

# ANNUAL REPORT 2017-18



**Oil & Gas Regulatory Authority**  
Government of Pakistan









## THEME



OGRA being the primary regulator of the mid and downstream petroleum industry regulate the strategic and critical aspects of the oil & gas sector. To steer the momentum of the industry in the right “DIRECTION” is embedded in the preamble of the OGRA Ordinance, giving a clear vision to all the stakeholders is highly essential in creating enabling environment of fair play and sustainable growth. Therefore, “DIRECTION” is always crucial in regulatory environment.







“Safeguarding public interest through efficient and effective regulation in the midstream and downstream petroleum sector.”







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## CHAIRPERSON'S MESSAGE





## Chairperson's Message

I am presenting the 17th Annual Report of OGRA's performance for the year ended June 30, 2018 in pursuance of section 21(a) of the OGRA Ordinance, 2002.

OGRA has been quite successful in taking forward the Government's economic reform agenda by achieving its objectives of fostering competition with increased private investment and ownership in the midstream and downstream petroleum industry and protecting the public interest by providing effective and efficient regulations.

OGRA has revised the TPA Rules with an aim to establish transparent and uniform principles for allowing entities to access the Natural Gas Transmission and Distribution Pipeline networks. A thorough, transparent and meaningful process of stakeholder consultations including holding of sessions in all provinces as well as in the Federal Capital was followed. Rules have been segregated into two parts i.e. (i) Rules / high level principles (ii) Network Codes. After approval of GoP, the Rules were notified in the Gazette of Pakistan on 12-06-2018 as OGRA Gas (TPA) Rules. Major issues which are addressed / aligned in the Rules with the international best practices are determination and allocation of capacity by the transporter, transportation loss, title and risk of the gas, transportation tariff, energy equivalence volume adjustments,

preparation of Network Code, requirement of license to undertake shipping activities etc. Various national and international companies have already approached OGRA for grant of licenses for commencing shipping activities. It is hoped that the said Rules will promote liberalization and development of a competitive gas market encompassing international best practices.

A new tariff regime was developed for natural gas sector in consultation with all the stakeholders and is implemented in the Determination of Estimated Revenue Requirement for FY 2018-19 of SSGCL and SNGPL.

OGRA has made significant progress during the year and granted licences for construction / operation of Compression Facility of Low Pressure Flare Gas as well as Storage, Transportation and Marketing of CNG and Sale of Natural Gas at gas field keeping in view the optimum utilization of precious natural resources as well as the Federal Government's notified "Utilization of Flare Gas Guidelines, 2016". OGRA also granted licence to M/s Pakistan LNG Ltd. to undertake sale of natural gas/ RLNG through transmission and distribution network of licenced gas utilities as per the rules applicable to the Third-Party Access arrangements.

In addition, a licence has been issued to PGP Consortium Limited for operation of LNG Terminal being Pakistan's second LNG regasification terminal with the capacity of 600-750 MMCFD RLNG at Port Qasim Karachi.

OGRA also granted a licence for construction of an Oil Pipeline of 460 Km (approx.) with throughput capacity of 7 million metric ton per annum of transportation of Petrol/ Diesel from Machike to Tarujabba through Thallian (Chakri).

As per provisions of OGRA Ordinance and CRPR, OGRA accords highest priority for the resolution of complaints regarding its regulated activities. It receives consumer complaints against the gas, LPG, CNG and oil companies without charging any fee and with almost no formalities. The complaints are resolved expeditiously and the public is largely appreciative of the efficient and judicious manner in which OGRA is providing remedy against the service providers.

With increased number of licensees, the enforcement of technical and safety standards for the facilitation and protection of consumers and general public has become more vital. OGRA will ensure strict monitoring of the regulated activities to avoid any unpleasant incident in transportation of oil and LPG.

Due to its relentless pursuit of quality and efficiency in the regulatory sphere, OGRA has earned reputation of being an impartial and effective regulator. I am confident that solid foundations have already been laid down and OGRA will continue to strive for financial and operational efficiencies in the midstream and downstream petroleum sector through effective and meaningful regulation, in the larger public interest, keeping up with the spirit of Government reform agenda.

Foresighted approach is critical for future success and sustainability of the organization. In order to face the challenging conditions prevalent in Pakistan, especially in the energy sector, our collaborated efforts for a prosperous and sustainable future both at organizational and national level are vital. As an organization, OGRA is committed to a strategy of creating value and growth, while contributing to the energy sector of Pakistan.

We at OGRA take pride in sharing with you that in the spirit of democratic governance, revolutionary policies and visionary approach, high priority is given to information and communication technologies, particularly to

e-governance. Presently, Digital Knowledge Management (DKM) culture is being aggressively perused at OGRA.

In order to promote e-knowledge ethos at OGRA, E-Office/ Docketing and Information Repository System (DIRS) is being implemented for digitalization of records/ system and procedures to ensure efficiency, accuracy, effectiveness, transparency, good governance and effective public service. All internal processes will be managed through E-Office. This new system will provide its users with a user-friendly interface to work with and enable them to efficiently dispose of official business. It will be centralized with the responsibility for management and administration of documents filed by licensees and stakeholders.

E-Office/ DIRS will not only bring efficiency, effectiveness and transparency within the processes of the organization but will also reduce the cost of doing business. Digitization will provide security of the documents in case of any hazardous incident.

As the Chairperson, I am committed to preserving the original principles upon which 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 stronger regulator by implementing and enforcing the provisions of OGRA Ordinance in letter and spirit.

I would like to recognize the services of our employees being an important resource of the organization. It was their commitment and hard work that enabled OGRA to pursue its objectives. Dedication, team work and fairness are embedded in OGRA's work culture. Employees of OGRA deserve appreciation for their spirit of cooperation and professionalism that has helped the organization meet all challenges.

I also take this opportunity to extend our thanks to the Ministry of Energy (Petroleum Division) and the Federal Government and all our licensees for their continuous support in enabling OGRA to perform its duties efficiently and judiciously.

**(Uzma Adil Khan)**  
Chairperson



## چئیر پرسن کا پیغام

میں 30 جون 2018 کو ختم ہونے والے سال کیلئے اوگرا کی 17 ویں سالانہ کارکردگی رپورٹ پیش کر رہی ہوں جو کہ اوگرا آرڈیننس 2002 کے سیکشن 21(a) کے تحت شائع کی جا رہی ہے۔

اوگرا اپنے مقاصد کے موثر حصول سے حکومت کے معاشی اصلاحات کے ایجنڈا کو آگے لے جانے میں کافی حد تک کامیاب رہا ہے جس میں مڈسٹریم اور ڈاؤن سٹریم پٹرولیم سیکٹر میں نجی سرمایہ کاری اور ملکیت کو فروغ دے کر مقابلے کے رجحان کو پروان چڑھانا اور موثر اور کارگر رضا بطوں کی فراہمی کے ذریعے عوامی مفاد کا تحفظ شامل ہے۔

اوگرا نے اداروں کی قدرتی گیس کی ترسیل اور تقسیم پائپ لائن نیٹ ورک تک رسائی کی اجازت کے شفاف اور یکساں اصولوں کے احوال وضع کرنے کیلئے TPA قوانین میں ترمیم کی ہے۔ ایک جامع شفاف اور پر مقصد طریقہ کار کے تحت شراکت داروں کی مشاورت کے ساتھ صوبوں اور وفاقی دارالحکومت میں نشستوں کا انعقاد کیا گیا۔ قوانین کو دو حصوں میں تقسیم کیا گیا ہے جو کہ (i) قوانین/اوپنچی سطح کے اصول و ضوابط اور (ii) نیٹ ورک کوڈز پر مشتمل ہیں۔ حکومت پاکستان کی منظوری کے بعد ان قوانین کا نوٹیفیکیشن ۲۰۱۸-۱۲ کو گزٹ آف پاکستان میں بطور اوگرا گیس (TPA) قوانین کے طور پر کیا گیا۔ قوانین میں جن زیادہ اہم مسائل پر بین الاقوامی طریقہ کار کے مطابق توجہ دی گئی اور حل کیے گئے ان میں ٹرانسپورٹ کے لیے گیس کے حجم کا تعین، ٹرانسپورٹیشن کے دوران نقصان، گیس کا نام اور خطرہ، ٹرانسپورٹیشن کے نرخ، حجم کا برابری کی بنیاد پر مطابقت، نیٹ ورک کوڈ کی تیاری، شپنگ کی سرگرمیوں کے حوالے سے لائسنس کی ضرورت، وغیرہ شامل ہیں۔ مختلف قومی اور بین الاقوامی کمپنیوں نے شپنگ سرگرمیوں کا آغاز کرنے کے لیے لائسنس کے حصول کے لیے پہلے سے ہی اوگرا تک رسائی حاصل کی ہے۔ یہ امید کی جاتی ہے کہ مذکورہ قوانین آزادانہ ماحول اور مسابقتی طور پر گیس کے نظام کو بہترین بین الاقوامی طریقہ کار کی بنیاد پر فروغ دیں گے۔

قدرتی گیس شعبہ کے لئے تمام شراکت داروں سے مشاورت کے بعد ایک نیا محصولاتی نظام تیار کیا گیا ہے اور اس کا اطلاق سال ۱۹-۲۰۱۸ میں ایس این جی پی ایل اور ایس ایس جی سی ایل کی متوقع آمدنی کی ضرورت کا تخمینہ لگانے کے لئے اس کا اطلاق کیا گیا ہے۔

اوگرا نے رواں سال خاطر خواہ کامیابیاں حاصل کی ہیں اور کم پریشر کی فلیئر گیس کی کمپریشن کی سہولت کی تعمیر اور چلانے کے ساتھ ساتھ اس کے ذخیرے، سی این جی کی نقل و حمل اور مارکیٹنگ، گیس فیلڈ پر قدرتی گیس کی فروخت کے لیے لائسنسوں کا

اجراء، قیمتی قدرتی وسائل کے مناسب استعمال اور وفاقی حکومت کی جاری کردہ "Utilization of Flare Gas Guidelines, 2016" کو مد نظر رکھتے ہوئے کیے۔ اوگرا نے تھرڈ پارٹی ایکسس کے انتظام کے قابل اطلاق اصولوں کے تحت لائسنس شدہ گیس یوٹیلیٹی کے ترسیل اور تقسیم کے نیٹ ورک کے ذریعے قدرتی گیس/آر ایل این جی کی فروخت کیلئے میسرز پاکستان ایل این جی لمیٹڈ کو بھی لائسنس جاری کیا ہے۔ اس کے علاوہ پی جی پی کنسورشیم لمیٹڈ کو بھی ایل این جی ٹرینل چلانے کیلئے لائسنس دیا گیا ہے جو کہ 600-750 MMCFD RLNG کی گنجائش کے ساتھ پورٹ قاسم، کراچی پر واقع پاکستان کا دوسرا ایل این جی ری گیس فیکیشن ٹرینل ہے۔

اوگرا نے ماتیچیک سے تاروجہ بذریعہ تھلیاں (چکری) پٹرول/ڈیزل کی نقل و حمل کیلئے 460 کلومیٹر (تقریباً) طویل اور 7 ملین میٹر ٹن سالانہ کی متوقع گنجائش کی ایک تیل پائپ لائن کی تعمیر کا بھی لائسنس جاری کیا ہے۔

اوگرا آرڈیننس اور شکایت کے ازالہ کے طریقہ کار کے قواعد و ضوابط کے تحت اوگرا اپنی ریگولیٹری سرگرمیوں سے متعلق شکایات کے ازالے کو اولین ترجیح دیتا ہے۔ وہ گیس، ایل پی جی، سی این جی اور تیل کی تمام کمپنیوں کے خلاف صارفین کی شکایات بغیر کسی فیس اور کاغذی کارروائی کے وصول کرتی ہے۔ شکایات کا ازالہ تیزی سے کیا جاتا ہے اور سرورس پہنچانے والوں کے خلاف موثر اور انصاف پر مبنی ازالہ کرنے پر عوام بڑے پیمانے پر اوگرا کو سراہتے ہوئے نظر آتی ہے۔

لائسنس یافتہ کمپنیوں کی بڑھتی ہوئی تعداد کے ساتھ صارفین اور عوام الناس کی سہولت اور تحفظ کیلئے تکنیکی اور حفاظتی معیارات کا نفاذ اور بھی زیادہ اہمیت اختیار کر گیا ہے۔ اوگرا آئل اور ایل پی جی کی نقل و حمل کے دوران کسی ناخوشگوار واقعے سے بچنے کیلئے اپنی ریگولیٹری سرگرمیوں کی سختی سے نگرانی کرے گی۔

ریگولیٹری حلقہ اثر میں معیار اور کارکردگی کی انتھک محنت کی بدولت اوگرا نے ایک غیر جانبدار اور موثر ریگولیٹر کے طور پر اپنی ساکھ بنائی ہے۔ مجھے پورا یقین ہے کہ مضبوط بنیادیں رکھی جا چکی ہیں اور اوگرا حکومت کے اصلاحاتی ایجنڈے کے تحت اور بڑے عوامی مفاد میں موثر اور معنی خیز ریگولیشن کے ذریعے مڈسٹریم اور ڈاؤن سٹریم پٹرولیم سیکٹر میں مالیاتی اور عملی کارکردگی کی بہتری کیلئے جدوجہد کرتی رہے گی۔

پٹرولیم سیکٹر کے مستقبل پر نظر ادارے کی کامیابی اور استحکام کیلئے ناگزیر ہے۔ پاکستان کو درپیش نامساعد حالات کا مقابلہ کرنے کیلئے، خصوصی طور پر توانائی کے شعبے میں،

قومی اور ادارہ جاتی سطح پر خوشحال اور مستحکم مستقبل کیلئے ہماری مشترکہ کاوشوں کی اہمیت اور بھی زیادہ ہو گئی ہے۔ ایک ادارے کے طور پر اوگرا معیار اور ترقی کا ماحول بنانے کی حکمت عملی پر کاربند ہونے کے ساتھ ساتھ پاکستان کے توانائی کے شعبے میں بھی اپنا موثر کردار ادا کر رہا ہے۔

اوگرا کی جانب سے ہمیں یہ بتاتے ہوئے فخر محسوس ہو رہا ہے کہ جمہوری طرز حکومت، انقلابی پالیسیوں اور دوراندیش نقطہ نظر کے تحت انفارمیشن اور کیونیکیشن ٹیکنالوجیز کو خصوصی اہمیت دی جا رہی ہے، خصوصی طور پر e-governance کو۔ اس وقت اوگرا کی میں ڈیجیٹل ٹرانزیکشنز (DKM) کے کلچر کو بہت تیزی سے نافذ کیا جا رہا ہے۔

اوگرا میں e-knowledge کے کلچر کو فروغ دینے کیلئے ای آفس/ڈائنگ اور انفارمیشن ریپازٹری سسٹم (DIRS) کا نفاذ کیا جا رہا ہے تاکہ ریکارڈز/سسٹم اور طریقہ کار کی ڈیجیٹائزیشن کے ذریعے کارکردگی، درستگی، افادیت، شفافیت، گڈ گورننس اور موثر پبلک سروس کا حصول ہو سکے۔ تمام اندرونی دفتری کارروائیوں کا انتظام ای آفس کے ذریعے کیا جائے گا۔ یہ نیا سسٹم استعمال کرنے والوں کیلئے ان کے کام سے متعلق انتہائی آسان انٹرفیس مہیا کرے گا جس کی وجہ سے وہ دفتری کام بہت موثر طریقے سے نمٹ سکیں گے۔ یہ ایک مرکزی طور پر مربوط نظام ہوگا جو لائسنس ہولڈرز اور شراکت داروں کے جمع کرائے گئے دستاویزات کے انتظام و انصرام کا ذمہ دار ہوگا۔ ای آفس/DIRS نہ صرف ادارے کے عوامل میں کارکردگی، افادیت اور شفافیت کو بڑھائے گا بلکہ کاروبار کے اخراجات کو بھی نیچے لائے گا۔ ڈیجیٹائزیشن کی وجہ سے کسی خطرناک حادثے کی صورت میں دستاویزات کو تحفظ ملے گا۔

چیئر پرسن کے طور پر میں ان اصولوں کو تحفظ دینے کی پابند ہوں جن پر اوگرا کی بنیاد رکھی گئی تھی اور جن پر عمل کر کے یہ کامیاب ہے۔ یہ انتہائی ضروری ہے کہ قلیل مدت کے ادارہ جاتی اہداف اور سرگرمیوں میں اور طویل مدت حکمت عملی میں مطابقت ہو۔ اوگرا کو آگے بڑھنے کیلئے اوگرا آرڈیننس کو اس کی اصل روح میں نافذ کرنا پڑے گا تاکہ یہ ایک مضبوط ترین ریگولیٹر کے طور پر ارتقاء پذیر ہو سکے۔

میں اپنے ادارے میں کام کرنے والے افراد کی خدمات کو بھی سراہنا چاہتی ہوں جو ادارہ کے لئے ایک اہم اثاثہ ہیں۔ یہ ان کی اپنے کام سے لگن اور انتھک محنت کا نتیجہ ہے کہ اوگرا اپنے مقاصد کے حاصل کر پایا۔ جذبہ، ٹیم ورک اور شفافیت اوگرا کے دفتری ماحول میں رچی بسی ہوئی ہیں۔ اوگرا کے ملازمین اپنے تعاون کے جذبے اور پیشہ ورانہ خصوصیت کی بنیاد پر قابل تحسین ہیں جس کی وجہ سے یہ ادارہ تمام تر چیلنجز کا مقابلہ کرنے میں کامیاب رہا ہے۔

میں اس موقع پر اوگرا کو اپنے فرائض موثر اور دانشمندانہ طور پر سرانجام دینے کیلئے وزارت توانائی (پیٹرولیم ڈویژن)، وفاقی حکومت اور اپنے تمام لائسنس ہولڈرز کے مسلسل تعاون کا شکریہ بھی ادا کرتی ہوں۔

(عظمیٰ عادل خان)  
چیئر پرسن







## PROFILE OF THE AUTHORITY







# THE AUTHORITY



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Noorul Haque  
Member (Finance)

Uzma Adil Khan  
Chairperson

Dr. Abdullah Malik  
Member (Oil)



## 2. Profile of the Authority

### 2.1 Composition

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

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



### 2.1.1 Chairperson

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



## 2.1.2 Member Finance

Mr. Noorul Haque was appointed as Member Finance on July 23, 2015 for an initial term of two years. In recognition of his services, he was reappointed for second term of four years w.e.f. July 23, 2017. He is Fellow Member of the Institute of Cost and Management Accountants of Pakistan (ICMAP). He has experience of over 32 years in the fields of accounts, finance, audit management and planning at various management positions in public and private sector organizations. He has been associated with OGRA since 2003 in various positions. He has served as Senior Executive Director before his appointment as Member Finance. He played crucial role in formulation of various rules and regulations for oil and gas sectors. He participated at various training programs abroad on utility regulations, bench marking, performance monitoring, natural gas pricing, human resource and project management. He is the first employee of OGRA to be appointed as Member of the Authority.



### 2.1.3 Member Oil

In 1991, Dr. Abdullah Malik got his Ph.D in Chemical Engineering (Fuel Technology) from Newcastle University, one of the UK's top institutions. He is an active Member of Energy Institute and Chartered Engineer UK. Post his first degree in Chemical Engineering in 1984 from UET Lahore. He got his training from a Shell refinery based in Karachi. He then joined DESCON Engineering – a leading local contracting organization before leaving for higher studies in UK. Dr. Malik has over 33 years of experience of working within energy sectors including upstream, midstream and downstream oil and gas processing, its transport, power generation, and environmental control technologies. This involved design, development and construction of energy projects in regulated environment. Dr. Malik worked for several world leading contracting, consulting and technology multinational companies and contributed on world class onshore and offshore projects for Aramco, BP, EoN, Conoco, Sabic and Shell. Dr. Malik's recent projects involved setting up an advanced vacuum distillation refinery in which he replaced a mechanical evaporator with a non-mechanical thin film evaporator. This technology was later shortlisted for IChemE UK Global award 2015. While working for industry, Dr. Malik kept his teaching and R&D interests within green energy technologies and developed two novel clean technologies. He also published more than 50 articles in referred journals and conferences. In 2005, under HEC short term programme Dr. Malik served in Chemical Engineering as Professor appointed by HEC and was part of pioneering team of setting up Energy Technology Centre in UET. Dr. Abdullah Malik was appointed as Member Oil on May 17, 2017 for a period of three years.











## 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:
  - ▶ **Compressed Natural Gas (CNG)**
    - Construction / Operation of installations including testing or storage facilities.
    - Transporting, filling, marketing and distribution.
  - ▶ **Liquefied Natural Gas (LNG)**
    - Construction / Operation of LNG receiving, re-gasification terminals.
    - Construction / Operation of LNG storage facilities.
    - Transportation, filling, marketing and distribution of LNG.
  - ▶ **Liquefied Petroleum Gas (LPG)**
    - Construction / Operation of pipelines, production or processing facilities, storage facilities and installations.
    - Production, storage, filling and marketing.
  - ▶ **Natural Gas**
    - Construction / Operation of pipelines or storage facilities or other installations.
    - Transmission
    - Distribution
    - Sale
  - ▶ **Oil**
    - Construction / Operation of refinery, pipelines, storage facilities, blending facilities and installations.
    - Marketing and storage of refined oil products.
- Determine in consultation with the Federal Government and the licensees, a reasonable rate of return to the natural gas licensees.
- Determine the revenue requirement of gas utilities covering the cost of gas, transmission and distribution cost and the prescribed return.
- Develop and enforce performance and service standards.
- Prescribe procedures and standards for investment programmes of the gas utilities and oversee their capital expenditure to ensure prudence.

- Resolution of complaints and disputes between a person and a licensee or between licensees.
- Enforce standards and specifications for refined oil products as notified by the Federal Government.
- Implement policy guidelines of the Federal Government, issued under Section 21 of the OGRA Ordinance subject to their being consistent with the provisions of the Ordinance.
- Exclusive power to employ officers, staff, experts, consultants, advisors and other employees on such terms and conditions as it may deem fit.
- Exclusive powers to decide upon all matters in its jurisdiction.





## **FUNCTIONS OF THE DEPARTMENTS**



## 2.3 Functions of the Departments

### ► Registrar Office

Registrar Office receives, examines and processes the petitions filed by Gas Utility Companies i.e. SSGCL and SNGPL for determination of their revenue requirements of each financial year under the provisions of the OGRA Ordinance, 2002 and the Natural Gas Tariff Rules, 2002. This office also processes and conducts procedures for grant of licences with respect to Natural Gas, LNG and low pressure flare gas cases. On daily basis, it also receives, scrutinizes and processes the complaints regarding Natural Gas, LPG, CNG and refined oil products lodged by any person or licensee w.r.t. excessive billing, correction of gas bills, tariffs, low pressure, issuance of demand notices, connections, disconnections and all other matters provided in CRPR, 2003 and forward the same to Designated Officers (DOs) of the concerned departments for appropriate disposal / decision.

As per Section 12(1) of the OGRA Ordinance, 2002, Registrar Office receive appeals, reviews of Natural Gas, LPG, CNG, Oil and Enforcement cases etc. and accordingly process, conduct and record hearing proceedings and prepare draft decisions for the approval of the Authority. Registrar Office also examine and process the applications for the determination of well-head gas price before sending the same to Finance Department and scrutinizes the fee matters related to tariff, licence petitions, appeals/reviews, well-head price and annual licence renewal fee from the licensee. Further, Registrar Office also provides legal opinion and represent OGRA before different Courts of Law.

### ► Oil Department

OGRA is mandated to regulate mid and downstream oil sector in the country under Pakistan Oil (Refining, Blending, Transportation, Storage & Marketing) Rules, 2016 and OGRA Ordinance 2002. The powers conferred under the aforesaid rules & OGRA Ordinance mainly pertain to grant of licence to undertake marketing of refined oil products, construction & operation of oil infrastructure [i.e. oil refinery, oil pipeline, oil storage facility, lube oil blending/reclamation facility & oil testing facility], establishing operation of lubricant marketing companies. Besides the aforesaid, Oil Department also monitors the quality of refined oil products through third party laboratory and its own inspections on random basis. In addition, complaints (generally related to overcharging, less filling, quality at petrol pumps) are also dealt by the Oil Department in accordance with OGRA's Complaint Resolution Procedure Regulations, 2003, to redress the grievance of the general public.

