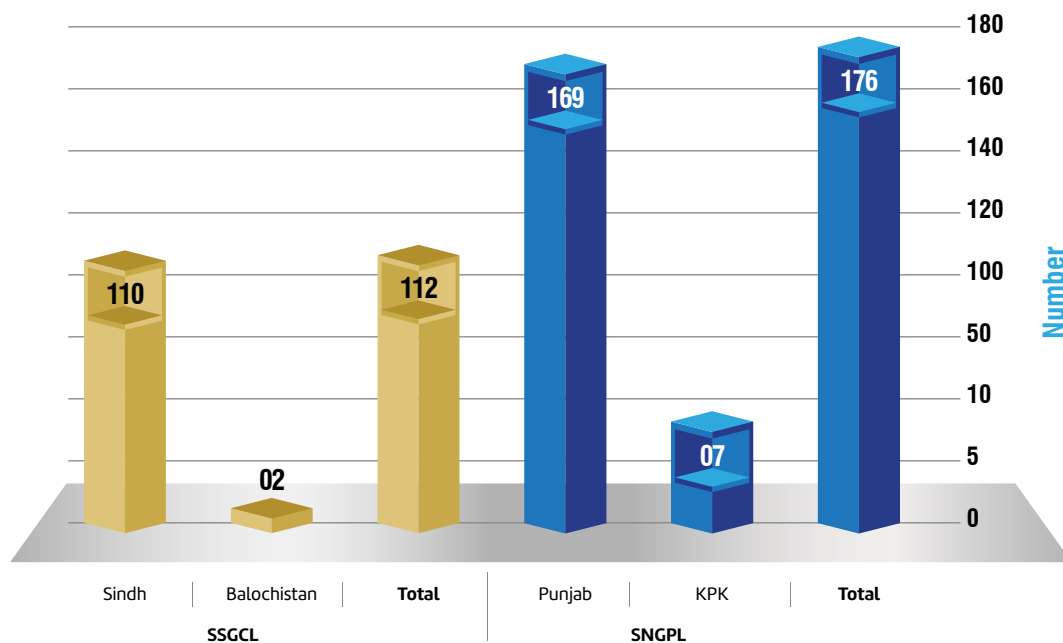
### Number of Consumers Added / Towns & Villages Connected

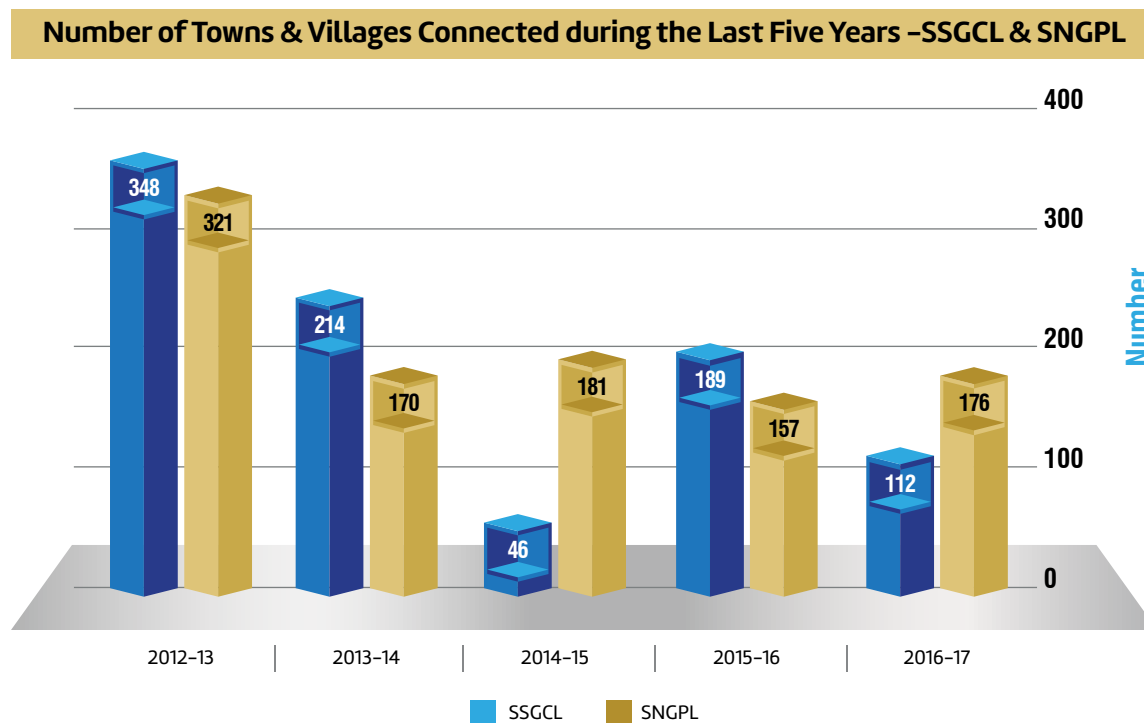
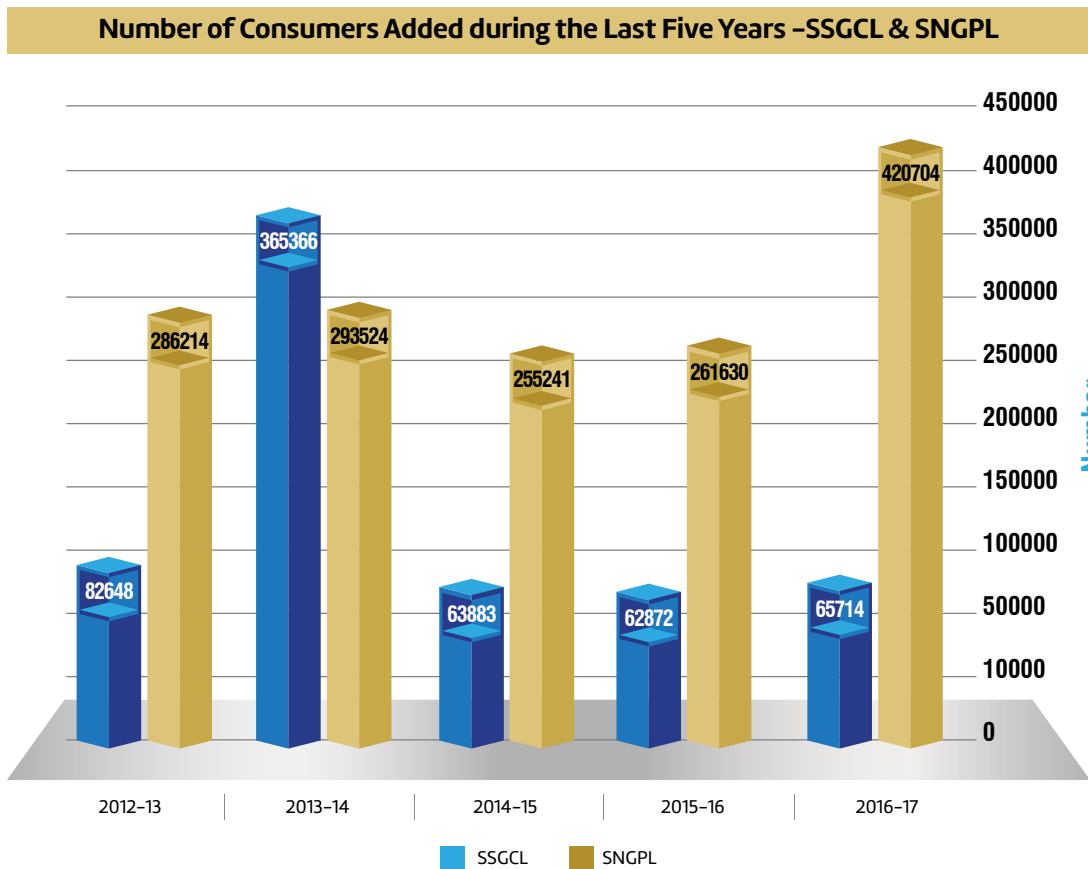
SSGCL & SNGPL added 65,714 and 420,704 number of consumers and 112 and 176 towns and villages respectively to their network during 2016-17.

#### Addition in Consumers –SSGCL & SNGPL during FY 2016-17



#### Towns & Villages Added – SSGCL & SNGPL during FY 2016-17





## 4.5 Liquefied Petroleum Gas (LPG)

### 4.5.1 Regulation

The Oil & Gas Regulatory Authority is empowered to regulate the LPG Sector under the OGRA Ordinance 2002 and LPG (Production & Distribution) Rules, 2001 with effect from 15th March, 2003. Since then, OGRA has been regulating the sector in accordance with LPG (Production & Distribution) Rules, 2001 and the policies of the Federal Government.



View of LPG Plant

Salient regulatory functions of OGRA related to LPG sector are hereunder:

- Grant of licenses for construction and operation of LPG storage & filling plants, LPG air mix plants and LPG auto refuelling stations.
- Grant of licenses for production/extraction of LPG from oil/gas fields and refineries.
- Grant of registration to LPG equipment manufacturing companies as OGRA's authorized manufacturers of LPG equipments.
- Periodic inspection of LPG works and facilities to ensure their conformity with the laid down standards.
- Redressal of consumer complaints and resolution of disputes between or among the licensees.

### 4.5.2 LPG Licenses and Operating Rules

OGRA is empowered for issuing licenses for construction and operation of LPG production/extraction plants, LPG storage & filling facilities, LPG air mix plants and LPG auto refuelling stations under the LPG (Production and Distribution) Rules, 2001. The license is granted in two stages. License is granted for two years for the construction of LPG facilities followed by operational license for 15 years after completion of works to the satisfaction of Authority and as per the requirements of requisite rules.

#### 4.5.2.1 Licensing Procedure

Any company as defined in LPG (Production and Distribution) Rules, 2001 can apply for grant of a license to

## PERFORMANCE

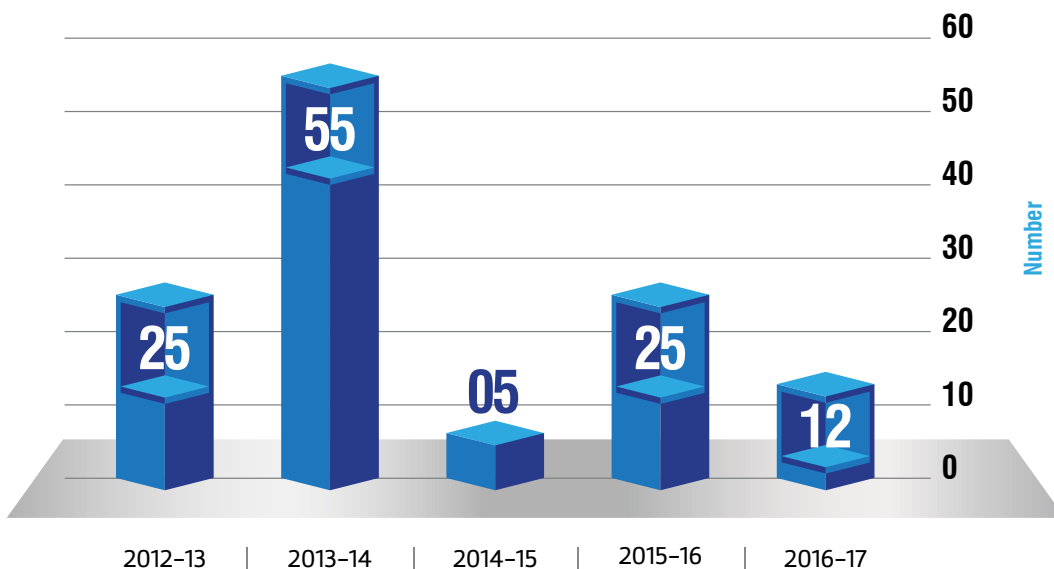
OGRA, entitled by its memorandum of association to engage in the production, storage, filling, marketing, LPG auto refuelling or LPG air mix systems on the prescribed form / proforma available free of cost from OGRA office as well as on its website ([www.ogra.org.pk](http://www.ogra.org.pk)) along with other related documents, as required under the rules.

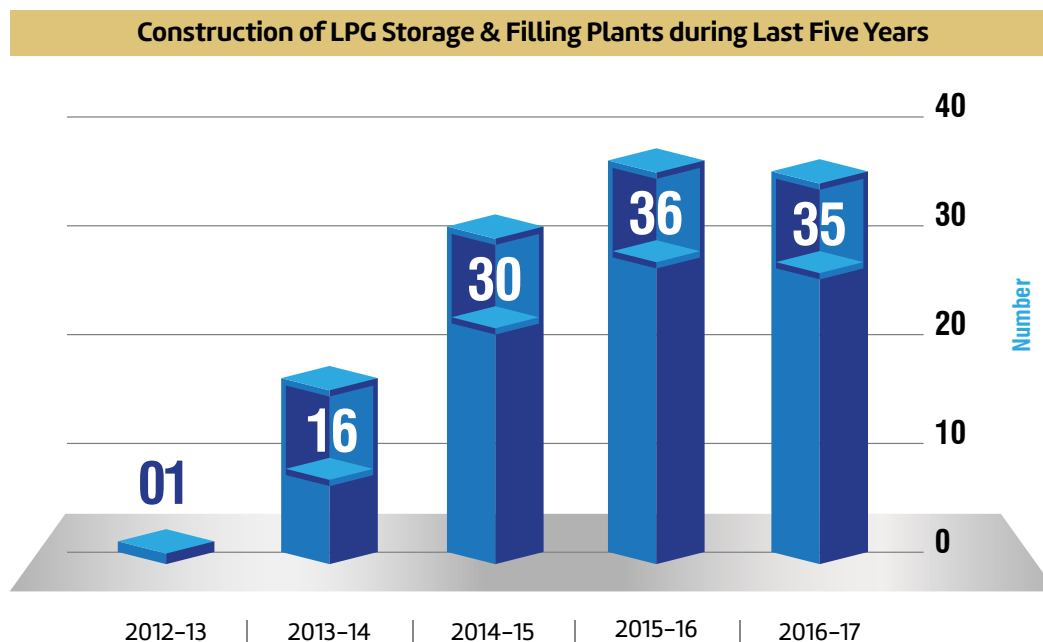


LPG Storage Tanks

OGRA has simplified the procedure for grant of LPG license. A license is granted on fast track basis once the requirements are met / complied. During FY 2016-17, twenty six (26) licenses for operation and thirty five (35) licenses for construction of LPG storage and filling plants were issued. In addition, OGRA has also issued twelve (12) licenses for construction of LPG auto refuelling stations and three (3) licenses for storage and refuelling of LPG at LPG auto refuelling station during FY 2016-17. Further, one (1) construction license for LPG production & storage facility, one (1) operation license for LPG production & storage facility and four (4) construction licenses for LPG air mix facilities were issued by OGRA during the same period.

