

ANNUAL REPORT 2013-14



Oil & Gas Regulatory Authority

Mission Statement

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



Report on Conduct of OGRA Affairs



The Authority



Sabar Hussain
Vice Chairman/Member Oil

Saeed Ahmed Khan
Chairman

Aamir Naseem
Member Gas

Senior Executives



Senior Executive Director / Executive Directors

Sitting Left to Right :

Sarmad Aslam, Anwar Ali Sheikh, Noor-ul-Haq, Shahzad Iqbal, Muhammad Rizwan-ul-Haq

Joint Executive Directors

Satnding Left to Right :

**Abdul Rab Khan, Kamran Jamshed, Muhammad Murtaza Chuadhry,
Syed Anis Haider Hamdani, Malik Mazhar Makhdoom, Ehsan-ul-Haq Alvi**

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ACPL	Attock Cement Pakistan Limited
AIT	Abadan Institute of Technology
AJK	Azad Jammu & Kashmir
API	American Petroleum Institute
APL	Attock Petroleum Ltd
ARL	Attock Refinery Limited
BBL	Barrels
BBTU	Billion British Thermal Unit
BGFIP	Badin Gas Field Integration Project
BLS	Basic Life Support
BoD	Board of Directors
BOPL	Byco Oil Pakistan Limited
BTCPPL	Bakri Trading Company Pakistan Private Limited
BTU	British Thermal Unit
BTU/Scf	British Thermal Unit / Standard Cubic Feet
CIE	Chief Inspector Explosives
CNG	Compressed Natural Gas
CP	Contract Price
CPGCL	Central Power Generation Company Limited
CPI	Consumer Price Index
CPL	Chevron Pakistan Limited
CRPR	Complaint Resolution Procedure Regulations
DCO	District Coordination Officer
DERR	Determination of Estimated Revenue Requirement
DHDS	Diesel Hydro De-Sulphurization
DWP	Development Working Party
E-10	Ethanol Blended Gasoline
ECC	Economic Coordination Committee
ECNEC	Executive Committee of National Economic Council
ECPL	Engro Chemicals Pakistan Limited
ERR	Estimated Revenue Requirement
EVC	Electronic Volume Corrector
FATA	Federal Administered Tribal Areas
FFCL	Fauji Fertilizer Company Limited
FFM	Four Fertilizer Manufacturer
Fig	Figure
FOB	Free on Board/Freight on Board
FRR	Final Revenue Requirement

FY	Fiscal Year/Financial Year
GDS	Gas Development Surcharge
GIDC	Gas Infrastructure Development Cess
GoP	Government of Pakistan
GSA	Gas Sale Agreement
GSPA	Gas Sale Purchase Agreement
HDD	Horizontal Direction Drilling
HDIP	Hydrocarbon Development Institute of Pakistan
HOBC	High Octane Blending Component
HOCPL	Horizone Oil Company Private Limited
HPL	Hascol Private Limited
HR	Human Resource
HSD	High Speed Diesel
HSFO	High Sulphur Fuel Oil
IA	Implementation Agreement
IFEM	Inland Freight Equalization Margin
ILBP	Indus Left Bank Pipeline
IPP	Independent Power Producers / Import Parity Price
IRBP	Indus Right Bank Pipeline
IT	Information Technology
JIMCO	Joint Installation of Marketing Companies
JJVL	Jamshoro Joint Venture Limited
JP	Jet Propellant (Aviation Fuel)
KERO	Kerosene Oil
KESC	Karachi Electric Supply Company
Kg	Kilogram
Km	Kilometer
LAN	Local Area Network
LDO	Light Diesel Oil
LHC	Lahore High Court
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LPPL	LaGuardia Petroleum Private Limited
LPS	Late Payment Surcharge
MPCL	Mari Petroleum Company Limited
MMBTU	Million British Thermal Unit
MMcfd	Million Cubic Feet per Day

MMP	Meter Manufacturing Profit
MOGAS	Motor Gasoline
MoU	Memorandum of Understanding
MP&NR	Ministry of Petroleum & Natural Resources
MS	Motor Spirit
MT	Metric Ton
MW	Mega Watt
NFPA	National Fire Protection Association
NGEP	Natural Gas Efficiency Project
NGLR	Natural Gas Licensing Rules
NGRA	Natural Gas Regulatory Authority
NRL	National Refinery Limited
O&M	Operation & Maintenance
OGDCL	Oil and Gas Development Company Limited
OGRA	Oil and Gas Regulatory Authority
OMC	Oil Marketing Company
OOTPL	Overseas Oil Trading Private Limited
PARCO	Pak-Arab Refinery Company
PC-I	Planning Commission Form-I
PDC	Price Differential Claim
PEPCO	Pakistan Electric Power Company
PL	Petroleum Levy
POL	Petroleum Oil Lubricant / Pakistan Oil Field Limited
PPL	Pakistan Petroleum Ltd
PPPL	Petrosin Petroleum Private Limited
PRL	Pakistan Refinery Limited
PSO	Pakistan State Oil
QPL	Quetta Pipe Line
RCD	Regional Cooperation for Development
RERR	Review of Estimated Revenue Requirement
RLNG	Re-gasified Liquid Natural Gas
ROW	Right of Way
RR	Revenue Requirement
Rs.	Rupees
SCN	Show Cause Notice
SHC	Sindh High Court

SKO	Superior Kerosene Oil
SMS	Sales Meter Station
SKO	Superior Kerosene Oil
SMS	Sales Meter Station
SNGPL	Sui Northern Gas Pipelines Ltd
SOP	Standard Operating Procedures
SPL	Shell Pakistan Limited
SRO	Statutory Regulatory Order
SSGCL	Sui Southern Gas Company Ltd
TPI	Third Party Inspector
TPPL	Total Parco Pakistan Limited
UET	University of Engineering & Technology
UFG	Unaccounted for Gas
US\$	US Dollar
USA	United States of America
USSR	Union of Soviet Socialist Republics
WACOG	Weighted Average Cost of Gas
WAPDA	Water and Power Development Authority
WOP	White Oil Pipeline
ZQPL	Zarghun Quetta Pipeline

Chairman's Review



1. CHAIRMAN'S REVIEW

“Effective regulatory governance is an essential prerequisite to sustainable public service performance. Organizations that operate with integrity at all times will maintain the trust of their stakeholders.”

This has been another successful year for OGRA and I am proud of presenting the 12th Annual Report of OGRA's Performance for the year ended on June 30, 2014, in pursuance of Section 20 (1)(a) of the OGRA Ordinance, 2002.



During fiscal year 2013-14, OGRA has been quite successful in achieving its objectives to foster competition with increased private investment and ownership in the midstream and downstream petroleum industry and protect the public interest by providing effective and efficient regulations. The report highlights the important and considerable efforts of OGRA to implement the government's reform agenda in the oil and gas sectors.

OGRA remained fully engaged in determination of revenue requirements / prescribed prices of gas utilities and expeditious resolution of complaints. Activities carried out also include the grant of licences for construction of storages filling plants & production / extraction facilities of Liquefied Petroleum Gas (LPG), construction of LPG auto-refuelling stations, grant of permission to establish Oil Marketing Companies (OMCs), registration of lube oil blending/reclamation plants and lube oil importers, enforcement of ordinance, rules, regulations & licence conditions on the operations of licensees.

One of the main functions of the Authority is the determination of revenue requirements of natural gas utilities which are entitled to a minimum return of 17.5% in case of Sui Northern Gas Pipelines Ltd (SNGPL) and 17% in case of Sui Southern Gas Company Ltd (SSGCL) on their net operating fixed assets before tax and financial charges. The decisions were made after in-depth scrutiny of the capital and operating expenditure based on prudence, optimization, improved service to customers and safeguarding public interest. The Authority provided full opportunity to all stakeholders to express their viewpoint which were given due consideration before taking the decisions.

High Unaccounted for Gas (UFG) levels of SSGCL and SNGPL have been a major concern for the Authority as 1% UFG of both the companies at an average price of gas in FY 2013-14 translated to revenue loss of about Rs. 6.00 billion per year.

The Authority is very much concerned about the ever rising levels of UFG of the natural gas utilities. Currently, UFG levels are over 10% of both the gas utilities. 10% of UFG translates to gas loss of around 300 MMCFD. This is not only a loss of precious scarce natural resource but also huge

Financial burden on the utilities as well as consumers. UFG is controllable factor and can be checked by taking effective measures by the utilities. The Authority has always provided sufficient and required resources in determination of revenue requirement for UFG curtailing/controlling related expenditures. The steps taken by the utilities in controlling UFG have not produced desired outcome. The utilities will have to step up its efforts to bring down the UFG levels to internationally acceptable levels. SSGCL brought the Natural Gas Efficiency Project (NGEP) in Estimated Revenue Requirement of FY 2013-14 with the projected expenditure of Rs. 5.60 billion in FY 2013-14. The Authority in its Determination of Estimated Revenue Requirement 2013-14 has allowed Rs.3,262 million for NGEP being an ECNEC (Executive Committee of National Economic Council) approved project.

Similarly, SNGPL in its Estimated Revenue Requirement 2013-14 has projected capitalization of Rs. 1,197 million for UFG reduction project for the said year. The company has been allowed Rs. 792 million under the head of “Distribution Development” and Rs. 405 million under the head of “Measuring and Regulating Assets”. Expenditure under this head relates to UFG control activities which have been allowed with a view of gas scarcity and ever rising UFG. In view of aforementioned measures by SNGPL, the Authority has allowed capital addition of Rs. 1,197 million on account of UFG reduction project for the said year.

Another important aspect of OGRA's function is the redressal of consumers' complaints against the Oil & Gas Companies, Licensees of LPG and CNG. These complaints are dealt in accordance with the Complaint Resolution Procedure Regulations (CRPR), 2003. Expeditionary resolution of public complaints against the Oil, Gas, CNG and LPG companies, improving quality of service and compliance of performance and service standards by the licensees are Authority's priorities and there is growing satisfaction in the public about OGRA's system. A separate department for complaint redressal receives public complaints and processes the same to provide quick and effective relief to the consumers. During FY 2013-14, OGRA received 5126 complaints including 980 complaints carried forward from 2012-13 to 2013-14 and 4860 were resolved/disposed. On the intervention of OGRA, gas utility companies provided 909 gas connections and relief amounting to Rs. 112 million to consumers in gas billing.

OGRA granted approval of SSGCL/SNGPL's projects related to expansion in the transmission and distribution network with some deletions and disallowances where prudence of investments was not established in the light of design parameters or the assumptions on which the project was based. In addition, licences for sale and transmission of natural gas were granted to OGDCL and Engro Fertilizers Limited.

The regulatory functions of LPG were transferred from Ministry of Petroleum & Natural Resources (MP&NR) to OGRA on March 15, 2003 and since then OGRA has been regulating the sector in accordance with the OGRA Ordinance, 2002, LPG (Production & Distribution) Rules, 2001 and the policies of the Federal Government received from time to time. During FY 2013-14, four licences for operation of LPG and sixteen licences for construction of LPG storage and filling plants were issued. OGRA has also issued fifty five licences for construction of LPG auto-refuelling stations and one licence for Production of LPG/Extraction facility to MOL. During the year, an investment of Rs. 1.26 billion has been made in the LPG supply infrastructure whereas total investment in the sector till date, is about Rs. 18.5 billion.

The Federal Government enforced the provisions of sub-section (3) of Section 23; (a) and (b) of sub-section (3) of Section 44 of the OGRA Ordinance, 2002 with effect from March 15, 2006 empowering the Authority to regulate midstream and downstream oil sector in the country under the existing Pakistan Petroleum (Refining, Blending and Marketing) Rules, 1971.

During the year, OGRA granted the permission to three companies to establish Oil Marketing Companies (OMCs). Two (02) OMCs were granted permission for construction of new oil storages/depots in the country. Thirteen (13) applicants requested for registration of their Lube Oil Blending/Reclamation plants in accordance with Rule 16 of the Pakistan Petroleum (Refining, Blending and Marketing) Rules 1971. The Authority registered four (04) plants whereas rest of the applications are under process. In addition, OGRA has so far registered eighty five (85) lube oil importers out of which twenty five (25) were registered during FY 2013-14.

For effective regulation of Oil and Gas Sector in mid and downstream it is essential that an efficacious check and balance of licensed activities shall be maintained and for the purpose OGRA has dedicated Enforcement Department. Enforcement Department carries surprise inspections of randomly selected facilities ensuring supply of quality products at notified prices to consumers. Moreover, world's best known practices for safe operation are also ensured through surprise checks of licensed facilities. The progress of Enforcement Department for fiscal year 2013-14 was encouraging, overall 938 facilities were inspected and a fine of Rs. 30.51 million imposed after following due legal procedures as stipulated in applicable OGRA laws.

I would like to pay tribute to our employees, the most valuable resource of the organization, whose commitment and hard work during the last 12 years enabled us to pursue our objectives. Dedication and team work towards duty and focus to achieve set targets is cultivated in OGRA's work culture. Our people take their job assignments seriously and with passion to excel on all fronts, not just for their own career development but for the fulfilment of the organization's objectives. Employees of OGRA deserve appreciation for their exceptional spirit of cooperation and professionalism in discharge of their responsibilities that has helped the organization meet challenges with success.

While getting output from team I believe:

“What you get by achieving your goals is not as important as what you become by achieving your goals”. (Henry David Thoreau)

Corporate responsibility is critical to the future success and sustainability of our organisation. We also need to ensure that we are focusing our attention on the issues and areas that are most material to us, and that are most important to our stakeholders. In order to face the challenging conditions prevalent in Pakistan, especially in the Energy Sector, we need to put in our collaborated efforts for a prosperous sustainable future, both at organizational and national levels. Due to its relentless pursuit of quality and efficiency in the regulatory sphere, OGRA has earned a respectable repote of being an impartial and effective regulator.

As an organization, OGRA is committed to a strategy of creating value and growth, while contributing to the Energy Sector of Pakistan.

Today, as the Chairman OGRA, I am committed to preserving the original principles upon which the OGRA was established, and now succeeds. It is vital to have consistency between short-term organizational goals and actions and long-term strategy. For OGRA to excel, it needs to develop into a transparent body. Transparency is rewarding because it builds stronger motivation among the people working in and with OGRA.

Islamabad
December 26, 2014



(Saeed Ahmed Khan)
Chairman

Profile of the Authority



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 Chairman



Mr. Saeed Ahmad Khan

Mr. Saeed Ahmad Khan joined as Chairman OGRA on April 16, 2012. He is Masters in Public Administration from Rockefeller College of Public Affairs and Policy (SUNY-Albany), USA and also MS in Zoology from University of the Punjab. During his long career of 34 years, he served as Federal Secretary, Ministry of Information Technology, Ministry of Overseas Pakistanis, Statistics & Economic Division, Additional Secretary, Cabinet Division (Economic Committees/Regulatory Authorities), Additional Secretary, Ministry of Finance, Senior Member, Prime Minister Inspection Commission/Chief Coordinator, Federal Relief Commission, Executive Director, National Institute of Population Studies, Chairman Pakistan Telecommunication Company Limited (PTCL) Board, President Board of Directors of Cooperative Bank of Punjab, Chairman Pakistan Software Export Board (PSEB), Chairman Board of Directors of Telephone Industries of Pakistan (TIP), Chairman Telecom Foundation, Vice Chairman Universal Science Fund, Vice Chairman ICT R & D Fund, and Chairman Board of Directors of Virtual University. He has also held senior positions in Government of Punjab / Balochistan. He has attended a number of conferences / professional courses / seminars in Pakistan, India, Sri Lanka, Indonesia, Abu Dhabi, Bahrain, Philippines, France, Switzerland, Canada, USA, China, Russia and Turkey.