### ► Gas Department

The basic functions performed by Gas Department pertain to the grant of licences regarding Sale, Transmission and Distribution of Natural Gas / RLNG, Determination of Revenue Requirements of Gas Utility Companies i.e. SNGPL and SSGCL on regular basis, monitoring and enforcement of rules, regulations / standards and applicable licence conditions, approval of Gas Sale / Purchase Agreements pertaining to the regulated gas sector. Another important task performed by the Gas Department is to handle cases related to Natural Gas Infrastructure Development Projects. Processing of cases regarding Gas Pipeline Capacity Allocation and related Gas Transportation Agreements. Gas Department is undertaking studies such as review of TPA Rules, Network Code, implementation of UFG Study of Gas sector, liaison with International Organizations e.g.



World Bank, USAID, etc., regarding Gas Sector Reforms. Furthermore, Gas Department responds/attends the Court Cases pertaining to regulated gas sector and formulation of rules, regulations and procedures for the conduct of licensees. Reports on compliance of licence conditions are being regularly provided by the gas utility companies.

### ► **LPG Department**

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

### ► **LNG Department**

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

### ► **CNG Department**

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

of requisite formalities as per the policy/rules. OGRA enlists local and international CNG equipment manufacturers subject to conformity of applicable international technical standards. Complaints against CNG stations are dealt as per applicable criteria and Complaint Resolution Procedure Regulations, 2003.

## ► Finance Department

Finance Department plays a pivotal role in tariff determination of oil and gas sector as per the powers delegated under the OGRA Ordinance, 2002. Finance Department is primarily involved in the determination of revenue requirement of gas utilities viz; SNGPL & SSGCL. Accordingly, category-wise natural gas sale prices and prescribed prices are notified under the law. Determination and notification of well-head gas prices on biannual basis is also carried out as per the agreements signed between gas producers & GoP. Finance Department's role is not only limited to the natural gas sector, but also includes monitoring of petroleum products including notification of kerosene oil & E-10 after the deregulation effective June, 2011. Since September, 2008, Inland Freight Equalization Margin (IFEM) is also being managed by the Finance Department including its monthly computation and notification. The Federal Government has also delegated the powers of RLNG price determination to OGRA. The same is carried out on monthly basis as per the policy guidelines issued by Economic Coordination Committee (ECC).

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

## ► Complaints Department

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

## ► Corporate & Media Affairs Department

The main functions of the Corporate & Media Affairs Department are to build and sustain positive perception/image for the organization as a progressive Regulatory Authority of Pakistan's Energy Sector, create awareness of its actions in public interest, gain industry buy-in and sensitizing its direct and indirect stakeholders about rules/

regulations and their compliance in national interest. To keep abreast the stakeholders about the policies/actions of the organization on regular basis and to build ownership as well as to bridge the communication gap, establishing and executing major goals and objectives for OGRA, to implement policies established by the Authority, to provide leadership, direction and guidance over Organization's activities. To analyze and evaluate the operational effectiveness of the organization. To coordinate major activities through subordinates and appraises assigned personnel and to represent the organization to stakeholders, international organizations, media and the general public. To introduce Regulatory Reforms in-line with international best practices and Government policies.

## ► **Planning & Coordination / IT Department**

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

## **Capacity Building**

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

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

## IT Orientation

There is need to ensure that information technology is embedded into the culture of an organization with knowledge spread throughout, rather than solely concentrated at an operational level. OGRA's IT policy is inspired by this thought. All officials in OGRA have dedicated computers and are connected to Local Area Network (LAN) to share resources like printers, scanners, heavy duty network printers etc. OGRA building has dedicated Fiber 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 to 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. It is favourite amongst consumers of petroleum & gas products, media and other stakeholders. OGRA has implemented Licensed Accounting Software in order to provide better services and utilization of resources efficiently. This project is for the development and implementation of a new financial accounting system in OGRA after a thorough study of the functions and processes. OGRA has also launched online complaints registration for an easy and rapid access by the complainants.

### ► Media & Public Relations Department

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

### ► Administration Department

Administration Department is responsible for overall administrative/management services. This Department has to ensure efficient and smooth administrative operations of the organization which include provision of logistic support to each and every department/unit/section of the Authority and its regional offices. All kinds of administrative matters including procurement, repair & maintenance are also being handled by this Department. Administration Department implements policies relating to all avenues which fall under Management Services. In addition, this Department deals

with pre-qualifications of firms, execution & extension of contract/lease agreements relating to procurement agencies and hiring office buildings etc. as per PPRA Rules.

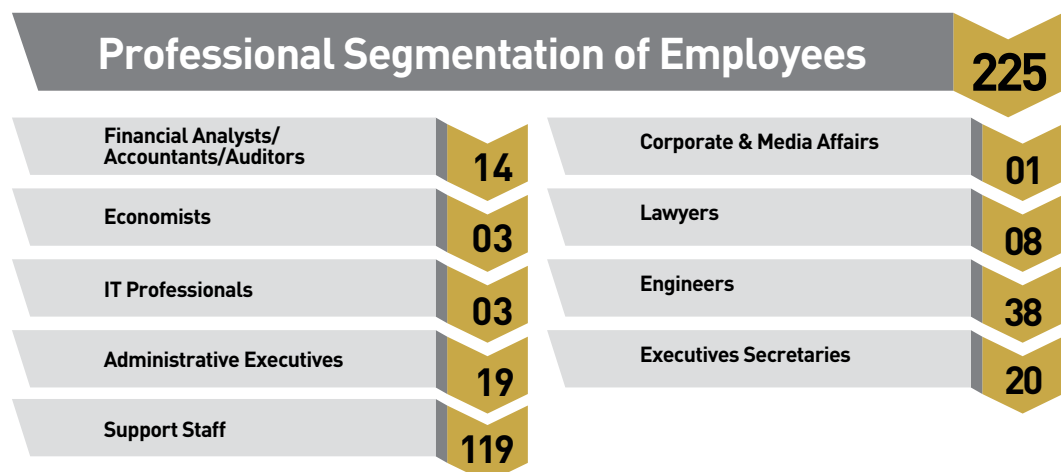
## ► Human Resource Section

Oil and Gas Regulatory Authority is a specialized body established under OGRA Ordinance, 2002 for regulating the midstream and downstream activities of Oil & Gas sector in Pakistan. To discharge its responsibilities, it has to recruit qualified and experienced professionals in the field of Engineering, Law, Finance, Economics and Management as provided in the Ordinance. For all such recruitments, the Authority advertises all vacancies in the Press and recruit human resource through a competitive & transparent process, while observing provincial quota as prescribed by the Federal Government, in order to provide equal opportunities of employment across the country. We feel pleasure to say that the directions of the Federal Government have been implemented w.r.t observance of Balochistan Quota under Aghaz-e-Haqooq-e-Balochistan Package. Hence, workforce at OGRA is a diversified pool of specialists, in terms of gender, regions and professional background. Employees are recruited strictly on the terms and conditions as stipulated in the OGRA Service Regulations, 2005 notified under the OGRA Ordinance, 2002.

OGRA Service Regulations, 2005 have been formulated by the Authority to offer a complete range of service policies and rules for the employees. The HR Section is responsible to facilitate all HR functions and process, ranging from recruitment of finest human capital to their training & development, to establishing and executing an effective performance management system while maintaining office discipline/decorum.

The HR Section seeks to provide benefits to the employees that promote health, wellness and a sound work environment. In this regard the section processes the cases for approval of the competent authority pertaining to House Building Advance, Insurance, Gratuity, Leave Encashment, Medical treatment and Merit Increments etc. The HR Section promotes the values of inclusiveness and long term engagement through employees orientation and professional development. In all areas, HR Section firmly upholds the tenets of confidentiality, accountability and trust, and values excellence, integrity and communication.

OGRA is a vibrant organization which provides an environment where employees are encouraged to fully participate in the process of feedback/input in the decision making process which strengthen the organization.



## ► Legal Department

Legal Department provides opinion on legal issues to all departments and the Authority. In pursuance of Section 41 & 42 of the OGRA Ordinance, 2002, the Authority formulates rules and regulations to carry out its regulatory functions, therefore legal department is also entrusted with assignments of vetting of rules, regulations and other notifications documents having legal prospect whenever required.

## ► Litigation Department

The Litigation Department has the prime responsibility to ensure representation in order to defend OGRA before the Courts of Law all over the country. It manages cases pending before the Courts of Law, prepares detailed para-wise comments, reply, written statements in consultation with respective departments and seeks recommendations/ approval of the Authority in each case. Keeping in view the nature and gravity of each case, it recommends the suitable lawyer or depute in-house officer to represent OGRA under the robust procedure duly approved by the Authority. The Department maintains records of court cases for information of the Authority.

## ► Secretariat

Secretariat is responsible for performing the duties and responsibilities of secretariat nature, as entrusted to it, under the supervision of Secretary OGRA. Secretariat is mandated to effectively conduct the meetings of the Authority (Regulatory & Administrative) wherein the decisions are taken, in the spirit of OGRA Ordinance, 2002, pertaining to the regulatory affairs of the mid and downstream petroleum sector as well the internal matters of the organization. Key functions/responsibilities include issuance of notice, agenda and working papers to the Authority Members and concerned Departmental Heads after soliciting approval of the Chairman/Chairperson for calling Meeting in accordance with Sub- Section 5 of Section 4 of the OGRA Ordinance, preparation and submission of minutes of the meeting proceedings to the Authority for signatures and dissemination of decisions to the concerned Departments. Further, it monitors the implementation of the decisions by the concerned Departments and compiles the report on implementation status for presentation before the Authority as regular agenda in each Meeting. Secretariat is responsible to coordinate with the Cabinet Division and other agencies regarding the matters of the Chairman/Chairperson and Members of the Authority and it also acts as a custodian of record of declaration of assets submitted by all employees of OGRA on yearly basis.

## ► Internal Audit Department

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



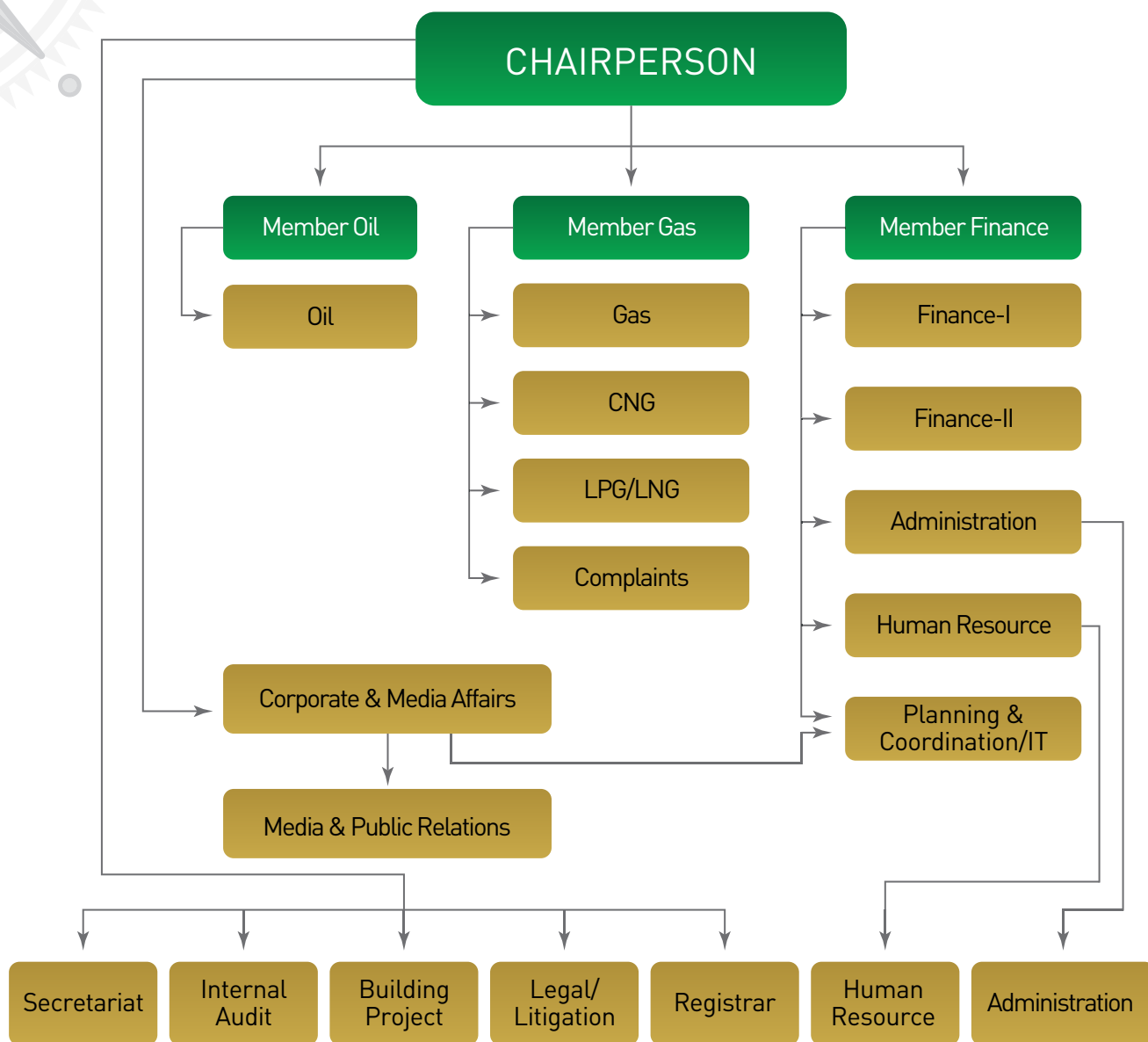








# ORGANOGRAM

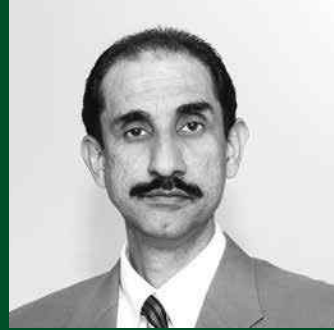


# SENIOR MANAGEMENT



**Imran Ghaznavi**

Senior Executive Director  
Corporate & Media Affairs



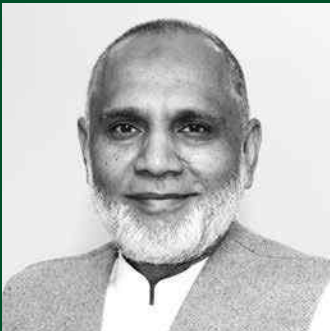
**Shahzad Iqbal**

Executive Director  
Gas Department



**Zain-ul-Abideen Qureshi**

Executive Director  
CNG Department



**Muazzam Hussain Ch.**

Executive Director  
Complaints Department



**Sarmad Aslam**

Executive Director  
Oil Department



**Anwar Ali Sheikh**

Executive Director  
Planning & Coordination/IT  
Department



**Sohail Ahmed Tariq**

Executive Director (Oil - ERL)  
Enforcement-Refineries &  
Lubricants



**Misbah Yaqub**

Executive Director  
Finance & Accounts  
Department



**M. Rizwan ul Haq**

Executive Director  
Legal/Litigation Department



**Asad Latif**

Secretary OGRA





## OGRA Executives with the Authority



### **Sitting (Left to Right)**

Mr. Sarmad Aslam, Mr. Imran Ghaznavi, Mr. Noorul Haque (Member-Finance), Ms. Uzma Adil Khan (Chairperson), Dr. Abdullah Malik (Member-Oil), Mr. Shahzad Iqbal, Mr. Muazzam Hussain Ch.

### **Standing (Left to Right)**

Mr. Nasrullah Khan, Syed Anis Haider Hamdani, Mr. Anwar Ali Sheikh, Mr. Atif Sajjad, Mr. Zainul Abideen Qureshi, Mr. Abdul Basit Qureshi, Mr. Muhammad Asad Latif, Mr. Muhammad Imran Akhtar, Ms. Misbah Yaqub, Mr. Shahzad Faisal, Mr. Muhammad Rizwan-ul-Haq, Mr. Sohail Ahmed Tariq





## 3. Decision Making Process

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

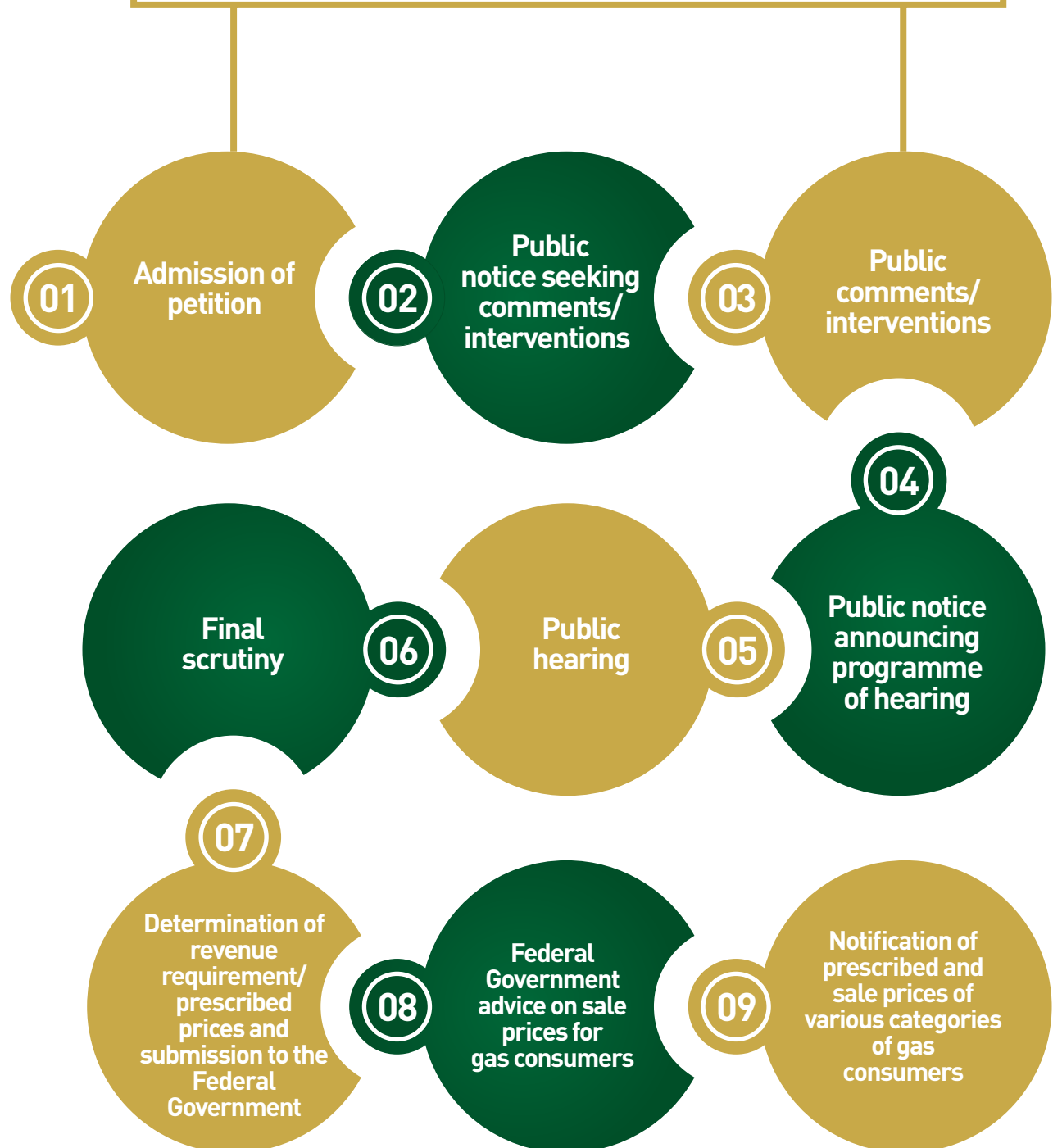
The regulatory framework is a quasi-judicial for issuance of licences, tariff setting and maintenance of proper standards and quality of services by the licensees. Therefore, the Authority is vested under the Ordinance and Rules with the power of delivering decisions. The Authority exercises the power of original jurisdiction in case of petitions filed for the grant of licences for various types of regulated activities, setting of tariff which include determination of estimated and final revenue requirement of natural gas transmission and distribution licensees at the beginning and the end of each financial year respectively, and also its review during the year. In addition to natural gas, the Authority is empowered to grant 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 the light of relevant rules, which, inter-alia, involve interactive process of consultation with all stakeholders including consumers through public hearings. This provides the general public an opportunity to put across its point of view on the cost and quality of service provided by the utility companies. This enables the Authority to have the benefit of a wider range of information and all shades of opinion, which it evaluates before reaching a decision. To give a bird's eye view of the process, following **Fig.** shows the steps involved in the determination of revenue requirement of a gas company from receipt of petition to the notification of prescribed and sale prices.



Informal Meeting of the Authority

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











## 4. Performance

### 4.1 Formulation of Rules and Regulations

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

Section 41 and 42 of the OGRA Ordinance, 2002 require the Authority to formulate Rules and Regulations respectively to carry out the Authority’s functions as provided in the Ordinance. The Rules are to be approved and notified by the Federal Government, whereas the Regulations are to be approved and notified by the Authority itself. Rules and Regulations are fundamental instruments to achieve the objectives and OGRA’s exclusive responsibilities under the OGRA Ordinance, 2002.

#### 4.1.1 Meetings of the Authority

Section 4(1) of the OGRA Ordinance, 2002 states that the Chairman and two other Members shall constitute a quorum for a meeting of the Authority requiring a decision by the Authority. The Authority during FY 2017-18 has conducted 13 Regulatory and 14 Administrative meetings.

### 4.2 Natural Gas Sector

#### 4.2.1 Grant of Licences

##### i) Grant of Flare Gas Licence to M/s Hitech Pipe and Engineering Industries (Pvt) Ltd.

The Authority on 25th August, 2017 granted licence to M/s Hitech Pipe and Engineering Industries (Pvt) Ltd. to undertake the regulated activity of construction / operation of Compression Facility of Low Pressure Flare Gas as well as Storage, Transportation and Marketing of CNG and Sale of Natural Gas at the OGDCL’s Gas Field (Daru Central Facility) located in Tando Muhammad Khan, Sindh. This licence was first of its kind and was granted by OGRA keeping in view the optimum utilization of precious natural resources as well as the GoP’s notified “Utilization of Flare Gas Guidelines, 2016”.

Details of the regulated activities covered in the above licence are given as under:

- a. Construction and operation of Natural Gas (Low Pressure Flare Gas) Compression Facility, CNG Storage Facility and Transportation of CNG from Dhachrapur (Daru Central Facility) Field, District Tando Mohammad Khan, Sindh to industrial clients as well as the CNG Stations in Sindh.
- b. The low pressure flare gas from the OGDCL’s gas field will be compressed to produce CNG. The CNG will be loaded into Skid Tube Containers mounted on the Trailer and then transported to the Industrial Consumers and OGRA’s licensed / enlisted CNG Stations in accordance with the applicable regulatory framework to ensure operational safety in whole process.

## **ii) Grant of Flare Gas Licence to M/s E-Gas Pvt. Ltd.**

The Authority on 4th October, 2017 granted licence to M/s E-Gas Pvt. Ltd. to undertake the regulated activity of construction / operation of Compression Facility of Low Pressure Flare Gas as well as Storage, Transportation and Marketing of CNG and Sale of Natural Gas at the OGDCL's Gas Field (Rajian Gas Field, Village Rajian, District Chakwal, Punjab).

This licence was similar in kind to the licence granted to M/s Hitech Pipes Ltd. The low pressure flare gas was to be compressed at the OGDCL's Rajian Gas field (located in Chakwal, Punjab) and then transported in form of CNG to the Industrial Clients as well as OGRA's licensed / enlisted CNG Stations in Punjab, Khyber Pakhtunkhwa and Federal Capital Islamabad.

## **iii) Grant of Licence to M/s Pakistan LNG Limited (PLL) for Sale of RLNG**

The Authority on 31st October, 2017 granted licence to M/s Pakistan LNG Ltd. to undertake the regulated activity of sale of natural gas as per the following model:

- a) Natural Gas / RLNG will be transported from Transmission and Distribution (T&D) Network of Licensed Gas Companies under the terms and conditions of the Gas Transportation Agreement (GTA) and the law and rules applicable to the Third Party Access (TPA) arrangements.
- b) PLL will sell the Natural Gas / RLNG to its Retail Consumers at their Consumer Meter Stations (CMSs) in accordance with the terms and conditions of the Gas Sale Agreements (GSAs).
- c) Services of Gas Utility Companies will be obtained for the billing and metering under the mutually consented services agreement until and unless the Licensee set up its own metering and billing system.

## **4.2.2 Infrastructure Developments Projects**

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 network 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 gas companies / Licensees and placed before the Authority for approval. The projects are approved by the Authority, if found prudent, feasible, delivering tangible benefits to the end consumers.