### Construction of Auto Refueling Stations during Last Five Years





#### 4.5.3 Amendments in LPG (Production & Distribution) Rules, 2001

- Ministry of Petroleum and Natural Resources vide letter dated March 24, 2016 forwarded LPG Policy 2016, approved by the CCI, to OGRA for implementation with directions that OGRA will amend the rules and regulations to give effect to this policy.
- Prior to promulgation of LPG Policy 2016, LPG producer and consumer prices were deregulated. As per LPG policy 2016, it had been decided to regulate LPG prices which is a major shift from deregulation to regulation. As per the said policy, LPG is a poor man's fuel, however it is priced much higher than natural gas therefore this situation warranted immediate intervention and Federal Government considered it expedient to put in place a framework to regulate the LPG prices both at producer and consumer level.
- Implementation of the aforesaid LPG Policy required certain amendments in OGRA LPG (Production and Distribution) Rules, 2001 as a legal requirement as per Section 4.2 of LPG Policy, 2016. Amendments in LPG Rules 2001 were subsequently dispatched to Cabinet Division for notification as per the provisions of Section 41 of the OGRA Ordinance, 2002. The said amendments have been made. OGRA will be able to notify and regulate LPG prices as per LPG Policy / Rules as soon as the price determination is done by Petroleum Division, Ministry of Energy.
- OGRA received requests from various companies to register them as authorized manufacturers of LPG composite cylinders. Since it is a new activity in the country and requisite standards were not in place therefore, after detailed evaluation and comments from stakeholders, OGRA requested the Federal Government for amendment in LPG rules for adoption of technical standards ISO 11119-3: 2013 part 3, EN 14427:2014 and DOT Special Permit as manufacturing standards for LPG composite cylinders in LPG (Production & Distribution) Rules, 2001 under the provision of OGRA Ordinance and LPG Rules which allow OGRA to modify / introduce standards of regulated activity. The same is under process with the Federal Government.

#### 4.5.4 Regulatory Enforcement

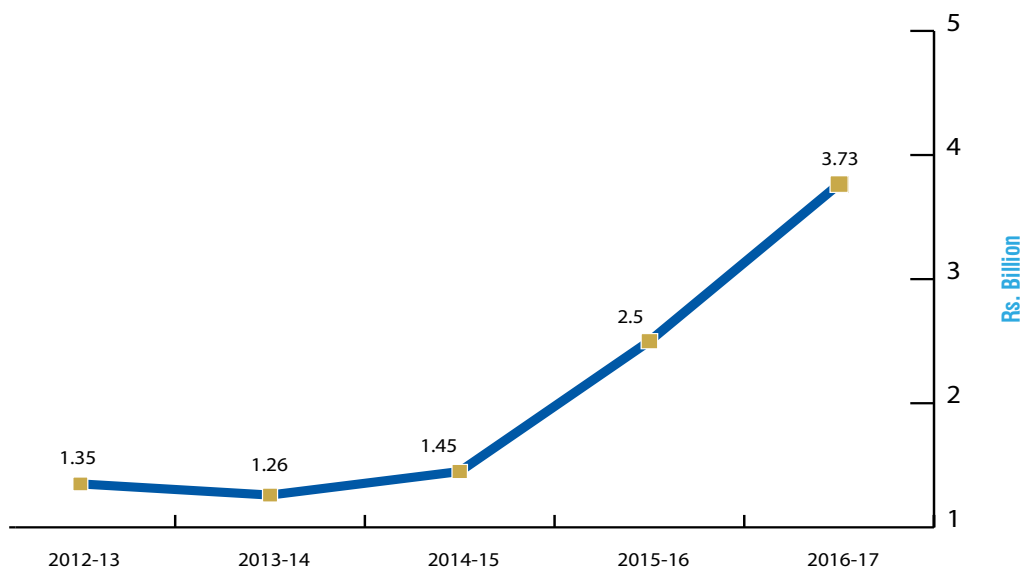
In order to ensure safe, reliable and cost effective supply of LPG to consumers, OGRA took following steps in light of LPG (Production & Distribution) Rules, 2001 and the Federal Government policies:

- All LPG marketing companies have been directed to ensure that the distributors' / dealers premises meet the requirements / guidelines of NFPA-58 Standard as given in the LPG (Production and Distribution) Rules, 2001. A list of minimum safety requirements to be met/ complied with at the distributors' premises has also been issued. In addition, Provincial Governments has also been advised to ensure compliance of minimum requirements through respective DCOs and taking necessary action against the defaulters in their areas of operation to ensure public safety.
- To ensure compliance of safety standards throughout LPG supply chain, and to protect public lives and property, OGRA Pre-qualify authorized manufacturers of LPG equipment. The purpose to pre-qualify manufacturers of LPG equipment is to eradicate manufacturing, sale, and use of substandard LPG equipment. Details of these authorized manufacturers have been placed on OGRA website: [www.ogra.org.pk](http://www.ogra.org.pk).
- The authorized manufacturers of LPG storage tanks/bullets/bowzers/cylinders, cylinder valves/LPG dispensers and LPG conversion kits have been pre-qualified based on their experience/expertise, capability, documentation and thorough inspections by OGRA designated third party inspectors. OGRA has also formulated criteria for registration of foreign manufacturers of LPG equipment and the same has also been placed on OGRA website. Moreover, all LPG licensees have been advised to get their equipment/cylinders manufactured only from OGRA authorized manufacturers in order to ensure that LPG equipment have been manufactured as per desired standards.
- Due to illegal/substandard practices and for safety reasons, the use of LPG in public services vehicles (PSVs) was banned which is also a part of OGRA LPG Rules at present. LPG auto refuelling stations and various stakeholders have been requesting OGRA to lift ban on use of LPG in PSVs. SOP for conversion of vehicles to LPG and filling procedure has been developed/shared with the concerned stakeholders, wherein role of various stakeholders/departments/agencies has been highlighted to maintain check and balance for proper/standardized installation of LPG kits and cylinder as per international practices, so that safety of public can be ensured. Once the consultation among the relevant stakeholders/departments is complete, the SOP shall be implemented. Subsequently the case shall be sent to the Federal Government for rule amendment.
- Due to socio-economic conditions within the country, most of the LPG users cannot afford standardized 11.8 Kg LPG cylinders for domestic fuels and therefore, resort to use low cost, illegally manufactured smaller sized LPG cylinders and have them filled at illegal decanting outlets. To mitigate this menace, all the LPG marketing companies have been advised to ensure 20% inventory of small sized LPG cylinders (2,4,6 Kg), manufactured from OGRA authorized manufacturers of LPG cylinders, in the total metal inventory, for distribution of LPG in their areas of operation.
- After series of meetings with Punjab provincial government and upon their request, OGRA under the provisions of Section 29 of the OGRA Ordinance, 2002 has delegated powers to all Deputy/Assistant Commissioners, for six months, within Punjab to stop illegal decanting of LPG and manufacturing of substandard cylinders. These powers can be extended for further period on request by the concerned quarters.
- Appropriate actions are being taken to address the complaints of the consumers / public pertaining to LPG sector as per the provision of the requisite rules.
- Strict punitive actions were taken against the number of companies which were found violating LPG Rules, 2001. In addition, penalties were also imposed upon those companies which were found in violation of the said rules.
- To ensure safety throughout the LPG supply chain, OGRA has been carrying out periodic inspections of the storage and filling plants of LPG marketing companies, LPG auto refuelling stations, authorized manufacturers of LPG equipments.

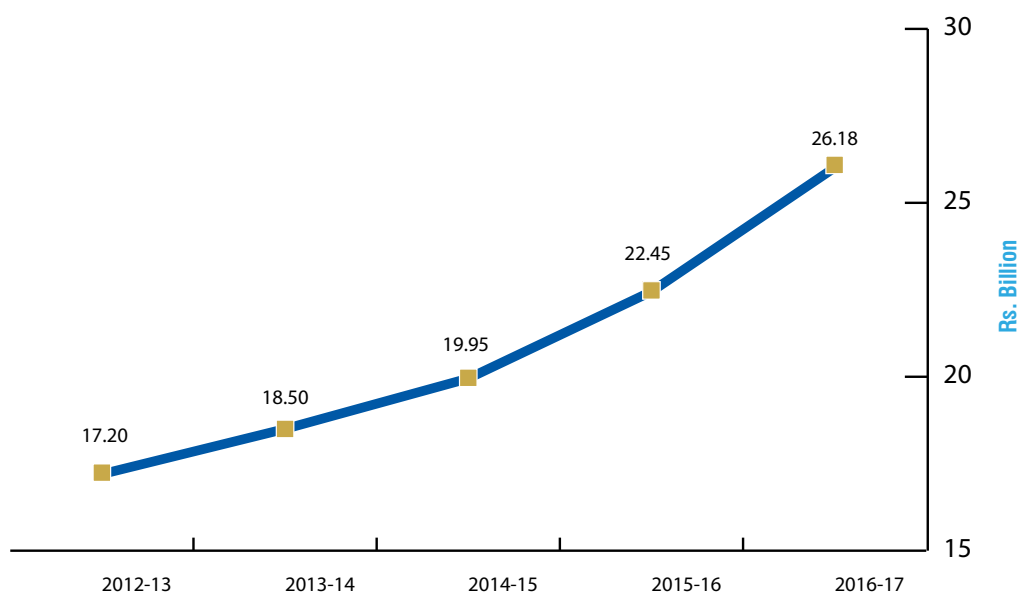
### 4.5.5 Investment in the LPG Sector

OGRA is playing its regulatory role to increase private investment in midstream and downstream petroleum industry. Due to the increased development and expected expansion of LPG projects within the country, significant investments in LPG supply and distribution infrastructure have been witnessed. OGRA has made noteworthy contribution in national economic progress and created an environment for additional investment especially in LPG storage / filling plants and auto sector which will not only result in creation of infrastructure in LPG sector all over the country but will also provide jobs to hundreds of unemployed. During the fiscal year 2016-17, an estimated investment of Rs. 3.73 billion has been made in the LPG supply infrastructure whereas total investment in the sector till date, is estimated at about Rs. 26.18 billion.

**Addition to Investment in LPG Sector during the Last Five Years**



**Cumulative Investment in LPG Sector during the Last Five Years**



### 4.5.6 LPG Pricing

Ministry of Petroleum and Natural Resources vide letter No. LPG-6(11)/2014-Policy dated March 24, 2016 forwarded LPG Policy 2016, approved by the Council of Common Interest (CCI), to OGRA for implementation with directions that OGRA will amend the rules and regulations to give effect to this policy.

In LPG Policy, 2016 it has been decided to regulate LPG prices and this is a major shift from deregulation to regulation. Prior to promulgation of LPG Policy, 2016, LPG producer and consumer prices were deregulated.

Implementation of the aforesaid LPG Policy required certain amendments in OGRA LPG (Production and Distribution) Rules, 2001 as a legal requirement as per Section 4.2 of LPG Policy, 2016. Amendments in LPG Rules, 2001 were subsequently dispatched to Cabinet Division for notification as per the provisions of Section 41 of the OGRA Ordinance, 2002. The said amendments have been made. OGRA will be able to notify and regulate LPG prices as per LPG Policy / Rules as soon as the price determination is done by Petroleum Division, Ministry of Energy.

## 4.6 Liquefied Natural Gas (LNG)

Natural gas is presently contributing nearly 46% in Pakistan's primary energy supply mix. In view of the natural gas demand supply gap, GoP introduced LNG Policy for potential investors to facilitate the successful implementation of LNG import projects. As per the said policy, the project structures can be (i) integrated in which the terminal developer arrange LNG imports as well as its own buyers and (ii) unbundled in which the terminal developer, LNG importer and LNG buyers are different.

In pursuance of LNG Policy, 2006 and OGRA Ordinance, 2002, OGRA notified LNG Rules, 2007 to bring the anticipated LNG activity under regulatory regime. LNG Policy, 2006 and 2011 encourage prospective project developers to enter into LNG market after fulfilment of requisite formalities as per LNG Rules.

The status of LNG licenses is as follow:-

| S/N  | Name of LNG Developer                         | License Issuance Date | Type of License Issued   | Envisaged RLNG Volume (MMscfd) |
|------|---|-----------------------|--|--------------------------------|
| i.   | PGP Consortium Ltd.                           | Dec 21, 2016          | Modification of License for Construction of LNG Receiving Terminal at Port Qasim, Karachi. | 600-750                        |
| ii.  | Global Energy Infrastructure Pakistan Limited | Sept 23, 2016         | Extension in license for construction for LNG Integrated Project at Port Qasim, Karachi    | 500                            |
| iii. | Engro Elengy Terminal Limited                 | Mar 18, 2016          | Operation License of LNG Receiving Terminal at Port Qasim, Karachi                         | 600-690                        |
| iv.  | Bahria Foundation                             | Mar 17, 2015          | Provisional License. The company has applied for construction license.                     | -                              |

Engro Elengy Terminal Limited (EETL) established its LNG re-gasification terminal at Port Qasim Karachi. The LNG is being imported by the GoP through Pakistan State Oil Company Limited and EETL is providing the re-gasification services at a tolling tariff. The license for operation of LNG terminal was granted on 18th March, 2016.

EETL's terminal is based on floating concept with permanently moored FSRU (Floating Storage and Re-gasification Unit). Liquefied Natural Gas is transported from export terminal via LNG carriers. LNG is being transferred from LNGC to FSRU in a double banking arrangement. LNG is being stored and re-gasified on FSRU which is brought ashore by a pipeline and connected by overland extension (onshore pipeline) into the Sui Southern Gas Company's grid. The terminal is for tolling services having a contracted capacity of 200 mmcf of RLNG in year-1 and 400 mmcf from year-2 till the end of contract term of 15 years whereas EETL's FSRU is capable of pumping 690 mmcf (peak) of RLNG into the grid with an average output of 600 mmcf.