2.1.2 Vice Chairman / Member (Oil)



Mr. Sabar Hussain

Mr. Sabar Hussain joined OGRA as Member Oil on July 4, 2011 and afterwards assumed the charge of Acting Chairman/Vice Chairman on August 29, 2011. Subsequently he worked as Vice Chairman/Member Oil till July 3, 2014. He holds M.Sc. degree in petro-chemical engineering from Gubkin Institute of Oil and Gas, Moscow, USSR. He has served in the Ministry of Petroleum and Natural Resources, Government of Pakistan, for more than thirty years in various positions including upstream and downstream petroleum sector as well as new and renewable energy resources. He has attended various courses including petroleum-economics and management from USA, Canada and petroleum refineries-economics from Indonesia. He has also attended a number of national/international meetings, short-term courses on petroleum management, skills development and leadership in oil & gas sector, etc. He was on the Board of Directors of PARCO, Pirkoh Gas Company Limited, Pakistan Refinery Limited, Pakistan State Oil and Total-PARCO. He was actively involved in policy formulation, planning and implementation of various upstream and downstream oil sector projects.

2.1.3 Member (Gas)



Mr. Aamir Naseem

Mr. Aamir Naseem 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 in 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.

2.2 Powers and Functions

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

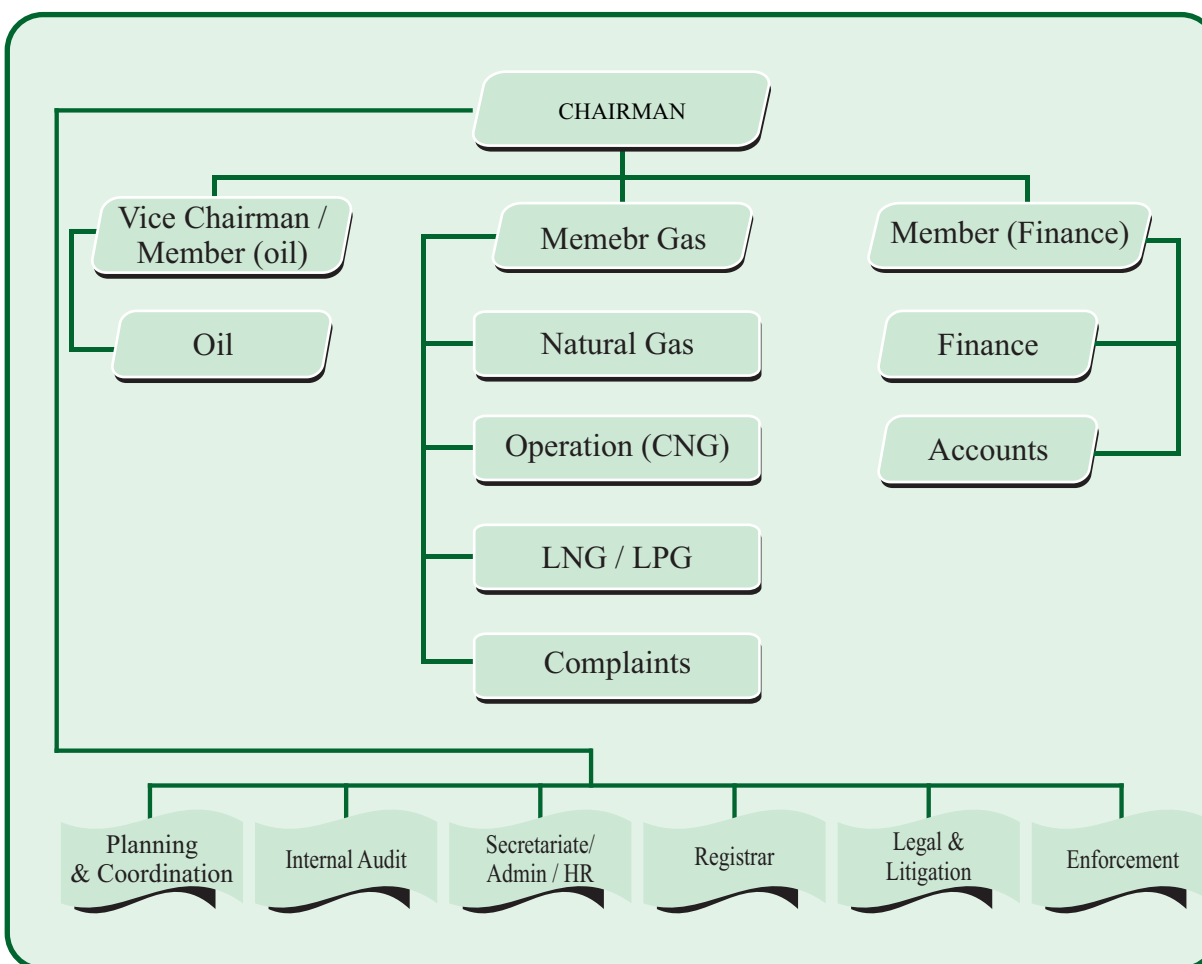
- Exclusive power to grant, amend or revoke licences for regulated activities and enforce compliance of licence conditions to promote efficiency, cost effectiveness, best practices, high safety and service standards etc. The regulated activities are:
 - ❖ **Natural Gas**
 - Construction or operation of pipelines or storage facilities or other installations.
 - Transmission
 - Distribution
 - Sale
 - ❖ **Oil**
 - Construction or operation of refinery, pipelines, storage facilities, blending facilities and installations.
 - Marketing and storage of refined oil products.
 - ❖ **Liquefied Petroleum Gas (LPG)**
 - Construction or operation of pipelines, production or processing facilities, storage facilities and installations.
 - Transporting, filling, marketing and distribution.
 - ❖ **Compressed Natural Gas (CNG)**
 - Construction or operation of installations including testing or storage facilities.
 - Transporting, filling, marketing and distribution.
 - ❖ **Liquefied Natural Gas (LNG)**
 - Construction or operation of production and processing facilities.
 - Construction or operation of installation including testing or storage facilities.
 - Transporting, filling, marketing and distribution.
- 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.
- Develop and enforce performance and service standards.
- Determine in consultation with the Federal Government and the licensees, a reasonable rate of return to the natural gas licensees.

- Prescribe procedures and standards for investment programmes of the gas utilities and oversee their capital expenditure to ensure prudence.
- Determine the revenue requirement of gas utilities covering the cost of gas, transmission and distribution cost and the prescribed return.
- 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

2.3 Organizational Structure

2.3.1 Organogram

The Authority is organized as reflected by **Fig. 2.1**.



2.3.2 The Human Capital

The Authority believes that quality of its human capital determines the quality of its performance. Hence, it attaches utmost importance to human resource management. OGRA's human resource strategy is focused at developing an organizational culture that puts its employees first. It is based on core values, encourages creativity and enhances professionalism. With this strategic focus the Authority works to achieve excellence in HR practices, based on progressive thinking on the subject.

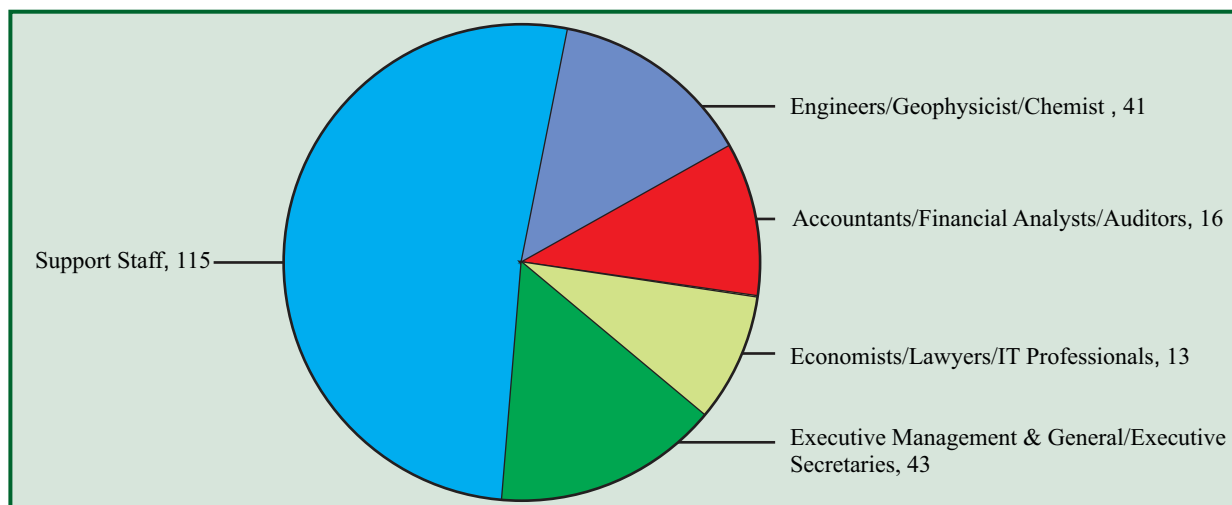
The OGRA's team of professionals believes in the following core values for achieving synergy between all its employees:

Values of HR Management at OGRA

- Positive Response to Change
- Continuous Improvement
- Open Communication
- Personal and Professional Development
- Team Productivity

OGRA is a lean organization with a fine blend of representation both from public and private sector. It has a flat structure where emphasis is on establishing an optimal work environment for obtaining sustained high work productivity, continuous improvement and organizational renewal. All departments of OGRA are in essence with dynamic teams of highly motivated experts. Discipline-wise break up of employees is given in **Fig. 2.2**.

Fig. 2.2: Employees Discipline-Wise



OGRA believes in attracting and retaining the best potential. The Authority proactively develops and maintains policies and procedures that allow the organization to recruit and retain high quality employees and develop them through continuous motivation, broad-based training and attractive rewards.

Appointments in OGRA are made on merit through a transparent and competitive process while observing provincial quotas. The employment of all employees is done strictly on “as required” basis on the terms and conditions stipulated in OGRA Service Regulations notified under the OGRA Ordinance.

The compensation policy and performance based rewards provide the required impetus for growth. The system establishes a strong link between the employees and the organization. The market based salaries and attractive terminal benefits provide great incentive to the employees. The synergy, so achieved promotes the culture of OGRA as a highly dynamic and professional body.

The employees are provided adequate opportunities to benefit from the experience of other regulators from different countries all over the world. Education, training and career development in OGRA play an important role in enhancing the professional competence of employees enabling them to effectively meet the new challenges.

OGRA believes in organizational excellence by developing and inspiring the true potential of its human capital and providing opportunities for their growth, well being and enrichment.

2.3.3 Capacity Building

Capacity building is a coordinated process of deliberate interventions to (i) upgrade skills (ii) improves procedures and (iii) strengthen organizations. It refers to the investment in people, institutions and practices that enable to achieve 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 OGRA 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' is key factor that separates good from the best. It therefore

encourages training & development of its employees in management as well as technical/regulatory matters not only to equip them with the latest skills & knowledge but also to expose them to the international best regulatory practices and techniques in energy sector.

In order to inculcate the requisite expertise, OGRA provides extensive training opportunities to its staff through its own funds. During the year under review, OGRA arranged 7 international level forum visits for its top management/officers to attend various conferences/seminars/meetings related to energy sector providing them an opportunity to share and learn requisite skills/experties. Two officers of OGRA completed their Degree Program of Master of Sciences in Energy Management during the reported period sponsored by OGRA to improve/enhance capacity building of its workforce. Apart from this OGRA extends the opportunity of local/foreign trainings to its employees from time to time for their capacity building and to achieve optimum results and productivity for the OGRA.

2.3.4 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' which has been designed using latest and secure web development tools. It is user friendly and being updated regularly. Anyone can access it and reach the OGRA Ordinance, Rules and Regulations, Decisions, Press releases, Oil price notifications, Gas & well-head pricing notifications, LPG price notifications & licences, 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 as 5.5 million hits were recorded during the reported year. It is favorite amongst consumers of petroleum & gas products, media and stakeholders.

OGRA desires to implement 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 is also going to launch online complaints registration very soon for an easy and rapid access by the complainants.

Process



3. PROCESS

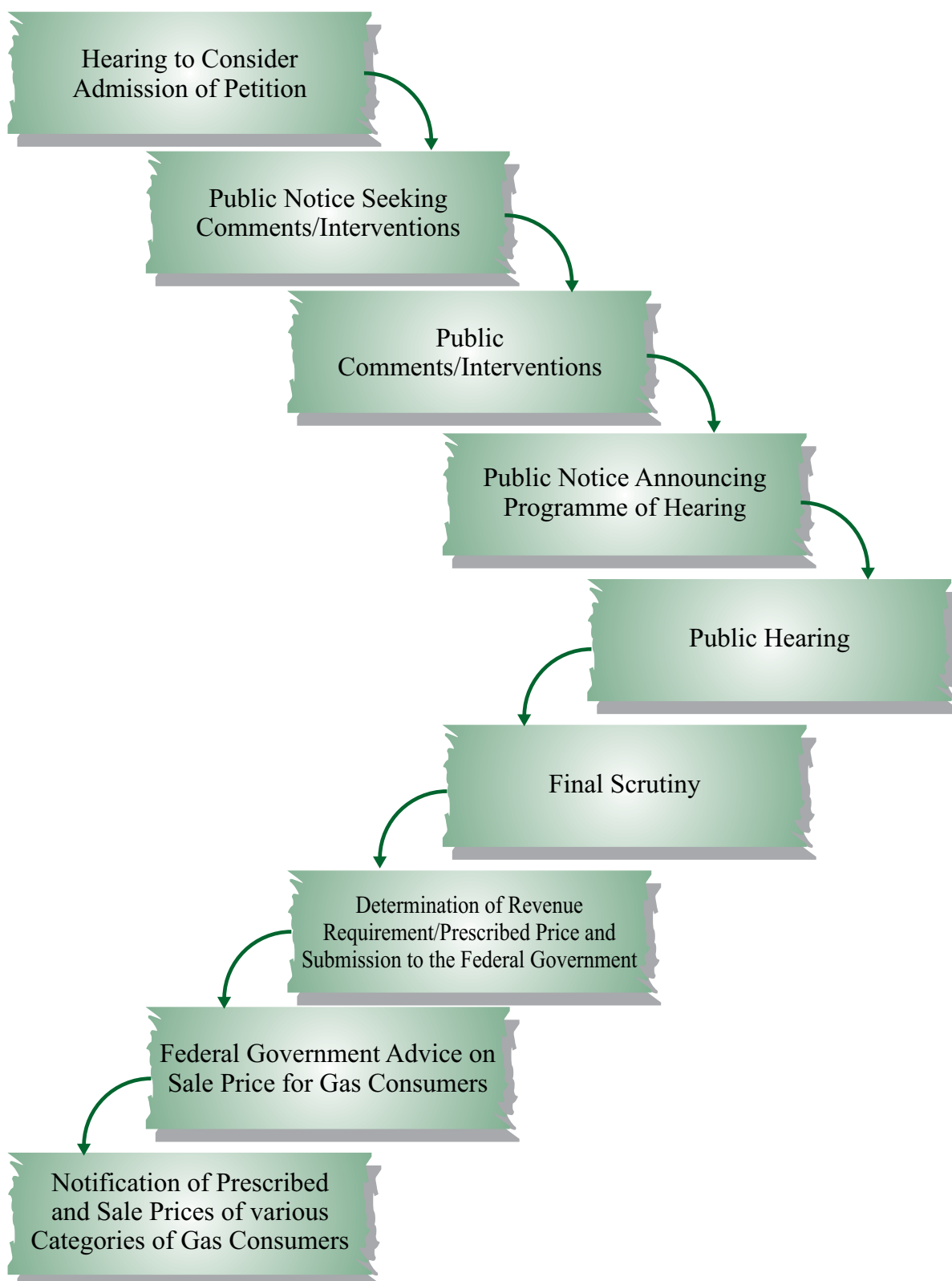
3.1 The Authority's Regulatory Decision Making Process

The regulatory framework is quasi-judicial for issuance of licences, 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 grant of licences for various types of regulated activities, and 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 of review during the year. In addition to natural gas, the Authority is empowered to grant licences 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 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, Fig. 3.1 shows the steps involved in determination of revenue requirement of a gas company from receipt of petition to notification of prescribed and sale prices.