Brief detail of the infrastructure development projects of SNGPL and SSGCL approved during 2017-18 is as follow:-

### **Transmission Projects of SNGPL**

SNGPL projected an amount of Rs. 4,492 million (including Rs. 3,981 million works on cost sharing basis) for Transmission Mains in its Petition for Estimated Revenue Requirement (ERR) for FY 2018-19. The Authority decided to allow the expenditure under Transmission Mains (Normal) at Rs. 4,326 million as against Rs. 4,492 million projected by the SNGPL. The details are given in **Table 4.1**.

**Table 4.1: Transmission Projects of SNGPL**

Rs. in Million

Sr.No.	Description of Segments/Other Assets	Projected by SNGPL	Allowed by OGRA
1.	42" diameter x 93 Km pipeline (Infrastructure Development for supply of 200 MMCFD RLNG to Punjab Power Plant Limited (PPPL) on 100% cost recovery basis.	3,981	3,981
2.	Modification of SMSs/ Procurement of Metering Fittings / Equipment.	40	40
3.	Pipeline Operation (any Unforeseen/Modification)	50	25
4.	Miscellaneous Jobs (Lowering, Protection walls, Retaining walls etc.)	21	21
5.	Construction/Upgradation/Land for Sales Meter Stations (SMSs)	400	259
<b>Total (Other Assets)</b>		<b>4,492</b>	<b>4,326</b>

SNGPL informed that it tends to lay the 42" diameter x 93 Km pipeline (Infrastructure Development for supply of 200 MMCFD RLNG to Punjab Power Plant Limited (PPPL) on 100% cost recovery basis. The Authority had already granted approval of the said pipeline under Rule 20 (xviii) of NGRA Licensing Rules, 2002 in November, 2017. Authority had also allowed the same in RERR for FY 2017-18 with the comments that the said line is being laid on 100% cost sharing basis, SNGPL will not be entitled to claim any rate of return on this amount. However, installation of metering gadgets for the said Power Plant at an estimated cost of Rs. 55 million from SNGPL's own resources will be the part of Revenue Requirement.

## Distribution Projects of SNGPL

The Authority, in SNGPL's DERR 2018-19, approved an amount of Rs. 17,414 million against the projected amount of Rs. 29,828 million, the details are given in **Table 4.2**.

**Table 4.2: Distribution Projects of SNGPL**

Rs. in Million

Sr.No.	Description of Segments	Projected by SNGPL	Allowed by OGRA
1.	Laying of Distribution Mains	23,713	12,266
2.	Laying of Distribution Mains on Cost Sharing Basis	3,506	3,506
3.	System Rehabilitation	1,350	1,044

4.	UFG Control Activities	503	503
5.	G.I Pipe and Fittings	476	0
6.	Cathodic Protection	280	95
<b>Total</b>		<b>29,828</b>	<b>17,414</b>

## Transmission Projects of SSGCL

SSGCL projected an amount of Rs. 9,253 million for addition in Normal Transmission Pipeline Assets and Network in its Petition of ERR for FY 2018-19. The Authority provisionally allowed an expenditure of Rs. 2,977 million for addition to the Normal Transmission Network, as per the detail given below in **Table 4.3**.

**Table 4.3: Transmission Projects of SSGCL**

Rs. in Million			
Sr.No.	Description of Segments/Other Assets	Projected by SSGCL	Allowed by OGRA
1.	12" dia x 46 Km Pipeline from Rehman Field to Naing MVA	1,521	760
2.	8" dia x 28 Km Pipeline from Ayesha Gas Field	550	275
3.	30" dia x 125 Km Pipeline from SMS Sindh University to SMS Pakland (1st segment)	6,053	1,816
4.	Upgradation of SMS Thatta	45	45
5.	Check Metering Facility at Shahdadpur for Gambat South Field Gas Measurement (RS3)	344	0
6.	Check Metering Arrangements at Daru	81	81
7.	16" dia x 9 Km Re Route of Kotri Barrage	217	0
8.	16" dia ILBP Rehabilitation and Intelligent Pigging	47	-
9.	12" dia x 344 Km QPL Rehabilitation and Intelligent Pigging	328	-
10.	Construction of Sub-merge crossings	66	-
<b>Total</b>		<b>9,253</b>	<b>2,977</b>



## Distribution Projects of SSGCL

SSGCL had projected an amount of Rs. 8,042 million for gas distribution system and related facilities & equipment in its Petition of ERR 2018-19. The Authority provisionally allowed the addition to Gas Distribution System at Rs. 6,070 million for the said year, as given in **Table 4.4**.

**Table 4.4: Distribution Projects of SSGCL**

Rs. in Million			
Sr.No.	Description of Segments	Projected by SSGCL	Allowed by OGRA
1.	Rehabilitation Mains and Services-UFG Control Program	851	851
2.	Segmentation-UFG Control Program	236	236
<b>Sub-Total</b>		<b>1,087</b>	<b>1,087</b>
3.	Laying of Distribution Mains including Services-Existing Areas	2,752	1,711
4.	Installation of New Connections (meters)	1,061	992
5.	Replacement/ Repair of Gas Meters	1,448	1,448
6.	Modems, Installation of EVCs, Filter Separators	258	50
7.	Construction of CMSs,TBSs,TRs and Cathodic Protection	103	103
8.	New Towns	1,178	679
<b>Sub-Total</b>		<b>6,799</b>	<b>4,983</b>
9.	8" dia x 15 Km Supply Main Hala	156	-
<b>Total Gas Distribution System</b>		<b>8,042</b>	<b>6,070</b>

### 4.2.3 Approval of Agreements

The Authority under provisions of the NGRS Licensing Rules, 2002 approved the following Gas Supply/ Purchase Agreements (GSPAs) for supply of gas between the Gas Producers and Gas Companies / Consumers.

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

The GSPAs for supply of gas between the Gas Companies and the Gas Producers / Consumers considered and approved by OGRA, during FY 2017-18 are as follow:

- a) Approval of GSA between M/s PPL and M/s Central Power Generation Company Ltd. (CPGCL), for supply of PPL's Kandhkot Gas Field (200 MMCFD).
- b) Approval of Interim Gas Supply Agreement for supply of RLNG by SNGPL to its (07) Industrial Consumers (Fertilizers / Power Producers).
- c) Approval of "Chanda GSPA" being executed between M/s OGDCL and SNGPL for Chanda Gas Field.
- d) Approval of Extension No. 2 to the GSPA of Pakistan Oil Fields Ltd. (POL) Dhulian Field and SNGPL, to extend the term of GSPA for another period of 5 years w.e.f. 3rd Nov, 2017.
- e) Approval of Interim Gas Supply Agreement for supply of RLNG by SNGPL to its (05) Industrial Consumers (Power Producers).
- f) Approval of the GSA between Universal Gas Distribution Co. (UGDC) and its Consumers (CNG Stations).

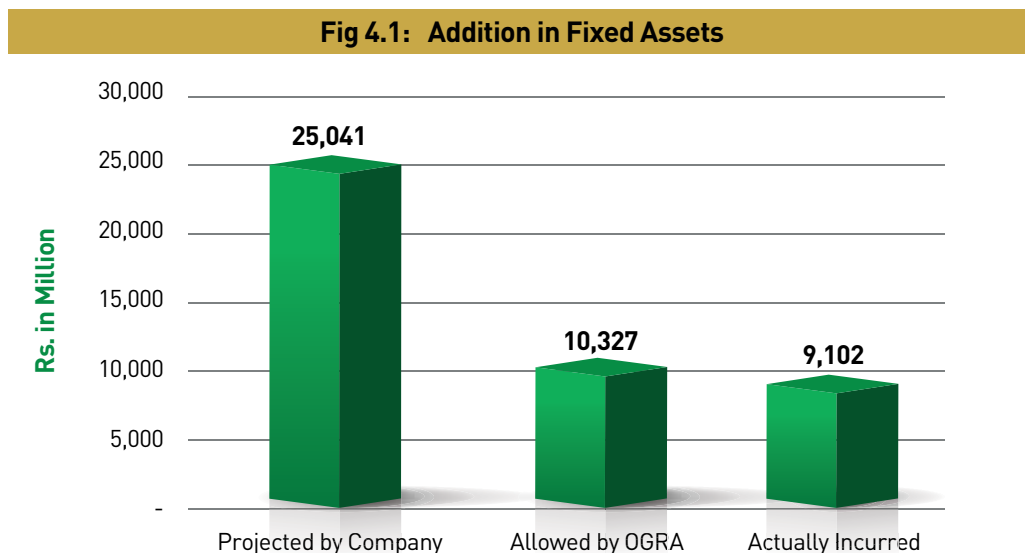
#### 4.2.4 Natural Gas Network

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

### Sui Southern Gas Company Limited

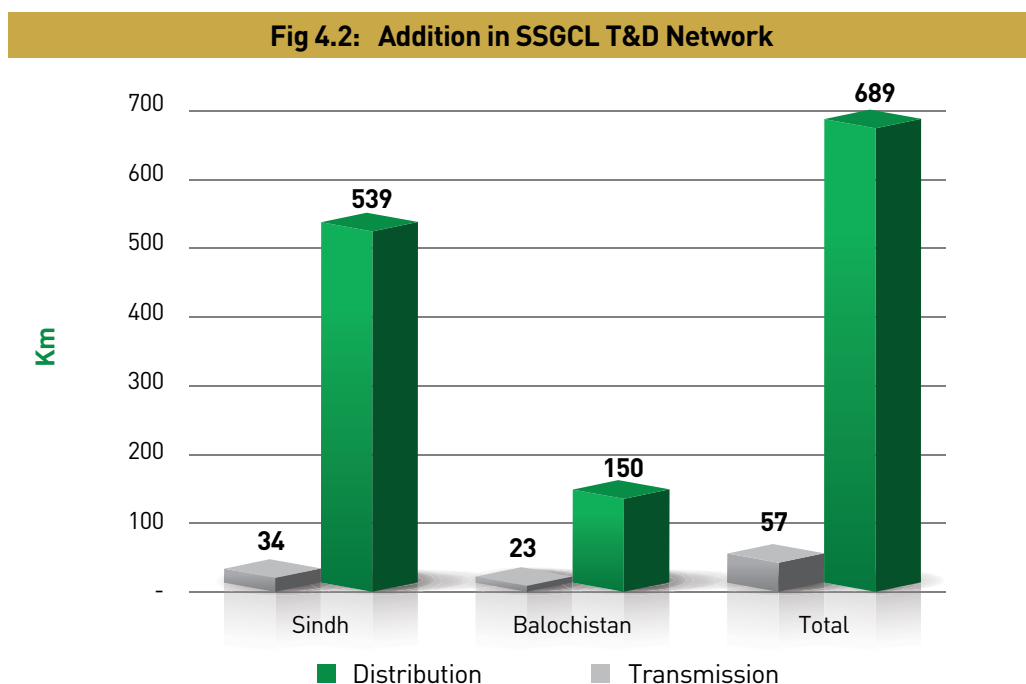
#### Increase in Assets

SSGCL requested an increase of Rs. 25,041 million in assets in its Petition of Estimated Revenue Requirement (ERR) for FY 2017-18. As per the Determination, OGRA allowed a sum of Rs. 10,327 million to the Company, as is shown in **Fig 4.1** below. As per FRR Petition, SSGCL actually incurred an amount of Rs. 9,102 million during the said year.



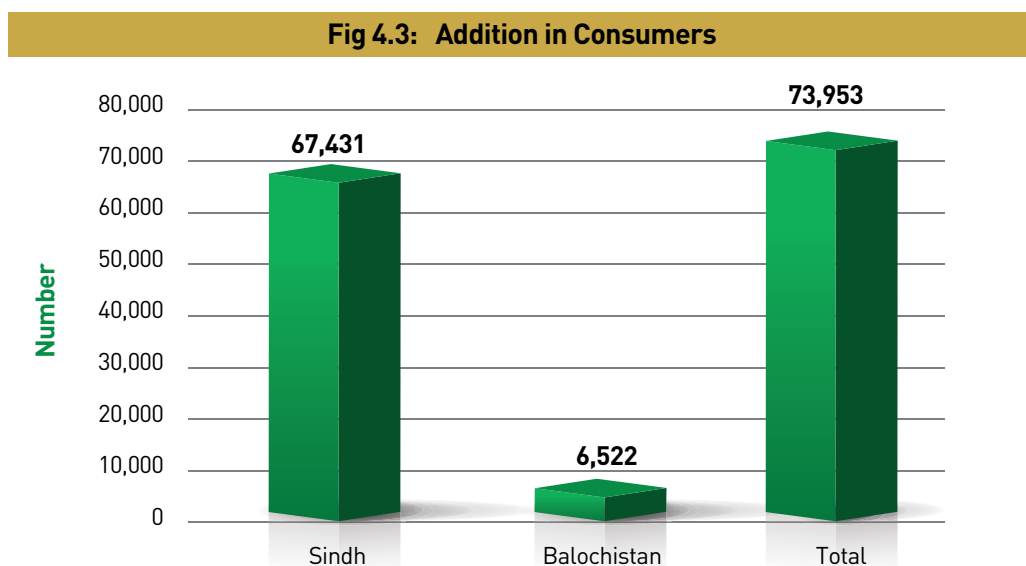
## Addition in Transmission & Distribution Network

During FY 2017-18, SSGCL increased its Transmission Network by 57 Km and Distribution Network by 689 Km as shown in the given **Fig 4.2**.



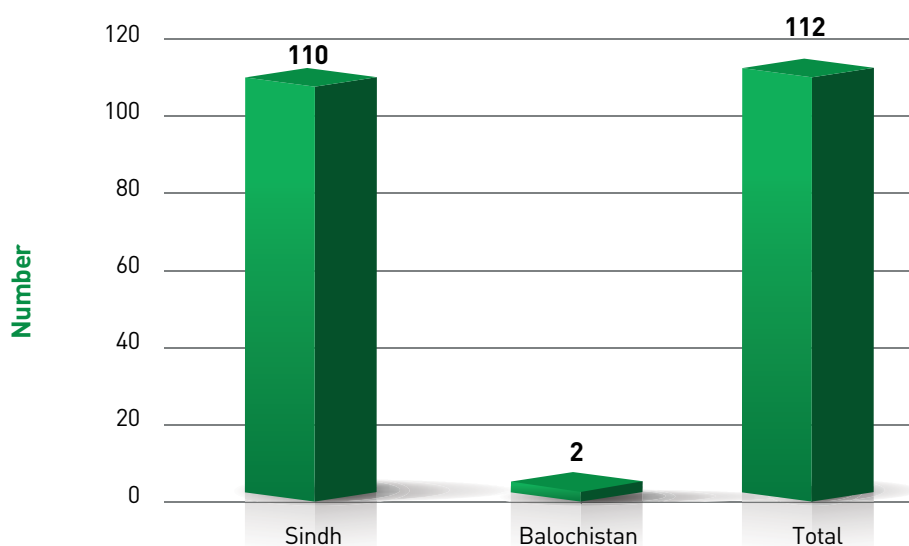
## Number of Consumers Added / Towns & Villages Connected

SSGCL during FY 2017-18 added 73,953 new consumers to its network, of which 67,431 consumers were in Sindh and 6,522 in Balochistan. The same is shown in **Fig 4.3** given below.



Similarly, in FY 2017-18, SSGCL connected 112 new towns and villages to gas network. 110 in Sindh and 2 in Balochistan.

**Fig 4.4: Towns and Villages Connected**

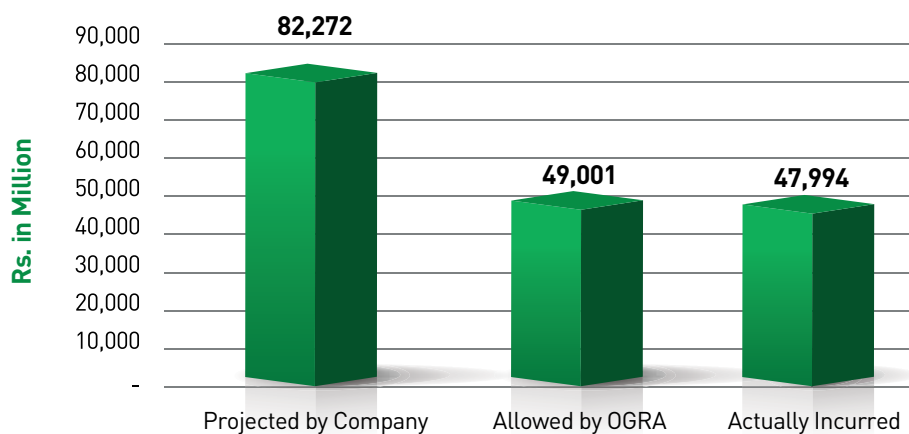


## Sui Northern Gas Pipelines Limited

### Increase in Assets

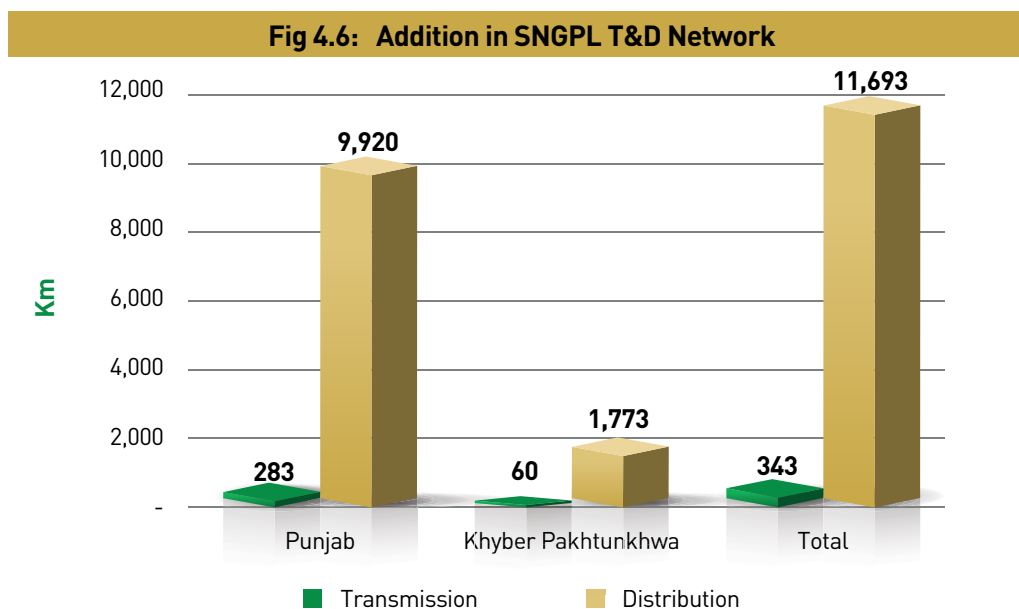
SNGPL requested an increase of Rs. 82,272 million in fixed assets in its ERR Petition for FY 2017-18. As per the Determination, OGRA allowed a sum of Rs. 49,001 million to the Company, Actual addition in fixed assets during the year was Rs. 47,994 million as shown in **Fig 4.5**.

**Fig 4.5: Addition in Fixed Assets**



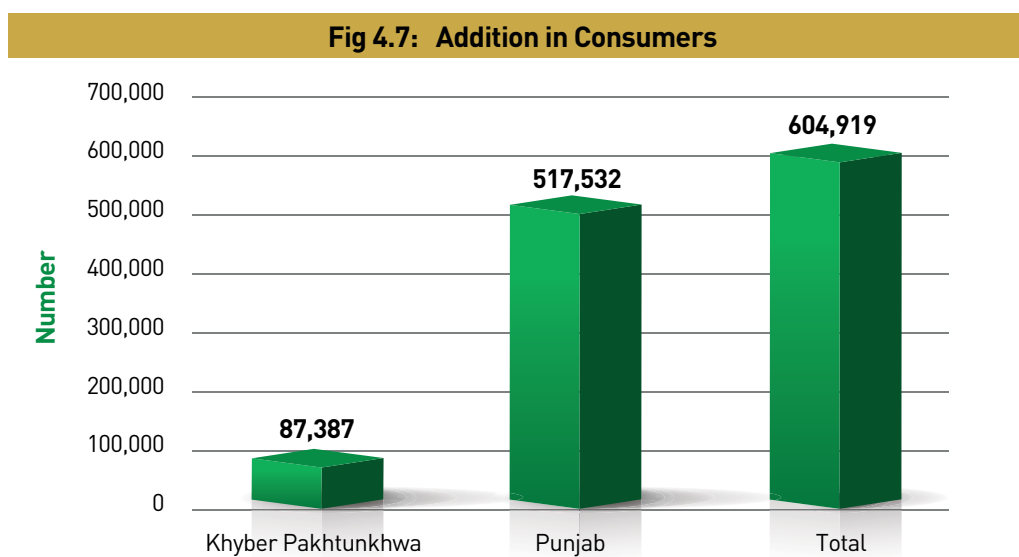
## Addition in Transmission & Distribution Network

In FY 2017-18, SNGPL expanded its transmission network by 343 Km i.e. 283 Km in Punjab and 60 Km in Khyber Pakhtunkhwa, whereas the distribution network was added by 11,693 Km of which 9,920 Km was in Punjab and 1,773 Km in Khyber Pakhtunkhwa. **Fig 4.6** below depicts the addition in network.

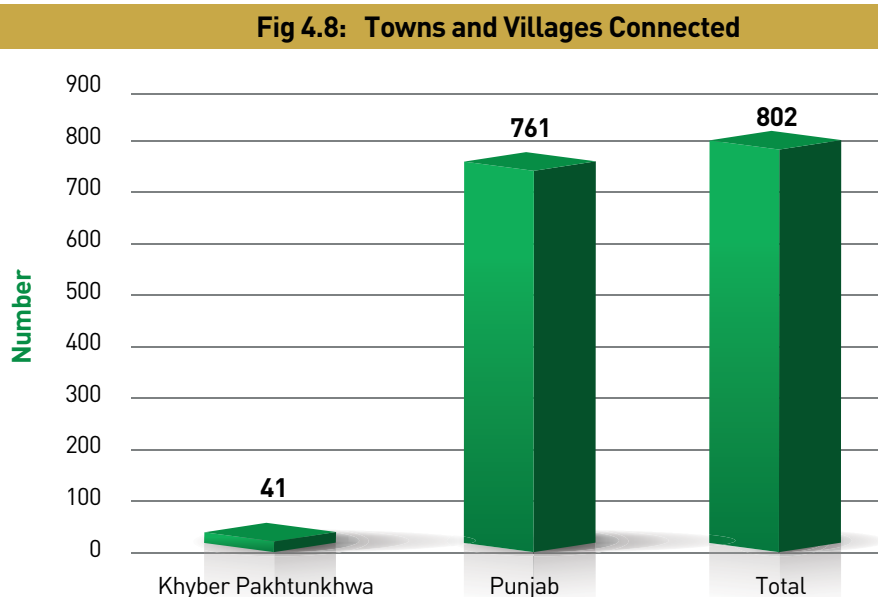


## Number of Consumers Added / Towns & Villages Connected

During FY 2017-18, 604,919 new consumers were added to the SNGPL network. 87,387 in Khyber Pakhtunkhwa and 517,532 consumers were added in Punjab. This is shown in the **Fig 4.7** below.



Similarly, 802 new towns and villages were connected to the SNGPL gas network in FY 2017-18. 41 and 761 new towns and villages were added to the existing network in Khyber Pakhtunkhwa and Punjab respectively during the year under review. The **Fig 4.8** shows the addition during the year.



#### 4.2.5 Determination of Revenue Requirement of Gas Utilities

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

The revenue requirement consists of the following major components:

- i). Cost of gas paid to the gas producers
- ii). Transmission and distribution cost including depreciation
- iii). Prescribed rate of return (17.43% on 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 ERR to the Authority for each financial year by December 1 of the preceding year in accordance with the OGRA Ordinance and 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 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, and they more often do not avail this opportunity.

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

The Authority has decided the following eleven (11) petitions in financial year:

### **SSGCL**

- Motion for review FRR for FY 2015-16
- FRR for FY 2016-17
- Motion for review FRR for FY 2016-17
- Motion for review DERR for FY 2017-18
- DERR for FY 2017-18
- DERR for FY 2018-19

### **SNGPL**

- FRR for FY 2016-17
- DERR for FY 2017-18
- Motion for review FRR for FY 2016-17
- Motion for review DERR for FY 2017-18
- DERR for FY 2018-19

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.

## **4.2.6 New Tariff Regime**

Under Section 7 of the OGRA Ordinance 2002, the Authority has to determine or approve tariff for regulated activities whose licences provide for such determination or such approval or where authorized by this Ordinance. The criteria for determination, approval, modification and revision of tariffs have been prescribed in the rules and in the terms and conditions of the respective licences.

The tariff scope has been further highlighted in terms of Section 6(2)(t) of the OGRA Ordinance which provides that the Authority in consultation with the Federal Government and the licensees for natural gas shall determine for each such licensee a reasonable rate which may be earned by such licensees in the undertaking of its regulated activity pertaining to natural gas keeping in view all the circumstances.