Pakistan produces around 4,000 mmcfd (4 bcfd) of indigenous natural gas against demand of over 6,000 mmcfd (6 bcfd). The addition of new LNG re-gasification terminals and respective enhancement of pipeline capacities of gas utility companies of the country shall open up new business avenues and help diversifying Pakistan's energy basket.

Pakistan Gas Port Consortium Limited is in process of establishing the second terminal of country and its first at Port Qasim, Karachi. The said terminal will help in mitigating the gas shortfall to considerable extent.

OGRA's role, being the concerned regulator is to grant license for construction and operation of LNG terminal and associated pipeline infrastructure to the companies interested in the instant business. LNG Rules, 2007 define the pre-requisites for obtaining licenses.



LNG Jetty & Working Platform

## 4.7 Determination of RLNG Pricing

Federal Government has decided to carry out the RLNG pricing under Petroleum Products (Petroleum Levy) Ordinance, 1961 and Petroleum Products (Petroleum Levy) Rules, 1967 and has also delegated the powers to OGRA to determine the same on monthly basis in line with other petroleum products. PSO has been obligated to notify the RLNG price and has also been designated as LNG buyer.

OGRA has been mandated to determine RLNG pricing on monthly basis in respect of public sector companies as per the formula approved by the Federal Government indicating the RLNG price components. The RLNG prices for FY 2016-17 is attached as **Appendix-IV**.

## 4.8 Compressed Natural Gas (CNG)

### 4.8.1 Regulation

The Government of Pakistan in 1992 introduced Compressed Natural Gas as an alternative fuel for automobiles to reduce environmental degradation and save foreign exchange. The CNG (Production & Marketing) Rules, 1992 along with Standard Code of Practice were framed to regulate construction as well as operational phases of CNG refuelling stations. The Oil & Gas Regulatory Authority is empowered to regulate the CNG Sector under the OGRA Ordinance, 2002 and CNG (Production & Marketing) Rules, 1992.

### 4.8.2 Moratorium

#### 4.8.2.1 Ban on New Provisional Licenses

The Federal Government imposed a ban on issuance of new provisional licenses for establishment of CNG Stations in February 2008. Whereas, GoP lifted the ban on new provisional licenses for the Province of the Baluchistan in August, 2008. At present, the ban on issuance of new CNG provisional licenses is in force across the country since October, 2011.

#### 4.8.2.2 Present Licensing Policy

During FY 2016–17, OGRA has not granted any new CNG provisional licenses across the country. However, during FY 2016–17 four (04) existing CNG licenses in the country have been extended to operate their CNG Stations, as per Rule–7 of CNG Rules, 1992.

### 4.8.3 Regulatory Enforcement

In order to ensure compliance to the Standard Code of Practice & other applicable Technical Standards, annual safety inspection of operational CNG stations as per Rule–10 of CNG Rules is conducted through OGRA's designated Third Party Inspectors. Licensees involved in repeated violations are penalized in accordance with provisions of CNG Rules, 1992. Further, a dedicated Enforcement Department is also operational in OGRA to enforce and maintain the Standard Code of Practice of CNG Rules, 1992 with respect to safe operation of CNG Stations.

### 4.8.4 CNG Consumer Sale Price

OGRA has been empowered by the Federal Government since 2009 to determine and notify CNG consumer price and accordingly OGRA is determining the same. CNG stations found selling CNG at excess price than the notified price were penalized as per applicable Rules in the past. However, CNG consumer price has been deregulated by the Federal Government since 13–12–2016.

## 4.9 Mid and Downstream Oil Sector

### 4.9.1 Regulation

The Federal Government has empowered the Authority to regulate midstream and downstream oil sector in the country under Pakistan Oil (Refining, Blending, Transportation, and Storage & Marketing) Rules, 2016 by enforcing the provisions of sub–section (3) of Section 23 and clauses (a) & (b) of sub–section (3) of section 44 of the OGRA Ordinance 2002 with effect from 15th March, 2006.

### 4.9.2 Powers and Functions

OGRA is mandated to regulate the midstream and downstream oil sector in the country under Pakistan Oil (Refining, Blending, Transportation, and Storage & Marketing) Rules, 2016. The powers conferred under the aforesaid Rules and OGRA Ordinance mainly pertain to grant of license to undertake marketing of refined oil products, construction & operation of Oil Refinery, construction & operation of Oil Storage Facility, construction & operation of Lube Oil Blending/Reclamation Facility, establishing/operation of

Lubricant Marketing Companies, quality monitoring of refined oil products, formulation & implementation of Technical Standards for oil industry etc.



Oil Refinery

### 4.9.3 OGRA's Activities in the Oil Sector

The detail of the activities carried out by the Authority during FY 2016-17 for the regulation of midstream and downstream oil sector is as under:-

#### 4.9.3.1 Enforcement of Technical Standards

In order to ensure compliance with the notified Technical Standards, the Authority conducted thorough inspection of Oil Storages Infrastructure through different Third Party Inspectors (TPI), developed by various Oil Marketing Companies (OMCs) before granting operational permission.

#### 4.9.3.2 License to Setup Oil Marketing Companies.

OGRA in FY 2016-17 granted permission to twenty (20) individuals / firms to establish Oil Marketing Companies with an investment of Rs. 10 billion (Approx) in oil infrastructure over the next three years in pursuance of the said Rules/Ordinance. OGRA also granted permission to seven companies [M/s. Petrowell (Pvt.) Limited (Sindh), M/s. Horizon Oil Company (Pvt.) Limited (Punjab), M/s Kepler Petroleum (Pvt.) Limited (Sindh), M/s. Outreach (Pvt.) Limited (Punjab), M/s Z & M Oil (Pvt.) Limited (Punjab), M/s Fast Oil (Pvt.) Limited (Sindh) and M/s. Oilco Petroleum (Pvt.) Limited (Punjab)] to initiate marketing of petroleum products (after fulfilling their obligation of constructing oil storage infrastructure) to the extent of Region / Province specified along with each OMC.



Rawalpindi Bulk Oil Terminal of Attock Petroleum Limited

#### 4.9.3.3 Permission Granted for Construction/ Operation of Oil Terminal/ Storage Facilities

OGRA granted permission to two companies i.e. M/s Hascol Petroleum Limited and M/s Hascol Terminal Limited for development of new and additional Oil Storages/ Terminals at different locations (i.e. Port Qasim, Thalian, Shikarpur, Gatti (Faisalabad), Hub (Balochistan), Renala Khurd, Vehari and Lala Musa) which will further strengthen the Oil Supply infrastructure.

OGRA also granted permission for operation of new/additional oil storages of M/s Hascol Petroleum Limited at Machike, Shikarpur and Daulatpur, M/s Horizon Oil Company Limited at Vehari, M/s Petrowell Private Limited at Port Qasim, M/s Kepler Petroleum (Pvt.) Limited at Daulatpur, M/s Outreach (Pvt.) Limited at Manga Mandi and M/s Askar Oil Services at Machike during FY 2016-17.



Tank Storage Farm at PARCO Refinery

#### 4.9.3.4 Quality Assurance

OGRA under section 6 (2) (x) of the OGRA Ordinance, enforce standard specifications of refined oil products through Hydrocarbon Development Institute of Pakistan (HDIP) at various levels including import level, oil Refineries, OMCs' Depots Blending/Reclamation Plants & Retail Outlets. With regards to imported petroleum products, 448 quality checks of imported energy products and 1071 quality checks for imported non-energy products were made. Similarly, 165 & 91 quality checks were carried out at lube blending plants and oil depots respectively. Moreover, 76 quality checks were made at oil refineries.

#### 4.9.3.5 License to Lubricant Marketing Companies and Lube Oil Blending Plants

The Authority during FY 2016–17 granted thirty seven (37) licences to Lube Oil Blending Plants for construction and operation and thirty four (34) licences to Lubricant Marketing Companies (LMCs) for import of lube oil in the country.

### 4.10 Oil Pricing

Oil and Gas Regulatory Authority was mandated by the Federal Government vide Cabinet's decision No. 41/03/2006, dated March 2, 2006, to fix petroleum products prices w.e.f. April 1, 2006, in accordance with the Government's prescribed formula, under Section 6(2)(r) (relating to power and functions of OGRA) and Section 21(2)(b) (relating to policy guidelines) of OGRA Ordinance, 2002.

However, the Federal Government w.e.f. June 1, 2011 has deregulated the prices of petroleum products of Motor Spirit (MS), High Octane Blending Component (HOBC), Light Diesel Oil (LDO), Jet Propellant (JP1), (JP4) & (JP8). As a result, refineries and OMCs fix and announce the ex-refinery prices and ex-depot prices of MS, HOBC, LDO, JP1, JP4 & JP8. Later on, Federal Government deregulated ex-refinery price of HSD with effect from September 17, 2012 in pursuance of ECC decision dated September 4, 2012. Whereas, ex-depot price of High Speed Diesel (HSD) has already been deregulated w.e.f. September 2001.

#### 4.10.1 OGRA Role Under Deregulation

- Computation & notification of ex-refinery price of Superior Kerosene Oil (SKO) including ex-depot prices of SKO & E-10.
- Computation & notification of Inland Freight Equalization Margin (IFEM) for petroleum products (MS, HSD, SKO and LDO).
- Monitoring of prices of petroleum products under the deregulated scenario.
- Submission of quarterly report on pricing of petroleum products indicating the trend in international market and petroleum products pricing announced by OMCs / refineries along with their analysis / findings and suggestions, if any, on regular basis to ECC.

##### 4.10.1.1 ECC Approved Pricing Parameters

##### 4.10.1.1.1 Ex-Refinery Formula

Brief description of the ECC approved parameters under price deregulation is as follows;

- Ex-Refinery price of POL products (MS, HSD, LDO, JP1, JP4 & JP8) cannot be more than the PSO average actual import prices of the previous month excluding PSO import incidentals.
- For Ex-refinery formula of HSD & MS, PSO actual import incidentals excluding ocean losses are to be adopted (ECC meeting dated August 16, 2011 & September 04, 2012).
- In case of non availability of PSO import prices, the refineries will fix their ex-refinery price as per existing Import Parity Pricing formula.

ECC in its decision of 18th August, 2016 has approved the introduction of 92 RON Premium Motor Gasoline (Petrol) in the country, which was implemented w.e.f December 2016. OMCs are allowed to import minimum 92 RON under the existing regulated environment.

Further, PSO started import of Euro-II grade HSD of 0.05% sulphur w.e.f February 01, 2017 in Pakistan. Accordingly local refineries producing Euro-II grade HSD are allowed Euro-II grade HSD of 0.05% sulphur ex-refinery price w.e.f February 01, 2017. Refineries not producing Euro-II grade HSD have to pay price penalty through IFEM.

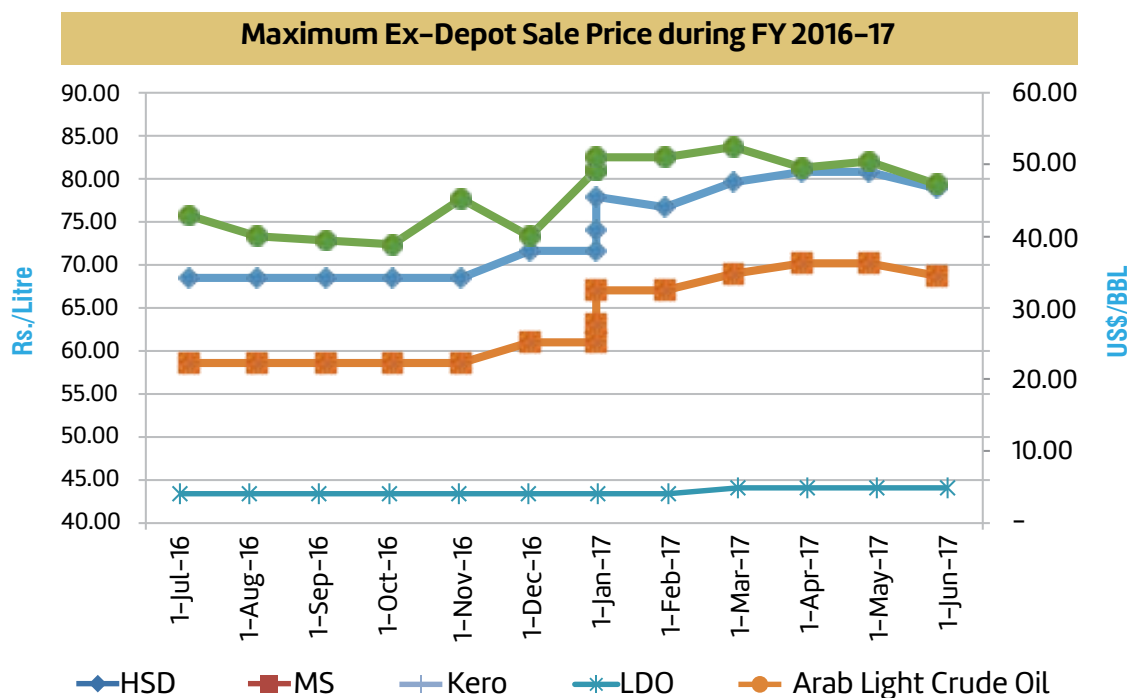
#### 4.10.1.1.2 Ex-Depot Formula

Ex-depot formula of petroleum products consist of following components:

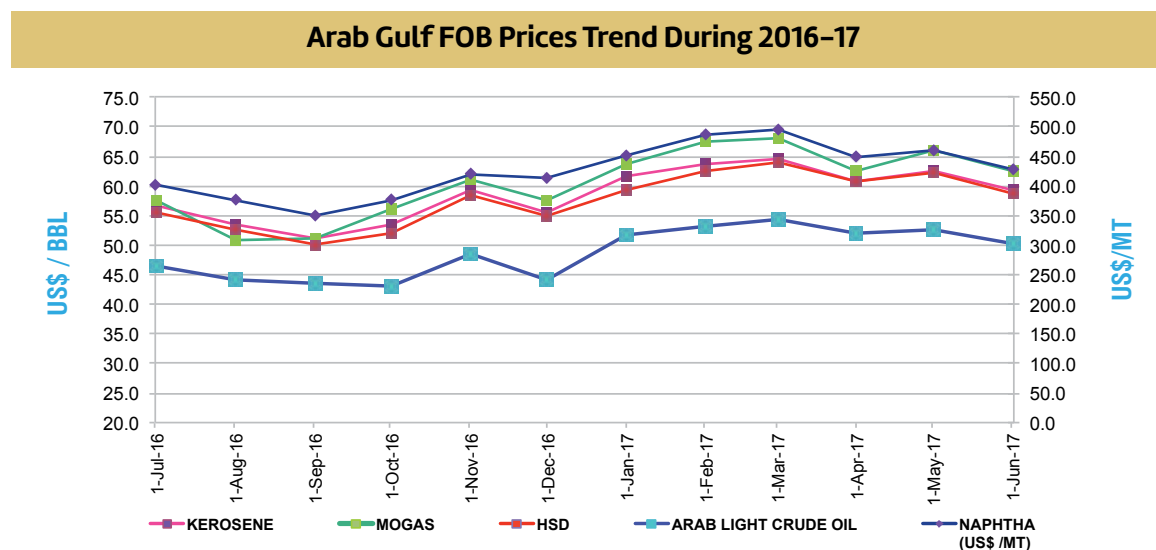
- Ex-refinery import parity price/PSO weighted average cost of purchases.
- Inland Freight Equalization Margin (IFEM).
- Distribution Margin.
- Dealer Commission.
- Petroleum Levy (PL) as fixed and notified by MP&NR.
- Sales tax on petroleum products as fixed and notified by FBR.