Fig. 3.1: The Process of Determination of Revenue Requirement, Notification of Prescribed and Consumer Gas Prices



Performance



4. PERFORMANCE

4.1 Formulation of Rules & Regulations

The Oil and Gas Regulatory Authority (OGRA) was established by the Federal Government on March 28, 2002 in pursuance of the Oil and Gas Regulatory Authority 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. Rule and Regulations are fundamental instruments to achieve the above-mentioned objectives and OGRA's exclusive responsibilities under the OGRA Ordinance, 2002.

Drafting of rules and regulations, is one of the important function of the Authority. Performance regarding drafting of following rules is given as under:-

4.1.1 Rules Notified during 2013-14

Serial	Rules	Notification Date
(i)	Liquefied Petroleum Gas (Production and Distribution) Rules, 2001 (Amendment in Appendix V)	26-12-2013
(ii)	Liquefied Petroleum Gas (Production and Distribution) Rules, 2001 (Amendment in Rule 5, 9, Appendix II, III & V)	25-4-2014

4.1.2 Rules Drafted under Process with the Federal Government (2013-14)

Amendments in OGRA Ordinance, 2002 [Section 2, 3, 6, 8, 9, 25 & 43 (B)].

4.2 Natural Gas Sector

4.2.1 Licenses Issued

4.2.1.1 Exclusive Licence granted to Engro Fertilizers Limited to carry out regulated activity of Transmission of Natural Gas from Reti-Marú Gas Field to Engro Fertilizers Limited Complex (Fertilizer Plant) at Daharki

OGRA received a licence petition of Engro Fertilizers Limited under Section 23 of OGRA Ordinance, 2002 read with Rule 4 of NGRA (Licencing) Rules, 2002 on 15-08-2013 for grant of licence for construction and operation of 26 Km, 10 inch nominal dia transmission pipeline alongwith ancillary / connected facilities for the purpose of Transmission of 12 MMCFD of Natural Gas from Reti-Marú Gas Field to Engro Fertilizers Limited battery limits at Daharki exclusively for self use by the Licensee.

OGRA, after carrying out the necessary process, granted the Transmission Licence to Engro Fertilizers Limited on **13th June, 2014** w.e.f 15th August 2013 for a period of thirty (30) years or till the period of permanent arrangements as per ECC decision dated 18-12-2012 or till the expiry of the Gas Supply Agreement between OGDCL and the Licensee, whichever comes first or unless the Licence is revoked earlier under the provisions of the Ordinance and the Rules.

4.2.1.2 Licence granted to Oil and Gas Development Company Limited to carry out regulated activity of Sale of Natural Gas from Reti-Marú (Marú South) Gas Field to Engro Fertilizers Limited

OGRA received a licence petition of Oil and Gas Development Company Limited under Section 23 of OGRA Ordinance, 2002 read with Rule 4 of NGRA (Licencing) Rules, 2002 on 18-09-2013 for grant of licence to carry out regulated activity of Sale of Natural Gas from Reti-Marú (Marú South) Gas field to Engro Fertilizers Limited.

OGRA, after carrying out the necessary process, granted the Sale Licence to Oil and Gas Development Company Limited on **26th June, 2014** for a period of thirty [30] years or till the period permanent arrangement as per ECC decision dated 18-12-2012 will be in place/effective or till the expiry of the Gas Supply Agreement between Licensee and Engro Fertilizers Limited, whichever

comes first or unless the License is revoked earlier under the provisions of the Ordinance and the Rules.

4.2.1.3 Licence granted to Oil and Gas Development Company Limited to carry out regulated activity of Sale and Transmission of Natural Gas from UCH Gas Field to UCH-II Power (Pvt.) Limited

OGRA received a licence petition of Oil and Gas Development Company Limited under Section 23 of OGRA Ordinance, 2002 read with Rule 4 of NGRA (Licencing) Rules, 2002 on 17-10-2013 for grant of Licence to carry out regulated activity of Transmission and Sale of Natural Gas from UCH Gas field to UCH-II Power (Pvt.) Limited.

OGRA, after carrying out the necessary process, granted the Sale and Transmission Licence to Oil and Gas Development Company Limited on **26th June, 2014** for a period of thirty [30] years.

OGRA issued licences for transmission, distribution, sale and storage of natural gas and for construction of LNG import terminal as given in Appendix-II.

4.2.2 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.

According to the existing tariff regime, the revenue requirement consists of the following major components:

- (i) Cost of gas paid to the gas producers (approx. over 80% of prescribed price)
- (ii) Transmission and distribution cost including depreciation
- (iii) Prescribed return per Government's policy decision, 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 petitions for determination of Estimated Revenue Requirement (ERR) to the Authority for each financial year by December 01 of the preceding year in accordance with 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 initialed accounts.

The companies may also file motion for review against any decision of the Authority, within thirty days, under the relevant provisions of law.

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 four (04) petitions in respect of SNGPL and SSGCL during the financial year 2013-14.

SSGCL

- Review of ERR for FY 2013-14
- ERR for FY 2014-15

SNGPL

- Review of ERR for FY 2013-14
- ERR for FY 2014-15

The process of determination of revenue requirements is transparent and ensures effective participation of consumers and general public. This interaction process provides 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 shades of opinion, which it evaluates before reaching a decision.

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

4.2.2.1 Sui Southern Gas Company Limited

4.2.2.1.1 Review of Estimated Revenue Requirement (RERR) for FY 2013-14

The Authority determined the revised estimated revenue requirement (DERR) of SSGCL for FY 2013-14 at Rs. 181,394 million, in pursuance of SHC Stay Order granted in respect of DERR FY 2013-14 with regard to determination of UFG at 7% and treatment of operating incomes including LPS, MMP, Royalty from JJVL and income from sale of gas condensate as non-operating. In determination of RERR, changes in prices of crude & HSFO in the international market, devaluation of Pak rupee against US dollar and other relevant factors were also accounted for. **Table 4.1** shows comparison of SSGCL request in various components of estimated revenue requirement as below:



Table 4.1: OGRA's Determination of RERR of SSGCL for FY 2013-14

(Rs. in Million)

PARTICULARS	SSGCL Request	OGRA Determination	Difference
Sale Volume (BBTU)	350,075	350,075	—
Cost of Gas	144,564	141,945	(2,619)
Transmission & Distribution cost and Others	13,585	11,822	(1,763)
UFG Disallowance	(2,366)	(2,323)	43
Deprecation	5,117	4,954	(163)
Return on Net Operating Assest	12,021	11,823	(198)
Prior Years Adjustment	-	13,000	13,000
Additional Revenue Required for Air-Mix LPG Projects	278	172	(106)
Total Revenue Requirement	173,199	181,394	8,195
Total Revenue Available	158,756	159,065	309
Surplus/ (Shortage)	(14,443)	(22,329)	(7,886)
Average Prescribed Price (Rs./ MMBTU)	476.10	498.62	22.52

4.2.2.1.2 Estimated Revenue Requirement (ERR) of SSGCL for FY 2014-15

The Authority determined the estimated revenue requirement of SSGCL for FY 2014-15 at Rs. 191,068 million against Rs. 200,383 million demanded by the petitioner. **Table 4.2** summarizes the OGRA's determination in comparison to SSGCL request in various components of revenue requirement.

Table 4.2: OGRA's Determination of ERR of SSGCL for FY 2014-15

(Rs. in Million)

PARTICULARS	SSGCL Request	OGRA Determination	Difference
Sales Volume (BBTU)	361,419	361,419	—
Cost of gas	164,075	143,283	(20,792)
Transmission & Distribution cost and Others	16,279	13,428	(2,851)
UFG Disallowance	—	(6,403)	(6,403)
Depreciation	5,964	5,371	(593)
Return on Net Operating Assets	13,463	12,460	(1,003)
Additional Revenue Required for Air-Mix LPG Projects	601	601	—
Previous Year Shortfall	—	22,328	22,328
Total Revenue Requirement	200,383	191,069	(9,314)
Total Revenue Available	161,280	182,794	21,514
Surplus/ (Shortage)	(39,103)	(8,275)	30,828
Average Prescribed Price (Rs./ MMBTU)	538.73	469.03	(69.69)

SSGCL challenged the Authority's decision of DERR FY 2014-15 in SHC and prayed that it may be allowed the same treatment with respect to UFG benchmark and operating revenues such as MMP, LPS, Royalty from JJVL and Sale of Gas Condensate as provided in FRR FY 2009-10.

The SHC has granted interim relief to SSGCL in DERR FY 2014-15 by relaxing UFG benchmark to 7% and treating afore mentioned operating revenues as non-operating. The said SHC decision was implemented by the Authority and additional revenue of Rs. 10,656 million was provided to SSGCL through increase in prescribed prices. The revised revenue requirement in light of SHC Order is tabulated below in **Table 4.3**.

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Table 4.3: OGRA's Determination of DERR per Court Orders

(Rs. in Million)

PARTICULARS	OGRA Determination	As per Court Order	Difference
Sales Volume (BBTU)	361,419	361,419	—
Cost of gas	143,283	143,283	—
Transmission & Distribution cost and Others	13,428	13,428	—
UFG Disallowance	(6,403)	(2,906)	3,497
Depreciation	5,371	5,371	—
Return on Net Operating Assets	12,460	12,389	(71)
Additional Revenue Required for Air-Mix LPG Projects	601	601	—
Previous Year Shortfall	22,328	22,328	—
Total Revenue Requirement	191,068	194,494	3,426
Total Revenue Available	182,794	175,564	(7,230)
Surplus/ (Shortage)	(8,274)	(18,930)	(10,656)
Average Prescribed Price (Rs./ MMBTU)	469.03	498.52	29.48



Public Hearing for Determination of SNGPL's DERR at Lahore

4.2.2.2. Sui Northern Gas Pipeline Limited

4.2.2.2.1 Review of Estimated Revenue Requirement (RERR) for FY 2013-14

The Authority determined the revised estimated revenue requirement of SNGPL for FY 2013-14 at Rs. 251,943 million. The revised estimates are based on the changes in prices of crude & HSFO in the international market and devaluation of Pak rupee against US dollar and some other components of revenue requirement. **Table 4.4** shows comparison of SNGPL request in various components of estimated revenue requirement as below:

Table 4.4: OGRA's Determination of RERR of SNGPL for FY 2013-14

(Rs. in Million)

PARTICULARS	SNGPL Request	OGRA Determination	Difference
Sales Volume (BBTU)	551,933	551,933	-
Cost of gas	226,712	222,478	(4,234)
Transmission & Distribution cost and Others	22,865	16,432	(6,433)
UFG Disallowance	(6,785)	(12,212)	(5,427)
Depreciation	14,544	13,155	(1,389)
Return on Net Operating Assets	15,524	12,090	(3,434)
Total Revenue Requirement	272,860	251,943	(20,917)
Total Revenue Available	221,408	224,006	2,598
Surplus/ (Shortage)	(51,452)	(27,937)	23,515
Average Prescribed Price (Rs./ MMBTU)	486.24	443.63	(42.60)

4.2.2.2.2 Estimated Revenue Requirement of SNGPL for FY 2014-15

OGRA determined ERR of SNGPL at Rs. 244,432 million against the request of Rs. 286,685 million for FY 2014-15. **Table 4.5** summarizes the OGRA's determination in comparison to SNGPL request in various components of revenue requirement.

Table 4.5: OGRA's Determination of ERR of SNGPL FY 2014-15

(Rs. in Million)

PARTICULARS	SNGPL Request	OGRA Determination	Difference
Sales Volume (BBTU)	509,103	509,103	-
Cost of gas	224,301	195,929	(28,372)
Transmission & Distribution cost and Others	24,405	18,765	(5,640)
UFG Disallowance	-	(10,871)	(10,871)
Depreciation	17,828	17,553	(275)
Return on Net Operating Assets	20,151	12,935	(7,216)
Previous Year Shortfall	-	10,121	10,121
Total Revenue Requirement	286,685	244,432	(42,253)
Total Revenue Available	195,273	214,757	19,484
Surplus/ (Shortage)	(91,412)	(29,675)	61,737
Average Prescribed Price (Rs./ MMBTU)	554.64	464.94	(89.70)

4.2.3 Historical Analysis

4.2.3.1 Summary of Revenue Requirements

The determinations of the Authority are based on the principle of allowing only prudent and justified operating & capital expenditure and with a view to increase operational efficiency combined with better quality service to consumers. These measures have resulted in actual cost reduction of about Rs. 74,071 million during FY 2010-11 to FY 2014-15, benefit of which has been passed on to the consumers and Government. Summarized position of revenue requirement demanded versus allowed in respect of both the gas utilities is tabulated below:

Table 4.6: Summary of Cost Reductions Benefiting Consumers

(Rs. in Million)

	2010-11		2011-12		2012-13*		2013-14*		2014-15*	
	SNGPL	SSGCL	SNGPL	SSGCL	SNGPL	SSGCL	SNGPL	SSGCL	SNGPL	SSGCL
Demanded	26,944	17,750	32,790	19,854	33,015	22,441	46,148	28,358	62,384	35,707
Allowed	21,865	15,691	26,333	16,766	24,061	24,199	29,465	26,276	38,382	28,282
SNGPL	—	5,079	—	6,457	—	8,954	—	16,683	—	24,002
SSGCL	—	2,059	—	3,088	—	(1,758)	—	2,082	—	7,425
Total Savings	—	7,138	—	9,545	—	7,196	—	18,765	—	31,427
Grand Total	74,071									

*Estimates

Table 4.7 and **Table 4.8** show behavior of SSGCL & SNGPL's cost items per MMBTU and other major elements of the revenue requirements.

Table 4.7: Summary of Revenue Requirement Historical Comparison SSGCL

(Rs. / MMBTU)

PARTICULARS	2010-11 Actual	2011-12 Actual	2012-13* Estimates	2013-14* Estimates	2014-15* Estimates
Volume (BBTU)	340,331	343,761	368,972	350,075	361,419
Cost of gas	302.63	342.93	368.84	405.47	396.45
T&D cost and depreciation	28.19	28.76	31.86	41.29	43.97
Return on assets	17.91	20.01	28.31	33.77	34.28
Other income	(12.21)	(10.90)	(12.05)	(19.54)	(39.62)
Additional RR for LPG Air Mix	0.29	0.73	0.49	0.49	1.66
Shortfall of Previous Year	-	-	5.42	37.13	61.78
Average Prescribed Price (Rs/MMBTU)	336.82	381.53	422.87	498.62	498.52

*Per court order.