Under the complete legal framework, OGRA, keeping in view the gas sector reforms envisaged by the Federal Government, continuous evolution in regulatory practices undertaken world over and change in business dynamics, decided to revise the existing tariff regime implemented since long time ago.

Under the technical assistance of the World Bank, a working group comprising of representatives from the Licensees, Federal Govt and OGRA was constituted to deliberate on new tariff regime for natural gas sector and accordingly submit its proposals for the consideration of the Authority and consultation of all stakeholders. OGRA developed a detailed tariff study report encompassing the tariff proposal for natural gas in Pakistan and submitted the same before the group, which was extensively deliberated with the technical assistance of World Bank. After review and data input, the report was uploaded for comments and input of all the stakeholders.

After numerous sessions of working group and World Bank, consultative sessions with the stakeholders at Peshawar, Lahore, Quetta, Karachi and Islamabad and their subsequent input, the new tariff regime is finalized and implemented in Determination of Estimated Revenue Requirement for FY 2018-19 of SSGCL and SNGPL. The same is also uploaded on OGRA's website for general information.

## 4.2.7 Sui Southern Gas Company Limited (SSGCL)

### 4.2.7.1 Estimated Revenue Requirement (ERR) of SSGCL for FY 2018-19

The Authority determined the Estimated Revenue Requirement of SSGCL for FY 2018-19 at Rs. 226,120 million against Rs. 208,498 million demanded by SSGCL. **Table 4.5** summarizes the OGRA's determination in comparison to SSGCL request in various components of revenue requirement.

**Table 4.5: OGRA's Determination of ERR of SSGCL for FY 2018-19**

Rs. in Million			
Particulars	Requested by SSGCL	Determined by OGRA	Difference
Sales Volume (BBTU)	357,981	357,981	-
Cost of Gas	164,790	200,614	35,824
Transmission & Distribution Cost and Others	23,347	19,684	(3,663)
UFG Adjustment	(1,238)	(13,863)	(12,625)
Depreciation	7,032	6,691	(341)
Return on Net Operating Assets	12,817	12,302	(515)
Additional Revenue Required for Air-Mix LPG Projects	1,750	693	17,622
Total Revenue Requirement	208,498	226,120	(2,952)
Total Revenue Available	169,333	166,381	166,381
Surplus/ (Shortfall)	(39,166)	(59,740)	(20,574)
<b>Average Prescribed Price (Rs./MMBTU)</b>	<b>531.61</b>	<b>589.09</b>	<b>57.48</b>

#### 4.2.7.2 Estimated Revenue Requirement (ERR) of SSGCL for FY 2017-18

The Authority determined the Estimated Revenue Requirement of SSGCL for FY 2017-18 at Rs. 166,782 million against Rs. 168,929 million demanded by SSGCL. **Table 4.6** summarizes the OGRA's determination in comparison to SSGCL request in various components of revenue requirement.

**Table 4.6: OGRA's Determination of ERR of SSGCL for FY 2017-18**

			Rs. in Million
Particulars	Requested by SSGCL	Determined by OGRA	Difference
Sales Volume (BBTU)	368,017	368,017	-
Cost of Gas	130,140	140,824	10,684
Transmission & Distribution Cost and Others	19,371	16,880	(2,491)
UFG Adjustment	(2,575)	(9,722)	(7,147)
Depreciation	7,120	6,820	(300)
Return on Net Operating Assets	14,248	11,458	(2,790)
Additional Revenue Required for Air-Mix LPG Projects	624	522	(102)
Total Revenue Requirement	168,929	166,782	(2,147)
Total Revenue Available	126,767	131,329	4,563
Surplus/ (Shortfall)	(42,163)	(35,454)	6,710
<b>Average Prescribed Price (Rs./MMBTU)</b>	<b>422.98</b>	<b>404.75</b>	<b>(18.23)</b>

#### 4.2.7.3 Motion for Review on Final Revenue Requirement of SSGCL for FY 2016-17

The Authority determined the Motion for Review for Final Revenue Requirement of SSGCL for FY 2016-17 at Rs. 151,043 million against Rs. 176,417 million demanded by SSGCL. **Table 4.7** summarizes the OGRA's determination in comparison to SSGCL request in various components of revenue requirement.

**Table 4.7: OGRA's Determination of Motion for Review on FRR of SSGCL for FY 2016-17**

			Rs. in Million
Particulars	Requested by SSGCL	Determined by OGRA	Difference
Sales Volume (BBTU)	368,049	368,049	-
Cost of Gas	143,834	143,834	-

Rs. in Million

Particulars	Requested by SSGCL	Determined by OGRA	Difference
Transmission & Distribution Cost and Others	18,124	17,776	(348)
Prior years adjustment in line with retrospective effect of UFG study report upto 2015-16	17,809	-	(17,809)
Prior Year Impact on UFG Disallowance due to Change in GCV due to RLNG	1,470	728	(742)
Financial Impact on Account of Sindh High Court Order	(18,359)	(18,359)	-
UFG Adjustment	(5,812)	(12,288)	(6,476)
Shortfall Related to Prior Year	982	982	-
Depreciation	5,848	5,848	-
Return on Net Operating Assets	12,061	12,061	-
Additional Revenue Required for Air-Mix LPG Projects	461	461	-
Total Revenue Requirement	176,417	151,043	(25,375)
Total Revenue Available	148,476	148,476	-
Surplus/ (Shortfall)	(27,941)	(2,567)	25,374
<b>Average Prescribed Price (Rs./MMBTU)</b>	<b>445.05</b>	<b>376.10</b>	<b>(68.95)</b>

#### 4.2.7.4 Final Revenue Requirement (FRR) of SSGCL for FY 2016-17

The Authority determined the final revenue requirement of SSGCL for FY 2015-16 at Rs. 148,485 million against Rs. 166,247 million demanded by SSGCL. **Table 4.8** summarizes the OGRA's determination in comparison to SSGCL request in various components of revenue requirement.

**Table 4.8: OGRA's Determination of FRR of SSGCL for FY 2016-17**

Rs. in Million

Particulars	Requested by SSGCL	Determined by OGRA	Difference
Sales Volume (BBTU)	368,049	368,049	-
Cost of Gas	143,834	143,834	-
Transmission & Distribution Cost and Others	19,049	17,035	(2,014)

Rs. in Million

Particulars	Requested by SSGCL	Determined by OGRA	Difference
Re-claim Provision against LPS Income Receivable	3,058	-	(3,058)
Shortfall Related to Prior Years	622	622	-
Financial Impact on Account of Sindh High Court Order	(18,359)	(18,359)	-
UFG Adjustment	(536)	(12,979)	(12,443)
Depreciation	5,861	5,831	(30)
Return on Net Operating Assets	12,257	12,040	(216)
Additional Revenue Required for Air-Mix LPG Projects	461	461	-
Total Revenue Requirement	166,247	148,485	(17,762)
Total Revenue Available	133,452	136,983	3,531
Surplus/ (Shortfall)	(32,795)	(11,502)	21,292
<b>Average Prescribed Price (Rs./MMBTU)</b>	<b>426.98</b>	<b>369.13</b>	<b>(57.85)</b>

#### 4.2.7.5 Motion for Review on Final Revenue Requirement of SSGCL for FY 2015-16

The Authority determined the Motion for Review for Final Revenue Requirement of SSGCL for FY 2015-16 at Rs. 146,127 million against Rs. 149,522 million demanded by SSGCL. **Table 4.9** summarizes the OGRA's determination in comparison to SSGCL request in various components of revenue requirement.

**Table 4.9: OGRA's Determination of MRFRR of SSGCL for FY 2015-16**

Rs. in Million

Particulars	Requested by SSGCL	Determined by OGRA	Difference
Sales Volume (BBTU)	383,979	383,979	-
Cost of Gas	151,088	151,088	-
Transmission & Distribution Cost and Others	18,185	15,026	(3,159)
Prior years adjustment in line with retrospective effect of UFG study report upto 2015-16	(1,473)	(1,654)	(181)
Financial Impact on Account of Sindh High Court Order	(18,360)	(18,360)	-

Rs. in Million

Particulars	Requested by SSGCL	Determined by OGRA	Difference
UFG Adjustment	(14,106)	(14,106)	-
Depreciation	5,095	5,070	(25)
Return on Net Operating Assets	8,695	8,665	(30)
Additional Revenue Required for Air-Mix LPG Projects	398	398	-
Total Revenue Requirement	149,522	146,127	(3,395)
Total Revenue Available	147,759	148,114	355
Surplus/ (Shortfall)	(1,763)	1,987	(3,750)
<b>Average Prescribed Price (Rs./MMBTU)</b>	<b>368.07</b>	<b>358.31</b>	<b>(9.76)</b>

#### 4.2.7.6 Motion for Review on Determination of ERR for FY 2017-18

The Company being aggrieved by the Authority's decision dated September 20, 2017 submitted review motion dated October 19, 2017 under Rule 16 of the Natural Gas Tarriff (NGT) Rules seeking average increase in prescribed price of Rs. 26.19 per MMBTU over and above the current prescribed price. The Authority considered the same and allowed some justified components, however, the financial impact of the same shall form part of Final Revenue Requirement for FY 2017-18.

#### 4.2.8 Sui Northern Gas Pipeline Limited (SNGPL)

##### 4.2.8.1 Estimated Revenue Requirement (ERR) of SNGPL for FY 2018-19

The Authority determined the estimated revenue requirement of SNGPL for FY 2018-19 at Rs. 286,713 million against Rs. 364,557 million demanded by SNGPL. **Table 4.10** summarizes the OGRA's determination in comparison to SNGPL request in various components of revenue requirement.

**Table 4.10: OGRA's Determination of ERR of SNGPL for FY 2018-19**

Rs. in Million			
Particulars	Requested by SNGPL	Determined by OGRA	Difference
Sales Volume (BBTU)	436,187	436,187	-
Cost of Gas	162,613	197,131	34,518
Transmission & Distribution Cost and Others	40,464	28,587	(11,877)
UFG Adjustment	(750)	(9,974)	(9,224)
Depreciation	21,639	20,569	(1,070)



Rs. in Million

Particulars	Requested by SNGPL	Determined by OGRA	Difference
Return on Net Operating Assets	23,215	21,056	(2,159)
Previous Year Shortfall	(117,376)	(29,344)	88,032
Total Revenue Requirement	364,557	286,713	(77,844)
Total Revenue Available	209,128	184,396	(24,732)
Surplus/ ( Shortfall)	(155,429)	(102,317)	53,112
Average Prescribed Price (Rs./MMBTU)	811.56	629.33	(182.23)

#### 4.2.8.2 Estimated Revenue Requirement (ERR) of SNGPL for FY 2017-18

The Authority determined the estimated revenue requirement of SNGPL for FY 2017-18 at Rs. 211,940 million against Rs. 260,956 million demanded by SNGPL. **Table 4.11** summarizes the OGRA's determination in comparison to SNGPL request in various components of revenue requirement.

**Table 4.11: OGRA's Determination of ERR of SNGPL for FY 2017-18**

Rs. in Million

Particulars	Requested by SNGPL	Determined by OGRA	Difference
Sales Volume (BBTU)	438,471	441,601	3,130
Cost of Gas	183,426	159,226	(24,200)
Transmission & Distribution Cost and Others	39,189	22,727	(16,462)
UFG Adjustment	-	(4,380)	-
Depreciation	18,907	17,838	(1,069)
Return on Net Operating Assets	19,434	16,529	(2,905)
Total Revenue Requirement	260,956	211,940	(49,016)
Total Revenue Available	218,696	185,156	(33,540)
Surplus/ (Shortfall)	(42,260)	(26,784)	15,476
Average Prescribed Price (Rs./MMBTU)	573.04	455.21	(117.83)

### 4.2.8.3 Final Revenue Requirement (FRR) of SNGPL for FY 2016-17

The Authority determined the final revenue requirement of SNGPL for FY 2016-17 at Rs. 263,214 million against Rs. 275,783 million demanded by SNGPL. **Table 4.12** summarizes the OGRA's determination in comparison to SNGPL request in various components of revenue requirement.

**Table 4.12: OGRA's Determination of FRR of SNGPL for FY 2016-17**

			Rs. in Million
Particulars	Requested by SNGPL	Determined by OGRA	Difference
Sales Volume (BBTU)	415,423	415,423	-
Cost of Gas	155,013	155,013	-
Transmission & Distribution Cost and Others	33,162	26,179	(6,983)
UFG Adjustment	-	(5,448)	(5,448)
Depreciation	11,073	11,073	-
Return on Net Operating Assets	14,549	14,549	-
Previous Year Shortfall	61,986	61,848	(138)
Total Revenue Requirement	275,783	263,214	(12,569)
Total Revenue Available	205,202	175,639	(29,563)
Surplus/ ( Shortfall)	(70,581)	(87,575)	(16,994)
Average Prescribed Price (Rs./MMBTU)	639.83	608.76	(31.07)

### 4.2.8.4 Motion for Review against Estimated Revenue Requirement of SNGPL for FY 2017-18

The Company being aggrieved by the Authority's decision dated September 20, 2017 submitted review motion dated October 18, 2017 under Rule 16 of the NGT Rules. SNGPL challenged some of capital expenses, UFG and revenue cost components. The Authority considered the same and allowed some justified components, however, the financial impact of the same shall form part of Final Revenue Requirement for FY 2017-18.

### 4.2.8.5 Motion for Review against Final Revenue Requirement of SNGPL for FY 2016-17

The Company being aggrieved by the Authority's decision dated October 6, 2017, submitted review motion on November 03, 2017 challenging various capital expenses, revenue cost components along with UFG. The Authority considered the same and allowed some justified components, however, the financial impact of the same shall form part of the upcoming determination(s).

## 4.2.9 Human Resource Cost Benchmark

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

Till FY 2018-19, the Authority has extended the existing HR benchmark, while adopting the actual HR cost of FY 2016-17 with following parameters;

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

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

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

OGRA has been determining the well-head prices of Natural Gas produced by the Exploration & Production Companies of Pakistan, under Section 6(2)(w) of the OGRA Ordinance, 2002 read with Natural Gas (well-head price) Regulations, 2009 and notifying the same in the official gazette biannually. Accordingly, the Authority has issued 173 well-head gas price notifications during Financial Year 2017-18. The summary of these notified well-head gas prices (field wise) is available on the OGRA's official website i.e. [www.ogra.org.pk](http://www.ogra.org.pk).

## 4.2.11 Weighted Average Cost of Gas (WACOG)

The cost of gas is a major part of the prescribed price of gas, retainable by two gas utilities. Under the existing pricing agreements, the cost of gas (well-head price) of producers is indexed to the international price of crude oil/fuel oil. The gas prices differ for different gas fields, therefore, the cost of input gas into SSGCL and SNGPL systems also differs substantially causing a significant variation on the prescribed prices. The GoP, as a policy, has always maintained uniform consumer prices of gas all over the country and resultantly, it issued a policy guideline under Section 21 of the OGRA Ordinance, 2002 on June 18, 2003 that the cost of gas of SSGCL and SNGPL should be worked out on an overall weighted average basis to keep this major input cost uniform for both the utilities. To implement this policy guideline, the two gas companies have signed an agreement, with the approval of OGRA, for making adjustments of the cost of gas paid to the producers on the basis of WACOG. For FY 2017-18, WACOG was determined at Rs. 325.22 per MMBTU.

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

Under the OGRA Ordinance, 2002, the Authority is required to notify the prescribed prices for each category of consumers for natural gas of both the gas companies in order to enable each licensee to achieve the revenue requirement as determined by the Authority. During the year under review, the Authority has issued 4 notifications of prescribed prices for both the gas utilities i.e. SSGCL and SNGPL.

Pursuant to the provision of the OGRA Ordinance, GoP advises the sale prices for various categories of consumers, after adjustment of Gas Development Surcharge in the Prescribed Prices determined by the Authority. During FY 2017-18, Federal Government decided to maintain existing sale prices, therefore, applicable sale prices are placed at **Appendix-III**.

## **4.3 Compressed Natural Gas (CNG)**

### **4.3.1 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 along with 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.

### **4.3.2 Moratorium - Ban on New Provisional Licences**

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

### **4.3.3 Present Licensing Policy**

During FY 2017-18, OGRA owing to the ban has not granted any new CNG provisional licence across the Country. However, during current fiscal year one (01) existing CNG licence has been converted into CNG marketing licence as per Rule-7 of CNG Rules, 1992.

### **4.3.4 Regulatory Enforcement**

In order to ensure compliance to the Standard Code of Practice & other applicable Technical Standards and safe operation of CNG Stations across the Country, annual safety inspection of operational CNG Stations as per Rule-10 of CNG Rules is conducted through OGRA's designated Third Party Inspectors. Licensees involved in repeated violations are penalized in accordance with provision of CNG Rules, 1992.

### **4.3.5 CNG Pricing**

The Federal Government in 2016, keeping in view the indigenous gas constraints, RLNG consumption in CNG sector and accordingly to provide level playing field to all CNG consumers, has decided to deregulate the CNG pricing across the country. Now the CNG prices are fixed on market competition basis.

In Punjab and Federal Capital Territory, CNG stations are solely dependent on RLNG while in the other three provinces indigenous gas is also used in CNG sector.

## **4.4 Liquefied Petroleum Gas (LPG)**

### **4.4.1 Regulation**

Oil & Gas Regulatory Authority is empowered to regulate the LPG Sector under 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 licences for construction and operation of LPG storage & filling plants, LPG air mix plants and LPG auto refueling stations.
- Grant of licences for production/extraction of LPG from Oil/Gas fields and refineries.
- Registration of LPG equipment manufacturing companies
- Periodic inspection of LPG works and facilities to ensure their conformity with the laid down standards.
- Redressal of consumer complaints and resolution of disputes between or among the licensees.

#### **4.4.2 LPG Licences and Operating Rules**

The Authority is empowered for issuing licences 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 two years for the construction of LPG facilities followed by operational licence for 15 years after completion of works to the satisfaction of Authority and as per the requirements of requisite rules.

#### **4.4.3 Licensing Procedure**

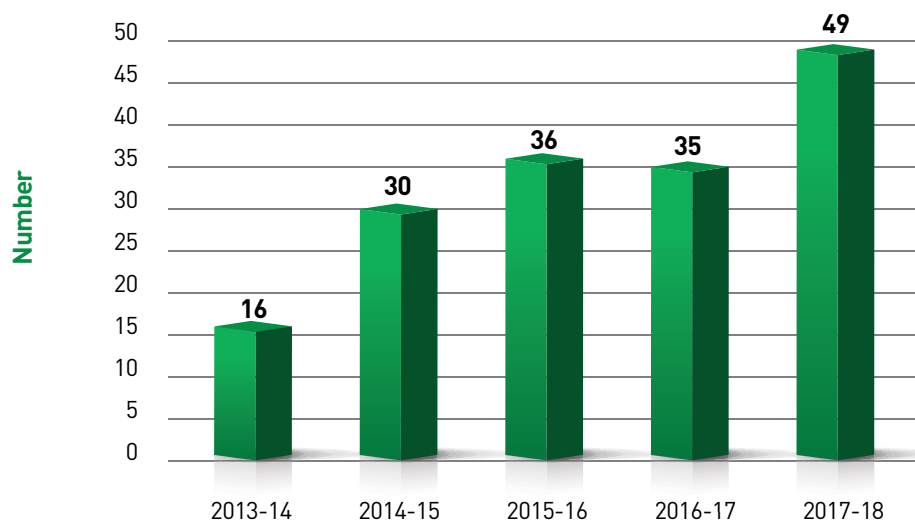
Any Company as defined in LPG (Production and Distribution) Rules, 2001 can apply for grant of a licence to the Authority entitled by its Memorandum of Association to engage in the production, storage, filling, marketing, LPG Auto Refueling or LPG Air Mix Systems on the prescribed Form / proforma available free of cost from OGRA's office as well as on its website ([www.ogra.org.pk](http://www.ogra.org.pk)) along with other related documents, as required under the rules.



**LPG Storage Tanks**

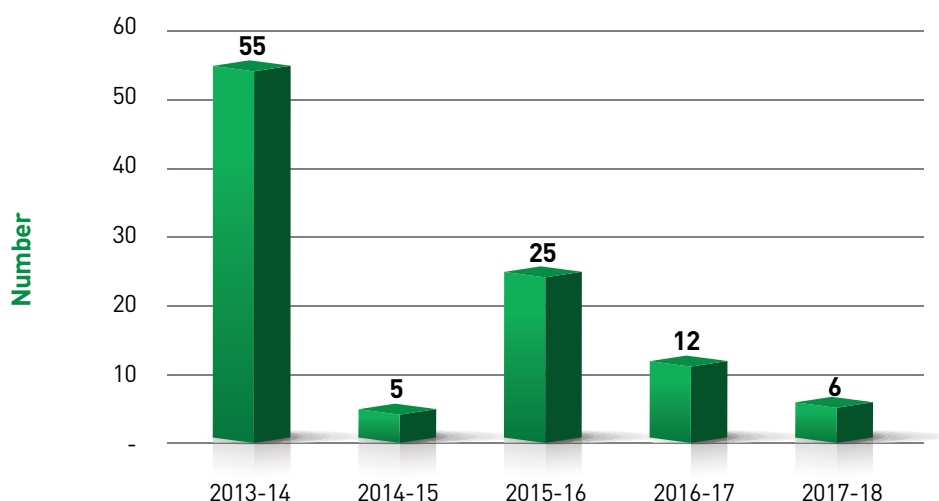
OGRA has simplified the procedure for grant of LPG licence, the licence is granted on fast track basis once the requirements are met / complied. During FY 2017-18, forty two (42) licences for operation and forty nine (49) licences for construction of LPG Storage and Filling plants were issued as shown in **Fig 4.9**. In addition, OGRA has also issued six (06) licences for construction of LPG auto refueling stations as given in **Fig 4.10** and eight (08) licences for storage and refueling of LPG at LPG Auto refueling Station. Further, one (01) licence for LPG Production & Storage Facility and two (02) construction licences for LPG Air Mix Facilities were issued and seven (07) manufacturers were authorized for manufacturing of LPG equipment by OGRA during the same period.

**Fig 4.9: Construction of LPG Storage and Filling Plants**





**Fig 4.10: Construction of LPG Auto Re-Fueling Stations**



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

- Ministry of Petroleum and Natural Resources vide letter dated March 24, 2016 forwarded LPG Policy 2016, approved by the CCI, to OGRA for implementation with the direction that OGRA will amend the rules and regulations to give effect to this policy.
- Prior to promulgation of LPG Policy 2016, LPG producer and consumer prices were deregulated. As per the LPG Policy 2016, it had been decided to regulate LPG prices which are a major shift from deregulation to regulation. As per the said policy, LPG is a poor man's fuel, however it is priced much higher than natural gas therefore this situation warranted immediate intervention and MoE considered it expedient to put in place a framework to regulate the LPG prices both at producer's and consumer's level.
- Implementation of the aforesaid LPG Policy required certain amendments in OGRA LPG (Production and Distribution) Rules, 2001 as a legal requirement as per Section 4.2 of LPG Policy, 2016. Amendments in LPG Rules, 2001 were subsequently dispatched to Cabinet Division for notification as per the provisions of Section 41 of the OGRA Ordinance, 2002. The said amendments have been done. Subsequent to amendments, OGRA is notifying and regulating LPG prices as per LPG Policy/Rules and as per the price determined by Ministry of Energy.