However, the Federal Government decides to increase/decrease/maintain the consumer prices by making adjustment in PL through its notification issued under Petroleum Products (Petroleum Levy) Ordinance, 1961 (XXV of 1961).

The comparative price trend of ex-depot sale prices of petroleum products notified by OMCs/OGRA with Arab Light Crude Oil during FY 2016-17 is shown in following Fig:



International petroleum prices showed mix trend during FY 2016-17. Graphical representation of changes in Arab Gulf petroleum products prices is shown below:



## 4.10.2 Inland Freight Equalization Margin (IFEM)

Inland Freight Equalization is an integral part of oil pricing formula. Federal Government had transferred the management of IFEM, including its computation, to OGRA w.e.f September 1, 2008.

IFEM mechanism is used to equalize prices of fuel products (HSD, MS, LDO and SKO) at 22 depots spread throughout the country despite disparity in transportation costs, except HOBC, which was removed from IFEM w.e.f. September 24, 2011 by FG. These locations are as follow:

| Sindh (4)    | Punjab (12)         | Balochistan (3)                 | Khyber Pakhtunkhwa (3) | Gilgit Baltistan (1) |
|--------------|---------------------|---------------------------------|------------------------|----------------------|
| 1- Karachi   | 1- Vehari           | 1- Quetta                       | 1-Taru Jabba           | 1- Jaglot            |
| 2- Shikarpur | 2- Mehmood Kot      | 2- Khuzdar                      | 2- Chitral             | -                    |
| 3- Daulatpur | 3- Gatti-Faisalabad | 3- Gwadar (non-operational yet) | 3- Serai Naurang       | -                    |
| 4- Sangi     | 4- Machike          | -                               | -                      | -                    |
| -            | 5- Chak Pirana      | -                               | -                      | -                    |
| -            | 6- Sihala/Chaklala  | -                               | -                      | -                    |
| -            | 7- Shershah         | -                               | -                      | -                    |
| -            | 8- Kotla Jam        | -                               | -                      | -                    |
| -            | 9- Sahiwal          | -                               | -                      | -                    |
| -            | 10- Faqirabad       | -                               | -                      | -                    |
| -            | 11- Habibabad       | -                               | -                      | -                    |
| -            | 12- Kundian         | -                               | -                      | -                    |

Secondary Transportation Cost from depot to retail outlets is deregulated and the dealers have been allowed to recover it from the retail consumer by including it in the pump/retail price. Furthermore, secondary freight in special areas (Chitral, Gilgit Baltistan, AJK and some parts of Balochistan) is also picked up through IFEM mechanism to provide relief to the consumers of special areas.

#### 4.10.2.1 IFEM Management

OGRA is managing the computation and determination of IFEM through two committees, comprising of Oil industry, namely IFEM Committee and Cartage Committee. IFEM Committee provides a forum for computing IFEM and Cartage Committee computes the cartage rates as per the Government approved formula.

IFEM comprised following below listed components:

- a. Actual transportation cost incurred on the movement of petroleum products to 22 storage depots, spread throughout Pakistan, as per movement plan of Oil Marketing Companies.
- b. PARCO PDC which is the difference between the OGRA announced ex-refinery price and the PARCO Import Parity Price (IPP) allowed to it under PARCO Implementation Agreement and Petroleum Policy 1994. After deregulation w.e.f June 01, 2011, PARCO is allowed to recover Kerosene Price Differential Claim (PDC) being the regulated products.

Further in pursuance of ECC decision of August 16, 2011 & March 21, 2014, PARCO has been allowed to reimburse the following through IFEM:-

- PARCO's Diesel Hydro De-Sulphurization (plant for reducing sulphur content) claim i.e. price differential of HSD 0.5% sulphur and Euro-II grade HSD of 0.05% sulphur. PARCO is producing Euro-II HSD w.e.f September 28, 2011. However, Parco's Diesel Hydro De-Sulphurization (DHDS) claim recovery has been discontinued from February 2017 on the introduction of Euro-II grade HSD of 0.05% by PSO in Pakistan.
  - To recover pipeline tariff/cost of Transportation of Crude Oil from Karachi to Mehmood Kot, based on prevalent pipeline rate, for IFEM products (MS, HSD & LDO only) on proportionate basis.
- c. ARL is allowed to recover the crude transportation claim of Adhi and Dhurnal fields from the IFEM. ARL was allowed Parco's Diesel Hydro De-Sulphurization claim recovery from freight pool, after the successful commissioning and production of Euro-II grade HSD of 0.05% sulphur from July 04, 2016 to January 2017. Similar to PARCO, ARL's DHDS recovery has been discontinued from February 2017.
  - d. Adjustments of extra margins earned by OMCs and HSD price differential surplus by refineries, except PARCO & ARL.
  - e. Adjustment of MS 92 RON penalty/differential from local refineries not producing MS RON 92 grade.

Following Table shows IFEM effective during the period under consideration.

#### Inland Freight Equalization Margin

| Effective Period  | MOGAS | KERO | LDO  | Rs./Liter |
|-------------------|-------|------|------|-----------|
|                   |       |      |      | HSD       |
| July 1, 2016      | 3.31  | 0.41 | 0.52 | 1.45      |
| August 1, 2016    | 3.13  | 0.39 | 0.49 | 1.40      |
| September 1, 2016 | 3.13  | 0.38 | 0.49 | 1.30      |
| October 1, 2016   | 3.12  | 0.43 | 0.64 | 1.35      |
| November 1, 2016  | 3.11  | 0.44 | 0.77 | 1.34      |
| December 1, 2016  | 3.05  | 0.43 | 0.68 | 1.30      |
| January 1, 2017   | 3.10  | 0.43 | 0.70 | 1.30      |
| February 1, 2017  | 2.99  | 1.04 | 0.87 | 1.32      |
| March 1, 2017     | 2.99  | 1.15 | 1.05 | 1.31      |
| April 1, 2017     | 3.09  | 1.09 | 1.04 | 1.45      |
| May 1, 2017       | 3.11  | 1.07 | 0.43 | 1.45      |
| June 1, 2017      | 3.16  | 1.74 | 1.16 | 1.30      |

## 5. Complaints Redressal

OGRA deals with the complaints against the Licensees and their Dealers in accordance with the Complaint Resolution Procedure Regulations, 2003 (CRPR). It entertains the consumer complaints without any fee. The consumers are not required to come to OGRA for filing the complaints. They can file the same through e-mail, fax and normal post. OGRA is thus protecting the interest of consumers through its Complaint Resolution System, CRPR, 2003.

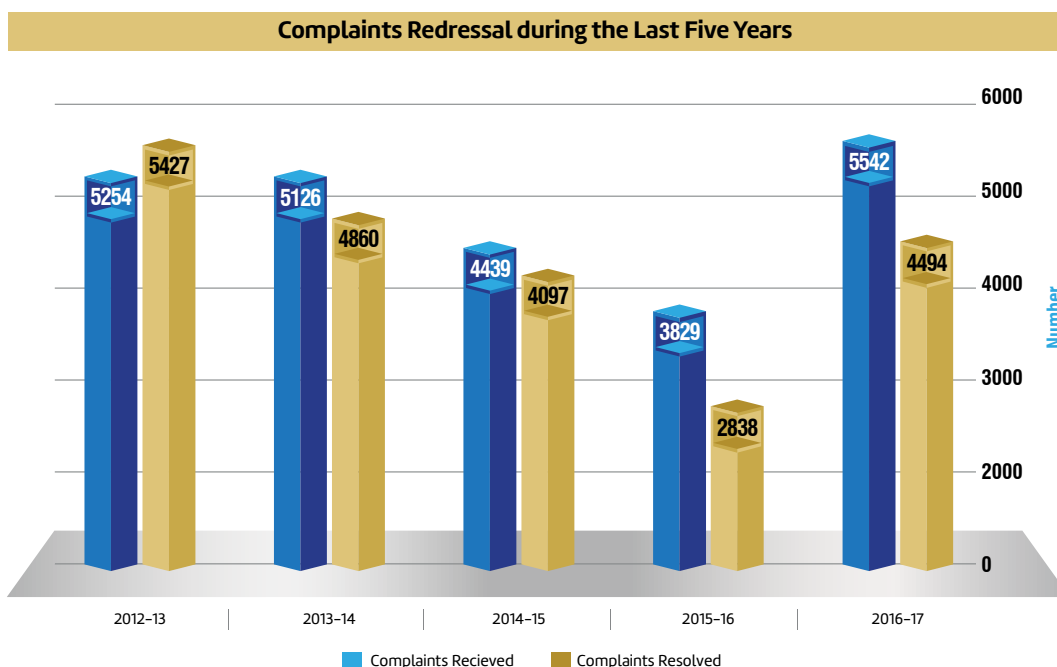
In conformity with CRPR, the Authority has designated specific officers for handling complaints with specific jurisdiction who issue their decision judgment in writing. Any party (the Complainant or Licensee) if aggrieved with the decision of the Designated Officer, may file an appeal before the Authority under section 12 of the OGRA Ordinance, 2002 and the Authority decides the appeal after providing an opportunity of hearing to the parties as per law.

During FY 2016-17, Complaints Department received/processed 4,556 complaints from all over the country regarding issues like: delay in provision of gas connection, excessive / estimated billing due to sticky meter, malfunctioning of Electronic Volume Corrector (EVC)/Em-corrector, alleged tampering/ theft charges, enhancement of delivery pressure, low pressure of gas, late delivery of gas bills, waive of Late Payment Surcharge (LPS) and demand of additional security for natural gas etc.

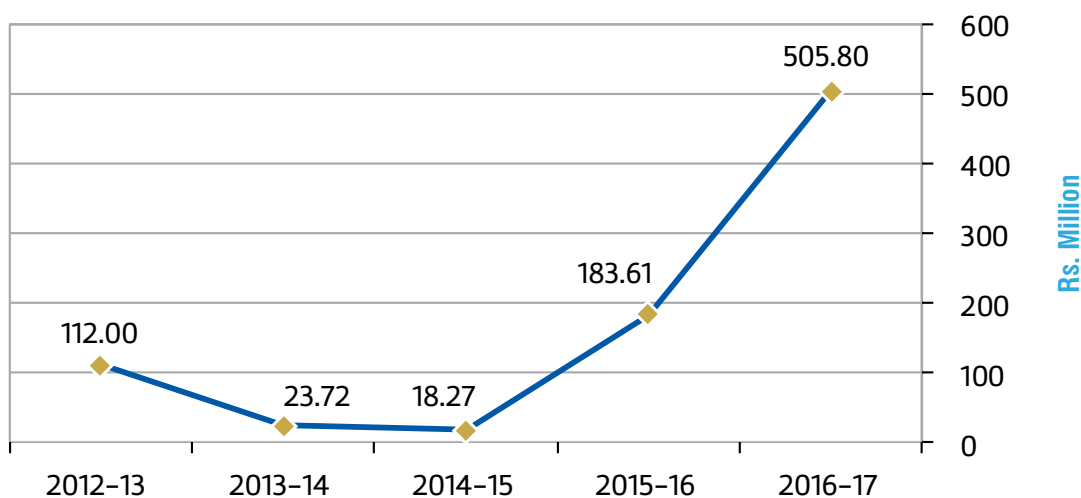
#### The Status of Complaints during FY 2016-17

| Description   | Natural Gas |
|---|-------------|
| No. of complaints received including carried forwarded from previous year | 5,542       |
| No. of complaints decided   | 4,494       |

On OGRA's intervention, gas utilities provided 328 gas connections and a relief of Rs. 505.80 million to consumers during FY 2016-17.



### Relief Provided to Consumers on OGRA Intervention during the Last Five Years



## 5.1 Appeals

Registrar Office received overall 572 appeals on different sectors i.e. Natural Gas, LPG, CNG, Enforcement and Oil. After fulfilling all the requisite formalities, the Authority decided 159 appeals including backlog of previous years pending appeals / reviews. The status of complaints and appeals from 01-07-2016 to 30-06-2017 is given as under:-

| Appeals  | Natural Gas | LPG + Enfrs* | CNG + Enfrs* | OIL+ Enfrs* | Total |
|--|-------------|--------------|--------------|-------------|-------|
| Appeals/Reviews filed before the Authority against decisions of the Designated Officers/DOAs etc. for FY 2016-17 | 393         | 07           | 67           | 105         | 572   |
| Total number of Appeals decided by the Authority in the FY 2016-17 (including previous years' backlog)           | 70          | 10           | 66           | 13          | 159   |

\*Enforcement

## 6. Enforcement

### 6.1 Need for Enforcement Department

The Mission Statement of OGRA is "To Safeguard Public Interest through Efficient and Effective Regulation in the Midstream and Downstream Petroleum Sector". Since the promulgation of the OGRA Ordinance 2002, the Authority aims to protect and safeguard the interests of all stakeholders. OGRA is entrusted with the regulation of Oil, Natural Gas, LPG and CNG sectors, which are directly related to public interest. However, with expansion and penetration of oil and gas sectors in the market, a need was felt to enforce provisions of the OGRA Ordinance, Rules, Regulations, Standards, Terms & Conditions of licenses and decisions of the Authority, upon licensee, as without enforcement mechanism, number of complaints were reported through media and from consumers directly with respect to delivery of quality products measuring exact quantity at notified prices round the clock to the general public. It became indispensable to establish stringent and pragmatic dedicated Enforcement Department responsible primarily for following activities:

- Conduct surprise inspections of licensed premises on regular basis;
- Ensure supply of regulated commodities at notified prices utilizing multiple mechanisms such as through District Administrations, Oil Marketing Companies and to conduct surprise inspections of randomly selected outlets by Enforcement Department or through Third Party Inspectors;
- Constitute the inspection teams in collaboration with 3rd Party Inspectors as well as Licensees to conduct the inspections/monitoring;
- Take necessary action against all violators as per applicable laws that may lead to imposition of fine/penalty or suspension of supplies/ licenses in extreme cases.