Table 4.8: Summary of Revenue Requirement Historical Comparison SNGPL

(Rs. / MMBTU)

PARTICULARS	2010-11 Actual	2011-12 Actual	2012-13 Estimates	2013-14 Estimates	2014-15 Estimates
Volume (BBTU)	547,502	558,175	587,893	551,933	509,103
Cost of gas	311.41	347.84	372.79	403.09	384.85
T&D cost and depreciation	21.98	28.27	21.97	31.48	49.98
Return on assets	17.96	18.91	18.96	21.90	25.41
Other income	(7.72)	(6.87)	(10.82)	(12.84)	(15.19)
Shortfall of Previous Years	-	-	-	-	19.88
Average Prescribed Price (Rs/MMBTU)	343.63	388.15	402.89	443.63	464.94

4.2.4 Efficiency Bench Mark

4.2.4.1 Unaccounted for Gas (UFG)/ Benchmark

UFG means the difference between the total volume of gas purchased by the licensee during a financial year and volume of metered gas supplied to its consumers excluding metered gas used for licensee's self consumption.

High UFG levels of both the gas utility companies have been a major area of concern for the simple reason that this is waste of gas, which is avoidable to a great extent. It is pertinent to mention that one percent UFG of the two gas utilities at an average price of gas in FY 2013-14 translated to revenue loss of Rs. 6.0 billion per year. This loss reflects gas companies' performance and adds to the cost of gas for the consumers.

Ever since its inception, OGRA has taken effective measures to bring down the high UFG levels of the two gas utilities, most importantly the enforcement of UFG benchmark. In the light of the research covering prevalent international standards/practices and also the ground realities and operational constraints in the country and in consultation with both the utilities OGRA started setting benchmark from FY 2003-04. Later, the utilities have been given targets to reduce UFG levels to 4% by the FY 2011-12. The Authority set the target of 4.50% for FY 2012-13 and FY 2013-14. UFG benchmarks have resulted in saving of Rs. 65,284 million to the consumers during FY 2010-11 to FY 2014-15. The details of savings by both the gas utilities are given in **Table 4.9**.

Table 4.9: Savings on Account of UFG

(Rs. in Million)

Company	2010-11	2011-12	2012-13**	2013-14**	2014-15**	Total
SNGPL	7,178*	6,269*	14,221	12,212	10,871	50,751
SSGCL	2,470*	4,469*	2,365*	2,323*	2,906*	14,533
Total Savings	9,648	10,738	16,586	14,535	13,777	65,284

* Based on 7% as per LHC and SHC Stay Orders

**Estimates

In order to ascertain authenticity of UFG levels reported by the licensees, the Authority carries out UFG audit through independent auditors.

4.2.4.2 Human Resource Cost Benchmark

The Authority had also introduced Human Resource (HR) cost benchmark which operates on systematic basis taking into account the inflationary trend and the operating activities contributive to increase in manpower. This benchmark provides reasonable additional funds on the basis of activities undertaken each year which protects the consumer interests as well as motivates the gas companies to meet their legitimate costs. The existing benchmark is effective since FY 2011-12 which shall expire in FY 2014-15.

4.2.5 Determinations and Notification of Well-Head Gas Prices

Section 6(2) (w) of OGRA Ordinance, 2002 read with the Natural Gas (Well-head Price) Regulations, 2009 empowers the Authority to determine the well-head gas prices for the producers of natural gas in accordance with the relevant agreements or contracts, and notify the same in the official gazette. The Authority accordingly issued **85** well-head gas price notifications during FY 2013-14 for **44** gas fields (**Appendix III**).

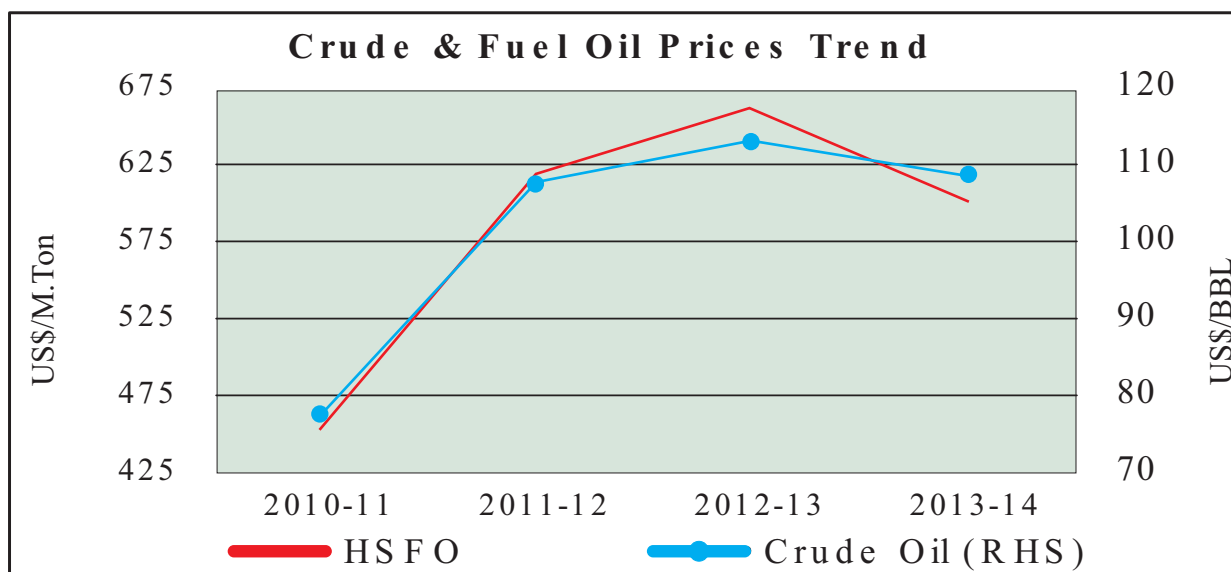
4.2.6 Weighted Average Cost of Gas (WACOG)

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/fuel oil. The price of crude/fuel oil in international market had witnessed a rising trend up to FY 2012-13. In FY 2013-14 this rising trend has been reversed and the prices were declined slightly. Over supply and suppressed demand due to slow down in the economic growth of major economies have resulted in decline in crude and fuel oil prices by 5% and 57% respectively during the year as compared to last year as evident from **Table 4.10**. The trend in FOB prices of crude and fuel oil in international market over the last few years is shown in **Fig 4.1**. Consequently, cost of gas of the gas utilities have also been declined during this time period.

Table 4.10: Basket of Crude & Furnace Oil imported into Pakistan

Description	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Average Crude Oil Price (\$/BBL)	59.53	77.23	107.79	112.95	108.32
Increase / (Decrease) in Crude Oil Price (\$/ BBL)	—	17.70	30.56	5.16	(4.64)
Average HSFO Price (\$/M.Ton)	338.93	453.44	620.56	660.33	604.04
Increase / (Decrease) in HSFO Price (\$/ M.Ton)	—	114.51	167.12	39.77	(56.29)

Figure 4.1



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 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 2013-14, OGRA estimated the WACOG at the beginning of the year at Rs. 345.27 per MMBTU as

against the Rs. 362.09 per MMBTU for FY 2012-13, owing to decline in prices of crude oil and HSFO in the international market.

4.2.7 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 issued 2 notifications of prescribed prices for both the gas utilities i.e. SNGPL and SSGCL.

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. However, GoP advised two sale prices for various categories of consumer for notification in the official gazette. The category-wise breakup is placed at **Appendix IV**.

4.2.8 Compressed Natural Gas (CNG)

OGRA is obligated to determine and notify the CNG consumer price under Rule 13 of CNG (Production & Marketing), Rules, 1992 which inter-alia provides as under;

“The Authority shall determine and notify the sale price in accordance with the policy guidelines issued by the Federal Govt., from time to time”.

In December 2012, Federal Government issued policy guidelines, approved by the ECC of the Cabinet, which inter-alia provides the following:

The sale price of CNG shall be determined / fixed on the basis of following components:-

- a. Cost of Gas as selling price +
- b. Value Added cost for compression/Electricity cost +
- c. Operating Expense for CNG Station owner +
- d. Margin for CNG station owner (Equal to margin allowed on one liter of Petrol as determined/notified by the Government from time to time) +
- e. GIDC (Gas Infrastructure Development Cess at rates notified by MP&NR) +
- f. Sales Tax (applicable under the law)
- g. Maximum CNG sale price to consumers

Accordingly, OGRA notifies the maximum sale price of CNG from time to time. The maximum sale price notified by OGRA during FY 2013-14 is given in **Table 4.11** below.

Table 4.11: Maximum Sale Price of CNG

(Rupees per Kg)

Price Effective	Region I	Region II
	Khyber Pakhtunkhwa, Baluchistan & Potohar Region (Rawalpindi, Islamabad & Gujarkhan) @ 1040BTU	Sindh & Punjab (Excluding Potohar Region) @ 950BTU
01.07.2013	75.48	66.75
17.12.2013	74.25	66.14

4.3 Oil Pricing

Oil and Gas Regulatory Authority (OGRA) was mandated by the Federal Government vide Cabinet's decision No. 41/03/2006, dated March 02, 2006, to fix prices of petroleum products w.e.f. April 01, 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 Oil and Gas Regulatory Authority Ordinance 2002.

However, the Federal Government w.e.f June 1st, 2011 has deregulated the prices of petroleum products of MS, HOBC, LDO, JP1, JP4 & JP8. As a result, refineries and OMCs fix and announce their ex-refinery prices and ex-depot prices of MS, HOBC, LDO, JP1, JP4 & JP8. Furthermore, Federal Government deregulated ex-refinery price of HSD with effect from September 17, 2012 in pursuance of ECC decision of September 04, 2012.

4.3.1 OGRA Role Under Deregulation

- OGRA only computes & notifies ex-refinery price of SKO including ex-depot Prices of SKO & E-10.
- OGRA will continue to compute & notify Inland Freight Equalization Margin (IFEM) for all products.
- Monitoring the pricing of petroleum products under the deregulated scenario.
- OGRA submits 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.

4.3.2 ECC Approved Pricing Parameters

ECC approved pricing parameters, as amended from time to time, are as follows:

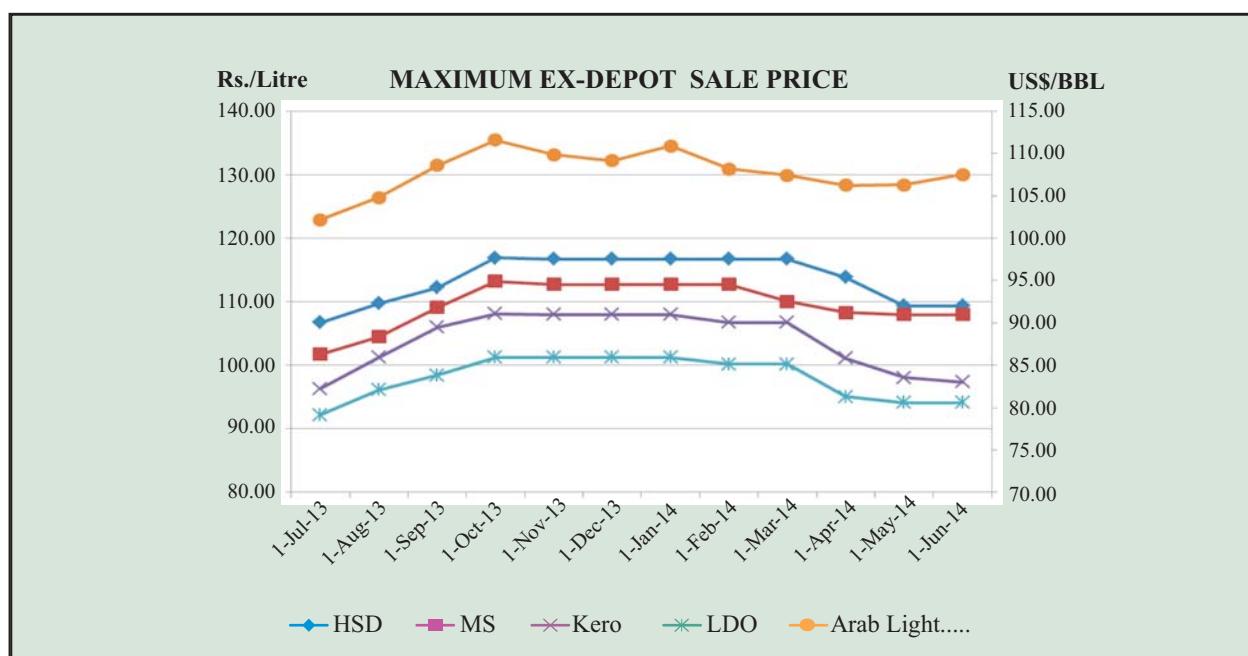
- Ex-Refinery price of POL products (HOBC, LDO, JP1, JP4 & JP8) cannot be more than the PSO average actual import prices of the previous month excluding PSO import incidentals. In case of ex-refinery price of HSD & MS, PSO actual import cost less ocean losses is to be adopted.
- For imported products, PSO is allowed to include actual incidentals in the calculation of import price.
- In case of non availability of PSO import prices, the refineries will fix their ex-refinery price as per existing Import Parity Pricing formula.

4.3.3 Ex-Refinery/Ex-depot Formula

- 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.
- General Sales Tax @ 17% of depot price on the amount including all above elements.

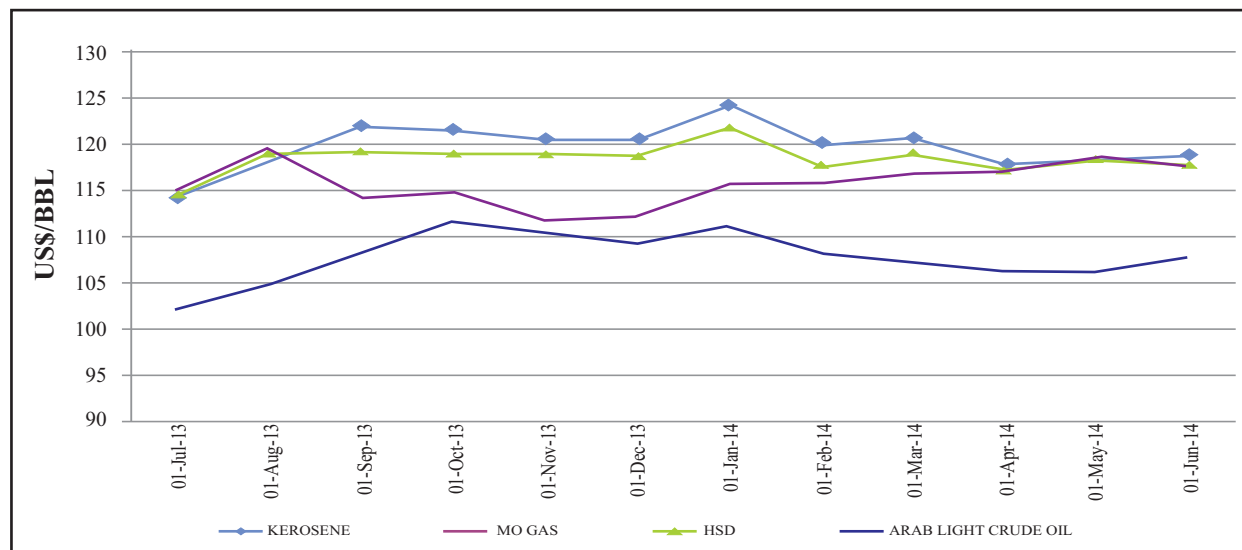
The comparative price trend of ex-depot sale prices of petroleum products notified by OGRA with Arab Light Crude Oil during FY 2013-14 is shown in Fig 4.2

Fig 4.2: Max. Ex-Depot Sale Price of Petroleum Products (2013-14)



International petroleum prices showed mix trend during FY 2013-14. A graphical representation of changes in Arab Gulf petroleum products prices is given below (Fig 4.3).