#### **4.4.5 Regulatory Enforcement**

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

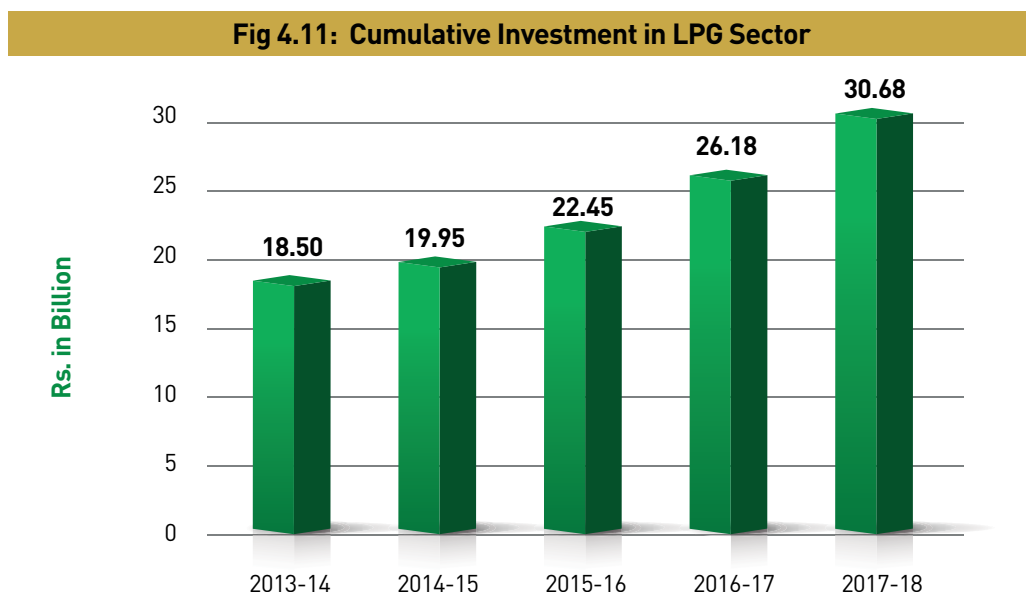
- All LPG marketing companies have been directed to ensure that the distributors'/ dealers premises meet the requirements / guidelines of NFPA-58 Standard as given in the LPG (Production and Distribution) Rules, 2001. A list of minimum safety requirements to be met/ complied with at the distributors' premises has also been issued. In addition, Provincial Governments have also been requested to ensure compliance of minimum requirements through respective DCO's and taking necessary action against 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 from time to time pre-qualifies authorized manufacturers of LPG equipment. The purpose to pre-qualify manufacturers of LPG

equipment is to eradicate manufacturing, sale, and use of substandard LPG equipment, thereby, avoiding any untoward incident, endangering public lives and property. Details of these authorized manufacturers has 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 equipment have been manufactured as per desired standards.
- All LPG marketing companies have been directed to ensure that all the LPG cylinders of their metal inventory must be manufactured from OGRA's authorized manufacturers of LPG cylinders under the requirements of LPG standards (NFPA-58/ DOT), as specified in LPG Rules, 2001.
- Due to illegal/substandard practices and for safety reasons, the use of LPG in public services vehicles (PSVs) was banned which is also a part of OGRA's LPG Rules at present. LPG auto refueling stations and various stakeholders have been requesting OGRA to lift ban on use of LPG in PSV's. OGRA has developed a standardized operating procedure (SOP) for LPG conversion and filling of all auto vehicles including PSVs and has also shared the same with the concerned stakeholders, wherein role of various departments/ agencies has been highlighted to maintain check and balance for proper /standardized installation of LPG kits and cylinder installations as per international standards so that safety of public can be ensured. Once the coordination among the relevant departments is complete, the SOP shall be implemented and subsequently rules amendments shall be proposed for lifting of ban on PSVs for consideration of the Federal Government.
- Due to socio-economic conditions within the country, most of the LPG users cannot afford standardized 11.8 Kg LPG cylinders for domestic fuels and therefore, resort to use low cost, illegally manufactured smaller sized LPG cylinders and have them filled at illegal decanting outlets. To mitigate this menace, all the LPG marketing companies have been advised to ensure 20% inventory of small sized LPG cylinders (2,4,6 Kgs), manufactured from OGRA's authorized manufacturer of LPG cylinders, in the total metal inventory, for distribution of LPG in their areas of operation.
- Appropriate actions are being taken to address the complaints of the consumers / public pertaining to LPG sector as per the provision of the requisite rules.
- Strict punitive actions were taken against the number of companies which were found violating LPG Rules, 2001. In addition, penalties were also imposed upon those companies which were found in violation of the said rules.
- To ensure safety throughout the LPG supply chain, OGRA has been carrying out periodic inspections of the storage and filling plants of LPG marketing companies, LPG auto refueling stations, authorized manufacturers of LPG equipments.
- To deter mushroom growth and to bring competition in LPG market, OGRA formulated the mandatory criteria for setting up of LPG storage and filling plants.
- Third Party Inspectors for carrying out various assignments in LPG sector were short listed, following due procedure for a period of 3 years w.e.f. August 2017.

#### 4.4.6 Investment in LPG Sector

OGRA is playing its vital regulatory role to increase private investment in midstream and downstream petroleum industry. Due to increased development and expected expansion of LPG projects within the country, significant investments in LPG supply and distribution infrastructure have been witnessed. OGRA has made noteworthy contribution in national economic progress and created an environment for additional investment especially in LPG storage / filling plants and auto sector which will not only result in creation of infrastructure in LPG sector all over the country but will also provide jobs to hundreds of unemployed people. During FY 2017-18, an estimated investment of Rs. 3.91 billion has been made in the LPG supply infrastructure whereas total investment in the sector is estimated at about Rs. 30.68 billion **Fig 4.11**.



#### 4.4.7 LPG Pricing

Ministry of Energy, Petroleum Division (formerly Ministry of Petroleum and Natural Resources) vide letter dated March 24, 2016 forwarded LPG Policy, 2016 approved by the CCI, to OGRA for implementation.

In LPG Policy, 2016 it has been decided to regulate LPG prices. This is a major shift from deregulation to regulation. Prior to promulgation of LPG Policy, 2016, LPG producer and consumer prices were deregulated. In pursuance of LPG Policy, 2016, LPG price determination is a mandate of Ministry of Energy; OGRA's domain is limited to notification and regulation of the determined price.

In exercise of the powers conferred by Section 6(2)(r) of the OGRA Ordinance, 2002 (XVII of 2002) read with Rule 18(1) of LPG (Production & Distribution) Rules, 2001, the Oil & Gas Regulatory Authority has notified LPG prices five times i.e. from February 2018 to June 2018 during FY 2017-18 in respect of indigenous LPG, maximum producer price, margins of marketing and distribution companies and consumer price.

## 4.5 Liquefied Natural Gas (LNG)

Natural gas is presently contributing nearly 48% in Pakistan's primary energy supply mix. In view of the natural gas demand supply gap, GoP introduced LNG Policy for potential investors to facilitate the successful implementation of LNG import projects. As per the said Policy, the project structures can be (i) integrated in which the terminal developer arranges LNG imports as well as arrange its own buyers and (ii) unbundled in which the terminal developer, LNG importer and LNG buyers are different.

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

### The Status of Valid LNG Licences as of June 30, 2018.

Sr.No.	Name of LNG Developer	Licence Issuance Date	Type of Licence Issued	Regasification Capacity (MMSCFD)
i.	PGP Consortium Limited	Apr 03, 2018	Operation Licence of LNG Receiving Terminal at Port Qasim, Karachi	600-750
ii.	Pakistan GasPort Limited	Jun 25, 2018	Provisional Licence	-
iii.	Energas Terminal (Pvt.) Limited	Apr 03, 2018	Provisional Licence	-
iv.	Bahria Foundation	Mar 17, 2015	Provisional Licence	-
v.	Global Energy Infrastructure Pakistan Limited	Sept 23, 2016	Extension in Project Completion Timelines for Licence granted for LNG Integrated Project at Port Qasim, Karachi	500
vi.	Engro Elengy Terminal Limited	Mar 18, 2016	Operation Licence of LNG Receiving Terminal at Port Qasim, Karachi	600-690

Engro Elengy Terminal Limited (EETL) established its LNG re-gasification terminal at Port Qasim Karachi. The LNG is being imported by the GoP through Pakistan State Oil Company Limited and EETL is providing the re-gasification services at a tolling tariff. PGP Consortium Limited (PGPCL) established Pakistan's second and its first LNG re-gasification terminal at Port Qasim Karachi. The LNG is being imported by the GoP through Pakistan LNG Limited and PGPCL is providing the re-gasification services at a tolling tariff.

Pakistan produces around 4000 MMCFD (4 BCFD) of indigenous natural gas against demand of over 6000 MMCFD (6 BCFD). The addition of new LNG re-gasification terminals and respective enhancement of pipeline capacities of gas utility companies of the country shall open up new business avenues and help diversifying Pakistan's energy basket.

OGRA's role, being the concerned regulator is to grant licence for construction and operation of LNG Terminal and associated pipeline infrastructure to the companies interested in the instant business. LNG Rules, 2007 define the prerequisites for obtaining licences.

### 4.5.1 RLNG Pricing

Federal Government has decided to carry out the RLNG pricing under Petroleum Product (Petroleum Levy) Ordinance, 1961 and Petroleum Products (Petroleum Levy) Rules, 1967 and has also delegated the powers to OGRA to determine the same on monthly basis in line with other petroleum products. PSO has been obligated to notify the RLNG price. M/s PSO and PLL (Pakistan LNG Limited) have been designated as LNG buyers. OGRA has been mandated to determine RLNG prices on monthly basis in respect of public sector companies in accordance with the formula approved by the Federal Government.

#### The Summary of RLNG Prices for FY 2017-18

Delivery Ex-ship (DES) Price of RLNG & RLNG Price without GST for the Period from July 2017 to January 2018				
Months	(US\$/MMBTU)		(MMBTU)	
	RLNG Price without GST	RLNG Price without GST	Quantity Imported	
	At Transmission	At Distribution	PSO	PLL
July-17	8.4664	9.2256	19,107,266	-
August-17	8.2464	8.9840	19,219,278	-
September-17	8.2690	9.0089	19,160,091	-
October-17	8.6116	9.3857	19,241,905	-
November-17	8.8779	9.5779	19,298,907	3,322,040
December-17	9.4730	10.2241	19,316,561	6,362,210
January-18	9.9972	10.7959	19,087,634	9,600,000

Delivery Ex-ship (DES) Price of RLNG & RLNG Price (Weighted Average RLNG Price for SSGC & SNGPL) without GST for the period from February 2018 to June 2018						
Months	(US\$/MMBTU)				(MMBTU)	
	SNGPL		SSGCL		Quantity Imported	
	Transmission	Distribution	Transmission	Distribution	PSO	PLL
February-18	10.4625	11.3010	9.9492	11.5175	19,336,503	9,600,000
March-18	10.5142	11.3572	10.0004	11.5771	19,311,646	12,800,000
April-18	10.4654	11.3004	9.9223	11.4840	19,082,086	9,600,000
May-18	10.8028	11.6668	10.2569	11.8726	19,154,583	6,400,000
June-18	11.1329	12.0252	10.5840	12.2527	19,071,648	19,200,000
Total Quantity Imported during FY 2017-18					230,388,108	76,884,250

## 4.6 Mid and Downstream Oil Sector

### 4.6.1 Regulation

The Federal Government has empowered the Authority to regulate mid and downstream oil sector in the country by enforcing the provisions of sub-section (3) of Section 23 and clauses (a) & (b) of sub-section (3) of section 44 of OGRA Ordinance, 2002 with effect from 15th March, 2006.

### 4.6.2 Powers and Functions

OGRA is regulating the mid and downstream oil sector in the country under Pakistan Oil (Refining, Blending, Transportation, Storage & Marketing) Rules, 2016. The powers conferred under the aforesaid Rules and OGRA Ordinance mainly pertain to grant of licence to undertake marketing of refined oil products, construction & operation of oil refinery, construction & operation of oil storage facility, construction & operation lube oil blending/ reclamation facility, establishing/ operation of lubricant marketing companies, quality monitoring of refined oil products, formulation & implementation of Technical Standards for regulated activities for oil industry etc.



Oil Refinery

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

The detail of the activities carried out by the Authority during FY 2017-18 for regulation of mid and downstream oil sector is as under: -

#### 4.6.3.1 Enforcement of Technical Standards for Regulated Activities

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

#### 4.6.3.2 Licence to Construct Oil Storages before Setting Up Oil Marketing Companies

OGRA in FY 2017-18 granted licence to sixteen (16) individuals/firms to construct storage infrastructure before establish Oil Marketing Companies with an investment of around Rs. 10 billion over the next



three years in pursuance of the said Rules/ Ordinance. OGRA also allowed four (4) companies; namely [M/s. The Fuelers (Pvt.) Limited (Punjab), M/s. Al-Noor Petroleum (Pvt.) Limited (Sindh), M/s My Petroleum (Pvt.) Limited (Punjab), M/s Jinn Petroleum (Pvt.) Limited (Punjab) to initiate marketing of petroleum products (after fulfilling their obligation of constructing oil storage infrastructure) to the extent of Region / Province where such storages have been established.



#### **4.6.3.3 Licence Granted for Construction/ Operation of Oil Terminal/ Storage Facilities**

OGRA granted licence to M/s Frontier Oil Company-1 (FOC-1) for development of new Oil Storage at Oil Village, Thalian, Mouza Sial, Tehsil & District Rawalpindi. OGRA also allowed operation of new/ additional oil storages by M/s Attock Petroleum Limited at Machike & Mehmood Kot, Puma Energy Pvt. Ltd. at Daulatpur, M/s Hascol Petroleum Limited at Machike and Sahiwal, M/s Be Energy Limited at Port Qasim and Shikarpur, M/s Gas & Oil Pakistan Limited at Sahiwal and Kotla Jam, M/s Zoom Petroleum (Pvt.) Limited, Z&M Pvt. Ltd. & My Petroleum (Pvt.) Ltd. at Pattoki, M/s Fast Oil (Pvt.) Limited & Al-Noor Petroleum at Daulatpur, Byco Petroleum Pakistan Limited & Jinn Petroleum Pvt. Limited at Sahiwal during FY 2017-18.

#### **4.6.3.4 Licence for Construction of an Oil Pipeline**

OGRA under Rule 25(2) of the Pakistan Oil (Refining, Blending, Transportation, Storage & Marketing) Rules, 2016, granted a licence for construction of an Oil Pipeline [460 Km (approx.) to Frontier Oil Company with throughput capacity of 7 million metric ton per annum] along with ancillary/connected facilities for the purpose of transportation of Petrol/ Diesel from Machike to Tarujabba through Thallian (Chakri) and a branch pipeline from Attock Refinery Limited (ARL) to Thallian. The company shall complete the laying of above pipeline within three years.

#### **4.6.3.5 Licence for Oil Testing Facility**

OGRA during FY 2017-18 granted a licence for operation of oil testing facility to M/s Target Scientific Laboratory under Rule 50 of the Pakistan Oil (Refining, Blending, Transportation, Storage & Marketing) Rules, 2016.



**Petrol Pump**

#### **4.6.3.6 Licence to Lubricant Marketing Companies and Lube Oil Blending Plants**

The Authority during FY 2017-18 granted thirty five (35) licences to Lube Oil Blending Plants for construction & operation and thirty eight (38) licences to Lubricant Marketing Companies (LMCs) for import of lube oil in the country.

#### **4.6.3.7 Quality Assurance**

OGRA under Section 6 (2) (x) of the OGRA Ordinance, enforce standard specifications of refined oil products through Hydrocarbon Development Institute of Pakistan (HDIP) at various levels including import, Oil Refineries, OMCs' Depots Blending/Reclamation Plants & Retail Outlets. With regards to imported petroleum products, 483 quality checks of imported energy products and 1206 quality checks for imported non-energy products were made. Similarly, 394 & 239 quality checks were carried out at lube blending plants and oil depots respectively. Moreover, 197 quality checks were made at oil refineries.

#### **4.6.4 Oil Pricing**

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

However, the Federal Government w.e.f. June 1, 2011 has deregulated the prices of petroleum products of MS, HOBC, LD0, JP1, JP4 & JP8. As a result, refineries and OMCs fix and announce the ex-refinery prices and ex-depot prices of same. Later on, Federal Government deregulated ex-refinery price of HSD with effect from September 17, 2012 in pursuance of ECC decision dated September 4, 2012. Whereas, ex-depot price of HSD has already been deregulated w.e.f. September 2001.

#### 4.6.4.1 OGRA's Role Under Deregulation

- i). Computation & notification of ex-refinery price of SKO including ex-depot prices of SKO & E-10.
- ii). Computation & notification of Inland Freight Equalization Margin (IFEM) for petroleum products (MS, HSD, SKO and LDO).
- iii). Monitoring of petroleum products prices under the deregulated scenario.

#### 4.6.4.2 ECC Approved Pricing Parameters

##### Ex-Refinery Formula

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

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

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

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

##### Ex-Depot Formula

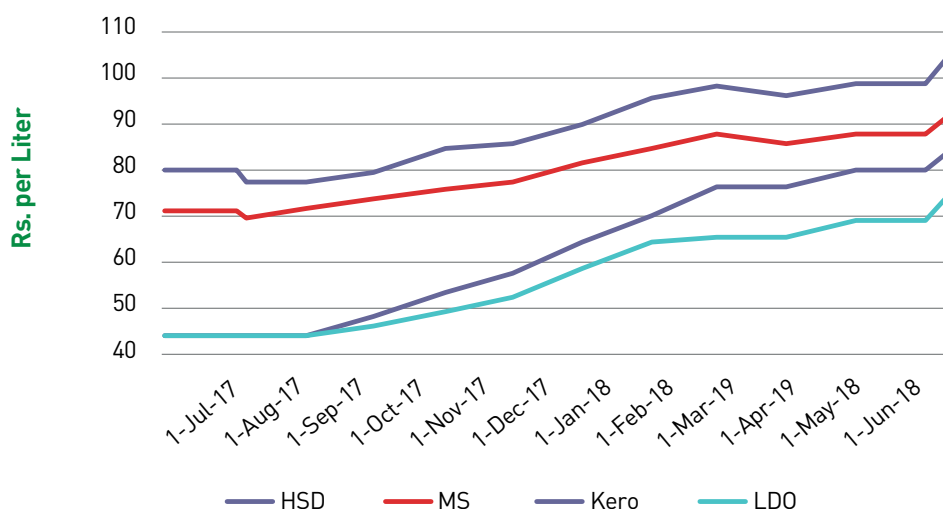
Ex-depot formula of petroleum products consists of following components:

- i. Ex-refinery import parity price/PSO weighted average cost of purchases.
- ii. Inland Freight Equalization Margin (IFEM).
- iii. Distribution Margin.
- iv. Dealer Commission.
- v. Petroleum Levy (PL) as fixed and notified by Petroleum Division, Ministry of Energy.
- vi. Sales tax on petroleum products as fixed and notified by FBR.

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

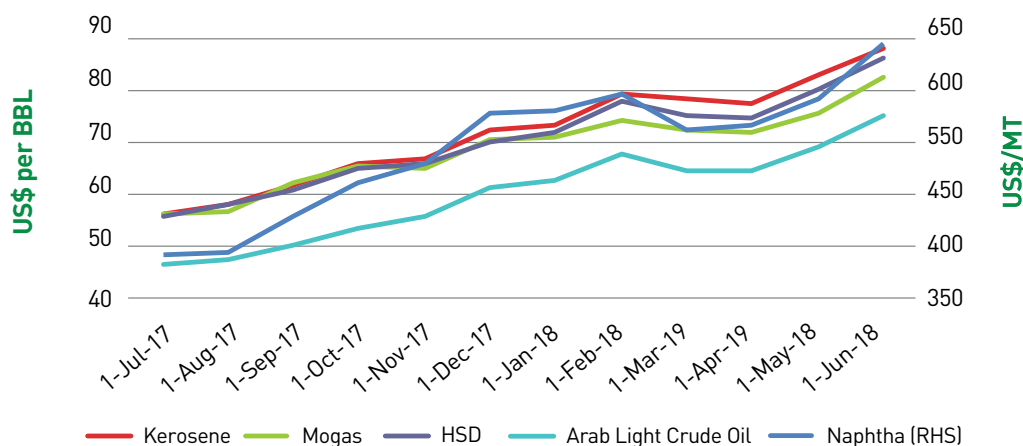
The comparative price trend of ex-depot sale prices of petroleum products notified by OMCs/OGRA with Arab Light Crude Oil during FY 2017-18 is shown in following **Figs.**

**Fig 4.12: Maximum Ex-Depot Sale Price (2017-18)**



International petroleum prices showed mix trend during FY 2017-18. Graphical representation of changes in Arab Gulf petroleum products prices is shown in **Fig 4.13**.

**Fig 4.13: Arab Gulf FOB POL Prices (2017-18)**



#### 4.6.4.3 Inland Freight Equalization Margin (IFEM)

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

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

These locations are as under:

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

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

#### 4.6.4.4 IFEM Management

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

IFEM comprised following listed components:

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

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

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

The following **Table 4.13** shows IFEM effective during the period under consideration.

**Table 4.13: Inland Freight Equalization Margin**

(Rs./Liter)				
Effective Period	MOGAS	HSD	KERO	LDO
July 1, 2017	3.16	1.30	1.74	1.16
August 1, 2017	3.12	1.29	2.14	2.06
September 1, 2017	3.08	1.30	2.14	2.06
October 1, 2017	3.11	1.43	2.17	0.94
November 1, 2017	3.14	1.42	2.19	0.97
December 1, 2017	3.47	1.26	2.39	1.17
January 1, 2018	3.87	1.46	2.46	1.09
February 1, 2018	4.01	1.55	2.24	0.90
March 1, 2018	3.78	1.52	2.22	0.86
April 1, 2018	3.77	1.58	2.15	0.78
May 1, 2018	3.75	1.57	2.17	0.77
June 1, 2018	3.83	1.49	2.55	0.81

## 4.7 Complaints Redressal

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

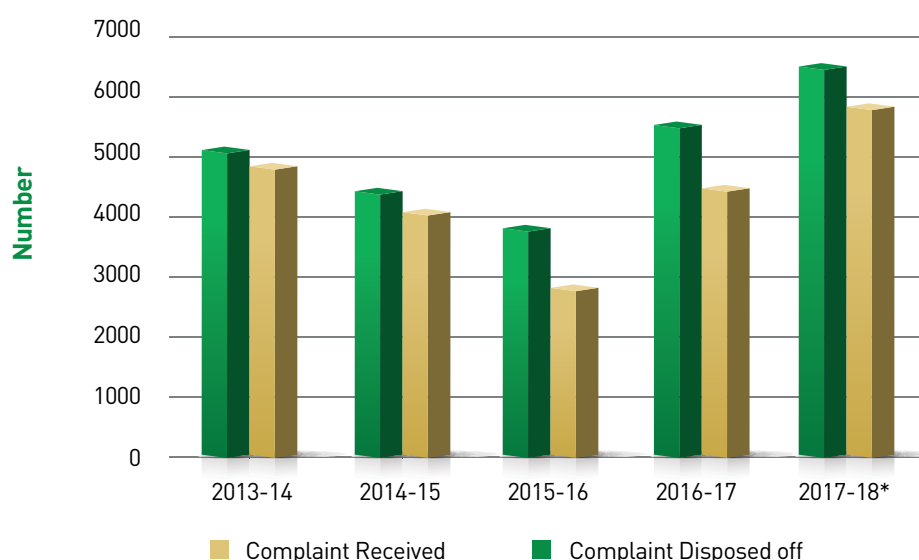
In conformity with CRPR, the Authority has designated specific officers for handling complaints with specific jurisdiction who issue their decision / judgment in writing. Any party (the complainant or licensee) if aggrieved with the decision of the Designated Officer, may file an appeal before the Authority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

During FY 2017-18, Complaints Department received / processed 5,461 complaints from all over the country regarding issues like: delay in provision of gas connection, excessive / estimated billing due to sticky meter, malfunctioning of Electronic Volume Corrector (EVC)/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. **Fig 4.14.** The status of complaints during FY 2017-18 is given in **Table 4.14.**

**Table 4.14: Complaints Redressal**

Description	Natural Gas
No. of complaints received including carried forwarded (1,053) from previous year	6,514
No. of complaints decided	5,850

**Fig 4.14: Complaint Redressal during Last Five Years**

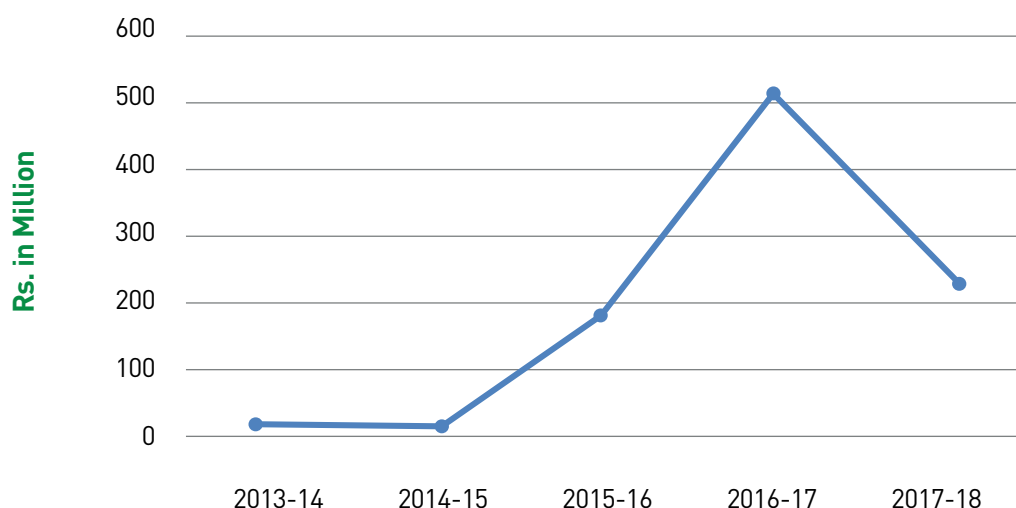


\*includes 1053 complaints carried forward from previous year



On OGRA's intervention, gas utilities provided 625 gas connections and a relief of Rs.232.45 million to consumers during FY 2017-18 (**Fig 4.15**). Dozens of implementation hearings are conducted to ensure implementation of appeals as well as complaint decisions. All complaints are entertained, processed and decided without any fee.