### 6.2 Functions of Enforcement Department

The basic function of the Enforcement Department is to create interface between Licensees, Consumers and the Authority. Collect information based on ground realities pertaining to problems faced by Consumers and Licensees. Assist the Authority to formulate effective policy for regulating the oil and gas sector, keeping in view the problems of the industry. To protect the rights of consumers while maintaining check and balance / deterrence on Licensees. In this regard, Enforcement Department has been entrusted to conduct surprise or planned inspections at CNG stations; LPG bottling plants, LPG authorized distributors, registered LPG equipment manufacturers, petrol pumps or any other Licensed Facility on the request of parent Departments of OGRA, on the directions/complaints received by the Authority. These inspections are generally conducted for controlling overcharging and compliance of safety standards during operations.

Functions of Enforcement Department in respect of various sectors are as under:

### **OIL**

Surprise inspection of randomly selected petrol pumps with respect to:

- Overcharging
- Stock deficiency / stock withholding
- Quality and less filling etc.

### **LPG**

Surprise inspections of LPG Storage and Filling Plants with respect to:

- cross filling
- overcharging
- safety etc.

### **CNG**

Surprise inspections of randomly selected CNG stations with respect to:

- filling of unapproved cylinders
- excess pressure
- overcharging etc.

### **Other Functions:**

- Communication with Provincial Authorities/District Administrations, Licensees and Associations on regular basis with respect to Enforcement Activities.
- Handling Court cases and National Assembly/Senate/Provincial Assembly questions.
- Policy issues
- Internal correspondence
- Review and comments on various documents/issues

## **6.3 Activities Performed By Enforcement Department**

Enforcement Department was created in October 2009 for effective enforcement and monitoring in order to provide safe, reliable and efficient services by the Licensees to the Consumers. Such random inspections by officers of OGRA are helpful in getting first-hand information of the said sectors, enabling to perform its obligations in a more practical way and better enforcement of rules, regulations and standards. OGRA's initiative has proved to be a deterrent for others and an indication that rules and regulations are to be fully adhered, thus benefiting the consumers in general. Presence of a strong regulator in the field has sent a powerful message. From big units like Oil Marketing Companies to small entities like LPG Distributors are being brought in the competitive regulatory environment.

The various activities performed by the Department are summarized hereunder:

### 6.3.1 Oil Sector

OGRA's Enforcement Department has endeavoured to develop an efficient & effective mechanism to check and control the malpractices in Oil Sector.

In accordance with the GOP's Policy for pricing of petroleum products, the product prices of retail outlets (as informed by the OMCs to OGRA for their respective Outlets) are revised / updated on OGRA's Website on monthly / fortnightly basis. It is observed that the Retailers of different OMCs tend to charge prices of petroleum products higher than the officially notified prices from the Consumers. This happens due to lack of monitoring / vigilance of the OMCs on their Retailers. In order to curb the menace of profiteering / overcharging by the retailers, OGRA, through its effective "Enforcement Set-up", has started conducting surprise inspections at the OMCs Retail Outlets.

It is also observed that, whenever there is a speculation of price change of petroleum products, the OMCs/Retailers tend to hoard/withhold the POL stock, for inventory gain. OGRA has taken cognizance of this issue and has started to depute its teams for inspections ahead of the notification of POL prices. Such inspections have been conducted at the Outlets, located in remote/rural areas and backward areas as well as big metropolitans in all the Provinces of the Country. Considering the position that there are more than 7,000 OMCs Retail Outlets operating in the Country, OGRA has been constantly requesting Provincial Authorities to monitor pricing at Petrol Pumps under Price Control & Prevention of Profiteering and Withholding Act 1977 and shall be dealt strictly in accordance with the applicable laws, in the larger interests of general public.

During the current fiscal year, a number of Petrol Pumps have been inspected and Show Cause Notices were served on respective OMCs on account of overcharging, stock deficiency at their Outlets and on the basis of submissions of OMC, further action is taken i.e., imposition of penalty or serving warnings on case to case basis in accordance with the provisions of the OGRA Ordinance, 2002 and applicable rules/regulations.

### 6.3.2 LPG Sector

The business of LPG in the country is de-regulated with respect to allocation of LPG. Allocation of LPG from LPG producers to LPG marketing companies is de-regulated whereby LPG producers themselves dispose of their LPG keeping in view their commercial interest and broad policy outlines.

Ministry of Petroleum and Natural Resources vide letter No. LPG-6(11)/2014-Policy dated March 24, 2016 forwarded LPG Policy 2016, approved by the CCI, to OGRA for implementation with directions that OGRA will amend the rules and regulations to give effect to this policy.

In LPG Policy, 2016, it has been decided to regulate LPG prices and this is a major shift from deregulation to regulation. Prior to promulgation of LPG Policy, 2016, LPG producer and consumer prices were deregulated.

Implementation of the aforesaid LPG Policy required certain amendments in OGRA LPG (Production and Distribution) Rules, 2001 as a legal requirement as per Section 4.2 of LPG Policy, 2016. Amendments in LPG Rules, 2001 were subsequently dispatched to Cabinet Division for notification as per the provisions of Section 41 of the OGRA Ordinance, 2002. The said amendments have been made. OGRA will be able to notify and regulate LPG prices as per LPG Policy/Rules as soon as the price determination is done by MP&NR.

In order to protect consumers from exploitation of LPG Marketing Companies and black marketing by their Distributors, the Authority enforces certain minimum parameters pertaining to retail consumer price, safety and operational guidelines at Distributors Premises as well as Storage & Filling Plants.

In view of the above, the Enforcement Department conducts following activities in the LPG sector:

- Surprise inspection of LPG Storage and Filling Plants to ensure compliance with applicable safety standards, check and eradicate illegal cross filling, inter company un-authorized bulk trade of LPG and correct measurement of LPG in cylinders.

- Surprise inspection of the premises/sale points of authorized distributors of LPG Marketing companies; in order to:-
  - Ensure compliance with minimum safety and operational requirements
  - Check and eradicate decanting of LPG from cylinder to cylinder, cross filling, hoarding and black marketing
  - Ensure sale of LPG at company's announced and notified consumer price
  - Ensure correct measurement of LPG
  - Ensure availability and supply of LPG to far flung LPG starved hilly areas as per policy provisions

During FY 2016-17, inspections of Authorized Distributors of various LPG Companies and Filling Plants has been conducted and Show Cause Notices were served to the Companies whose Distributors were violating laws/rules/instructions of the Authority and on the basis of submissions of LPG Marketing Companies, further action is taken i.e., imposition of penalty or serving warnings on case to case basis in accordance with the provisions of the OGRA Ordinance, 2002 and applicable rules/regulations.

### 6.3.3 CNG Sector

CNG Sector is one of the important energy sector, caters the need of almost 30% of total transport in the country. It is fuelling approximately 3.1 million vehicles and there are nearly 3,400 Operational CNG Stations, spread all over the country. At present Pakistan tops the list among CNG user countries. The important issue related with CNG is compliance of its safety standards.

In order to have strict check, surprise inspections of CNG Stations are now being conducted by OGRA to primarily check the following:

- Dispensing pressure
- Refuelling procedure as per CNG Rules, 1992 including checking of the vehicle cylinder
- Measurement accuracy
- Price charged from consumers
- Safety Orientation

OGRA is actively conducting above mentioned inspections. This has forced CNG Stations to observe Rules, Regulations, Directions of the Authority and Standard Code of Practice.

During the current fiscal year, number of CNG Stations have been inspected and violating Stations have been served Show Cause Notices and on the basis of Licensees replies re-inspections are conducted/ fine imposed or served warnings on case to case basis.

OGRA has been directed by Supreme Court to take strict action against CNG Stations involved in refuelling unapproved/unbranded cylinders. It is stated that CNG Stations/ CNG Associations have been directed to not refuel any vehicles fitted with unapproved/ unbranded cylinders. At the same time Transport Authorities and Chief Inspector of Explosives have been requested to take strict actions, as per their laws and directions of superior courts vehicles, against fitted with unapproved/ unbranded cylinders and allow only those vehicles to ply on road which are as per standards. OGRA has emphasized Provincial Authorities to have check and control on transports especially School Vans and Public Service Transport and in this respect Sindh Government has issued their rules and KPK High Court and Lahore High Court has directed Provincial Authorities for the safety.

### 6.3.4 Complaints

OGRA also handles various complaints relating to CNG, LPG and Oil Sectors. Illegal activities like decanting, operation of dabba stations etc. are referred to the District Authorities and Chief Inspector of Explosives. Whereas the complaints relating to the various violations like cross filling, overcharging, less filling, shortage of stocks etc. by the Licensees / Authorized Dealers are added in the complaints database and physical verification is done when the inspections are carried out in the said areas. In case of complaint with proof, the same is undertaken with Licensee without carrying further inspection as per applicable laws. In case of an urgent requirement, immediate inspection by OGRA team or Third Party Inspectors is done.

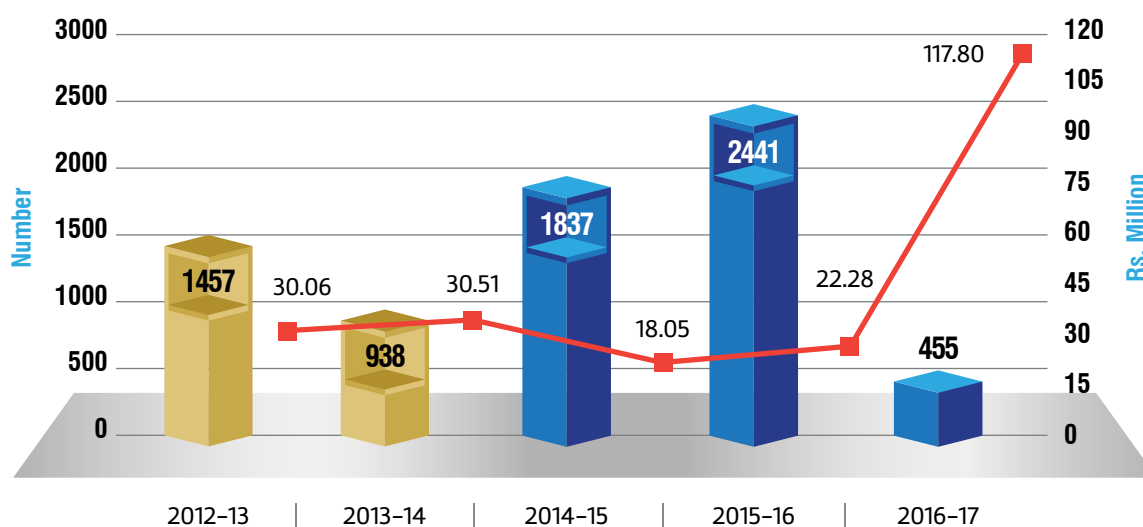
## 6.4 Brief Summary of Enforcement Activities

Total number of inspections of LPG Facilities, CNG Stations and Petrol Pumps etc. carried out and fine imposed during FY 2016-17 is as under:

**Achievements during FY 2016-2017**

| Sector       | Inspections | Fine Imposed (Rs. Million) |
|--------------|-------------|----------------------------|
| Oil          | 213         | 115.80                     |
| LPG          | 65          | 2.00                       |
| CNG          | 177         | 0.00                       |
| <b>Total</b> | <b>455</b>  | <b>117.8</b>               |

**Number of Inspections and Fine Imposed during the Last Five Years**



## 7. Corporate & Media Affairs

Corporate & Media Affairs primarily focus to build and sustain positive perception/image for the organization as a progressive Regulatory Authority of Pakistan's Energy Sector, create awareness of its actions in public interest, gain industry by-in and sensitizing its direct and indirect stakeholders about rules/regulations and their compliance in national interest. To keep abreast the stakeholders about the policies/actions of the organization on regular basis and to build ownership as well as to bridge the communication gap, establishing and executing major goals and objectives for the organization, to implement policies established by the Authority. CMA provide leadership, direction and guidance over Organization's activities, analyze and evaluate the operational effectiveness of the organization, coordinate major activities through subordinates and represent OGRA at various national and international organizations, media, general public and other stakeholders. CMA is also involved in introducing Regulatory Reforms in-line with international practices and Government policies.

CMA in the year under review created positive image of the organization by stalling negative perceptions against the organization. Kept close liaison with the print and electronic media for their awareness and that of general public. Arranged press conferences, press briefings and issued press releases from time to time. Conducted sessions in Islamabad and provincial headquarters on the study **"Un-Accounted for Gas"** carried out by OGRA for views / comments of all the stakeholders. Coordinated & arranged timely publications of gazette notifications, publication of advertisements / notices in the print media and settled accounts thereof. Dealt with the matters pertaining to the advertising agencies / firms, made administrative arrangements of meetings / public hearings / UFG sessions at Head-quarter and outstation and settled accounts thereof. Re-branded corporate ID of OGRA and preparation of design of annual reports. Made arrangements for conduct of press conferences, formal and informal meetings with the journalists. Issuance of press releases, assisted Spokesperson in responding to media on their queries. Handled correspondence with the Cabinet Division. Dealt with protocol matters including traveling / boarding / lodging arrangements with respect to domestic / foreign visits of the Authority, obtaining Note Verbale from Ministry of Foreign Affairs, liaison with the Embassies for endorsement of visas and settling accounts thereof, kept liaison with the Embassies / Pakistan Missions abroad during visit of the Authority. Kept coordination with the National Assembly, Senate, Cabinet Division, MOE and PM Office for making protocol arrangements for the Authority Members and the Executives for briefings by OGRA to the PM office, NA / Senate Standing Committees, ECC, Public Accounts Committee and other sub committees. Handled miscellaneous and special tasks as assigned from time to time. CMA has also initiated the establishment of linkages with academia, youth, entrepreneurs, civil society, media and other public sector organizations for building better understanding of the role and functions of OGRA. In this regard, series of lectures has been planned across the country.