Fig 4.3: Arab Gulf FOB POL prices trend (2013-14)



4.3.4 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 from September 01, 2008.

IFEM mechanism is used to equalize prices of HSD, LDO, MS, SKO at 22 depots. 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 is also picked up through IFEM mechanism to provide relief to the consumers of those areas.

Federal Government in pursuance of ECC decision of August 07, 2012, removed HOBC from IFEM w.e.f September 24, 2012. As a result the price of HOBC varies across depots.

4.3.5 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 mechanism is used to equalize prices of HSD, LDO, MS and SKO at 22 depots spread throughout the country despite disparity in transportation costs. IFEM's components are listed below:

- Actual transportation cost on the movement of petroleum products to 22 storage depots, spread throughout Pakistan, as per movement plan of Oil Marketing Companies.
- Federal Government has allowed recovery of various PARCO claims through IFEM mechanism including:
 - i. Crude transportation
 - ii. Price Differential Claim (PDC) backlog
 - iii. PDC on SKO
 - iv. PDC on Diesel Hydro De-Sulphurization (DHDS)
- ARL is allowed to recover its southern crude transportation cost differential including Adhi and Dhurnal fields in the north from the IFEM.
- Further, IFEM includes recovery of extra margin of OMCs, and HSD price differential from refineries resulting in reduction of overall IFEM thereby benefitting consumers.

The following **Table 4.12** shows IFEM effective during the period under consideration.

Table 4.12

Inland Freight Equalization Margin				Rs./liter
Effective Period	MOGAS	KERO	LDO	HSD
July 1, 2013	3.14	2.44	2.70	1.88
August 1, 2013	3.14	2.44	2.70	1.88
September 1, 2013	3.31	2.71	2.53	1.99
October 1, 2013	3.44	2.73	3.17	1.97
November 1, 2013	3.55	3.28	2.99	2.04
December 1, 2013	3.83	3.36	3.04	2.14
January 1, 2014	3.74	2.21	3.08	2.15
February 1, 2014	3.66	2.54	2.98	1.56
March 1, 2014	3.60	2.76	2.84	1.51
April 1, 2014	3.54	2.90	2.57	1.69
May 1, 2014	3.59	2.36	3.01	1.70
June 1, 2014	3.50	1.48	3.04	1.78

4.4 Major Projects of SNGPL and SSGCL

Gas companies, under the provisions of rules and terms and conditions of their licences, obtain prior permission of the Authority for undertaking extension in their Transmission and Distribution networks to cater demand of different sectors including Domestic, Commercial and Industrial sectors. Based on the same new projects for the transmission and distribution of natural gas are envisaged by the 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 F.Y 2013-14 is as follows:-

4.4.1 Sui Northern Gas Pipelines Limited

a) Transmission Projects

Following major transmission projects of SNGPL were considered during FY: 2013-14:-

Phase-I of construction of Pipeline Infrastructure (42" dia and 109.3 Km long) for upcoming LNG Imports, Iran Gas & anticipated indigenous gas supplies.

SNGPL projected Rs. 18,543 million on account of above addition in transmission network during the said year.

The Authority observed that it has always supported the SNGPL's initiatives to undertake capital intensive transmission projects which are aimed to increase the gas supplies in the network and to overcome the energy crisis which is increasing day by day. In view of the above, the Authority determined total expenditure on account of LNG project at Rs. 14,157 million for the said year subject to the firm allocation of RLNG by the GOP. Furthermore, the Authority allowed Rs. 517 million under the head of compression for the said year.

b) Distribution Projects

The Authority in SNGPL's DERR 2014-15 approved an amount of Rs.1,379 million, the details of which are given in the following **Table 4.13**.

Table 4.13: SNGPL's DERR 2014-15

(Rs. in million)

S.No.	Description	Amount Projected by SNGPL	Amount Allowed by OGRA
1	Laying of Distribution Mains	7,773	870
2.	Laying of Distribution Mains at cost sharing basis	352	0
3	Distribution System Rehabilitations	293	293
4.	Cathodic Protection (C.P.) System	338	216
5.	G.I. Pipes & Fitting for new connection and rectifications of old CMS	160	0
	Total	8,916	1,379

The Authority observes that gas supply situation is reflecting very bleak situation whereby gap between demand and supply is widening day by day. Resultantly, each and every segment of the society is facing severe gas load shedding. Furthermore, extension of gas network even at the cost of consumer contribution is neither viable nor justified. The Authority therefore disallowed the expenditures claimed under the head of laying of Distribution Mains even at cost sharing basis. In this plight when gas is not available even for the existing consumers, the Authority, in DERR: 2013-14, pended all new development schemes till the receipt of policy guideline from the Federal Government. The decision was taken in light of MP&NR's moratorium dated 4th October, 2011.

4.4.2 Sui Southern Gas Company Limited

a) Transmission Projects

SSGCL has projected an amount of Rs. 3,877 million in its ERR of 2014-15, on account of additions to transmission network. The details of amount projected by SSGCL and determined by OGRA are given in **Table 4.14**.

Table 4.14: Amount projected by SSGCL and determined by OGRA

S. No.	PROJECT DESCRIPTION	(Rs. Million)	
		The Petition	Determined by the OGRA
1	8" dia x 85 Km pipeline from Jhal Magsi to Shori	1,370	0
2	6" x 14 KM Nur/ Bagla gas field	64	64
3	16" dia x 9 KMs Re-Route of Kotri Barrage	32	32
4	16" dia ILBP Rehabilitation & Intelligent Pigging	131	0
5	12" dia x 344 Km QPL Rehabilitation and Intelligent Pigging	167	0
6	Construction of Sub-merge crossings	80	80
7	Up-gradation of Sales Meter Stations	180	90
8	18" dia Badin Gas Field Integration Project (BGFIP) Intelligent Pigging	5	0
9	24" dia x 33 Km Tando Adam Masu loopline project	1,630	1,630
10	Up-gradation and re-location of regulation on 18" & 20" IRBP at ACPL	100	0
	Total	3,759	1,896

The details of transmission projects of SSGC, pending by the Authority, are given as under:

- i) The Authority decided to pend the amount for the project of 8" dia x 85 Km pipeline from Jhal Magsi to Shori in DERR 2014-15 due to law and order situation in the province. However, keeping in view the importance of the project for Baluchistan, the Authority approved the project in principal, i.e. if manageable; SSGC is allowed to execute the project. The actual amount capitalized in this regard shall be reconsidered by the Authority in the mid-year review/FRR if any progress is made in this regard by SSGC.
- ii) In DERR 2011-12, the Intelligent Pigging from Sui (MP-00) to HQ-2 (MP-168) along-with the portion of ILBP was scheduled to be completed during FY 2011-12 with estimated capitalization of Rs. 78 million. However, SSGC could not capitalize the said amount. The Authority, in its Determination for ERR 2012-13, approved Rs. 131 Million, for said pigging. SSGC did not capitalize any amount in the said head. Keeping in view the progress of previous years, the Authority decided to pend the project up front in DERR 2014-15.
- iii) Similarly, considering the progress of previous years, the Authority decided to pend the project of 12" dia x 344 Km QPL Rehabilitation and Intelligent Pigging. However, keeping in view of the importance of project for fulfilling additional gas requirement of Balochistan especially

during winter seasons and supply of gas to far flung areas of Balochistan, the Authority approved the project in principle i.e. if manageable; SSGC is allowed to execute the project. However, the actual amount capitalized in this regard shall be considered in the review petition/FRR, if significant progress is made by SSGC.

iv) The Authority observed that the total projected amount for the project of 18" dia Badin Gas Field Integration Project (BGFIP) Intelligent Pigging has already been allowed by the Authority in DERR 2012-13. However, SSGC was not able to capitalize any amount in the said head. Keeping in view thereof the Authority decided to pend the amount of Rs. 5 million projected by SSGC against the said project.

b) Distribution Projects

The company was allowed Rs.3,455 million for the distribution development in respect of its ERR 2014-15, the details of which are given in table 4.15.

Table 4.15: SSGCL Distribution Development in Respect of ERR 2014-15
(Rs. in million)

S.No.	Description	Amount Projected by SSGCL	Amount Allowed by OGRA
1	NGEP	4,906	0
2	Laying of Distribution Mains including services-Existing Areas	1,677	1,235
3	Installation of New Connections (meters)	647	619
4	Replacement /Repair of Undersized Meters	157	151
5	Smart metering	590	590
6	Construction of CMSs, TBSs, and TRSs /Cathodic Protection	256	256
7	New Towns	2,534	32
	Sub Total: Distribution Development	5,861	2,883
8	12" dia 4 KM Old city Area Augmentation Main	144	46
9	16" Supply Main Hyderabad for re-alignment	223	155
10	16" dia x 18 KM Augmentation Gas Line (Quetta-Mastung) PH-II	374	371
	Sub Total: Major Distribution Projects	741	572
	Grand Total	11,506	3,455

SSGCL projected an amount of Rs. 4,905 million against NGEP related activities. In this regard, World Bank has stated to MP&NR, SSGCL and OGRA that currently designed NGEP is not integrated into SSGCL's activities to reduce UFG and is not meeting the project development objective and it should be restructured to reallocate roles and responsibility regarding physical investments to reduce UFG. The Authority, keeping in view the aforesaid position conveyed by the World Bank decided to pend the amount of Rs. 4,905 million against NGEP related activities.

The Authority observed that SSGC has projected Rs. 2,534 million for extension in distribution network in order to supply gas to new towns & villages. This includes pre-moratorium and post-moratorium schemes. The amount of Rs 32 millions out of projected Rs. 830 millions against pre-moratorium schemes has been allowed to SSGC against those new towns and villages where considerable progress i.e. more than 50% development in gas infrastructure, has been achieved by SSGC; however the amount projected against post-moratorium schemes has been disallowed i.e. Rs. 1,703 million. The Authority, therefore, keeping in view the severe shortfall of gas supply in the country and moratorium imposed vide MP&NR letter dated 04.10.2011, pended all these gas infrastructure development schemes, subject to receipt of fresh policy guidelines for gas producing districts in the matter from Federal Government/ECC of the Cabinet. Accordingly, the Authority, provisionally allowed expenditure on new towns and villages worth Rs. 32 million for the said year.

4.4.3 UFG Reduction Plan of SNGPL and SSGCL

The Authority always emphasized the gas companies to bring UFG reduction plans so that unnecessary burden may not be passed on to the consumers and financial health of company may be improved. Both companies have come up with UFG reduction plans in ERR for 2014-15, which are discussed hereunder:-

4.4.4 SSGCL's Natural Gas Efficiency Project (NGEP)

The total amount of NGEP, as approved by ECNEC is Rs. 30,399.53 million. SSGCL, in its ERR: 2014-15, projected an amount of Rs. 4,905 million against NGEP related activities in the said head for gas distribution development system.

In this regard, World Bank has stated to MP&NR, SSGCL and OGRA that currently designed NGEP is not integrated into SSGCL's activities to reduce UFG and is not meeting the project development objective and it should be restructured to reallocate roles and responsibility regarding physical investments to reduce UFG and use NGEP more selectively on procurement of specialized physical

investments, support of much needed analytical work around the drivers of UFG and reinforcement of SSGCL's need for a quality assurance program. The World Bank vide Aide Memoire has proposed a technical redesign and a time bound action plan for which SSGCL will need to produce inputs to the process.

The Authority, keeping in view the aforesaid position conveyed by the World Bank as well as significant financial impact on the revenue requirement, decided to pend the amount of Rs. 4,905 million against NGEF related activities in the said head for gas distribution development. The same will be considered at the time of mid year review, once the revised revenue requirements are finalized by SSGCL as per the World Bank's requirements.

4.4.5 SNGPL's UFG Control Plan

SNGPL, in its ERR: 2014-15, has projected Rs. 983 million for the said year as a part of UFG reduction project of Rs. 5,856 million already approved by the Authority. SNGPL has allocated the budget to undertake UFG control related activities including under and above ground leakages ratifications, domestic, commercial and industrial vigilance, capacity enhancement of meter workshop, installation of GPRS based system and installation of meters with EVCs on commercial and domestic consumer premises etc.

The Authority observed that it has maintained its principle stance and has always allowed the projected expenditure related to UFG control related activities. Accordingly, projected expenditure for the said year is allowed despite the fact that commensurate results however have not been witnessed.

The Authority, therefore, maintained its stance and allowed capital addition of Rs. 983 million on account of UFG reduction project for the said year.

4.4.6 Approval of Agreements

The Authority under provisions of the NGLR, 2002 approved following gas supply contracts:-

- (i) Gas supply contract of a quantity greater than 10 MMCFD of natural gas executed between licensee and consumer.
- (ii) Gas supply contract of natural gas executed between licensee and producer.

The following agreements / contracts were approved / considered during FY 2013-14.

4.4.6.1 Term Sheet for Gas Sales and Purchase Agreement for Nur and Bagla Fields between SSGCL and OGDCL, for supply of 08 MMCFD gas

The Authority has considered Term Sheet for Gas Sales and Purchase Agreement for Nur and Bagla Fields between SSGCL and OGDCL, for supply of 08 MMCFD gas, and under Rule 20(x) of the NGRALicensing Rules, 2002 has approved the same on 09-07-2013.

4.4.6.2 Term Sheet between Mari Petroleum Company Ltd & Engro Fertilizer Limited for Sale of 22 MMSCFD Gas from Sml /Sul/Pkl Formations from Mari Field Dharki

OGRA considered the term sheet executed between Mari Petroleum Company Ltd & Engro Fertilizer Limited for sale of 22 MMSCFD gas from SML /SUL/PKL formations from Mari Field Dharki and approved the same under Rule 20(ix) of the NGRALicensing Rules, 2002 on 24-07-2013.

4.4.6.3 Amendment to Gas Sale Agreement between SSGCL & DHA Cogen Limited, for supply of 17.5 MMCFD

The initial GSA was approved by the Authority on 27-05-2005 and executed between both parties on 31-05-2005 for 17.5 MMCFD natural gas. The Amendment to Gas Sale Agreement between SSGCL & DHA Cogen Limited, for supply of 17.5 MMCFD of gas was approved by the Authority under Rule 20(ix) of the NGRALicensing Rules, 2002 on 23-08-2013.

4.4.6.4 Gas Supply agreement between SSGCL & Government of Sindh and Sindh Nooriabad Power Company (Private) Limited and Sindh Nooriabad Power Company Phase-II (Private) Limited

The Authority considered “Gas Sale Agreement between SSGCL & Government of Sindh and Sindh Nooriabad Power Company (Private) Limited and Sindh Nooriabad Power Company Phase-II (Private) Limited for supply of 20 MMCFD of gas and approved the same under Rule 20(ix) of the NGRALicensing Rules, 2002 on 01-01-2014.

4.4.6.5 Extension of Gas Sale/Purchase Agreement for Pariwali field between POL and SNGPL

The Authority has considered Extension of Pariwali gas purchase and sale agreement dated 07-03-2008 between POL & SNGPL for supply of 25-33 MMCFD gas and under Rule 20(x) of the NGRALicensing Rules, 2002 has approved the same on 01-01-2014.