**Fig 4.15: Relief Provided to Consumers on OGRA's Intervention**



In order to facilitate the complaints, OGRA has established four regional offices at Karachi, Lahore, Quetta and Peshawar to provide relief/justice to consumers / complainants at their door step.

In order to facilitate the complainants of far flung areas for dispensation of justice, the Designated Officers of OGRA personally travel to different places like Rahim Yar Khan, Bahawalpur, Multan, Sahiwal, Faisalabad, Sargodha, Gujrat, Gujranwala, Sialkot, Abbottabad, Mardan, Sibi, Sukkur, Hyderabad to hear the complaints at consumer's door step free of cost.

#### 4.7.1 Appeals

361 appeals with respect to Natural Gas, LPG, CNG, Enforcement and Oil were filed with Registrar Office during FY 2017-18. 375 appeals including backlog of previous years pending Appeals / Reviews were decided by the Authority. The status of appeals during FY 2017-18 is given in **Table 4.15**.

**Table 4.15: Appeals**

Description	Number				
	Natural Gas	LPG	CNG	Oil	Total
Appeals/Reviews filed before the Authority against decisions of the Designated Officers/DOAs etc. for FY 2017-18	320	10	19	12	361
Total number of Appeals decided by the Authority in FY 2017-18 (including previous years backlog)	170	27	19	159	375

## 4.8 Enforcement

The Mission Statement of OGRA is “To safeguard public interest through efficient and effective regulation in midstream and downstream petroleum sector” Since the promulgation of the OGRA Ordinance 2002, the Authority aims to protect and safeguard the interests of all stakeholders. OGRA is entrusted with the regulation of Oil, Natural Gas, LPG, CNG and LNG sectors, which are directly related to public interest. However, with expansion and penetration of oil and gas sectors in the market, a need was felt to enforce provisions of the OGRA Ordinance, Rules, Regulations, Standards, Terms 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. Major enforcement activities are as follow:

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

### 4.8.1 Enforcement Functions

OGRA over the times has expanded its enforcement functions to create more vigorous interface between Licensees, Consumers and the Authority. Collect information based on ground realities pertaining to problems faced by Consumers and Licensees. Assist the Authority to formulate effective policy for regulating the oil and gas sector, keeping in view the problems of the industry. To protect the rights of consumers while maintaining check and balance / deterrence on Licensees. OGRA conducts surprise / planned inspections at CNG stations, LPG bottling plants, LPG authorized distributors, registered LPG equipment manufacturers, petrol pumps or any other Licensed Facility on the directions/complaints received by the Authority. These inspections are generally conducted for controlling overcharging and compliance of safety standards during operational regular activities. Enforcement activities of OGRA in respect of various sectors are as under:

#### OIL

- Surprise inspection of randomly selected petrol pumps with respect to:
  - i) overcharging
  - ii) stock deficiency / stock withholding
  - iii) Quality and less filling etc.

#### LPG

- Surprise inspections of LPG Storage and Filling Plants with respect to:
  - i) cross filling
  - ii) overcharging
  - iii) safety etc.

## CNG

- Surprise inspections of randomly selected CNG stations with respect to:
  - i) filling of unapproved cylinders
  - ii) excess pressure
  - iii) overcharging etc.

## Other Functions

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

### 4.8.2 Enforcement of Regulated Activities

In order to provide safe, reliable and efficient services to the Consumers by the Licensees, OGRA has expanded the effective monitoring and enforcement. Random inspections by OGRA officers are helpful in getting firsthand information, 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 enforcement activities performed are summarized hereunder.

#### 4.8.2.1 Oil Sector

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

It has been observed that whenever there is a speculation of price change of petroleum products, the OMCs / Retailers tend to hoard / withhold the POL stock, for inventory gain. OGRA has taken cognizance of this issue and has started to depute its teams for inspections ahead of the notification of POL prices. Such inspections have been conducted at the outlets, located in remote / rural areas as well as big metropolitans in all the Provinces. Considering the position that there are more than 8,000 OMCs Retail Outlets operating in the Country, OGRA has been constantly requesting Provincial Authorities to monitor pricing at Petrol Pumps under Price Control & Prevention of Profiteering and Withholding Act, 1977 and shall be dealt strictly in accordance with the applicable laws, in the larger interests of general public.

During the current fiscal year, 300 quality checks were made at retail outlets to ensure that the quality being dispensed to the consumers. Quality checks at imports level were also carried out to ensure its protocols. A number of petrol pumps have been inspected and show cause notices are served on respective OMCs on account of overcharging, stock deficiency at their Outlets and on the basis of submissions of OMC, further necessary action were taken in accordance with the provisions of the OGRA Ordinance, 2002 and applicable rules / regulations.

#### **4.8.2.2 LPG Sector**

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. As per LPG Policy 2016, LPG price determination is a mandate of Ministry of Energy; OGRA's domain is limited to notification and regulation of the determined price. Accordingly, OGRA notified LPG prices in respect of indigenous LPG, maximum producer price, margins of marketing and distribution companies and consumer price. OGRA regularly monitors LPG prices and takes stern actions against those selling LPG above the notified prices as per the relevant rules and regulations.

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 this regard, following enforcement activities were conducted in the LPG sector:

- i. Surprise inspection of LPG Storage and Filling Plants to ensure compliance with applicable safety standards, check and eradicate illegal cross filling, inter company unauthorized 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:-
  - a. Ensure compliance with minimum safety and operational requirements
  - b. Check and eradicate decanting of LPG from cylinder to cylinder, cross filling, hoarding and black marketing
  - c. Ensure sale of LPG at company's announced and notified consumer price
  - d. Ensure correct measurement of LPG
  - e. Ensure availability and supply of LPG to far flung LPG starved hilly areas as per policy provisions

During current fiscal year, 129 LPG facilities have been inspected in order to check compliance of the standards /rules and Authority's directions. Action have been initiated against the companies who were found in violation of rules /directives.

#### **4.8.2.3 CNG Sector**

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

In order to have strict check, surprise inspections of CNG Stations are being conducted by OGRA 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

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

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

#### **4.8.2.4 Complaints**

Consumer complaints play very important role in the enforcement of rules/regulations/standards, and these are minutely analyzed and proper course of action is followed as per law against the violators. 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 are carried out in the said areas. In case of a 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.

### **4.9 Corporate & Media Affairs**

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

CMA in the year under review created positive image of the organization by stalling negative perceptions against the organization. Kept close liaison with the print and electronic media for their awareness and that of general public. Arranged press conferences, press briefings and issued press releases from time to time. Conducted sessions in Islamabad and provincial headquarters on the study "Un-Accounted for Gas" carried out by OGRA for views / comments of all the stakeholders. Coordinated & arranged timely publications of gazette notifications, publication of advertisements / notices in the print media and settled accounts thereof. Dealt with the matters pertaining to the advertising agencies / firms, made administrative arrangements of meetings / public hearings / UFG sessions at Head-quarter and outstation and settled accounts thereof. Re-branded corporate ID of OGRA and preparation of design of

annual reports. Made arrangements for conduct of press conferences, formal and informal meetings with the journalists. Issuance of press releases, assisted Spokesperson in responding to media on their queries. Handled correspondence with the Cabinet Division. Dealt with protocol matters including traveling / boarding / lodging arrangements with respect to domestic / foreign visits of the Authority, liaison with the Embassies for endorsement of visas and settling accounts thereof, kept liaison with the Embassies / Pakistan Missions abroad during visit of the Authority. Kept coordination with the National Assembly, Senate, Cabinet Division, MOE and PM Office for making protocol arrangements for the Authority Members and the Executives for briefings by OGRA to the PM office, NA / Senate Standing Committees, ECC, Public Accounts Committee and other sub committees.

Handled miscellaneous and special tasks as assigned from time to time. CMA has also initiated the establishment of linkages with academia, youth, entrepreneurs, civil society, media and other public sector organizations for building better understanding of the role and functions of OGRA. In this regard, series of lectures has been planned across the country.

## 4.10 Planning & Coordination/IT

Planning and Coordination Department undertakes two types of coordination i.e. internal and external coordination. Internal coordination relates to contact with various Departments of OGRA for acquiring information on the regulatory affairs in the midstream and downstream petroleum sector to prepare various briefs/documents/reports. External coordination pertains to disseminate such information on all the regulated activities of the Authority to various Ministries and other Government Organizations. During the period under review, P&C Department in combination of internal and external coordination has provided the requisite information on OGRA Affairs to Ministry of Planning & Development, Cabinet Division, Ministry of Energy, Finance Division, Ministry of Commerce, Senate and National Assembly of Pakistan and other Stakeholders etc. The Department provided relevant contents / input / performance for various publications such as Pakistan Economic Survey, Finance Minister's Budget Speech and Cabinet Year Book etc. P&C also acted as a Focal Department for coordination with various government organizations and represented OGRA at various national and regional forums. The Department also coordinated all activities of OGRA to produce Periodical / Annual reports on the 'Conduct of OGRA Affairs' and 'State of the Regulated Petroleum Industry' through internal coordination under OGRA Ordinance 20 (1) (a) (b). Moreover, the Department delivered upon capacity building of human capital, an area of ongoing and increasing significant importance to respond to regulatory challenges. P&C / IT Department coordinated with external organizations to arrange for sending OGRA's Executives to different international forums for interaction with international regulators and acquire training in technical / regulatory matters to equip them to the international best regulatory practices and techniques in energy sector. The Department also arranges trainings for Support Staff members at national institutions for enhanced knowledge and capacity building. These foreign and local trainings have ultimately contributed to OGRA's strengthening regulatory capacity to deliver upon its key responsibilities / roles. With these roles, P&C / IT Department provided strong support platform to OGRA. During the year under review, 23 cases for local training courses / seminars / conferences / workshops and 15 cases of foreign training were processed. P&C also provided internships to the students of reputable Universities through its internal programme.

## 4.11 Information Technology (IT)

OGRA's IT Department is fully equipped with all latest & emerging technologies and has potential to work under any challenging environment. It has introduced new soft and hardware technologies not only to provide safety and security of data but also friendly working environment. OGRA has switched to latest Operating System Window 10/Microsoft Office 2016 with new generation core i5 computers in its Head Office and all Regional offices. The safety & security of data is a big challenge of today's era, therefore IT Department has installed backup servers in different Departments to keep backup of data. New Website of OGRA has been redesigned along with Urdu version. The new website is more user

friendly, attractive and knowledge oriented. OGRA has also put in place an e-mail policy whereby all the employees have been provided with official e-mail for both internal and external correspondence. Beside this, IT Department has also introduced an online complaint launching facility which may also be used to check the current status of complaint. Up-gradation of Local Area Network on Gigabyte Network, Server 2016, Digitization of Files, Online Connectivity of Regional Offices and File Tracking System projects are under consideration which will be completed in next year.

## 4.12 Litigation

The Litigation Department has the prime responsibility to ensure representation in order to defend OGRA before the courts of law all over the country. During FY 2017-18, It pursued cases as under:

### Details of Court Cases during FY 2017-18

Name of Court	Total number of cases received	Counsel engaged	Pursued by in-house lawyer	Disposed off	Number	
					Not pursued	Pending
Supreme Court of Pakistan	118	4	41	7	44	67
Islamabad High Court	52	9	6	19	7	26
Lahore High Court	390	127	8	139	113	138
Peshawar High Court	63	9	1	20	6	37
Sindh High Court	67	11	-	1	11	55
Balochistan High Court	5	1	-	1	3	1
Civil Courts	87	13	4	7	31	49
Others (WM, Accountability court etc)	2	-	1	-	-	2
Total	784	174	61	194	*215	375

Note: \*The court cases wherein OGRA has no direct role or no specific direction / order is passed by the concerned court for representation of OGRA or it is impleaded as a proforma party/respondent, hence, such cases are not to be pursued.









## 5. Future Outlook - Anticipated Developments for the Next Year

### 5.1 Natural Gas Sector

OGRA shall continue to process applications for grant of licences pertaining to the sale, transmission and distribution of Natural Gas, RLNG and Flare Gas under NGRA Licensing Rules, 2002 and LNG Rules, 2007.

Approval of Gas Sales Agreements between producers and licensees and gas supply contracts between licensees and the consumers shall be processed as and when required.

Determination of Revenue Requirements of both the Gas Utility Companies is one of the important functions of OGRA. Following determinations for both the Gas Companies (i.e. SSGCL / SNGPL) shall be made during the next financial year.

- Final Revenue Requirement (FRR) for FY 2017-18 based on actual audited results.
- Estimated Revenue Requirement (ERR) for FY 2019-20.
- Review of Estimated Revenue Requirements (RERRs).

The process of determination and notification of well-head prices of natural gas under Section 6 (2) (w) and prescribed prices of gas companies, consumer prices under Section (8) of the OGRA Ordinance will continue.

Determination of RLNG price under Petroleum Product (Petroleum Levy) Ordinance, 1961 and Petroleum Products (Petroleum Levy) Rules, 1967 in accordance with the FG's approved formula.

### 5.2 Mid and Downstream Oil Sector

A number of Oil Depots by various Oil Marketing Companies are expected to be completed/ operational during next year at Amangarh (Nowshera), Thalian, Kotla Jam (Bhakkar), Machike, Sahiwal, Habibabad, Quetta, Mehmood Kot and Port Qasim etc.

A number of Oil Marketing Companies are planning to start constructing some new Oil Depots in the coming year at Gujrat, Okara, Hub, Gatti, Vehari and Benazirabad etc.

- 15 New Oil Marketing Companies are expected to commence building infrastructure.
- 02 Oil Refineries are expected to commence construction work.
- 15 Lubricant Marketing Companies are expected during the FY 2018-19
- 10 Lubricant Blending/Reclamation/Grease Plants are expected to commence building infrastructure.
- An Oil Pipeline & associated infrastructure is anticipated to initiate its construction.

### 5.3 LPG Sector

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

## 5.4 Enforcement

With the increase in the number of licensees, the enforcement of technical and safety standards for the facilitation and protection of consumers and general public has become more important. OGRA will enhance and strengthen its monitoring role of the regulated activities to avoid any incident in transportation of Oil and LPG sector and strictly monitor the manufacturing of standardized equipment.

## 5.5 Complaints

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

## 5.6 Capacity Building

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

## 5.7 Corporate Affairs

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

In the spirit of democratic governance, revolutionary polices and visionary approach, high priority is given to information and communication technologies, particularly to e-governance. Presently, Digital Knowledge Management (DKM) culture is aggressively perusing for digitalization of records/ system and procedures in order to ensure efficiency, accuracy, effectiveness, transparency, good governance and effective public service. In order to promote DKM culture at OGRA, it has been proposed to introduce the Docketing and Information Repository System (DIRS). OGRA is determined to implement DIRS or E-Office in order to bring efficiency, effectiveness & transparency within the processes of the organization and reduce the cost of doing business.





# Appendix - I

## Regulatory Framework

Rules Notified and Adopted

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

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

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

## Regulations / Technical Standards Notified

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



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

## Amendments in Rules, Regulations & Standards

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

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

**OGRA Prescribes/Enforces the following:**

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

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

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

## Appendix - II

Licences issued by OGRA, as of June 30, 2018.

Sr.No.	Company	Type of Licence	Date of Issue	No. of Licences
1.	Sui Northern Gas Pipelines Limited (SNGPL)	1. Transmission, Distribution, and Sale of Natural Gas in the Punjab, Khyber Pakhtunkhwa, AJK, FATA and Some parts of Sindh 2. Gas Storage Facility at Lilla Town Punjab	September 3, 2003  April 30, 2008	02
2.	Sui Southern Gas Company Limited (SSGCL)	Transmission, Distribution, and Sale of Natural Gas in Sindh and Balochistan	September 3, 2003	01
3.	Mari Petroleum Company Limited (MPCL)	Sale of Natural Gas to <ul style="list-style-type: none"> <li>Fauji Fertilizer Company Limited (FFCL),</li> <li>Engro Chemicals Pakistan Limited (ECPL)</li> <li>Central Power Generation Company Limited (CPGCL)</li> <li>Any other retail consumer with prior approval of the Authority</li> </ul>	August 11, 2004	01
4.	Pakistan Petroleum Limited (PPL)	Sale of Natural Gas to Central Power Generation Company Limited (CPGCL)	November 23, 2004	01
5.	Oil and Gas Development Company Limited	1. Transmission and Sale of Natural Gas to Uch Power Plant 2. Sale of Natural Gas to Fauji Kabirwala Power Company Limited 3. Sale of Natural Gas to Altern Energy	December 30, 200	03
6.	Fauji Fertilizer Company Limited	Transmission of Natural Gas	April 7, 2005	01
7.	Engro Chemicals Pakistan Limited	Transmission of Natural Gas	April 7, 2005	01
8.	Central Power Generation Company Limited	Transmission of Natural Gas	April 14, 2005	01

Sr.No.	Company	Type of Licence	Date of Issue	No. of Licences
9.	Fatima Fertilizer Company Limited	Transmission of Natural Gas	April 16, 2007	01
10.	Foundation Power Company Limited	Transmission of Natural Gas	August 27, 2007	01
11.	Star Power Generation Limited	Transmission of Natural Gas	January 30, 2008	01
12.	Engro Fertilizer Ltd.	Transmission of Natural Gas	January 13, 2014	01
13.	OGDCL	Sale of Natural Gas from Reti Meru Gas Field	June 26, 2014	01
14.	OGDCL	Sale and Transmission of Natural Gas from UCH.	June 26, 2014	01
15.	ETPL	Transmission of Natural Gas from LNG receiving Terminal at Port Qasim (Karachi) to SSGC's Transmission Line injection point.	July 02, 2014	01
16.	Universal Gas Distribution Company Pvt. Ltd. (UGDCL)	Sale of Natural Gas (RLNG) to OGRA's Licensed CNG Stations.	February 22, 2016	01
17.	Gaseous Distribution Company Pvt. Ltd. (GDCL)	Licence to undertake Sale of Natural Gas (RLNG) to OGRA's licensed CNG Stations, where by RLNG will be transported from T&D network of SSGCL and M/s GDCL will sell the RLNG to CNG Stations at their respective CMSs.	December 21, 2016	01
18.	Fauji Oil Terminal and Distribution Company Ltd. (FOTCO)	Licence to undertake Transmission of Natural Gas, which incorporates Construction and Operation of natural gas pipeline (30" x 13.3 Km long) alongwith ancillary / connected facilities for the purpose of transmission of natural gas from proposed Pakistan Gas Port Consortium Ltd. (PGPCL) Terminal to SSGC's tie in point located at Port Qasim, Karachi.	December 21, 2016	01

Sr.No.	Company	Type of Licence	Date of Issue	No. of Licences
19.	M/s Hitech Pipe and Engineering Industries (Pvt) Ltd.	Licence (w.r.t. OGDCL's Daru Central Facility in Sindh) for construction and operation of Compression Facility of Low Pressure Flare Gas as well as Storage, Transportation and Marketing of CNG and Sale of Natural Gas to Industrial Clients and OGRA's Licensed CNG Stations.	August 25, 2017	01
20.	M/s E-GAS (Pvt) Ltd.	Licence (w.r.t. OGDCL's Rajjan Field in Chakwal, Punjab) for construction and operation of Compression Facility of Low Pressure Flare Gas as well as Storage, Transportation and Marketing of CNG and Sale of Natural Gas to Industrial Clients and OGRA's Licensed CNG Stations.	October 04, 2017	01
21.	M/s Pakistan LNG Ltd.	Licence to undertake the regulated activity of Sale of Natural Gas / RLNG.	October 31, 2017	01

## Appendix - III

### Consumer Gas Tariff Schedule during FY 2017-18

Category		Sale Prices	
		w.e.f 01.07.2016	w.e.f 15.12.2016
		Rs. / MMBTU	
(i)	A. Domestic Consumers		
	a)	Standalone Meters	
	b)	Mosques, churches, temples, madrassas, other Religious Places and Hostels attached thereto;	
	(i)	Upto 100 M³ per month	110.00
		All off-takes at flat rate of	
	(ii)	Upto 300 M³ per month	220.00
		All off-takes at flat rate of	
	(iii)	Over 300 M³ per month	600.00
		All off-takes at flat rate of	
		Minimum Monthly Charges (Rs.)	148.50
	c)	<b>Bulk Meters:</b> Government and semi-Government offices and Hospitals, Clinics, Maternity Homes, 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 offtakes at flat rate of	600.00
		Minimum Monthly Charges (Rs.)	810.00
(ii)	B. Commercial Consumers		
		All establishments registered as commercial units with local authorities or dealing in consumer items for direct commercial sale like cafes, bakeries, milk shops, tea stalls, canteens, barber shops, laundries, hotels, malls, places of entertainment like cinemas, clubs, theaters and private offices, corporate firms etc.	
		All off-takes at flat rate of	700.00
		Minimum Monthly Charges (Rs.)	3,304.00
(iii)	C. Special Commercial (Roti Tandoors)		
	(i)	Upto 100 M³ per month	110.00
		All offtakes at flat rate of	
	(ii)	Upto 300 M³ per month	220.00
		All offtakes at flat rate of	
	(iii)	Over 300 M³ per month	700.00
		All offtakes at flat rate of	
		Minimum Monthly Charges (Rs.)	3,304.00
(iv)	D. Ice Factories		
		Sale Price	700.00
		Minimum Monthly Charges (Rs)	4,200.07

(v)	<b>E. Industrial Consumers</b>		
	Sale Price	600.00	600.00
	Minimum Monthly Charges (Rs.)	20,232.00	20,232.00
(vi)	<b>F. Captive Power</b>		
	Sale Price	600.00	600.00
	Minimum Monthly Charges (Rs.)	20,232.00	20,232.00
(vii)	<b>G. CNG Stations</b>		
	Sale Price	700.00	700.00
	Minimum Monthly Charges (Rs.)	23,604.00	23,604.00
(viii)	<b>H. Cement Factories</b>		
	Sale Price	750.00	750.00
	Minimum Monthly Charges (Rs.)	25,290.00	25,290.00
(ix)	<b>I. Fertilizer Factories</b>		
(1)	<b>Pak American Fertilizer Limited, Daudkhel.</b>		
(a)	Feed Stock	200.00	123.00
(b)	Fuel	600.00	600.00
(2)	<b>Pak Arab Fertilizer Limited, Multan.</b>		
(a)	Feed Stock	200.00	123.00
(b)	Fuel	600.00	600.00
(3)	<b>Dawood Hercules Chemicals Limited, Chichoki Malian, Sheikhpura District:</b>		
(a)	Feed Stock	200.00	123.00
(b)	Fuel	600.00	600.00
(4)	<b>Pak-China Fertilizer Limited / Hazara Phosphate Plant Limited, Haripur.</b>		
(a)	Feed Stock	200.00	123.00
(b)	Fuel	600.00	600.00
(5)	<b>ENGRO Fertilizer Company Limited</b>		
(a)	Feed Stock	70.61	\$0.70
(b)	Fuel	600.00	600.00
(6)	<b>Fauji Fertilizer Bin Qasim Ltd.</b>		
i)	Feed Stock upto 60 MMCFD	200.00	123.00
ii)	Additional allocation (10 MMCFD) Provisional	70.61	-
iii)	Fuel	600.00	600.00
(7)	<b>Fauji Fertilizer Company Ltd. Mirpur Mathelo, District Ghotki (ex-PSLF)</b>		
i)	Feed Stock upto 60 MMCFD	200.00	123.00
ii)	Additional allocation (10 MMCFD) Provisional	70.61	-
iii)	Fuel	600.00	600.00
(8)	<b>Hazara Phosphate Fertilizer Plant Ltd., Haripur</b>		
i)	Feed Stock Upto 60 MMCFD	200.00	123.00
ii)	Fuel	600.00	600.00



(9)	Fatima Fertilizer Company Ltd.			
	i)	Feed Stock upto 60 MMCFD	70.61	\$0.70
	ii)	Fuel	600.00	600.00
(x)	J. Power Stations			
	(a)	WAPDA/KESC		
		Sale Price	600.00	400.00
		Minimum Monthly Charges (Rs.)	20,232.00	13,488.00
	(b)	WAPDA's Natural Gas Turbine Power Station, Nishatabad, Faisalabad		
	i)	Sale Price	600.00	400.00
	ii)	Fixed Monthly Charges (Rs.)	975,000	975,000
	(c)	Liberty Power Limited, Daharki.		
	i)	Sale Price	713.89	443.58
	ii)	Minimum Monthly Charges (Rs.)	24,071.94	14,957.52
(xi)	K. Independent Power Producers			
	i)	Sale Price	600.00	400.00
	ii)	Minimum Monthly Charges (Rs.)	20,232.00	13,488.00
(xii)	L. Foundation Power Company (Daharki) Ltd.			
	i)	Sale Price	600.00	400.00
	ii)	Minimum Monthly Charges (Rs.)	15,510.78	15,510.78





audit







## INDEPENDENT AUDITORS' REPORT TO THE AUTHORITY

We have audited the accompanying financial statements of Oil and Gas Regulatory Authority (OGRA), which comprise the balance sheet as at June 30, 2017, the income and expenditure account, statement of comprehensive income, statement of change in General Fund and cash flow statement for the year then ended, together with the notes forming part of financial statements.

### Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with approved International Financial Reporting standards for small and medium sized entities, as applicable in Pakistan, the relevant provisions of Oil and Gas Regulatory Authority (Financial) Regulations, 2005 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of OGRA as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance With approved International Financial Reporting standards for small and medium sized entities. As applicable in Pakistan and with the relevant provisions of the Oil and Gas Regulatory Authority (Financial) Regulations, 2005.

### Emphasis of Matter in the Financial Statements

Without qualifying our opinion, we draw attention to Note 27 to the financial statements which states that the financial statements for year ending June 30, 2016 have been re-stated because of certain errors in prior year.

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

Place: Islamabad

Engagement Partner:  
Javed K. Siddiqui

**OIL AND GAS REGULATORY AUTHORITY  
BALANCE SHEET  
AS AT 30 JUNE 2017**

	Note	2017 Rupees	2016 (Restated) Rupees	2016 Rupees
<b>ASSETS</b>				
<b>NON- CURRENT ASSETS</b>				
Property and equipment	4	26,707,602	21,589,024	21,589,024
Intangible Assets	4.2	386,100	198,841	198,841
Advances to Shifa Hospital	5	600,000	600,000	600,000
Deferred tax	6	60,375,226	42,965,639	54,788,429
Non Current Portion of Advances	7	82,732,229	100,323,715	100,323,714
		170,201,157	165,677,219	177,500,008
<b>CURRENT ASSETS</b>				
Fee Receivable	8	625,000	80,627,367	47,707,367
Advances & other Receivables	9	45,188,269	37,996,761	37,996,761
Short term prepayments	10	18,341,165	15,991,572	15,991,572
Accrued Interest	11	47,253	79,655	79,655
Employees Benefit-CPF	12	23,434	-	-
Taxation - net	13	109,181,339	98,397,955	111,090,747
Short term investments-HTM	14	864,437,998	698,218,789	698,218,789
Cash and bank balances	15	64,655,700	106,219,128	106,219,128
		1,102,500,158	1,037,531,227	1,017,304,019
<b>TOTAL ASSETS</b>		<b>1,272,701,314</b>	<b>1,203,208,446</b>	<b>1,194,804,028</b>
<b>FUND AND LIABILITIES</b>				
<b>FUND</b>				
General fund	16	767,789,258	734,028,846	728,326,923
<b>NON-CURRENT LIABILITIES</b>				
Long term loan-World Bank	17	22,416,188	23,038,860	23,038,860
Employees' benefits	18	224,071,529	165,513,023	165,513,023
		246,487,717	188,551,883	188,551,883
<b>CURRENT LIABILITIES</b>				
Current portion of World Bank Loan		622,672	622,672	622,672
Accrued and other liabilities	19	258,401,667	280,005,045	277,302,550
<b>TOTAL LIABILITIES</b>		<b>505,512,056</b>	<b>469,179,600</b>	<b>466,477,105</b>
<b>TOTAL FUND AND LIABILITIES</b>		<b>1,273,301,314</b>	<b>1,203,208,446</b>	<b>1,194,804,028</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	20			

The annexed notes 1 to 31 form an integral part of these financial statements.

  
CHAIRPERSON

  
MEMBER FINANCE



**OIL AND GAS REGULATORY AUTHORITY  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 (Restated) Rupees</b>	<b>2016 Rupees</b>
<b>INCOME</b>	21	<b>634,725,562</b>	<b>750,285,605</b>	<b>719,133,537</b>
Expenditure	22	(633,336,670)	(543,478,924)	(542,544,362)
<b>INCOME FROM OPERATING ACTIVITIES</b>		<b>1,388,892</b>	<b>206,806,681</b>	<b>176,589,175</b>
Finance Cost	23	(3,394,422)	(3,429,273)	(3,429,273)
Other Income	24	58,138,260	47,485,743	47,485,743
<b>EXCESS OF INCOME OVER EXPENDITURE BEFORE TAX</b>		<b>56,132,730</b>	<b>250,863,151</b>	<b>220,645,645</b>
Reversal of Provision of Severance Compensation		-	11,698,243	11,698,243
Provision for Taxation	25	(18,085,639)	(83,460,384)	(58,944,801)
<b>EXCESS OF INCOME OVER EXPENDITURE AFTER TAX</b>		<b>38,047,091</b>	<b>179,101,010</b>	<b>173,399,087</b>

The annexed notes 1 to 31 form an integral part of these financial statements.



**CHAIRPERSON**



**MEMBER FINANCE**

**OIL AND GAS REGULATORY AUTHORITY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 (Restated) Rupees</b>	<b>2016 Rupees</b>
<b>EXCESS OF INCOME OVER EXPENDITURE AFTER TAX</b>		<b>38,047,091</b>	<b>179,101,010</b>	<b>173,399,087</b>
Other Comprehensive Income for the year				
Items that will not be reclassified to profit and loss account:				
Other Comprehensive Income Gain / (Loss) on Employee Benefits		(4,286,679)	8,930,677	8,930,677
Total Comprehensive Income/ (loss)		<u><b>33,760,412</b></u>	<u><b>188,031,687</b></u>	<u><b>182,329,764</b></u>

The annexed notes 1 to 31 form an integral part of these financial statements.



**CHAIRPERSON**



**MEMBER FINANCE**

**OIL AND GAS REGULATORY AUTHORITY  
STATEMENT OF CHANGES IN GENERAL FUND  
AS AT 30 JUNE 2017**

	<b>Total Rupees</b>
<b>Balance as at 01 July 2015</b>	548,672,159
Reversal of Liabilities	(2,675,000)
Excess of income over expenditure for the year ended 30 June 2016	182,329,764
<b>Balance as at 30 June 2016</b>	<hr/> 728,326,923
Correction of error (Note 27)	5,701,923
<b>Balance as at 30 June, 2016 - Restated</b>	<hr/> 734,028,846
Excess of income over expenditure for the year ended 30 June 2017	33,760,412
<b>Balance as at 30 June 2017</b>	<hr/> <b>767,789,258</b> <hr/>

The annexed notes 1 to 31 form an integral part of these financial statements.



**CHAIRPERSON**



**MEMBER FINANCE**


**OIL AND GAS REGULATORY AUTHORITY  
CASH FLOW STATEMENT  
AS AT 30 JUNE 2017**

		2017 Rupees	2016 (Restated) Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>			
Excess of income over expenditure before tax		56,132,730	250,905,021	<b>220,645,645</b>
<b>Adjustments for non cash charges and other items:</b>				
Depreciation and amortization		7,736,109	6,932,574	6,932,574
Provision for gratuity		24,399,354	25,861,174	25,861,174
Provision for employees severance compensation		28,135,451	-	-
Provision for compensated absences		39,040,604	26,651,880	26,651,880
Finance costs		3,394,422	3,429,273	3,429,273
Reversal of previous year liabilities		-	(2,675,000)	(2,675,000)
Income from Non-Financial assets		(1,880,296)	(157,294)	(157,294)
Profit on bank deposits and securities		(56,257,964)	(47,328,449)	(47,328,449)
<b>Excess of income over expenditure before working capital changes</b>		<b>100,700,410</b>	<b>263,619,179</b>	<b>233,359,803</b>
<b>Effect on cash flows due to working capital changes</b>				
Increase in advances-considered good		(7,191,508)	(16,277,776)	(16,277,776)
Fee Receivable		80,002,367	(80,627,367)	(47,707,367)
(Increase)/decrease in short term prepayments and deposits		(2,349,593)	(2,469,372)	(2,469,372)
Increase/(decrease) in accrued and other liabilities		(21,603,378)	108,771,437	106,110,813
		48,857,888	(9,396,922)	39,656,298
<b>Effect on cash flows after working capital changes</b>		<b>149,558,298</b>	<b>273,016,101</b>	<b>273,016,101</b>
Income tax paid		(46,278,610)	(39,624,993)	(39,624,993)
Finance costs paid		(3,394,422)	(3,429,273)	(3,429,273)
Compensated absences paid		(9,459,848)	(25,339,636)	(25,339,636)
Provident Fund paid		(2,630,726)	177,435	177,435
Gratuity paid		(25,236,442)	(27,252,820)	(27,252,820)
<b>Net cash generated from/(used in) operating activities</b>		<b>62,558,250</b>	<b>177,546,814</b>	<b>177,546,814</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital expenditure on property and equipment		(12,269,745)	(7,892,974)	(7,892,974)
Capital expenditure on intangible assets		(772,200)	(397,683)	(397,683)
Proceeds from sale of fixed assets		1,880,297	-	-
Long term portion of Loan		17,591,486	-	-
Short term investments-net		(165,326,800)	(148,720,500)	(148,720,500)
Profit on bank deposits and securities		55,397,957	47,043,492	47,043,492
Proceeds from sale of property and equipment		-	-	-
<b>Net cash from investing activities</b>		<b>(103,499,005)</b>	<b>(109,967,665)</b>	<b>(109,967,665)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment to Long term loan		(622,672)	(622,672)	(622,672)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(41,563,428)</b>	<b>(66,956,477)</b>	<b>66,956,477</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>106,219,128</b>	<b>39,262,651</b>	<b>39,262,651</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>15</b>	<b>64,655,700</b>	<b>(106,219,128)</b>	<b>106,219,128</b>

The annexed notes 1 to 31 form an integral part of these financial statements.



**CHAIRPERSON**



**MEMBER FINANCE**

# **OIL AND GAS REGULATORY AUTHORITY**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2017**

#### **1. STATUS AND NATURE OF BUSINESS**

As per Natural Gas Regulatory Authority Ordinance, 2000, Natural Gas Regulatory Authority (NGRA) was established to foster competition, improve efficiency and availability of natural gas transportation and distribution services in Pakistan through increased private ownership and improved regulations. Main functions of NGRA included grant of license for carrying out regulated activities and regulating such activities. The Natural Gas Regulatory Authority Ordinance, 2000 was repealed vide Oil and Gas Regulatory Authority Ordinance, 2002, which provided for establishment of Oil and Gas Regulatory Authority ("the Authority").

The Authority, is a body corporate established by the Federal Government under Oil And Gas Regulatory Authority Ordinance, 2002, having principal place of business at Plot # 54, Fazal-e-Haq road, blue area, Islamabad. The objectives of establishment of the Authority are to foster competition, to increase private investment and ownership in the midstream and downstream petroleum and gas industry of Pakistan, to protect the public interest while respecting individual rights and to provide effective and efficient regulations and for matters connected herewith or incidental thereto; the principal activities and functions of the Authority include:

- a. exclusive responsibility for grant of license and for carrying out regulated activities and regulating such activities;
- b. specify performance and service standards and other conditions for undertaking any regulated activity;
- c. specify and review standards for the equipment and materials to be used in undertaking any regulated activity;
- d. promote and ensure the observance of efficient practices, where applicable, in transmission, distribution, processing, refining, marketing, storage of petroleum and transportation of petroleum by pipelines;
- e. promote effective competition and efficiency in activities within the jurisdiction of the Authority;
- f. safeguard the public interest, including the national security interest of Pakistan in relation to regulated activities;
- g. protect the interest of all the stakeholders including consumers and licensees;
- h. administer or establish prices, for those categories of petroleum for which the Federal Government establishes prices and may delegate the function to the Authority;
- i. prescribe, review, approve and regulate tariffs for regulated activities pertaining to natural gas and operations of licensees for natural gas and marketing of refined oil products;
- j. in consultation with the Federal Government and licensees for natural gas, determine for each such licensee, a reasonable rate of return which may be earned by such licensees in the undertaking of its regulated activity pertaining to natural gas, keeping in view all the circumstances;
- k. determine the well-head gas price for the producers of natural gas in accordance with the relevant agreements or the contracts;
- l. enforce standards and specification for refined oil products as notified by the Federal Government; and
- m. prescribe a uniform form of accounts and accounting practices to be complied with by licensees.

## **OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS**

### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Entities issued by IASB as applicable in Pakistan and the regulations issued under the Oil and Gas Regulatory Authority (Financial) Regulations, 2005. In case requirements differ, the provisions or directives of Oil and Gas Regulatory Authority (Financial) Regulations, 2005 shall prevail. The Authority is not required to comply with requirement of IFRS for SMEs, however, to follow the best practice, it has adopted applicable approved accounting standards as a framework for preparation of financial statement.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

#### **3.1 Basis of preparations**

##### **(a) Accounting Convention**

These financial statements have been prepared under the historical cost convention using accrual basis of accounting except where mandated by OGRA Financial Regulations and for cash flow statement.

##### **(b) Going Concern**

These financial statements have been prepared on going concern basis after the management has made an assessment for the same.

##### **(c) Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards for Medium-Sized Entities issued by the Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for employees severance compensation, provision for compensated absences and provision for gratuity. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

**(d) Functional Currency**

These financial statements are presented in Pak Rupees, which is the Authority's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date.

**3.2 Property and equipment**

**3.2.1 Owned**

**Cost**

Property and equipment except work in progress are stated at cost less accumulated depreciation. Cost comprises acquisition and other directly attributable costs of bringing the asset to working condition. Capital work in progress is stated at cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Any expenditure over Rupees two thousand, benefit of which extends beyond an accounting year in which it is incurred, is treated as capital expenditure. All other repair and maintenance costs are charged to income and expenditure account during the year in which they are incurred.

**Depreciation**

Depreciation on all property and equipment is charged to income and expenditure account on straight line basis after taking into account residual value, if any, so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in Note 4.1. Depreciation on additions is charged in accordance with Financial Regulation 2005 whereby full year depreciation is charged in the year when assets are available for use while no depreciation is charged in the year in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

**Derecognition**

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income and expenditure account in the year the asset is derecognized.

**3.2.2 Leased**

Land measuring 3111.11 square yard in Mauve Area, G-10/4, Islamabad has been obtained on 25 June, 2004 from CDA on 33 years lease basis extendable for two subsequent terms of 33 years each. Payment made to obtain the land on lease is amortized over the initial lease period.



## **OIL AND GAS REGULATORY AUTHORITY**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **3.3 Other receivables**

Other receivables are recognized and carried at original amount / less allowance for any uncollectible amounts.

#### **3.4 Investments**

The authority determines the appropriate classification of its investments at the time of purchase of investments and re-evaluates this classification on a regular basis. The existing investments classification is as under:

##### **3.4.1 Investments held to maturity**

Investments with fixed or determinable payments, having fixed maturity and where the Authority has positive intent and ability to hold to maturity are classified as held to maturity. These are initially recognized at cost inclusive of transaction costs and are subsequently carried at amortized cost using the effective interest rate method.

#### **3.5 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at book value which approximates their fair value. For the purpose of cash flow statement, cash equivalents comprise cash in hand, cash at bank on current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

#### **3.6 Borrowings**

Borrowing are initially recognized at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in income and expenditure account over the period of borrowing using effective interest method.

#### **3.7 Employees' benefits**

The Authority has the following plans for its employees:

##### **a. Contributory provident fund**

The Authority operates approved funded contributory provident fund scheme for all its employees. Equal contributions are made to the fund by the Authority and the employees at the rate of 7.5% of their basic salaries. The Authority's contributions are charged to income and expenditure account for the year.

##### **b. Gratuity fund**

The Authority operates a defined benefit plan of employees gratuity fund. The plan is managed and regulated in accordance with the provisions of trust deed and the rules made there under. Contracted employees are entitled for gratuity subject to their term of employment contract. All regular employees are entitled for this fund as per following:

## **OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS**

- On retirement due to invalidation or death while in service, sixty days basic pay last drawn for each completed year of service.
- On attaining the age of superannuation or resignation from service, subject to minimum five years of service, fifty days basic pay last drawn for each completed year of service. Employees are not entitled to gratuity if dismissed or removed on the charge of misconduct.

### **c. Provision for compensated absences**

The Authority operates a defined benefit plan (unfunded) for compensated absences for all employees in accordance with the Service Regulations of the Authority. Each regular employee of the Authority may accumulate earned leaves upto maximum 365 days for encashment purpose at the rate of Gross Salary last drawn, for each day of 365 days.

### **d. Provision for severance compensation**

The Authority operates a defined funded benefit plan for severance compensation in accordance with the Service Regulations of the Authority, which inter-alia provides that in the event of winding up of Authority under section 40 of OGRA Ordinance, 2002, the regular employees of Authority, in service on the date of winding up, shall be paid severance compensation equal to their one month basic pay per year for the remaining period of their service up to the age of superannuation in addition to other terminal benefits as admissible under OGRA regulations 2005.

## **3.8 Provisions**

Provisions are recognized in the balance sheet when the Authority has legal or constructive obligation as a result of past event, and it is probable that out flow of economic benefits will be required to settle the obligation and a reliable estimates of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

## **3.9 Accrued and other liabilities**

Liabilities for accrued and other payables are initially recognized at cost which is fair value normally the transaction cost.

## **3.10 Financial instruments**

Financial assets and liabilities are recognized when the Authority becomes a party to the contractual provisions of the instrument, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Authority derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Authority recognizes the regular way purchase or sale of financial assets using settlement date accounting.

## **3.11 Offsetting**

Financial assets and liabilities are set off and the net amount is reported in the balance sheet, if the Authority has a legally enforceable right to set off the recognized amounts and the Authority intends to settle either on a net basis or realize the asset and settle the liability

## **OIL AND GAS REGULATORY AUTHORITY**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **3.12 Revenue recognition**

- All income generated from entities to whom CNG and LPG licences have been issued are recognized on cash basis as provided in OGRA Regulations 2005 clause 6(h). All other income is recognized on accrual basis.
- Profit on bank balances/deposits/investments are accounted for on time proportion basis using applicable rate of interest.

#### **3.13 Borrowing costs**

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any are capitalized as part of the cost of the asset.

#### **3.14 Taxation**

##### **Current**

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from the assessment framed during the year for such years.

##### **Deferred**

Deferred tax is accounted for using the liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted by the balance sheet date deferred tax is charged or credited in profit and loss account except to the extent it relates to the items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity, respectively.

**OIL AND GAS REGULATORY AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS**

**4. PROPERTY AND EQUIPMENT AND INTANGIBLE**

Operating fixed assets  
Capital work in progress- building

Intangible Assets

	Note	2017 Rupees	2016 Rupees
Operating fixed assets	4.1	21,769,393	16,650,815
Capital work in progress- building		4,938,209	4,938,209
		<b>26,707,602</b>	<b>21,589,024</b>
Intangible Assets	4.2	386,100	198,841
		<b>386,100</b>	<b>198,841</b>

**4.1 Operating fixed assets**

P A R T I C U L A R S	C O S T			D E P R E C I A T I O N				Written down value as at June 30, 2017	Depreciation rate per annum %	
	As at July 01, 2016	Additions	(Deletion)	As at June 30, 2017	Accumulated as at July 01, 2016	Adjustment on Disposal	For the Year			Accumulated as at June 30, 2017

**4.2 Intangible Assets**

P A R T I C U L A R S	C O S T			D E P R E C I A T I O N				Written down value as at June 30, 2017	Depreciation rate per annum %	
	As at July 01, 2016	Additions	(Deletion)	As at June 30, 2017	Accumulated as at July 01, 2016	Adjustment on Disposal	For the Year			Accumulated as at June 30, 2017
Rupees										
Software	547,683	772,200	-	1,319,883	348,842	-	584,941	933,783	386,100	
As at June 30, 2017	547,683	772,200	-	1,319,883	348,842	-	584,941	933,783	386,100	
Software	150,000	397,683	-	547,683	75,000	-	273,842	348,842	198,841	
As at June 30, 2016	150,000	397,683	-	547,683	75,000	-	273,842	348,842	198,841	

# OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

	Note	2017 Rupees	2016 Rupees
<b>5. LONG TERM DEPOSIT-Shifa Hospital</b>		<u>600,000</u>	<u>600,000</u>
5.1	It represents a Refundable security Deposit with the hospital under the terms and conditions specified in Memorandum of understanding, for operational purposes.		
<b>6. Deferred Tax</b>	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 (Restated) Rupees</b>
			<b>2016 Rupees</b>
Opening balance		42,965,639	49,242,202
Deferred tax income/(charge)		17,409,586	[6,276,563]
		<u>60,375,225</u>	<u>54,788,429</u>
<b>7. Non- Current Portion of Advances</b>	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Motor Car Advance		54,214,559	86,688,814
House Building Advance		28,517,670	13,634,901
		<u>82,732,229</u>	<u>100,323,715</u>
<b>8. FEE RECEIVABLES</b>	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 (Restated) Rupees</b>
			<b>2016 Rupees</b>
Receivable from SNGPL		-	41,550,000
Receivable from SSGCL		-	25,370,000
Receivable from MPCL		-	13,707,367
Receivable from PPL		625,000	-
		<u>625,000</u>	<u>80,627,367</u>
<b>9. ADVANCES &amp; OTHER RECEIVABLES</b>	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Advance for expenses		1,514,752	1,512,752
Advances to Vendor		7,041,500	-
Motor Car Advance		32,724,249	33,779,930
House Building Advance		2,761,055	1,523,152
Other Receivables		1,146,713	1,180,927
		<u>45,188,269</u>	<u>37,996,761</u>
<b>10. SHORT TERM PREPAYMENTS AND DEPOSITS</b>			
Prepaid Subscription		3,730,366	3,601,106
Prepaid Rent		13,626,144	11,357,060
Prepaid insurance		917,345	987,656
Prepaid Risk Fee on WBL		-	-
Prepaid Internet		67,310	45,750
		<u>18,341,165</u>	<u>15,991,572</u>
<b>11. ACCRUED INTEREST</b>			
Profit on bank deposits		47,253	79,655
		<u>47,253</u>	<u>79,655</u>

11.1 It includes Return on Bank Deposits from MCB, NBP, PICIC and Habib Metropolitan

## OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

12	Provident Fund Payable	Note	2017 Rupees	2016 Rupees	
	Opening Balance		2,607,292	2,429,857	
	Charge for the year		23,917,002	20,828,021	
	Recoveries of provident fund loan		10,955,535	10,693,999	
	Payment		(37,503,263)	(31,344,585)	
	Closing Balance		(23,434)	2,607,292	
13	TAXATION - Net	Note	2017 Rupees	2016 (Restated) Rupees	2016 Rupees
	Opening Balance		98,397,955	135,956,783	135,956,783
	Current Tax charge	25	(35,495,225)	(77,183,821)	(64,491,028)
	Advance tax paid		46,278,610	39,624,993	39,624,993
			109,181,340	98,397,955	111,090,747
			109,181,340	98,397,954	111,090,747
14	SHORT TERM INVESTMENTS - Held to maturity	Note	2017 Rupees	2016 Rupees	
	Treasury bills		856,767,800	691,441,000	
	Accrued Profit on treasury bills		7,670,198	6,777,789	
			864,437,998	698,218,789	
14.1	These investments have been held with Faysal bank limited amounting to Rs. 753,195,800 and JS investment bank limited amounting to Rs. 103,572,000 in an account maintained by the Banks with State Bank of Pakistan. They all have maturity of 3 months to 6 Months, with markup rate from 5.99% to 6.93% (2016: 6.84% to 8.33 %) per annum.				
15	CASH AND BANK BALANCES				
	Cash in hand		200,000	200,000	
	Cash with banks:				
	On current accounts		88,823	88,823	
	On deposit accounts:				
	Local currency accounts		63,429,473	105,599,460	
	Foreign currency account		937,404	330,845	
			64,366,877	105,930,305	
			64,655,700	106,219,128	
16	GENERAL FUND		2017 Rupees	2016 (Restated) Rupees	2016 Rupees
	Opening Balance		734,028,846	548,672,159	548,672,159
	Prior Year Adjustment		-	-	-
	Excess of Income Over Expenditure		33,760,412	188,031,687	182,329,764
	Reversal of Liabilities		-	(2,675,000)	(2,675,000)
			767,789,258	734,028,846	728,326,923

## OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

17	LONG TERM LOAN	Note	2017 Rupees	2016 Rupees
17.1	Opening Balance		23,661,532	24,284,204
	Less: Payment during the period		(622,672)	(622,672)
			23,038,860	23,661,532
	Current Portion		(622,672)	(622,672)
			<u>22,416,188</u>	<u>23,038,860</u>

17.2 It represents loan of US \$2 million for the capacity building project focused on both employees and institutional development, re-lent to the Authority out of IDA loan of US \$ 55 million contracted by the Government of Pakistan. Out of US \$ 2 million the Authority has received US \$ 0.498 million equivalent to Pak Rupees 29,899,096 up to 29 June 2008. However, on 5 September 2008 Finance division of Government of Pakistan vide letter no: 1 (4)/2007-EFP-1 demanded immediate surrender of unused funds amounting to Rupees 5.02 million lying at the Authority's bank account and rescheduled the repayment of principal and finance costs over outstanding balance. The Authority has repaid the unused amount. The remaining loan amounting to Rupees 24,906,876 is to be repaid in local currency over a period of 25 years, after a grace period of 5 years, commencing from 15 March 2014 and ending on 15 September 2039 payable in fifty semi annual installments ( first 20 semi-annual installments of 1.25% of total loan and subsequent 30 semi-annual installments of 2.5% of total loan amount). Interest and exchange risk fee due on principle amount i.e. Rs. 2,960,089 is paid during the year.