## 8. Planning & Coordination/IT

Planning and Coordination Department undertakes two types of coordination i.e. internal and external coordination. Internal coordination relates to contact with various Departments of OGRA for acquiring information on the regulatory affairs in the midstream and downstream petroleum sector to prepare various briefs/documents/reports. External coordination pertains to disseminate such information on all the regulated activities of the Authority to various Ministries and other Government Organizations. During the period under review, P&C Department in combination of internal and external coordination has provided the requisite information on OGRA Affairs to Ministry of Planning & Development, Cabinet Division, Ministry of Petroleum and Natural Resources, Finance Division, Ministry of Commerce, Senate and National Assembly of Pakistan and other Stakeholders etc. The Department provided relevant contents / input / performance for various publications such as Pakistan Economic Survey, Finance Minister's Budget Speech and Cabinet Year Book etc. P&C also acted as a Focal Department for coordination with various government organizations and represented OGRA at various national and regional forums. The Department also coordinated all activities of OGRA to produce Periodical / Annual reports on the 'Conduct of OGRA Affairs' and 'State of the Regulated Petroleum Industry' through internal coordination under OGRA Ordinance 20 (1) (a) (b). Moreover, the Department delivered upon capacity building of human capital, an area of ongoing and increasing significant importance to respond to regulatory

challenges. P&C / IT Department coordinated with external organizations to arrange for sending OGRA's Executives to different international forums for interaction with international regulators and acquire training in technical / regulatory matters to equip them to the international best regulatory practices and techniques in energy sector. The Department also arranges trainings for Support Staff members at national institutions for enhanced knowledge and capacity building. These foreign and local trainings have ultimately contributed to OGRA's strengthening regulatory capacity to deliver upon its key responsibilities / roles. With these roles, P&C / IT Department provided strong support platform to OGRA. During the year under review, 140 cases for local training courses / seminars / conferences / workshops and 22 cases of foreign training were processed. P&C also provided internships to the students of reputable Universities through its internal programme.

## 9. Information Technology (IT)

OGRA's IT Department is fully equipped with all latest & emerging technologies and has potential to work under any challenging environment. It has introduced new soft and hardware technologies not only to provide safety and security of data but also friendly working environment. OGRA has switched to latest Operating System Window 10/Microsoft Office 2016 with new generation corei5 computers in its Head Office and all Regional offices. The safety & security of data is a big challenge of today's era, therefore IT Department has installed backup servers in different Departments to keep backup of data. New Website of OGRA has been redesigned along with Urdu version. The new website is more user friendly, attractive and knowledge oriented. OGRA has also put in place an e-mail policy whereby all the employees have been provided with official e-mail for both internal and external correspondence. Beside this, IT Department has also introduced an online complaint launching facility which may also be used to check the current status of complaint. Up-gradation of Local Area Network on Gigabyte Network, Server 2016, Digitization of Files, Online Connectivity of Regional Offices and File Tracking System projects are under consideration which will be completed in next year.

## 10. Litigation

The Litigation Department has the prime responsibility to ensure representation in order to defend OGRA before the courts of law all over the country. During FY 2016-17, It pursued cases as under:

| Name of Court                                       | Total Number of Cases Received | Counsel Engaged | Pursued by in- House Lawyer | Disposed off | Pending    |
|---|--------------------------------|-----------------|-----------------------------|--------------|------------|
| Supreme Court of Pakistan                           | 18                             | 6               | -                           | -            | 17         |
| Islamabad High Court                                | 56                             | 12              | 44                          | 16           | 36         |
| Lahore High Court                                   | 517                            | 88              | 2                           | 124          | 78         |
| Peshawar High Court                                 | 36                             | 10              | -                           | 3            | 24         |
| High Court of Sindh                                 | 190                            | 63              | -                           | 33           | 128        |
| Balochistan High Court                              | 4                              | -               | -                           | -            | 1          |
| Civil Courts  | 114                            | 25              | -                           | 6            | 83         |
| Others (Wafaqi Mohtasib, Accountability Court etc.) | 8                              | 2               | 2                           | 3            | 5          |
| <b>Total</b>  | <b>943</b>                     | <b>206</b>      | <b>48</b>                   | <b>185</b>   | <b>372</b> |



# **FUTURE OUTLOOK**

**(ANTICIPATED DEVELOPMENTS FOR THE NEXT YEAR)**



# 11. Future Outlook – Anticipated Developments for the Next Year

## 11.1 Natural Gas Sector

- Final revenue requirement for FY 2016–17 based on the actual audited results of SSGCL & SNGPL.
- Estimated revenue requirement for FY 2017–18 SSGCL & SNGPL.
- Estimated revenue requirement for FY 2018–19 SSGCL & SNGPL.
- The process of determination and notification of well-head prices of natural gas under Section 6 (2) (w) and prescribed prices of gas companies, consumer prices under Section (8) of OGRA Ordinance will continue.
- Determination of RLNG price under Petroleum Product (Petroleum Levy) Ordinance, 1961 and Petroleum Products (Petroleum Levy) Rules, 1967 in accordance with the FG's approved formula.

## 11.2 Mid and Downstream Oil Sector

- A number of Oil Depots by various Oil Marketing Companies are expected to be completed/ operational during next year at Keamari, Amangarh (Nowshera), Thalian, Kotla Jam (Bhakkar), Machike, Sahiwal, Habibabad and Quetta etc.
- A number of Oil Marketing Companies are planning to start construction of some new Oil Depots in the coming year at Gujrat, Okara, Hub, Gatti, Vehari and Benazirabad etc.
- 15 new Oil Marketing Companies are expected to commence building infrastructure.
- 02 Oil Refineries are expected to commence construction work.
- The process of notification of oil prices on monthly basis will continue.
- The deregulation of POL pricing will continue and IFEM management will be carried out coupled with enhanced number of depots to curtail abrupt shortages in different parts of the country.
- OGRA will be notifying Kerosene ex-refinery prices including ex-depot price of Kerosene & E-10 Gasoline. OGRA will closely monitor the petroleum products prices in accordance with the Federal Government laid down criteria after deregulation in public interest.

## 11.3 LPG Sector

A significant growth of LPG auto-refuelling stations is anticipated in near future. The LPG companies entitled by their memorandum and article of association are applying for a number of LPG storage / filling plants, LPG refuelling stations and LPG storage facilities at Port in light of LPG Policy and Regulatory Framework

## 11.4 Enforcement

In order to strengthen the role of regulator, OGRA is planning to include more activities to facilitate the consumer and safeguard the public interest.

For the safety of the public, OGRA is planning to regulate LPG transportation through bowzers and in this regard, has obtained data of existing bowzers owned by licensed marketing companies. To ensure public safety, OGRA has also visited the manufacturing facilities of authorized LPG equipment manufacturers and developed a plan for regular inspection of the said premises.

## 11.5 Complaints

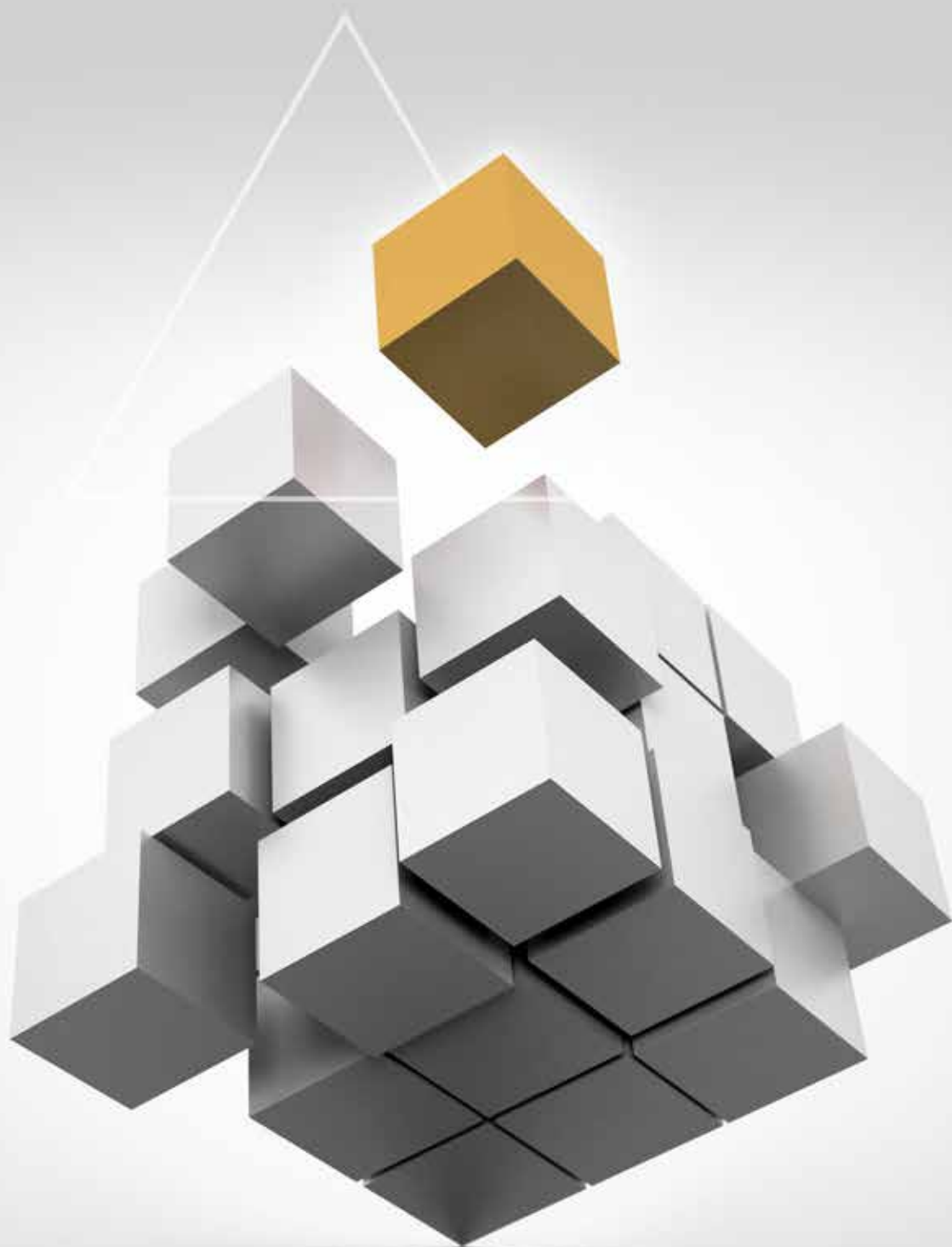
Redressal of complaints shall continue in accordance with OGRA's Complaint Resolution Procedure Regulations, 2003 in the same spirit as for current year. Complaints shall be decided well within the prescribed period of 90 days by Designated Officers strictly on merit.

## 11.6 Capacity Building

Staff development and training is vital and ongoing need of every progressive organization. All grades of personnel need continuous, rationalized and latest knowledge in their relevant fields on variety of technical and occupational issues. OGRA will continue to send its officers to the various training programs in addition to the opportunity of participation in various foreign trainings. Contracts for conducting institutional developments studies will also be awarded to the individual consultant / firms on need basis. The Authority has also plan to provide opportunity to the officers of Senior and Mid level to participate in management development courses at various public and private sector institutions.

## 11.7 Corporate Affairs

OGRA will also conduct awareness sessions on "Role and Functions of OGRA" all over the country for developing linkages, better understanding and positive perception among the academia, business community, media and government functionaries along with other stakeholders. OGRA intends to conduct training workshops to keep abreast media fraternity regarding latest regulatory activities / affairs in oil and gas sector.



# APPENDICES



## Regulatory Framework

### Rules Notified and Adopted

| Sr. No. | Rules  | Notification Date |
|---------|--|-------------------|
| 1.      | Natural Gas (Licensing) Rules, 2002°   | 26-Feb-02         |
| 2.      | Natural Gas (Tariff) Rules, 2002   | 23-Nov-02         |
| 3.      | Compressed Natural Gas (Production and Marketing) Rules, 1992*   | 15-Mar-03         |
| 4.      | Liquefied Petroleum Gas (Production and Distribution) Rules, 2001 *  | 15-Mar-03         |
| 5.      | Budget Committee Rules, 2004   | 30-Dec-04         |
| 6.      | Liquefied Natural Gas (LNG) Rules, 2007  | 26-May-07         |
| 7.      | OGRA Natural Gas (Regulated Third Party Access) Rules, 2012  | 24-Apr-12         |
| 8.      | Pakistan (Refining, Blending, Transportation, Storage and Marketing) Rules, 2016 for substitution of Pakistan (Refining, Blending, Transportation, Storage and Marketing) Rules, 1971. | 25-Jan-16         |

**Note°:** Inherited from Natural Gas Regulatory Authority

**Note\*:** Rules No. (3), (4) Notified by the Ministry of Petroleum and Natural Resources are adopted under Section 44(3) of the Ordinance.