4.4.7 Conduct of UFG Study To Determine Reasonable Unaccounted For Gas (UFG) Benchmarks for Natural Gas Sector in Pakistan

Unaccounted for Natural Gas (UFG) is one of the major issues of Gas Sector. Being a Regulatory body, OGRA intends to rationalize the UFG level to a reasonable and acceptable limit. Therefore, OGRA has decided to carry out an international level study to determine reasonable UFG benchmarks for natural gas sector in Pakistan inline with best international practices. Following course of action has been taken in the matter, during FY: 2013-14:

- a) OGRA has developed Expression of interest for selection of consultant for determining Un-Accounted for Gas (UFG) level. EOI has been invited through national and international advertisements.
- b) Scope of Work, Term of Reference and Technical Evaluation Criteria has been developed which has been placed on OGRA and PPRA's website.

4.4.8 Grant of Licences for Sale / Transmission of Natural Gas

Following licences related to sale / transmission of natural gas were granted by OGRA during FY: 2013-14:

- a) The Authority, on 13th June, 2014, granted licence to **Engro Fertilizer Ltd.** for transmission of natural gas from Reti Meru gas field to Engro Plant at Daharki. The Licence includes contraction and operation of 26 km / 10 inch pipeline.
- b) The Authority, on 26th June, 2014, granted licence to **OGDCL** for transmission and sale of natural gas from UCH gas field Plant in Dera Murad Jamali (Balochistan) through already existing pipeline of OGDCL.
- c) The Authority, on 26th June, 2014, granted licence to **OGDCL** for 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).

4.4.9 Addition of Assets / Natural Gas Network

The 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 infrastructure development projects, for the Determination of Estimated Revenue Requirement to the Authority. The Petition is thoroughly scrutinized and determination is passed by the Authority as per Section 8(1) of the OGRA Ordinance, 2002, allowing only the prudent projects, and imposing cuts on the investments where felt necessary.

4.5 Liquefied Petroleum Gas (LPG)

4.5.1 Regulation

The Oil & Gas Regulatory Authority (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.



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 refueling stations.
- Grant of licenses for production/extraction of LPG from Oil/Gas fields and refineries.
- Periodic inspection of LPG works and facilities to ensure their conformity with the laid down standards.
- Determination of reasonable prices and monitoring as per applicable Policy. Presently Lahore High Court, Lahore has stayed OGRA's determination of reasonable prices.
- Redressal of consumer complaints and resolution of disputes between or among the licensees.

4.5.2 LPG Licenses and Operating Rules

The Authority 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 refueling stations under the LPG (Production and Distribution) Rules, 2001. The licence is granted in two stages. Firstly, a licence is granted for one year for the construction of the LPG facilities followed by operational license for marketing and storage activities for 15 years after completion of works to the satisfaction of Authority.



4.5.3 Licensing Procedure

Any Company as defined in LPG Rules can apply for grant of a licence to the Authority on the prescribed Form / proforma available free of cost from OGRA's office as well as on its website (www.ogra.org.pk) along with other related documents, as required under the rules. The licensed LPG marketing companies, licensed oil marketing companies and automobile original equipment manufactures along with CNG Stations and Petrol pumps are eligible for grant of license for construction of LPG auto refueling stations. The required application form is available on OGRA's website.



OGRA has simplified the procedure for grant of LPG licence and a licence is granted on fast track basis once the requirements are met / complied. During FY 2013-14, four (4) licenses for operation of LPG and 16 licenses for construction of LPG Storage and Filling plants were issued. OGRA has also issued 55 licenses for construction of LPG auto refueling stations during FY 2013-14. Further, one license for Production of LPG / Extraction facilities to MOL was issued by OGRA during the same period. Moreover, two (2) marketing licenses for LPG Storage, Operation of Air Mix LPG Plants were also issued during FY 2013-14.

4.5.4. Amendments in LPG (Production and Distribution) Rules, 2001

- (i) For safety reasons, installation of LPG Cylinder on motorcycles, scooters and public service vehicles i.e. three wheelers, buses, coaches and wagons shall not be allowed and treated as illegal.
- (ii) No LPG Cylinder shall be installed beneath the seats and within the passenger compartment of vehicle. The licensee shall ensure that vehicles having LPG cylinders installed beneath the seats and within the passenger compartment of vehicle shall not be refueled or entertained.

4.5.6 Regulatory Enforcement

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

- All LPG marketing companies were 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 was also issued. In addition, Provincial Governments were also requested to ensure compliance of minimum requirements through respective DCOs and taking necessary action against the defaulters in their areas to ensure public safety.
- To ensure compliance of safety standards throughout LPG supply chain, and to protect public lives and property, OGRA has pre-qualified six authorized manufacturers of LPG equipment. The purpose to pre-qualify manufacturers of LPG equipment is to eradicate manufacturing, sale, and use of substandard / spurious LPG equipment manufacturers, thereby, avoiding any untoward incident, endangering public lives and property. Details of these authorized manufacturers have been placed on OGRA's website.
- The authorized manufacturers of LPG storage tanks / bullets/ bowzers /cylinders/cylinder valves / LPG dispensers and LPG conversion kits have been pre-qualified by the Authority based on their experience/ expertise, capability, documentation and thorough inspections by 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's website. All LPG licensees have been advised to get their equipment manufactured only from OGRA's authorized manufacturers in order to ensure that LPG equipments have been manufactured as per desired standards.
- In order to stop/ minimize the illegal decanting of LPG, marketing companies have been encouraged to promote the usage of small sized LPG cylinders in their distribution network.
- Action against the illegal decanting of LPG continued through the Provincial Governments and public awareness campaign launched in the print media to curb such malpractices.
- Enforcement of laid down technical/ safety standards.
- All LPG marketing companies were directed to ensure that all of their LPG cylinders fulfil the requirements of LPG standards (NFPA-58/ DOT), as specified in LPG Rules, 2001. The companies were also advised to closely monitor the activities of their distributors so as to ensure that their distributors only distribute company's branded cylinders.
- LPG supplies were monitored to ensure uninterrupted supplies to consumers.

LPG Cylinder filling operation in progress



- Appropriate actions were taken to address the complaints of the consumers / public pertaining to LPG sector.
- 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 LPG Rules, 2001.
- To ensure safety throughout the LPG supply chain, OGRA carried out inspections of the storage and filling plants of LPG marketing companies.
- Checklist of technical parameters for 3rd party inspection for LPG storage and filling plants and LPG auto refueling stations is provided at the stage of issuance of licence for construction so that the requisite facilities are completed in accordance with the applicable standards.



LPG Tank Fitting

4.5.7 Investment in the LPG Sector

Due to augmented investment and future expansion plans of the LPG marketing companies, significant investment in LPG supply and distribution infrastructure has been witnessed. OGRA has made noteworthy contribution in national economic progress and created an environment for additional investment especially in 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 people. OGRA is playing its vital regulatory role to increase private investment in midstream and downstream petroleum industry. During the fiscal year 2013-14, an estimated investment of Rs. 1.26 billion has been made in the LPG supply infrastructure whereas total investment in the sector till date, is estimated at about Rs. 18.5 billion.



4.6 Compressed Natural Gas (CNG)

4.6.1 Regulation

In 1992, the Government of Pakistan introduced Compressed Natural Gas (CNG) as alternative fuel for automobiles to reduce environmental degradation and save foreign exchange. The CNG (Production & Marketing) Rules, 1992 alongwith Standard Code of Practice were framed to

regulate construction as well as operational phases of CNG refueling stations. The Oil & Gas Regulatory Authority is empowered to regulate the CNG Sector under the OGRA Ordinance 2002 and CNG (Production & Marketing) Rules, 1992.

4.6.2 Moratorium/Ban on New Provisional Licences

The Federal Government imposed a ban on issuance of new provisional licenses for establishment of CNG Stations on 06-02-2008. However, the GoP lifted the ban regarding issuance of CNG Provisional Licenses for establishment of CNG Stations for the Province of the Balochistan with effect from 08-08-2008 but later on in October 2011, the ban was extended to Balochistan as well and till date the ban on issuance of new CNG Provisional Licenses is in force for all over the Country.

4.6.3 Present Licensing Policy

During fiscal year 2013-14, fifteen (15) existing CNG Licenses in the Country including for the province of Baluchistan have been extended to operate their CNG Stations, as per Rule 7 of CNG Rules, 1992.

4.6.4 Regulatory Enforcement

A dedicated Enforcement Department is operational in OGRA to enforce and maintain the Standard Code of Practice of CNG (Productions & Marketing) Rules, 1992 in respect of safe operation of CNG Stations. Annual safety inspection as per Rule 10 of CNG Rules is conducted through the designated Third Party Inspectors to ensure compliance to the Standard Code of Practice & other applicable technical standards. Licensees involved in repeated violations are penalized in accordance with provision of CNG Rules 1992.

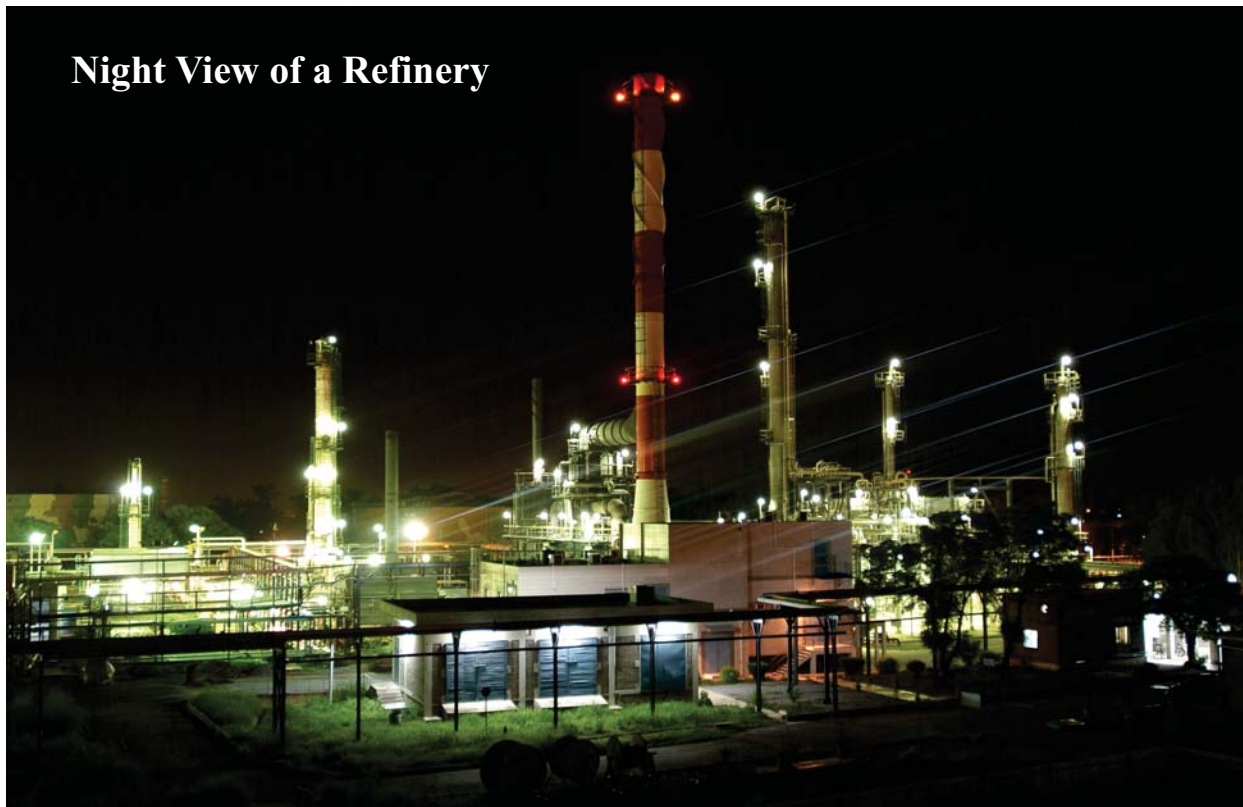
4.6.5 CNG Consumers Sale Price

OGRA has been empowered by the Federal Government since 2009 to determine and notify CNG consumer price and accordingly CNG stations can not sell CNG exceeding the notified sale price. Violators are imposed penalty as per applicable Rules.

4.6.6 Investment in CNG Sector

At the moment, around 3500 CNG Stations are operating in the Country which have contributed to an overall investment of Rs. 90 Billion (direct and indirect) in the CNG Sector.

Night View of a Refinery



4.7 Mid and Downstream Oil Sector

4.7.1 Regulation

The Federal Government enforced the provisions of sub-section (3) of Section 23; and (a) and (b) of sub-section (3) of section 44 of OGRA Ordinance 2002 with effect from 15th March 2006, empowering the Authority to regulate mid and downstream oil sector in the country under the existing Pakistan Petroleum (Refining, Blending and Marketing) Rules 1971.

4.7.2 Powers and Functions

In view of the above mentioned notification, the powers and functions conferred under the OGRA Ordinance/ Pakistan Petroleum (Refining, Blending and Marketing) Rules 1971 mainly pertain to the following areas:-

- Grant of licences to construct or operate any refinery, construct or operate any pipeline for oil, construct or operate any oil testing facility; oil storage facility (other than storage associated with a refinery) or oil blending facility, construct or operate any installation relating to oil, undertake storage of oil or undertake marketing of refined oil products.

- In consultation with the licensees, specify and review the standards for the equipment and the materials to be used in undertaking regulated activity.
- Promote effective competition and efficiency in the activities within the jurisdiction of the Authority.
- Resolve complaints and other claims against licensees for contravention of the provisions of OGRA Ordinance, rules and regulations.
- Enforce standards and specifications for refined oil products as specified by the Federal Government.

Distillation Unit of a Refinery



4.7.3 OGRA's Activities in the Oil Sector

The details of the activities carried out by the Authority to regulate the mid and downstream oil sectors are as under:-

4.7.4 Formulation of New Draft Rules

The new draft Rules viz Pakistan Oil (Refining, Blending, Transportation, Storage and Marketing) Rules, developed by the Authority for regulating the oil sector, have been sent to Federal Government for its approval/ notification, after incorporating the comments and feedback from oil industry, Ministry of Petroleum and Natural Resources (MP&NR) as well as Provincial Governments' fresh comments.

4.7.5 Enforcement of Technical Standards

In order to ensure compliance with the notified technical standards, OGRA through different Third Party Inspectors (TPI) undertook the inspection of Oil Storage Infrastructure developed by Oil Marketing Companies (OMCs): Overseas Oil Trading Co. Pvt. Ltd. (OOTPL) at Port Qasim; Hascol Petroleum Limited (HPL) at Machike and Gas & Oil Pakistan (Pvt.) Limited at Sahiwal.



A View of Oil Storage Depot.

4.7.6 Permission to Establish Oil Marketing Companies.

OGRA has granted permission to three companies i.e. M/s Kepler Petroleum (Pvt.) Limited, Exceed Petroleum (Pvt.) Limited and Gourmet Petroleum (Pvt.) Limited, to set up an Oil Marketing Company for a period of three years.

4.7.7 Permission granted for construction/ operation of oil terminal/ storage facilities

OGRA has granted permission for construction of oil storage/depot to various Oil Marketing Companies viz. Hascol Petroleum Limited at Keamari & Mehmood Kot and Attock Petroleum Limited at Mehmood Kot, Muzaffargarh. This will further strengthen the supply chain for petroleum products in the country.

4.7.8 Quality Assurance

In line with section 6 (2) (x) of the OGRA Ordinance, OGRA ensures that quality of the POL products that reach consumers meet the GoP approved specifications. For this purpose OGRA undertakes quality testing of POL products through Hydrocarbon Development Institute of Pakistan (HDIP) as follows:-

- Imported Cargoes (before off-loading)
- OMCs' Depots/Terminals (on bi-annual basis)
- Blending/Reclamation Plants (on quarterly basis)

OMCs also carry out their own inspection exercises/POL product testing at their respective retail outlets on regular basis and submit monthly report to OGRA. During 2013-14, OMCs reportedly conducted around 29,000 quality checks on retail outlets.