17.3 Interest rate is 11 % (2016: 11%) per annum and exchange risk fee of 3% (2016: 3%) per annum. Commitment fee and service charges are 1/2 of 1 % (2016: 1/2 of 1 %) per annum and 3/4 of 1 % (2016: 3/4 of 1 %) per annum respectively.

18	EMPLOYEES' BENEFITS	Note	2017 Rupees	2016 Rupees
	Provision for compensated absences	18.1	157,268,000	127,687,244
	Gratuity payable - Authority	18.2	567,600	539,000
	Gratuity liability-Regular Employees	18.3	35,496,994	32,076,003
	Employees severance compensation	18.4	30,738,935	2,603,484
	Contributory Provident Fund Payable	18.5	-	2,607,292
			<u>224,071,529</u>	<u>165,513,023</u>
18.1	Opening Balance		127,687,244	126,375,000
	Provision made during the Year		39,040,604	26,651,880
	Recovery of previous year excess payment to employee		-	265,752
	Payment during the year		(9,459,848)	(25,605,388)
			<u>157,268,000</u>	<u>127,687,244</u>

This represents the provision made as per the Regulation 106 (2) of Oil and Gas Regulatory Authority Service Regulations, 2005 and is payable by the Authority to its regular employees at time of winding up of the Authority.

### 18.2 Gratuity payable-Authority

Opening balance as at 1 July	539,000	1,222,000
Charge for the year	929,500	609,000
Payments during the year	(900,900)	(1,292,000)
Closing balance as at 30 June	<u>567,600</u>	<u>539,000</u>

## OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

### 18.3 Gratuity liability-Regular Employees

#### 18.3.1 Movement in net liability:

	2017 Rupees	2016 Rupees
Opening liability	32,076,003	41,715,325
Charge for the year	23,469,854	25,252,174
Other Comprehensive Income (loss)	4,286,679	(8,930,676)
Contribution paid	(24,335,542)	(25,960,820)
Closing liability	<u>35,496,994</u>	<u>32,076,003</u>

#### 18.3.2 Movement in the present value of defined benefit obligation:

	2017 Rupees	2016 Rupees
Present value of defined benefit obligation as at 01 July	220,837,205	197,996,559
Current service cost	21,678,114	22,235,008
Interest cost	19,608,863	20,585,540
Payments during the year	(5,921,891)	(3,887,589)
Actuarial (Gain)/loss	82,629	(16,092,313)
Experience Adjustment	(2,598,798)	-
Present value of defined benefit obligation as at 30 June	<u>253,686,122</u>	<u>220,837,205</u>

#### 18.3.3 Movement in the fair value of plan assets:

	2017 Rupees	2016 Rupees
Fair value of plan assets as at 01 July	188,761,203	156,281,234
Expected return on plan assets	17,817,123	17,568,374
Contributions	24,335,542	25,960,820
Benefits paid	(5,921,891)	(3,887,589)
Actuarial gain / (loss)	(6,802,848)	(7,161,636)
Fair value of plan assets as at 30 June	<u>218,189,129</u>	<u>188,761,203</u>

#### 18.3.4 Charged to income and expenditure/OCI account:

	2017 Rupees	2016 Rupees
Current service cost	21,678,114	22,235,008
Interest cost	19,608,863	20,585,540
Expected return on plan assets	(17,817,123)	(17,568,374)
	<u>23,469,855</u>	<u>25,252,174</u>

#### 18.3.5 Latest Actuarial Valuation was done as at 30 June 2017 using following assumptions:-

	2017 Rupees	2016 Rupees
Discount rate per annum	9.25%	9.00%
Salary increase rate per annum	9.25%	9.00%
Expected rate of return on plan assets per annum	9.25%	9.00%
Average expected remaining working life of employees	11.4	10.6

The amount recognized in the balance sheet is as follows:

Present value of defined benefit obligation	253,686,123	220,837,206
Fair value of plan assets	(218,189,129)	(188,761,203)
Deficits	35,496,994	32,076,003
Unrecognized actuarial gain / (loss)	-	-
Net liability/(receivable)	<u>35,496,994</u>	<u>32,076,003</u>



## OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

### 18.3.6 Composition of fair value of plan assets:

	2017		2016	
	Rupees	%	Rupees	%
Term deposit receipts and treasury bills	-	-	-	-
"Pakistan Investment Bonds and Wapda Sukuk certificates"	-	-	-	-
Treasury Bills	208,894,234	95.74%	156,818,861	85.38%
Cash and bank balances	1,493,317	0.68%	26,853,315	14.62%
Expense Payable	7,801,578	3.58%	6,106	0%
	<u>218,189,129</u>	<u>100%</u>	<u>183,678,282</u>	<u>100%</u>

### 18.3.7 Expected contribution for next year

The Authority expects to pay Rupees 35,496,994 in contribution as gratuity fund in year 2017.

### 18.3.8 The present value of defined benefit obligation, fair value of plan assets and surplus or deficit of gratuity fund is as follows:

As at June 30	2017	2016	2015	2014	2013
Present value of defined benefit obligations	253,686,123	220,837,206	197,996,559	156,906,988	101,099,804
Fair value of plan assets	(218,189,129)	(188,761,203)	(156,281,234)	(126,877,172)	(102,185,585)
Deficits	35,496,994	32,076,003	41,715,325	30,029,816	(1,085,781)
Experience adjustment on plan liabilities	(2,598,798)	(16,092,313)	2,801,455	23,212,664	(11,664,718)
Experience adjustment on plan assets	<u>(6,802,848)</u>	<u>7,161,636</u>	<u>6,060,766</u>	<u>5,130,411</u>	<u>3,289,792</u>

### 18.3.9 Provision of employees gratuity fund was computed through actuarial valuation at the end of 30 June 2017 by using the projected unit credit method.

18.4 Employees' severance compensation	Note	2017 Rupees	2016 Rupees
Opening balance as at 1 July		2,603,484	14,301,727
Charge for the year		28,135,451	-
Provision for severance leave encashment		-	-
Reversal		-	(11,698,243)
Paid to severance fund		-	-
		<u>30,738,935</u>	<u>2,603,484</u>

### 18.4.1 It represents the provision made under Regulation 106 of Oil & Gas Regulatory Authority Service Regulation 2005, and is payable by the Authority to its regular employees at the time of winding up of the Authority.

18.5 Provident Fund Payable	Note	2017 Rupees	2016 Rupees
Opening Balance		2,607,292	2,429,857
Charge for the year		23,917,002	20,828,021
Recoveries of provident fund loan		10,955,535	10,693,999
Payment		<u>(37,503,263)</u>	<u>(31,344,585)</u>
Closing Balance		<u>(23,434)</u>	<u>2,607,292</u>

## OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

19 ACCRUED AND OTHER LIABILITIES	Note	2017 Rupees	2016 (Restated) Rupees	2016 Rupees
Accrued liabilities		4,756,807	2,741,721	2,741,721
Unearned income		-	56,661,000	56,661,000
Income tax deducted at source		885,764	2,467,713	2,467,713
Sale Tax Payable		115,022	145,780	145,780
Inspection Fee - CNG/LPG		88,688,853	93,688,653	93,688,653
Inspection Fee - Oil		2,186,500	1,711,700	1,711,700
Inspection Fee - LNG		6,954,000	1,200,000	1,200,000
CCP Fee Payable		126,340,303	107,395,466	106,460,903
Accrued interest on loan from world bank		742,924	756,783	756,783
Exchange Risk Fee on WBL Payable		216,648	217,747	217,747
Payable to Gratuity Fund		96,494	96,494	96,494
Compensation Payable		1,750,000	8,150,000	8,150,000
Claim Received from NIC/Payables		-	363,641	363,641
Employees Group Insurance Recoveries		258,352	784,915	784,915
Fines and Penalties Payable to GoP		25,245,000	1,570,000	1,570,000
Audit Fee Payable		165,000	285,500	285,500
Engro Limited		-	1,767,932	-
		<u>258,401,667</u>	<u>280,005,045</u>	<u>277,302,550</u>

## 20 CONTINGENCIES AND COMMITMENTS

### 20.1 Contingencies

20.1.1 The Authority has preferred appeals for the tax years from 2004 to 2007 against demand of Rupees 139,423,923 by Income Tax authorities before the Honorable Islamabad High Court, Islamabad against the assessments being remanded back for re-assessments and has requested for cancellation of amended assessments in totality. The stay against tax proceedings has been granted by the Honorable Islamabad High Court, Islamabad and thus, no demand is outstanding as of today in respect of tax years from 2004 to 2007. The demand, if any, shall only be created after re-assessments by taxation authorities subject to the outcome of the appeals preferred before the Honorable Islamabad High Court, Islamabad. Tax department has also preferred appeal before Lahore High Court Islamabad Bench Islamabad for tax years 2003 to 2007 against Appellate Tribunal Order of cancelling the amended assessment of Rs. 22,595,845 for 2003 being time barred and for sending back for re-assessment for the year 2004-2007.

20.1.2 OGRA has filed an appeal with Appellate Tribunal Inland Revenue against orders of being assessed in default under section 161/205 for tax year 2008 amounting to Rs. 418,384

20.1.3 OGRA filed appeals with Appellate Tribunal Inland Revenue against orders of additional Commissioner Inland Revenue for Tax year 2009 and 2010 against inadmissibility of Gratuity Expense and Leave Encashment actually paid. The Appellate Tribunal Inland Revenue remanded the case back for re-consideration by the assessing officer however, the department has filed a miscellaneous Application (MA) before Appellate Tribunal Inland Revenue requesting the consideration of its order. Date of hearing of this MA is yet to be fixed.

# **OIL AND GAS REGULATORY AUTHORITY** **NOTES TO THE FINANCIAL STATEMENTS**

21	INCOME	Note	2017 Rupees	2016 (Restated) Rupees	2016 Rupees
	License fee		50,000	50,000	50,000
	Turnover fee		329,293,846	406,763,051	375,610,983
	Inspection Fee		71,669,100	65,806,700	65,806,700
	Equipment addition/approval/renewal/transfer fee		8,125,000	5,100,000	5,100,000
	Well head price fee		26,300,000	21,200,000	21,200,000
	Transfer/verification and restoration fee		1,475,000	970,000	970,000
	Appeal processing fee		10,531,520	7,356,201	7,356,201
	Tariff fee		6,101,250	8,055,000	8,055,000
	Provisional License LNG		6,500,000	8,000,000	8,000,000
	Intervention fee		22,008	34,976	34,976
	License Amendment Fee & Extension Fee		775,000	9,425,000	9,425,000
	Change of Ownership Fee		1,200,000	1,200,000	1,200,000
	Change of Title Fee		25,000	100,000	100,000
	Annual Fee Oil		9,203,851	14,250,000	14,250,000
	Marketing License Fee OMC		74,000,000	34,000,000	34,000,000
	Marketing License Fee LMC		27,000,000	44,000,000	44,000,000
	Marketing License Fee Oil		6,950,000	2,450,000	2,450,000
	Annual Fee LNG		-	87,769,022	87,769,022
	Licence Processing Fee-LPG		44,428,000	23,520,000	23,520,000
	Equipment addition/approval/renewal/transfer fee-LPG		6,995,000	7,490,000	7,490,000
	Annual Regulatory Fee- LPG		100,000	100,000	100,000
	Transmission Licence Fee		750,000	1,250,000	1,250,000
	Other Income		3,230,987	1,395,655	1,395,655
			<u>634,725,562</u>	<u>750,285,605</u>	<u>719,133,537</u>
22	EXPENDITURE				
	Salaries, allowances and other benefits	22.1	400,734,862	352,680,080	352,680,080
	Consultancy charges		801,104	240,000	240,000
	Medical facility		8,366,094	5,987,882	5,987,882
	Provision for gratuity		24,399,354	25,861,174	25,861,174
	Provision for compensated absences		39,040,604	26,651,880	26,651,880
			436,865	-	-
	Provision for Severance Compensation		28,135,451	-	-
	Provision for CCP		18,944,837	22,508,568	21,574,006
	Compensated Absences (Contract)		-	-	-
	Capacity building		3,524,513	4,933,483	4,933,483
	Printing, stationery, newspaper and periodicals		5,215,856	4,971,704	4,971,704
	Fee and subscription		4,810,941	3,976,108	3,976,108
	Telephone and telex		4,349,563	4,219,707	4,219,707
	Fines and Penalties		-	-	-
	Electricity, water and gas		5,471,415	4,534,176	4,534,176
	Traveling and conveyance		9,290,502	13,860,027	13,860,027
	Rent		29,919,110	26,948,580	26,948,580
	Public hearing		7,811,160	8,521,383	8,521,383
	Legal and professional charges		11,443,931	11,914,057	11,914,057
	Auditors' remuneration		190,000	175,500	175,500
	Repair and maintenance		3,069,358	2,554,545	2,554,545
	Entertainment		1,407,732	1,257,218	1,257,218
	Advertisement		5,060,104	4,058,370	4,058,370
	Insurance		1,370,934	1,123,041	1,123,041
	Security charges		3,542,009	2,290,393	2,290,393
	Internet charges		2,008,883	2,050,156	2,050,156
	Janitorial charges		2,876,138	2,487,640	2,487,640
	Postage and courier charges		1,537,625	1,203,044	1,203,044
	Depreciation/ Amortization		7,736,109	6,932,574	6,932,574
	Uniform expenses		-	-	-
	Miscellaneous		1,841,616	1,537,634	1,537,634
			<u>633,336,670</u>	<u>543,478,924</u>	<u>542,544,362</u>

## OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

			2017 Rupees	2016 Rupees
<b>22.1 Salaries, allowances and other benefits</b>		<b>Note</b>		
<b>Financial Statements</b>				
	Salaries and allowances		376,817,860	331,852,059
	other benefits		23,917,002	20,828,021
			<u>400,734,862</u>	<u>352,680,080</u>
<b>23</b>	<b>FINANCE COSTS</b>			
	Interest on loan from International IDA - World Bank		3,314,648	3,392,162
	Bank charges		79,774	37,111
			<u>3,394,422</u>	<u>3,429,273</u>
<b>24</b>	<b>OTHER INCOME</b>			
	Income from financial assets	24.1	56,257,964	47,328,449
	Income from non-financial assets	24.2	1,880,296	157,294
			<u>58,138,260</u>	<u>47,485,743</u>
	<b>24.1 Income from financial assets</b>			
	Profit on bank deposits		3,503,933	5,027,498
	Profit on treasury bills		51,437,908	41,614,072
	Markup on HBA		1,316,123	686,880
			<u>56,257,964</u>	<u>47,328,449</u>
	<b>24.2 Income from non-financial assets</b>			
	Reversal of previous year audit fee excess booked	-	-	-
	Gain on Sale of Assets		1,880,296	150,500
	Exchange Gain		-	6,794
			<u>1,880,296</u>	<u>157,294</u>
<b>25</b>	<b>PROVISION FOR TAXATION</b>		<b>2017 Rupees</b>	<b>2016 (Restated) Rupees</b>
	Current year:			<b>2016 Rupees</b>
	Current		35,495,225	64,491,028
	Deferred		(17,409,586)	(5,546,227)
			<u>18,085,639</u>	<u>58,944,801</u>
<b>26</b>	<b>RECLASSIFICATION</b>			
Following corresponding figures have been reclassified for better presentation.				<b>2016 Rupees</b>
1. Long Term Security Deposit-Shifa hospital	Current assets-Advance and other receivables	Non current Assets-Non Current portion of advances		600,000
2. Motor Car and House Building Advance	Current assets-Advances and other receivables	Non current Assets-Non Current portion of advances		100,323,715
3. Advance for expenses	Advance and other receivables -Advance to suppliers	Advance and other receivables-Advance for expenses		500,000

# OIL AND GAS REGULATORY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

	Note	2017 Rupees	2016 Rupees
<b>27</b>	<b>CORRECTION OF PRIOR PERIOD ERRORS</b>		
27.1	These financial statements have restated because of following errors in prior years.		
a.	Turnover Fee from SNGPL for the year 2015-2016 amounting to Rs. 41,550,000 received in 2017 was not recorded in its relevant year.		
b.	Income adjustment of 2015-2016 from SSGCL amounting to Rs. 8,630,000 was not adjusted against income of relevant year.		
c.	Income adjustment of Engro Limited amounting to Rs. 1,767,932 for the year 2015-2016 were not adjusted against income of relevant year.		
d.	Correction of error in current tax computation amounting to Rs. 3,023,191.		
27.2	The impact of the correction of errors is summarized below:		
			2016 Rupees
	Increase in turnover fee due to 27.1(a)	41,550,000	
	Decrease in turnover fee due to 27.1(b) and 27.1(c)	(10,397,932)	
	Net Increase in income	31,152,068	
	Increase in provision for CCP fee	934,562	
	Decrease in deferred tax income	11,822,790	
	Increase in current tax expense	12,692,793	
	Due to correction in prior year income [27.1(a), 27.1(b) and 27.1(c)]	9,669,602	
	Due to correction of tax computations [27.1(d)]	3,023,191	
	Increase in Fee Receivable due to 27.1(a) and 27.1(b)	32,920,000	
	Increase in payable to Engro Limited due to 27.1 ( c )	1,767,932	
	Increase in CCP fee payable	934,562	
	Decrease in deferred tax credit	11,822,790	
	Decrease in Taxation-Net	12,692,793	

## 28 RELATED PARTY TRANSACTIONS

Since the Authority is a government owned entity and all other similar entities are related parties, it is not possible to quantify the amount of transactions entered into with related parties.

<b>29</b>	<b>NUMBER OF EMPLOYEES AT YEAR END</b>	188	188
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## 30 GENERAL

Figures have been rounded off to the nearest rupee.

## 31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Authority on \_\_\_\_\_.

  
CHAIRPERSON

  
MEMBER FINANCE







## ABBREVIATIONS & ACRONYMS





## Abbreviations & Acronyms

<b>ARL</b>	Attock Refinery Ltd.
<b>BBL</b>	Barrel
<b>BBTU</b>	Billion British Thermal Unit
<b>BCFD</b>	Billion Cubic Feet per Day
<b>CCI</b>	Council of Common Interests
<b>CMS</b>	Consumer Meter Station
<b>CNG</b>	Compressed Natural Gas
<b>CPGCL</b>	Central Power Generation Company Ltd.
<b>CPI</b>	Consumer Price Index
<b>CRPR</b>	Complaint Resolution Procedure Regulations
<b>DCO</b>	Deputy Commissioner Office
<b>DERR</b>	Determination of Estimated Revenue Requirement
<b>DHDS</b>	Diesel Hydro De-Sulphurization
<b>DIRS</b>	Docketing and Information Repository System
<b>DKM</b>	Digital Knowledge Management
<b>DO</b>	Designated Officer
<b>E-10</b>	Ethanol Blended Gasoline
<b>ECC</b>	Economic Coordination Committee
<b>ECPL</b>	Engro Chemicals Pakistan Ltd.
<b>EETL</b>	Engro Elengy Terminal Ltd.
<b>ERR</b>	Estimated Revenue Requirement
<b>ETP</b>	Elengy Terminal Pakistan Limited
<b>EVC</b>	Electronic Volume Corrector
<b>FBR</b>	Federal Board of Revenue
<b>FFCL</b>	Fauji Fertilizer Company Ltd.
<b>FG</b>	Federal Government
<b>Fig</b>	Figure
<b>FOC</b>	Frontier Oil Company
<b>FOTCO</b>	Fauji Oil Terminal Company
<b>FPCDL</b>	Foundation Power Company Dharki Ltd
<b>FRR</b>	Final Revenue Requirement
<b>FSRU</b>	Floating Storage and Re-gasification Unit
<b>FY</b>	Fiscal Year/Financial Year
<b>GDCL</b>	Gaseous Distribution Company Limited
<b>GoP</b>	Government of Pakistan
<b>GSA</b>	Gas Sale Agreement
<b>GSPA</b>	Gas Sale Purchase Agreement
<b>GST</b>	General Sales Tax

<b>HDIP</b>	Hydrocarbon Development Institute of Pakistan
<b>HOBC</b>	High Octane Blending Component
<b>HR</b>	Human Resource
<b>HSD</b>	High Speed Diesel
<b>HSFO</b>	High Sulphur Furnace Oil
<b>ICMA</b>	Institute of Cost and Management Accountants
<b>IFEM</b>	Inland Freight Equalization Margin
<b>ILBP</b>	Indus Left Bank Pipeline
<b>IPP</b>	Independent Power Producers / Import Parity Price
<b>ISO</b>	International Standards Organization
<b>IT</b>	Information Technology
<b>JP</b>	Jet Propellant (Aviation Fuel)
<b>KERO</b>	Kerosene Oil
<b>Km</b>	Kilometer
<b>LAN</b>	Local Area Network
<b>LDO</b>	Light Diesel Oil
<b>LMC</b>	Lubricant Marketing Company
<b>LNG</b>	Liquefied Natural Gas
<b>LPG</b>	Liquefied Petroleum Gas
<b>LPS</b>	Late Payment Surcharge
<b>MMBTU</b>	Million British Thermal Unit
<b>MMCFD</b>	Million Cubic Feet per Day
<b>MMSCFD</b>	Million Standard Cubic Feet per Day
<b>MOE</b>	Ministry of Energy
<b>MOGAS</b>	Motor Gasoline
<b>MP&amp;NR</b>	Ministry of Petroleum & Natural Resources
<b>MS</b>	Motor Spirit
<b>MT</b>	Metric Ton
<b>NFPA</b>	National Fire Protection Association
<b>NGLR</b>	Natural Gas Licensing Rules
<b>NGRA</b>	Natural Gas Regulatory Authority
<b>NGT</b>	Natural Gas Tariff
<b>OGDCL</b>	Oil and Gas Development Company Ltd.
<b>OGRA</b>	Oil and Gas Regulatory Authority
<b>OMC</b>	Oil Marketing Company
<b>PARCO</b>	Pak-Arab Refinery Company
<b>PDC</b>	Price Differential Claim
<b>PGPCL</b>	Pakistan Gasport Company Limited
<b>PL</b>	Petroleum Levy
<b>PLL</b>	Pakistan Liquefied Natural Gas Limited

<b>PPL</b>	Pakistan Petroleum Limited
<b>POL</b>	Petroleum Oil Lubricant
<b>PPPL</b>	Punjab Power Plant Limited
<b>PSO</b>	Pakistan State Oil
<b>PSV</b>	Public Service Vehicle
<b>REER</b>	Review of Estimated Revenue Requirement
<b>RLNG</b>	Re-gasified Liquid Natural Gas
<b>RON</b>	Research Octane Number
<b>RR</b>	Revenue Requirement
<b>Rs.</b>	Rupees
<b>SKO</b>	Superior Kerosene Oil
<b>SMS</b>	Sales Meter Station
<b>SNGPL</b>	Sui Northern Gas Pipelines Ltd.
<b>SSGCL</b>	Sui Southern Gas Company Ltd.
<b>T&amp;D</b>	Transmission & Distribution
<b>TPA</b>	Third Party Access
<b>TPI</b>	Third Party Inspector
<b>TRS</b>	Town Regulating Station
<b>UFG</b>	Unaccounted for Gas
<b>UGDC</b>	Universal Gas Distribution Company
<b>UGDCL</b>	Universal Gas Distribution Company Pvt Ltd
<b>US\$</b>	US Dollar
<b>USAID</b>	United States Agency for International Development
<b>WACOG</b>	Weighted Average Cost of Gas



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