## Regulations / Technical Standards Notified

| Sr. No. | Regulations/Technical Standards  | Notification Date |
|---------|--|-------------------|
| 1.      | Complaint Resolution Procedure (Natural Gas, CNG and LPG) Regulations (CRPR), 2003     | 03-Sep-03         |
| 2.      | Performance and Service Standards for Gas Utilities                                    | 03-Sep-03         |
| 3.      | Natural Gas Uniform Accounting Regulations, 2003                                       | 17-Feb-04         |
| 4.      | Natural Gas Transmission (Technical Standards) Regulations, 2004                       | 05-Aug-04         |
| 5.      | Natural Gas Distribution (Technical Standards) Regulations, 2004                       | 05-Aug-04         |
| 6.      | OGRA Financial Regulations, 2005   | 11-Jan-05         |
| 7.      | OGRA Service Regulations, 2005   | 31-Jan-05         |
| 8.      | Natural Gas (Well Head Price) Regulations, 2009  | 08-Apr-09         |
| 9.      | Oil Transportation (Pipeline) Technical Standards                                      | 02-Jul-09         |
| 10.     | Technical Standards for Petroleum Industry (Retail Outlet)                             | 02-Jul-09         |
| 11.     | Technical Standards for Petroleum Industry (Depots for Storage of Petroleum Products). | 02-Jul-09         |

|     |  |           |
|-----|--|-----------|
| 12. | Standard Technical Specification for Equipment and Materials used in Natural Gas Transmission Network, 2009                                      | 29-Jul-09 |
| 13. | Technical Standards for Oil Refineries   | 24-Sep-09 |
| 14. | Technical Standards for Petroleum Industry (Road Transport Vehicles, Containers and Equipment Used for the Transportation of Petroleum Products) | 09-Oct-09 |

## Amendments in Rules & Regulations

| Sr.No. | Rules, Regulations & Standards  | Date        |
|--------|---|-------------|
| 1.     | Amendment in OGRA Service Regulations, 2005                                     | 11-May-12   |
| 2.     | Amendment in CRPR incorporating Refined Oil Products                            | 17-Nov-06   |
| 3.     | Amendment in CNG Rules, 1992 (Rule 2)   | 21-Oct-08   |
| 4.     | Amendment in OGRA Ordinance, 2002 (Section 43 C)                                | 17-Feb-09   |
| 5.     | Amendment in CNG Rules, 1992 (Rule 2)   | 04-Apr-09   |
| 6.     | Amendment in LPG Rules, 2001 (Appendix V)                                       | 17-Oct-08   |
| 7.     | Amendment in LPG (Production & Distribution) Rules, 2001                        | 10-Mar-07   |
| 8.     | Amendment in Complaint Resolution Procedure (NG, CNG and LPG) Regulations, 2003 | 10-May-05   |
| 9.     | Amendment in Complaint Resolution Procedure (NG, CNG and LPG) Regulations, 2003 | 11-Nov-05   |
| 10.    | Amendment in Natural Gas (Licensing) ) Rules, 2002                              | 09-Dec-05   |
| 11.    | Amendment in OGRA Ordinance, 2002 (Section 43 A)                                | 11-Nov-02   |
| 12.    | Amendment in OGRA Service Regulations, 2005                                     | 22-Dec-05   |
| 13.    | Amendment in LPG Rules, 2001 (Rule 2,3,5,6,7,8, & 18)                           | 17-Mar-07   |
| 14.    | Amendment in OGRA Ordinance, 2002 (Section 3)                                   | 02-Feb-08   |
| 15.    | Amendment in OGRA Ordinance, 2002 (Section 43 B)                                | 17-Feb-09   |
| 16.    | Amendment in OGRA Service Regulations, 2005                                     | 05-Mar-09   |
| 17.    | Amendment in LPG Rules, 2001 (Appendix II, III & V)                             | 04-Aug-09   |
| 18.    | Amendment in LPG Rules, 2001 (Rule 5)   | 09-Sep-09   |
| 19.    | Amendment in Natural Gas (Well Head Price) Regulations, 2009                    | 10-Oct-09   |
| 20.    | Amendment in LPG Rules, 2001 (Appendix V)                                       | 04-Apr-11   |
| 21.    | Amendment in LPG (Production & Distribution) Rules, 2001                        | 26-Dec-13   |
| 22.    | Amendment in LPG (Production & Distribution) Rules, 2001                        | 25-Apr-14   |
| 23.    | Amendment in OGRA Service Regulation, 2005 (Regulation 19A)                     | 07-Jul-2014 |
| 24.    | Amendment in OGRA Service Regulations, 2005 (Regulation 84)                     | 30-Sept-15  |
| 25.    | Amendment in OGRA Service Regulations, 2005 (Appendix B)                        | 23-Dec-15   |
| 26.    | Amendment in OGRA Service Regulations, 2005 (Regulation 30, 80 & 92)            | 23-Dec-15   |
| 27.    | Amendment in OGRA Service Regulations, 2005 (Regulation 80 & 105)               | 16-Mar-16   |
| 28.    | Amendment in OGRA Service Regulations, 2005 (Chapter — XVII)                    | 22-Jun-16   |
| 29.    | Amendment in OGRA Service Regulations, 2005 (Regulation 53, 55 & 56)            | 16-Aug-16   |

|     |   |           |
|-----|---|-----------|
| 30. | Amendment in OGRA Service Regulations, 2005 (Regulation 19) | 4-Jan-17  |
| 31. | Amendment in OGRA Service Regulations, 2005 (Appendix B)    | 12-Jan-17 |
| 32. | Amendment in OGRA Service Regulations, 2005 (Appendix A)    | 12-Jan-17 |
| 33. | Amendment in OGRA Service Regulations, 2005 (Appendix B)    | 31-Jul-17 |

**OGRA Prescribes/Enforces the following:**

- Performance and Service standards and other operating conditions.
- Standards for equipments and materials to be used in undertaking regulated activities
- Technical standards for transmission and distribution of natural gas.
- Standards and specification for refined oil products.
- CNG and LPG rules
- Codes of Technical Standards for construction of terminal/storages

**OGRA carries out regularly the following:.**

- Testing of quality of petroleum products.
- Sites visits and inspections.

## Appendix – II

### Natural Gas / LNG Licenses Issued by OGRA

| S. No. | Company  | Type of License  | Date of Issue |
|--------|--|--|---------------|
| 1.     | SNGPL  | Transmission, Distribution, & Sale of Natural Gas in the Punjab, KPK, AJK, FATA and Some Parts of Sindh  | 3-Sep-03      |
| 2.     | SSGCL  | Transmission, Distribution, and Sale of Natural Gas in Sindh and Balochistan   | 3-Sep-03      |
| 3.     | Mari Gas Company Ltd.                                  | Sale of Natural Gas to Fauji Fertilizer Company Limited (FFCL), Engro Chemicals Pakistan Limited (ECPL) and Central Power Generation Company Limited (CPGCL)             | 11-Aug-04     |
| 4.     | PPL  | Sale of Natural Gas to CPGCL   | 23-Nov-04     |
| 5.     | OGDCL  | Transmission and Sale of Natural Gas to Uch Power Plant  | 30-Dec-04     |
| 6.     | OGDCL  | Sale of Natural Gas to Fauji Kabirwala Power Company Limited   | 30-Dec-04     |
| 7.     | OGDCL  | Sale of Natural Gas to Altern Energy   | 30-Dec-04     |
| 8.     | FFCL   | Transmission of Natural Gas  | 7-Apr-05      |
| 9.     | ECPL   | Transmission of Natural Gas  | 7-Apr-05      |
| 10.    | CPGCL  | Transmission of Natural Gas  | 14-Apr-05     |
| 11.    | Fatima Fertilizer Company Ltd.                         | Transmission of Natural Gas  | 16-Apr-07     |
| 12.    | Foundation Power Company Ltd.                          | Transmission of Natural Gas  | 27-Aug-07     |
| 13.    | Star Power Generation Ltd.                             | Transmission of Natural Gas  | 30-Jan-08     |
| 14.    | SNGPL  | Gas Storage Facility at Lila Town- Punjab  | 30-Apr-08     |
| 15.    | Engro Fertilizer Co. Ltd.                              | Transmission of Natural Gas from Reti Meru Gas Field to Engro Plant at Daharki   | 13-Jun-14     |
| 16.    | OGDCL  | Transmission and Sale of Natural Gas from Uch Gas Field Plant in Dera Murad Jamali (Balochistan) through already Existing Pipeline of OGDCL.                             | 26-Jun-14     |
| 17.    | OGDCL  | Sale Of Natural Gas from OGDCL's Reti Meru (Meru South) Gas Field in District Ghotki (Sindh) to Engro Fertilizers Ltd. Plant Located at Daharki (District Ghotki, Sindh) | 26-Jun-14     |
| 18.    | Engro Elengy Terminal Ltd.                             | Transmission of Natural Gas from Applicant's Jetty to Tie in Point at SMS Pakland.   | 02-Jul-14     |
| 19.    | Universal Gas Distribution Company (Pvt) Limited       | Sale of Natural Gas to the end Consumers, Predominately CNG Stations.  | 22-Feb-16     |
| 20.    | Gaseous Distribution Company Pvt. Ltd. (GDCL)          | Sale of Natural Gas to Consumers i.e, OGRA's licensed CNG Stations   | 22-Dec-16     |
| 21.    | Fauji Oil Terminal & Distribution Company Ltd. (FOTCO) | Transmission of Natural Gas  | 22-Dec-16     |

## LNG Licenses Issued

| S/N | Name of LNG Developer                         | License Issuance Date | Type of License Issued   | Envisaged RLNG Volume (MMscfd) |
|-----|---|-----------------------|--|--------------------------------|
| 1.  | PGP Consortium Ltd.                           | Dec 21, 2016          | Modification in license for Construction of LNG Receiving Terminal at Port Qasim, Karachi. | 600-750                        |
| 2.  | Global Energy Infrastructure Pakistan Limited | Sept 23, 2016         | Extension in license for construction for LNG Integrated Project at Port Qasim, Karachi    | 500                            |
| 3.  | Engro Elengy Terminal Limited                 | Mar 18, 2016          | Operation License of LNG Receiving Terminal at Port Qasim, Karachi                         | 600-690                        |
| 4.  | Bahria Foundation                             | Mar 17, 2015          | Provisional License. The company has applied for construction license.                     | -                              |

## Appendix – III

## Consumer Gas Tariff Schedule for FY 2016–17

| Category |                                       |  | Sale Prices         |                     |
|----------|---------------------------------------|--|---------------------|---------------------|
|          |                                       |  | w.e.f<br>01.07.2016 | w.e.f<br>15.12.2016 |
|          |                                       |  | Rs. / MMBTU         |                     |
| (i)      | A. Domestic Consumers                 |  |                     |                     |
|          | a)                                    | Standalone Meters  |                     |                     |
|          | b)                                    | Mosques, churches, temples, madrassas, other Religious Places and Hostels attached thereto;  |                     |                     |
|          | (i)                                   | Upto 100 M <sup>3</sup> per month  | 110.00              | 110.00              |
|          |                                       | All off-takes at flat rate of  |                     |                     |
|          | (ii)                                  | Upto 300 M <sup>3</sup> per month  | 220.00              | 220.00              |
|          |                                       | All off-takes at flat rate of  |                     |                     |
|          | (iii)                                 | Over 300 M <sup>3</sup> per month  | 600.00              | 600.00              |
|          |                                       | All off-takes at flat rate of  |                     |                     |
|          |                                       | Minimum Monthly Charges (Rs.)  | 148.50              | 148.50              |
|          | c)                                    | Bulk Consumers: Government and Semi government Offices, Hospitals, Clinics, Maternity Homes, Government Guest Houses, Armed Forces Messes, Langars, Universities, Colleges, Schools and Private Educational Institutions, Orphanages and other Charitable Institutions alongwith Hostels and Residential Colonies to whom gas is supplied through bulk meters including Captive Power. |                     |                     |
|          |                                       | All offtakes at flat rate of   | 600.00              | 600.00              |
|          |                                       | Minimum Monthly Charges (Rs.)  | 3,600.07            | 3,600.07            |
| (ii)     | B. Commercial Consumers               |  |                     |                     |
|          |                                       | All establishments registered as commercial units with local authorities or dealing in consumer items for direct commercial sale like caf  s, bakeries, milk shops, tea stalls, canteens, barber shops, laundries, hotels, malls, places of entertainment like cinemas, clubs, theatres and private offices, corporate firms etc.  |                     |                     |
|          |                                       | All off-takes at flat rate of  | 700.00              | 700.00              |
|          |                                       | Minimum Monthly Charges (Rs.)  | 4,200.07            | 4,200.07            |
| (iii)    | C. Special Commercial (Roti Tandoors) |  |                     |                     |
|          | (i)                                   | Upto 100 M3 per month  | 110.00              | 110.00              |
|          |                                       | All offtakes at flat rate of   |                     |                     |
|          | (ii)                                  | Upto 300 M3 per month  | 220.00              | 220.00              |
|          |                                       | All offtakes at flat rate of   |                     |                     |
|          | (iii)                                 | Over 300 M3 per month  | 700.00              | 700.00              |
|          |                                       | All offtakes at flat rate of   |                     |                     |
|          |                                       | Minimum Monthly Charges (Rs.)  | 148.50              | 148.50              |