Further as per GoP policy guidelines, the Authority has enforced through HDIP the monitoring and quality testing of the imported petroleum products on vessels (before off-loading). On this front, around 222 quality checks were performed on the imported cargoes during complete financial year. Moreover, quality checks of imported lube oil through HDIP were also started last year and a total of 509 quality checks of the imported lubricants were performed. Similarly, 334 & 183 quality checks were carried out at lube blending plants and oil depots respectively. Further 02 quality checks/inspections were carried out at retail outlets of E-10.



Oil Storage Terminal

4.7.9 Registration of Lube Oil Blending/Reclamation Plants

During the year, 13 applicants requested for registration of their Lube Oil Blending/Reclamation plants in accordance with Rule 16 of the Pakistan Petroleum (Refining, Blending and Marketing) Rules 1971. The Authority, registered four (04) plants after certifying through HDIP, the conformity of the plants with the mandatory technical requirements given in the aforementioned Rules, whereas rest of the applications are under process.



Lube Refinery

4.7.10 Registration of Lube Oil Importers

OGRA began registration of lube oil importers after formulation of a regulatory framework and prescribed criteria in response to amendment in the Import Policy Order 2009 (vide SRO No. 1119(I)/2011) issued on December 28, 2011. According to the amendment, import of automotive engine oils of quality level (API) SC/CC & above and automotive gear oils of (API) GL-4 and above shall be imported by commercial importers, lubricants blending companies, lube/oil marketing companies and refineries having valid registration with OGRA under the rules. So far OGRA has registered eighty five (85) importers, out of which 25 were registered during 2013-14.

5 COMPLAINT RESOLUTION

5.1 Complaint Resolution procedure/ performance

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 and with almost no formalities. 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 protecting the consumers particularly domestic consumers (weakest stakeholders) from mistreatment and exploitation of the utilities. Utilities are being persuaded to improve their system, provide gas connections in stipulated time, improve bill collection and efficiency, no inaccurate meter reading, and no late delivery of bills.

In conformity with CRPR, the Authority has designated specific officers for handling complaints with specific jurisdiction. The Designated Officers resolve most complaints through correspondence i.e. obtain the comments / report on the complaints from licensee and counter comments from the complainant and 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.

To facilitate the consumers / complainants/applicants OGRA has adopted public friendly approach:

- a) “Open door” policy for consumers/complainants. Visitors can see the concerned officers without prior appointment.
- b) The complainant is allowed to file application on a plain paper.

- c) The complainant is kept informed on the progress.
- d) The complainants are guided how to fill and file the application form.
- e) Treat every one with the same respect and dignity, irrespective of socio-economic status or background.
- f) No act of discretion.
- g) Grievance redress procedure is in detail form.
- h) Through a dedicated system OGRA is providing resolution of complaints at doorstep of the consumers particularly domestic consumers.

During FY 2013-14 Complaints Department received 4,146 complaints from all over the country regarding delay in provision of gas connection, excessive / estimated billing due to sticky meter, malfunctioning of Electronic Volume Corrector (EVC)/Emcorrector, 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 2013-14 is given in **Table 4.16**.

Table 4.16: Status of Complaints During FY 2013-14

Description	Natural Gas
No. of complaints received	4,146
Carried forward from financial year 2012-13 to 2013-14	980
Total	5,126
No. of complaints resolved / disposed	4,860

On OGRA's intervention, gas utilities provided 353 gas connections and relief of Rs.23.72 million to consumers in 701 cases during FY 2013-14. 294 Proposal letters were also issued to the consumers by the Gas Utility Companies on the directions of OGRA. On receipt of complaints from the residents of a number of localities / areas inhabited by weaker sections of the society, OGRA also issued necessary directions to SNGPL and SSGCL to provide gas facility to these localities / areas.

6 ENFORCEMENT

6.1 Need for Enforcement Department

Safeguard public interest through efficient and effective regulation in the midstream and downstream petroleum sector, is the Mission Statement of Oil and Gas Regulatory Authority. Since the promulgation of OGRA Ordinance 2002, the Authority aims to protect and safe-guard the interests of all stake holders. OGRA is entrusted with the regulation of LPG, CNG, Oil and Natural Gas 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 OGRA Ordinance, Rules, Regulations, Standards, Terms and Conditions of Licences and directions/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:

- i) Conduct surprise inspections of licensed premises on regular basis;
- ii) Ensuring supply of regulated commodities at notified prices utilizing multiple mechanisms such as through district administrations, Oil Marketing Companies, conducting surprise inspections of randomly selected outlets by Enforcement Department or through Third Party Inspectors;
- iii) Constitute the inspection teams in collaboration with 3rd party inspectors as well as licensees for conducting the inspection/monitoring;
- iv) Monitoring of the quality checks and maintenance of the standards;
- v) To take necessary action against all violators, as per applicable laws that may lead to imposition of fine/penalty or suspension of supplies or in extreme cases even revocation of licence.

6.2 Activities Performed by the 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:-

6.2.1 Oil Sector

OGRA's Enforcement Department has endeavored 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 particularly in remote locations 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 / with-hold 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 6,500 OMCs Retail Outlets operating in the Country, OGRA has also assigned the tasks of conducting inspections at OMCs outlets to its authorized third party inspectors. The purpose is to increase the frequency of inspections and to cover all regions of the Country. Such inspections shall continue to take place in addition to OGRA's inspections through its Enforcement Department. Inspections of OMCs outlets to check and control less-filling and adulteration of Petroleum products have also been started. These inspections are carried out by utilizing Mobile Quality Testing units / Vans of the OMCs. During the current fiscal year numbers of petrol pumps have been inspected and Show Cause notices are served on respective OMC 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 OGRA Ordinance, 2002 and applicable rules / regulations.

6.2.2 LPG SECTOR

The business of LPG in the country is de-regulated with respect to price and allocation of LPG to an extent. 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. OGRA does not fix the prices both at producer as well as consumer level. The producer prices are presently linked with Saudi Aramco Contract Price (CP) while the consumer prices are determined by the market forces under cost competition mechanism. However, OGRA regularly monitors the consumer price of each LPG marketing company and if the prices are found unreasonably high due to cartelization or otherwise then OGRA intervenes, under the rules, and determine maximum reasonable consumer prices of LPG marketing companies.

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 sectors:

- (i) 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.
- (ii) 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 the current fiscal year inspection 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 OMC further action is taken i.e., imposition of penalty or serving warnings on case to case basis in accordance with the provisions of OGRA Ordinance, 2002 and applicable rules/regulations.

6.2.3 CNG Sector

CNG Sector is an important energy sector; it is catering the need of almost 30% of total transport in the country. It is fueling approximately 3.1 Million Vehicles and there are nearly 3400 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 its safety.

In order to have strict check, surprise inspections of CNG Stations are now being conducted by OGRA's Enforcement officers, to primarily check the following.

- (i) Dispensing pressure;
- (ii) Refueling procedure as per CNG Rules, 1992, including checking of the vehicle cylinder;
- (iii) Measurement accuracy;
- (iv) Price charged from consumers;
- (v) Safety Orientation.

Enforcement Department 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 numbers 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.

In view of the increasing CNG fire related accidents in the Country a task force was constituted by the Ministry of Interior under the leadership of Chairman OGRA, with Ministry of Petroleum and Natural Resources (MP&NR), Chief Inspector Explosives (CIE) & Hydro Carbon Development Institute of Pakistan (HDIP) and Transport Authorities as its members. Standard Operating Procedures (SOPs) to mitigate accidents had been prepared and circulated to all other stake holders for implementation and were also forwarded to MP&NR. Lahore High Court in a Case titled Rana Mehtab Vs Federation of Pakistan has directed Provincial Government for implementation of Task Force SOPs. Whereas Supreme Court of Pakistan in Suo Moto case on Gujrat van accident have issued number of directions to various concerned departments including OGRA and also transporters. OGRA has been directed by Supreme Court to take strict action against CNG Stations involved in refueling unapproved/unbranded cylinders. It is stated that CNG Associations have

already been conveyed actions to be taken against CNG Stations on violation of Supreme Court's directions and individual CNG Stations have also been directed through public notices.

6.2.4 Natural Gas Sector

The ambit of OGRA with reference to Enforcement of Natural Gas Sector is to check adherence to relevant provision of OGRA Ordinance, NGRA (Licensing) Rules, License Conditions, Performance & Service Standards and Procedure for dealing with theft of gas cases by natural gas transmission and distribution companies.

6.2.5 Complaints

Enforcement Department also handles various complaints relating to CNG, LPG and Oil Sector. 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 inspection teams are carried out in the said areas. That 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.

6.2.6 Brief Summary

Since the inception of the Enforcement Department, the over all as well as year wise data of the total outlets/stations/ distributor premises inspected as well as actions taken against the violators is shown in **Table 4.17 & 4.18.**

Table 4.17: Achievement 2013-2014

Sector	Inspections	Show Cause Notices	Warnings	Fine Imposed by OGRA (Rs. in Million)
CNG	408	64	13	9.26
LPG	113	01	0	0.15
OIL	417	236	35	21.10
GAS	0	0	0	0
Total	938	301	48	30.51

Table 4.18: Over all Achievement 2009-2014

Sector	Inspections	Show Cause Notices	Warning	Fine Imposed by OGRA (Rs. in Million)
CNG	1963	570	223	23.925
LPG	549	216	31	10.020
OIL	2935	1649	147	82.900
GAS	53	4	2	0.525
Total	5500	2439	403	117.373

6.2.7 Complaints and Appeals

OGRA under provisions of its Ordinance is empowered to resolve disputes between licencees, between licencees and any other person regarding a regulated activity. For this purpose Complaint Resolution Procedure Regulations, 2003 was formulated under OGRA Ordinance, 2002 and amended from time to time. Registrar Office carries out initial scrutiny of the complaints and forwards the same to the concerned Designated Officers in the Complaints Redressal department for final disposal. During F.Y. 2013-14, Registrar Office received 5108 complaints from all over the country for delay in provision of gas supply and gas connection, excessive/estimated billing due to sticky meter, malfunction of EVC/Emcorrector, alleged tampering/theft charges and enhancement in delivery pressure, low pressure of gas, late delivery of gas bills and waiver of LPS, demand of additional security for natural gas, decanting of LPG, excessive LPG prices, less quantity of CNG, production/sale of sub-standard Lube Oil, overcharging of Petrol etc. After necessary process, the complaints are forwarded to the Designated Officers by Registrar Office. OGRA received 223 Appeals against the decisions of the Designated Officers/Delegates of the Authority. The Authority decided 102 Appeals. The status of Complaints and Appeals during F.Y. 2013-14 is given in the **Tables 4.19 & 4.20.**

Table 4.19: Total Number of Complaints

Complaints	Total
Complaints received (Natural Gas, LPG, CNG and Oil) during F.Y. 2013-14	5108

Table 4.20: Appeals to the Authority

	Natural Gas	LPG	CNG	OIL	Total
Appeals to the Authority against decisions of the Designated Officers/DOAs	124	43	19	37	223
Appeals decided by the Authority	85	03	10	04	102

6.2.8 Well Head Price Applications

Registrar Office received, processed and forwarded 51 applications for Well Head Gas price notification to Finance Department, OGRA for F.Y. 2013-14 under Natural Gas (Well Head Price) Regulations, 2009.

**ANTICIPATED
DEVELOPMENTS
NEXT YEAR**



7. ANTICIPATED DEVELOPMENTS NEXT YEAR

7.1 Determination of Revenue Requirement

Determination of the revenue requirement of natural gas utilities is one of the more important functions of the Authority. The Authority shall make the following determinations of both the gas utilities during the next financial year:

- Two petitions of Final Revenue Requirement for F.Y. 2012-13 of SSGCL and SNGPL and one petition of Final Revenue Requirement of SNGPL for F.Y. 2013-14 based on the actual audited results.
- Two petitions for Review of Estimated Revenue Requirement for F.Y. 2014-15 of SSGCL and SNGPL after incorporating the actual changes in well-head prices of the natural gas and other relevant factors (Cost of Gas).
- Three petitions of Motion for Review against the determination of Estimated Revenue Requirement for F.Y. 2014-15 of SSGCL, SNGPL and Muhammad Aslam Chaudhry under Rule 16 of Natural gas Tariff Rules, 2002.
- Two petitions of Estimated Revenue requirement for F.Y. 2015-16 of SSGCL and SNGPL.

7.2 Petroleum Product Pricing

- The process of notification of oil prices on monthly basis will also 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 product prices in accordance with the Federal Government laid down criteria after deregulation in public interest.

7.3 LPG/LNG Sector

A rapid growth of LPG auto refueling stations is anticipated in near future. LPG marketing companies and OMCs are applying for a number of LPG refueling stations in light of LPG

Policy and regulatory framework for use of LPG in automotives. Further, it is expected that 15-20 companies will be granted licenses for marketing of LPG once satisfactory inspection of their LPG facilities is completed. It is also anticipated that few production / extraction licenses would be issued during next year.

7.4 Licensing

OGRA will continue to process applications for Licences under NGRA (Licencing) Rules, 2002 and LNG Rules, 2007 during the F.Y. 2014-15.

7.5 Complaints

Redressal of complaints shall continue in accordance with OGRA's Complaint Resolution Procedure Regulations, 2003 in the same spirit as for current year.

7.6 Capacity Building

Staff development and training is vital and ongoing need of every progressive organization. All grades of personnel need continuous, updated 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 development studies will also be awarded to the individual consultant/firms on need basis.

7.7 Well Head Gas Price

OGRA will continue to process applications for Well head gas price notification.

7.8 Future Vision of Enforcement

In addition to the inspections Enforcement Department is planning to include more activities which will further strengthen the role of the regulator to facilitate consumers. Some of the sector wise future planning is summarized hereunder:-

CNG

- Checking of CNG stations that no vehicle fitted with unapproved brand of cylinder, is refueled;
- Enforcement of Supreme Court Directions by physical verification at CNG Stations;
- Safety Orientation of owners of CNG Stations.

PETROL PUMPS

- Inspection of quality checks at OMC's retail outlets through third party labs;
- Checking of stock availability at petrol pumps.

LPG

- Surprise visits of manufacturing facilities of authorized manufactures of LPG cylinders and equipments.
- Verification of LPG specifications at plants / terminals/ premises;
- Inspections of LPG Auto Refueling Stations.

GAS

- Inspection of Regional Offices of SNGPL & SSGCL to ensure redressal of grievances of applicants/complainants.
- Visit of Complaint Centres/Customer Service Centres to verify compliance of performance and service standards.

Appendices



Regulatory Framework

Rules Notified and Adopted

Sr. No.	Rules	Notification/ Adoption Date
1	Natural Gas (Licensing) Rules, 2002 ^o	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	Pakistan Petroleum (Refining, Blending & Marketing) Rules, 1971*	15-Mar-06
7	Liquefied Natural Gas (LNG) Rules, 2007	26-May-07
8	Natural Gas (Well Head Price) Regulations, 2009	8-Apr-09
9	OGRA Natural Gas (Regulated third Party Access) Rules, 2012	24-Apr-12

Note^o: Inherited from Natural Gas Regulatory Authority

Note: Rules No. (iii), (iv) and (vi) 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	Notification Date
1	Complaint Resolution Procedure (Natural Gas, CNG and LPG Regulations (CRPR), 2003	3-Sep-03
2	Performance and Service standards for Gas Utilities	3-Sep-03
3	Natural Gas Uniform Accounting Regulations, 2003	17-Feb-04
4	Natural Gas Transmission (Technical Standards) Regulations, 2004	5-Aug-04
5	Natural Gas Distribution (Technical Standards) Regulations, 2004	5-Aug-04
6	OGRA Financial Regulations 2005	11-Jan-05
7	OGRA Service Regulations, 2005	31-Jan-05
8	Oil Transportation (Pipeline) Technical Standards	2-Jul-09
9	Technical Standards for Petroleum Industry (Retail Outlet)	2-Jul-09
10	Technical Standards for Petroleum Industry (Depots for Storage of Petroleum Products).	2-Jul-09
11	Standard Technical Specification for Equipment and Materials used in Natural Gas Transmission Network, 2009	29-Jul-09
12	Standard Technical Specification for Equipment and Materials used in Natural Gas Distribution 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)	9-Oct-09

Amendments in Rules, Regulations and Standards

1	Amendment in OGRA Service Regulations, 2005	11-May-12
2	Amendment in CRPR incorporating oil	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)	4-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 Comoplain Resolution Procedure (NG, CNG and LPG) Regulations, 2003	10-May-05
9	Amendment in Comoplain Resolution Procedure (NG, CNG and LPG) Regulations, 2003	11-Nov-05
10	Amendment in Natural Gas (Licensing) Rules, 2002	9-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)	2-Feb-08
15	Amendment in OGRA Ordinance, 2002 (Section 43 B)	17-Feb-09
16	Amendment in OGRA Service Regulations, 2005	5-Mar-09
17	Amendment in LPG Rules, 2001 (Appendix II, III & V)	4-Aug-09
18	Amendment in LPG Rules, 2001 (Rule 5)	9-Sep-09
19	Amendment in Natural Gas (Well Head Price) Regulations, 2009	10-Oct-09
20	Amendment in LPG Rules, 2001 (Appendix V)	4-Apr-11
21	Amendment in LPG (Production & Distribution) Rules, 2001	26-Dec-13
22	Amendment in LPG (Production & Distribution) Rules, 2001	25-Apr-14

Safe Operations of Regulated Activities

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 Licences Issued by OGRA

Sr. No.	Company	Type of Licence	Date of Issue
1	Sui Northern Gas Pipelines Limited	Transmission, Distribution, and Sale of Natural Gas in the Punjab, KPK, AJK, FATA and some parts of Sindh	3-Sep-03
2	Sui Southern Gas Company Limited	Transmission, Distribution, and Sale of Natural Gas in Sindh and Balochistan	3-Sep-03
3	Mari Gas Company Limited	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	Pakistan Petroleum Limited	Sale of Natural Gas to Central Power Generation Company Limited (CPGCL)	23-Nov-04
5	Oil and Gas Development Company Limited (OGDCL)	Transmission and Sale of Natural Gas to Uch Power Plant	30-Dec-04
6	Oil and Gas Development Company Limited (OGDCL)	Sale of Natural Gas to Fauji Kabirwala Power Company Limited	30-Dec-04
7	Oil and Gas Development Company Limited (OGDCL)	Sale of Natural Gas to Altern Energy	30-Dec-04
8	Fauji Fertilizer Company Limited	Transmission of Natural Gas	7-Apr-05
9	Engro Chemicals Pakistan Limited	Transmission of Natural Gas	7-Apr-05
10	Central Power Generation Company Limited	Transmission of Natural Gas	7-Apr-05
11	Fatima Fertilizer Company Limited	Transmission of Natural Gas	16-Apr-07
12	Foundation Power Company Limited	Transmission of Natural Gas	27-Aug-07
13	Star Power Generation Limited	Transmission of Natural Gas	30-Jan-08
14	Sui Northern Gas Pipelines Limited	Gas Storage facility at Lila Town- Punjab	30-Apr-08
15	Pakistan Gas Port Limited	Construction Licence of LNG Receiving Terminal, operation, Sales and Marketing of RLNG/LNG (Port Qasim, Karachi)	3-Oct-11
16	Global Energy Infrastructure Limited, Islamabad	Construction Licence of LNG Receiving Terminal, operation, Sales and Marketing of RLNG/LNG (Port Qasim, Karachi)	3-Oct-11
17	Elengy Terminal Pakistan Limited, Karachi	Construction and operation license of LNG Receiving Terminal (Port Qasim, Karachi)	3-Oct-11
18	Fauji Oil Terminal & distribution Company Limited	Provisional Licence	23-Dec-11
19	Daewoo Ship Building and Marine Engineering and Resources Co, Limited, Korea	Conditional Licence for Construction of offshore LNG Terminal and sub-sea pipeline (Sonmiani Bay, Distt. Lasbella near Karachi)	16-Mar-12
20	Engro Elengy Terminal Limited (EETL)	Construction and Operation License of LNG Receiving Terminal (Chemical Handling Facility at Gharo Creek, Port Qasim, Karachi)	18-Jun -14

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21	Oil and Gas Development Company Limited (OGDCL)	Sale of Natural Gas Agreement from Nur and Bagla fields to SSGCL.	9-Jul-13
22	Mari Petroleum Company Limited (MPCL)	Sale of Natural Gas from Mari Field Dharki to Engro Fertilizer Ltd.	24-Jul-13
23	Sui Southern Gas Company Limited (SSGCL)	Amendment to Gas Sale Agreement with DHA Cogen Limited.	23-Aug-13
24	Sui Southern Gas Company Limited (SSGCL)	Sale of Natural Gas to Sindh Nooriabad Power Company Pvt. Ltd and Sindh Nooriabad Power Company Phase-II Pvt. Ltd.	1-Jan-14
25	Pakistan Oilfields Limited (POL)	Sale of Natural Gas from Pariwali Field (POL) to SNGPL	1-Jan-14
26	Engro Fertilizer Co. Ltd	Licence for transmission of natural gas from Reti Meru gas field to Engro Plant at Daharki	13-Jun-14
27	Oil and Gas Development Company Limited (OGDCL)	Licence for 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
28	Oil and Gas Development Company Limited (OGDCL)	Licence for sale of natural gas from OGDC L'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

Field-wise Well Head Gas Prices

Sr. No.	Field Name	Units	Price Effective 01-07-2013	Price Effective 01-01-2014
1	Adhi	Rs.per MMBTU	146.57	154.5
2	Bhit	\$ per MMBTU	4.7725	4.7643
3	Bhadra	\$ per MMBTU	4.7725	4.7643
4	BOBI	Rs.per MMBTU	598.4	616.85
5	Chachar	\$ per MMBTU	2.1731	2.1695
6	Chanda	\$ per MMBTU	2.765	2.7552
7	Dakhani	Rs.per MMBTU	146.81	155.45
8	Dhodak	Rs.per MMBTU	293.33	310.59
9	Dhurnal	Rs.per MMBTU	26.02	29.61
10	Haseeb	\$ per MMBTU	2.2268	2.2189
11	Kandkot	Rs.per MMBTU	226.03	228.06
12	Kadanwari	\$ per MMBTU	8.5004	8.5004
13	Kirthar	\$ per MMBTU	6.0654	6.0438
14	Kunar Pasaki	\$ per MMBTU	2.5743	2.5652
15	Loti	Rs.per MMBTU	137.94	146.05
16	Maher Field	\$ per MMBTU	2.5743	2.5651
17	Makori	\$ per MMBTU	2.7650	2.7552
18	Mamikhel	\$ per MMBTU	2.7150	2.7052
19	Mela	\$ per MMBTU	2.7650	2.7552
20	Meyal / Dhulian	Rs.per MMBTU	129.07	136.66
21	Miano	\$ per MMBTU	4.4433	4.4357
22	Mari	Rs.per MMBTU	78.44	78.44
23	Maramzai	\$ per MMBTU	2.7150	2.7052
24	Manzalai	\$ per MMBTU	2.8693	2.8591
25	Nandpur Panjpir	Rs.per MMBTU	371.55	393.41
26	Nashpa	\$ per MMBTU	2.7650	2.7552
27	Noorai Jagir	\$ per MMBTU	2.5743	2.5652
28	Pasaki	\$ per MMBTU	2.5743	2.5652
29	Pirkoh	Rs.per MMBTU	137.94	146.05
30	Qadir Pur	Rs per MMBTU	300.3	317.96
31	Ratana	Rs.per MMBTU	399.27	431.04
32	Sadkal	Rs.per MMBTU	874.04	896.92
33	Sari Hundi	Rs.per MMBTU	847.73	873.87

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34	Sawan	\$ per MMBTU	4.4433	4.4357
35	Sui	Rs.per MMBTU	216.03	228.06
36	Sujawl X-1	\$ per MMBTU	2.5091	2.5043
37	Sukhpur	\$ per MMBTU	-	5.5028
38	UCH	\$ per MMBTU	3.9223	3.9223
39	Zamzama SSGCL	\$ per MMBTU	4.3612	4.3457
40	Zamzama SNGPL	\$ per MMBTU	4.3637	4.3482
41	Zamzama Wapda/Guddu	\$ per MMBTU	4.4042	4.3887
42	Zamzama - Phase - II	\$ per MMBTU	4.4512	4.4357
43	Naimat West	\$ per MMBTU	5.5156	—
44	Rahim North	\$ per MMBTU	5.5156	—

Consumer Gas Tariff Schedule FY 2013-14

- 1) Sui Northern Gas Pipelines Limited
- 2) Sui Southern Gas Company Limited

Category			Sale Prices	
			w.e.f. 01.01.2013	w.e.f 01.07.2014
			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 ³ per month	106.14	106.14
		All off-takes at flat rate of		
	(ii)	Upto 300 M ³ per month	212.28	212.28
		All off-takes at flat rate of		
	(iii)	Over 300 M ³ per month	530.69	530.69
		All off-takes at flat rate of		
		Minimum Monthly Charges (Rs)	143.29	143.29
	c)	Bulk Meters: Mosques, Churches, Temples, Madrassas, other Religious Places and Hostels attached thereto; Government and semi-Government offices and Hospitals, Government Guest Houses, Armed Forces messes, Langars, Universities, Colleges, Schools and Private Educational Institutions, Orphanages and other Charitable Institutions along with Hostels and Residential Colonies to whom gas is supplied through bulk meters including Captive Power.		
		All off-takes at flat rate of	530.69	530.69
		Minimum Monthly Charges (Rs)	3,184.20	3,184.20
(ii)		B. Commercial Consumers		
		All off-takes at flat rate of	636.83	636.83
		Minimum Monthly Charges (Rs)	3,821.04	3,821.04

(iii)		C. Special Commercial (RotiTandoors)		
	(i)	Upto 100 M ³ Per month	106.14	106.14
		All off-takes at flat rate of		
	(ii)	Upto 300 M ³ per month	212.28	212.28
		All off-takes at flat rate of		
	(iii)	Over 300 M ³ per month	636.83	636.83
		All off-takes at flat rate of		
		Minimum Monthly Charges (Rs)	143.29	143.29
(iv)		D. Ice Factories		
		Sale Price	636.83	636.83
		Minimum Monthly Charges (Rs)	3,821.04	3,821.04
(v)		E. Industrial Consumers		
		Sale Price	488.23	488.23
		Minimum Monthly Charges (Rs)	16,463.14	16,463.14
(vi)		F. Captive Power		
		Sale Price	428.23	573.28★
		Minimum Monthly Charges (Rs)	16,463.14	19,330.66
(vii)		G. CNG Stations		
		Sale Price	656.52	656.52
		Minimum Monthly Charges (Rs)	22,138.76	22,138.76
(viii)		H. Cement Factories		
		Sale Price	742.97	742.97
		Minimum Monthly Charges (Rs)	25,053.41	25,053.41
(ix)		I. Pakistan Steel		
		Sale Price	488.23	488.23

(x)		J. Fertilizer Factories		
(1)		Pak American Fertilizer Limited, Daudkhel.		
	(a)	Feed Stock	123.41	123.41
	(b)	Fuel	488.23	488.23
(2)		Pak Arab Fertilizer Limited, Multan.		
	(a)	Feed Stock	123.41	123.41
	(b)	Fuel	488.23	488.23
(3)		Dawood Hercules Chemicals Limited, Chichoki Malian, Sheikhpura District:		
	-			
	(a)	Feed Stock	123.41	123.41
	(b)	Fuel	488.23	488.23
(4)		Pak-China Fertilizer Limited / Hazara Phosphate Plant Limited, Haripur.		
	(a)	Feed Stock	123.41	123.41
	(b)	Fuel	488.23	488.23
(5)		ENGRO Fertilizer Company Limited		
	(a)	Feed Stock	67.38	68.47
	(b)	Fuel	488.23	488.23
(6)		Fauji Fertilizer Bin Qasim Ltd.		
	i)	Feed Stock upto 60MMCFD	123.41	123.41
	ii)	Additional allocation (10MM CFD) Provisional	67.38	68.47
	iii)	Fuel	488.23	488.23
(xi)		K. Power Stations WAPDA/KESC		
	(a)	Sale Price	488.23	488.23
		Minimum Monthly Charges (Rs)	16,463.14	16,463.14
	(b)	WAPDA's Natural Gas Turbine Power Station, Nishatabad, Faisalabad.		
		Sale Price	488.23	488.23
		Fixed Monthly Charges (Rs)	975,000	975,000
	(c)	Liberty Power Limited, Dharki.		
		Sale Price	1,501.04	1,305.48
		Minimum Monthly Charges (Rs)	50,614.20	44,019.94
(xii)		L. Independent Power Producers		
		Sale Price	488.23	488.23
		Minimum Monthly Charges (Rs)	16,463.14	16,463.14

★ w.e.f. 23.08.2013

Appendix - V

Petroleum Levy (PL) Rates

Rs./Liter

Effective Period:	MS	HOBC	HSD	Kero	LDO
July 1, 2013	9.43	14.00	6.72	6.00	3.00
August 1, 2013	9.43	14.00	5.44	6.00	3.00
September 1, 2013	9.43	14.00	4.53	6.00	3.00
October 1, 2013	8.29	14.00	6.29	6.00	3.00
November 1, 2013	10.00	14.00	5.97	5.40	2.45
December 1, 2013	9.28	9.55	4.83	4.39	1.75
January 1, 2014	6.80	6.47	2.59	3.21	0.21
February 1, 2014	9.40	10.30	7.10	6.00	3.00
March 1, 2014	10.00	12.88	7.08	5.58	2.74
April 1, 2014	10.00	14.00	8.00	6.00	3.00
May 1, 2014	10.00	14.00	8.00	6.00	3.00
June 1, 2014	8.88	11.87	6.45	6.00	2.13

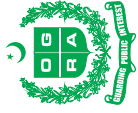
Appendix - VI

Inland Freight Equalization Margin

Rs./Liter

Effective Period:	Motor Gasoline	Kerosene Oil	LDO	HSD
July 1, 2013	3.14	2.44	2.70	1.88
August 1, 2013	3.14	2.44	2.70	1.88
September 1, 2013	3.31	2.71	2.53	1.99
October 1, 2013	3.44	2.73	3.17	1.97
November 1, 2013	3.55	3.28	2.99	2.04
December 1, 2013	3.83	3.36	3.04	2.14
January 1, 2014	3.74	2.21	3.08	2.15
February 1, 2014	3.66	2.54	2.98	1.56
March 1, 2014	3.60	2.76	2.84	1.51
April 1, 2014	3.54	2.90	2.57	1.69
May 1, 2014	3.59	2.36	3.01	1.70
June 1, 2014	3.50	1.48	3.04	1.78

Employees



OIL & GAS REGULATORY AUTHORITY





Oil & Gas Regulatory Authority

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