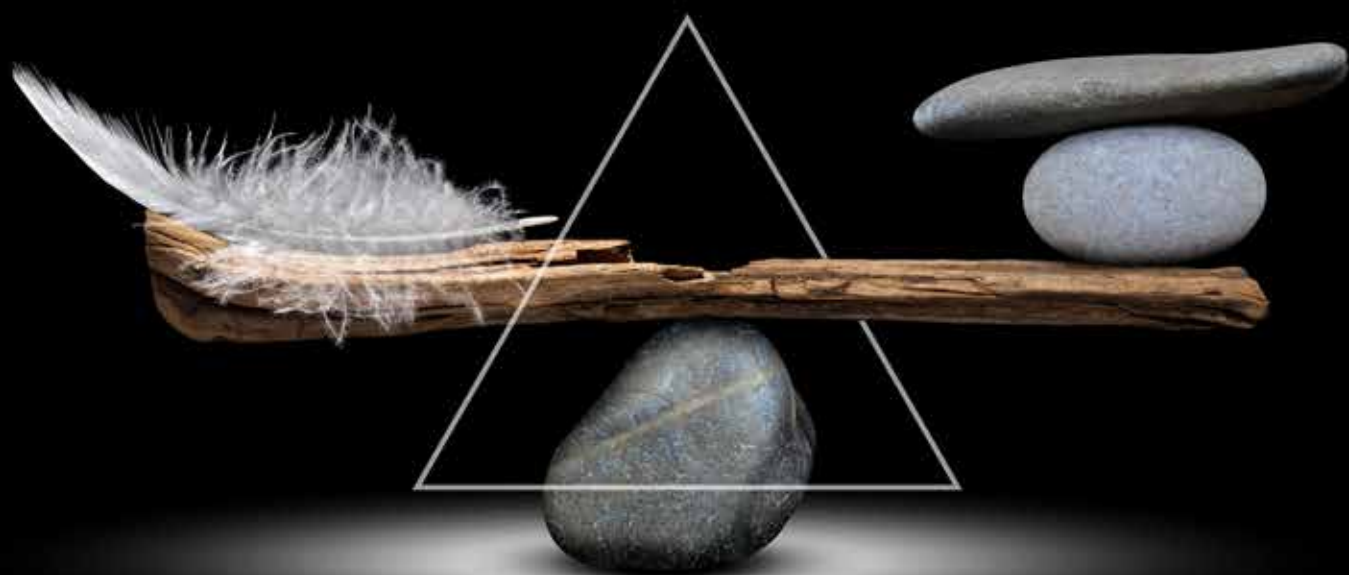
|        |   |           |           |
|--------|---|-----------|-----------|
| (iv)   | <b>D. Ice Factories</b>   |           |           |
|        | Sale Price  | 700.00    | 700.00    |
|        | Minimum Monthly Charges (Rs.)   | 4,200.07  | 4,200.07  |
| (v)    | <b>E. Industrial Consumers</b>  |           |           |
|        | Sale Price  | 600.00    | 600.00    |
|        | Minimum Monthly Charges (Rs.)   | 20,232.00 | 20,232.00 |
| (vi)   | <b>F. Captive Power</b>   |           |           |
|        | Sale Price  | 600.00    | 600.00    |
|        | Minimum Monthly Charges (Rs.)   | 20,232.00 | 20,232.00 |
| (vii)  | <b>G. CNG Stations</b>  |           |           |
|        | Sale Price  | 700.00    | 700.00    |
|        | Minimum Monthly Charges (Rs.)   | 23,604.00 | 23,604.00 |
| (viii) | <b>H. Cement Factories</b>  |           |           |
|        | Sale Price  | 750.00    | 750.00    |
|        | Minimum Monthly Charges (Rs.)   | 25,290.00 | 25,290.00 |
| (ix)   | <b>I. Fertilizer Factories</b>  |           |           |
| (1)    | <b>Pak American Fertilizer Limited, Daudkhel.</b>                               |           |           |
| (a)    | Feed Stock  | 123.41    | 123.00    |
| (b)    | Fuel  | 600.00    | 600.00    |
| (2)    | <b>Pak Arab Fertilizer Limited, Multan.</b>                                     |           |           |
| (a)    | Feed Stock  | 123.41    | 123.00    |
| (b)    | Fuel  | 600.00    | 600.00    |
| (3)    | <b>Dawood Hercules Chemicals Limited, Chichoki Malian, Sheikhpura District:</b> |           |           |
| (a)    | Feed Stock  | 123.41    | 123.00    |
| (b)    | Fuel  | 600.00    | 600.00    |
| (4)    | <b>Pak-China Fertilizer Limited / Hazara Phosphate Plant Limited, Haripur.</b>  |           |           |
| (a)    | Feed Stock  | 123.41    | 123.00    |
| (b)    | Fuel  | 600.00    | 600.00    |
| (5)    | <b>ENGRO Fertilizer Company Limited</b>   |           |           |
| (a)    | Feed Stock  | 72.73     | \$0.70    |
| (b)    | Fuel  | 600.00    | 600.00    |
| (6)    | <b>Fauji Fertilizer Bin Qasim Ltd.</b>  |           |           |
| i)     | Feed Stock Upto 60 MMcfd  | 123.41    | 123.00    |
| ii)    | Additional allocation (10 MMcfd) Provisional                                    | 70.61     | -         |
| iii)   | Fuel  | 600.00    | 600.00    |
| (7)    | <b>Hazara Phosphate Fertilizer Plant Ltd., Haripur</b>                          |           |           |
| i)     | Feed Stock  | 123.4     | 123.00    |
| ii)    | Fuel  | 600.00    | 600.00    |
| (x)    | <b>J. Power Stations</b>  |           |           |
| (a)    | <b>WAPDA/KESC</b>   |           |           |
|        | Sale Price  | 613.00    | 400.00    |
|        | Minimum Monthly Charges (Rs.)   | 20,670.36 | 13,488.00 |

|      |   |           |           |
|------|---|-----------|-----------|
| (b)  | <b>WAPDA's Natural Gas Turbine Power Station, Nishatabad, Faisalabad.</b> |           |           |
|      | Sale Price (All offtakes at flat rate)                                    | 613.00    | 400.00    |
|      | Fixed Monthly Charges (Rs.)   | 975,000   | 975,000   |
| (c)  | <b>Liberty Power Limited, Dharki.</b>                                     |           |           |
|      | Sale Price  | 713.89    | 443.58    |
|      | Minimum Monthly Charges (Rs.)   | 24,071.94 | 14,957.52 |
| (xi) | <b>K. Independent Power Producers</b>                                     |           |           |
|      | Sale Price (All offtakes at flat rate)                                    | 613.00    | 400.00    |
|      | Minimum Monthly Charges (Rs.)   | 20,670.36 | 13,488.00 |

## Appendix - IV

| Total RLNG Price without GST |                | 8.1638 |        | 8.8926 |        | 8.3323 |        | 9.0778 |        | 8.2996 |        | 9.0419 |        | 8.1625 |        | 8.8912 |        | 8.3443 |        | 9.0912 |        | 8.3990 |        | 9.1513 |        | 8.6787 |        | 9.4589 |        | 8.7605 |        | 9.5489 |        | 9.1162 |        | 9.9400 |        | 9.0038 |        | 9.8163 |        | 9.1168 |        | 9.9407 |        | 8.6961 |        | 9.4781 |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
|------------------------------|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| viii                         | Cost of supply | 0.8193 | 0.0250 | 0.8193 | 0.0250 | 0.8199 | 0.0250 | 0.8199 | 0.0250 | 0.8199 | 0.0250 | 0.8197 | 0.0250 | 0.8197 | 0.0250 | 0.8182 | 0.0250 | 0.8182 | 0.0250 | 0.8179 | 0.0250 | 0.8179 | 0.0250 | 0.8179 | 0.0250 | 0.8179 | 0.0250 | 0.8179 | 0.0250 | 0.8179 | 0.0250 | 0.8179 | 0.0250 | 0.8178 | 0.0250 | 0.8178 | 0.0250 | 0.8179 | 0.0250 | 0.8179 | 0.0250 | 0.8174 | 0.0250 | 0.8174 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 | 0.0250 | 0.8170 |





**A B B R E V I A T I O N S**  
**&**  
**A C R O N Y M S**



# Abbreviations and Acronyms

|              |   |
|--------------|---|
| <b>ACPL</b>  | Attock Cement Pakistan Ltd.                       |
| <b>AJK</b>   | Azad Jammu & Kashmir                              |
| <b>APTMA</b> | All Pakistan Textile Mills Association            |
| <b>ARL</b>   | Attock Refinery Ltd.                              |
| <b>BBL</b>   | Barrel  |
| <b>BBTU</b>  | Billion British Thermal Unit                      |
| <b>BCFD</b>  | Billion Cubic Feet per Day                        |
| <b>BP</b>    | British Petroleum                                 |
| <b>CCI</b>   | Council of Common Interest                        |
| <b>CMS</b>   | Consumer Meter Station                            |
| <b>CNG</b>   | Compressed Natural Gas                            |
| <b>CP</b>    | Contract Price                                    |
| <b>CPGCL</b> | Central Power Generation Company Ltd.             |
| <b>CPI</b>   | Consumer Price Index                              |
| <b>CRPR</b>  | Complaint Resolution Procedure Regulations        |
| <b>DERR</b>  | Determination of Estimated Revenue Requirement    |
| <b>DHA</b>   | Defence Housing Authority                         |
| <b>DHDS</b>  | Diesel Hydro De-Sulphurization                    |
| <b>DO</b>    | Designated Officer                                |
| <b>E-10</b>  | Ethanol Blended Gasoline                          |
| <b>ECC</b>   | Economic Coordination Committee                   |
| <b>ECPL</b>  | Engro Chemicals Pakistan Ltd.                     |
| <b>EETL</b>  | Engro Elengy Terminal Ltd.                        |
| <b>ERR</b>   | Estimated Revenue Requirement                     |
| <b>ETP</b>   | Elengy Terminal Pakistan Limited                  |
| <b>EVC</b>   | Electronic Volume Corrector                       |
| <b>FATA</b>  | Federally Administered Tribal Area                |
| <b>FBR</b>   | Federal Board of Revenue                          |
| <b>FFCL</b>  | Fauji Fertilizer Company Ltd.                     |
| <b>FG</b>    | Federal Government                                |
| <b>Fig</b>   | Figure  |
| <b>FOTCO</b> | Fauji Oil Terminal Company                        |
| <b>FPCDL</b> | Foundation Power Company Dharki Ltd               |
| <b>FRR</b>   | Final Revenue Requirement                         |
| <b>FSRU</b>  | Floating Storage and Re-gasification Unit         |
| <b>FY</b>    | Fiscal Year/Financial Year                        |
| <b>GDCL</b>  | Gaseous Distribution Company Limited              |
| <b>GoP</b>   | Government of Pakistan                            |
| <b>GSA</b>   | Gas Sale Agreement                                |
| <b>GSPA</b>  | Gas Sale Purchase Agreement                       |
| <b>HBA</b>   | House Building Allowance                          |
| <b>HDIP</b>  | Hydrocarbon Development Institute of Pakistan     |
| <b>HEC</b>   | Higher Education Commission                       |
| <b>HOBC</b>  | High Octane Blending Component                    |
| <b>HR</b>    | Human Resource                                    |
| <b>HSD</b>   | High Speed Diesel                                 |
| <b>ICMA</b>  | Institute of Cost and Management Accountants      |
| <b>IFEM</b>  | Inland Freight Equalization Margin                |
| <b>ILBP</b>  | Indus Left Bank Pipeline                          |
| <b>IPP</b>   | Independent Power Producers / Import Parity Price |
| <b>ISO</b>   | International Standards Organization              |

|                  |   |
|------------------|---|
| <b>IT</b>        | Information Technology                    |
| <b>JP</b>        | Jet Propellant (Aviation Fuel)            |
| <b>KERO</b>      | Kerosene Oil                              |
| <b>Km</b>        | Kilometre                                 |
| <b>KMI</b>       | Key Monitoring Indicators                 |
| <b>KP</b>        | Khyber Pakhtunkhwa                        |
| <b>LAN</b>       | Local Area Network                        |
| <b>LDO</b>       | Light Diesel Oil                          |
| <b>LMC</b>       | Lubricant Marketing Company               |
| <b>LNG</b>       | Liquefied Natural Gas                     |
| <b>LNGC</b>      | Liquefied Natural Gas Carrier             |
| <b>LPG</b>       | Liquefied Petroleum Gas                   |
| <b>LPS</b>       | Late Payment Surcharge                    |
| <b>LUMS</b>      | Lahore University of Management Sciences  |
| <b>MMBTU</b>     | Million British Thermal Unit              |
| <b>MMcfd</b>     | Million Cubic Feet per Day                |
| <b>MOE</b>       | Ministry of Energy                        |
| <b>MPCL</b>      | Mari Petroleum Company Limited            |
| <b>MP&amp;NR</b> | Ministry of Petroleum & Natural Resources |
| <b>MS</b>        | Motor Spirit                              |
| <b>MT</b>        | Metric Ton                                |
| <b>NFPA</b>      | National Fire Protection Association      |
| <b>NGLR</b>      | Natural Gas Licensing Rules               |
| <b>NGRA</b>      | Natural Gas Regulatory Authority          |
| <b>OCAC</b>      | Oil Companies Advisory Council            |
| <b>OGDCL</b>     | Oil and Gas Development Company Ltd.      |
| <b>OGRA</b>      | Oil and Gas Regulatory Authority          |
| <b>OMC</b>       | Oil Marketing Company                     |
| <b>PARCO</b>     | Pak-Arab Refinery Company                 |
| <b>PDC</b>       | Price Differential Claim                  |
| <b>PGPL</b>      | Pakistan Gas Port Ltd.                    |
| <b>PL</b>        | Petroleum Levy                            |
| <b>POL</b>       | Petroleum Oil Lubricant                   |
| <b>PPL</b>       | Pakistan Petroleum Ltd.                   |
| <b>PPRA</b>      | Public Procurement Regulatory Authority   |
| <b>PSO</b>       | Pakistan State Oil                        |
| <b>PSV</b>       | Public Service Vehicle                    |
| <b>QPL</b>       | Quetta Pipeline                           |
| <b>R&amp;D</b>   | Research & Development                    |
| <b>RLNG</b>      | Re-gasified Liquid Natural Gas            |
| <b>RON</b>       | Research Octane Number                    |
| <b>RR</b>        | Revenue Requirement                       |
| <b>Rs.</b>       | Rupees                                    |
| <b>SKO</b>       | Superior Kerosene Oil                     |
| <b>SNGPL</b>     | Sui Northern Gas Pipelines Ltd.           |
| <b>SRO</b>       | Statutory Regulatory Order                |
| <b>SSGCL</b>     | Sui Southern Gas Company Ltd.             |
| <b>T&amp;D</b>   | Transmission & Distribution               |
| <b>TA</b>        | Tripartite Agreement                      |
| <b>TBS</b>       | Town Border Station                       |
| <b>TPA</b>       | Third Party Access                        |
| <b>TPI</b>       | Third Party Inspector                     |
| <b>TRS</b>       | Town Regulating Station                   |

## ABBREVIATIONS & ACRONYMS

|              |  |
|--------------|--|
| <b>UET</b>   | University of Engineering & Technology             |
| <b>UFG</b>   | Unaccounted for Gas                                |
| <b>UK</b>    | United Kingdom                                     |
| <b>US\$</b>  | US Dollar  |
| <b>USA</b>   | United States of America                           |
| <b>USAID</b> | United States Agency for International Development |
| <b>WACOG</b> | Weighted Average Cost of Gas                       |



## OGRA Regional Offices

### **Regional Office Lahore**

27-Civic Centre, Barkat Market, New Garden Town, Lahore.  
Ph# 042-99230977, Fax# 042-99230976

### **Regional Office Karachi**

House No. 2, Dattari Villas, Bath Island, Karachi.  
Ph# 021-99332364, Fax# 042-99230976

### **Regional Office Quetta**

1st Floor, Fida Building Plot No. 10  
Panj Footi Main Samungli Road, Front, N.I.M, Quetta  
Ph# 081-9204429, Fax# 081-9204480

### **Regional Office Peshawar**

2nd Floor, Sarhad Chamber of Commerce & Industry Building,  
Hashtnagri, GT Road, Peshawar  
Ph# 091-9225327, Fax# 091-9212573



OGRA Employees with the Authority



## Oil & Gas Regulatory Authority

54-B, Fazal-e-Haq Road,  
Blue Area, Islamabad.  
PABX: +92 51 9244090-98,  
Fax: +92 51 9244310

[www.ogra.org.pk](http://www.ogra.org.pk)