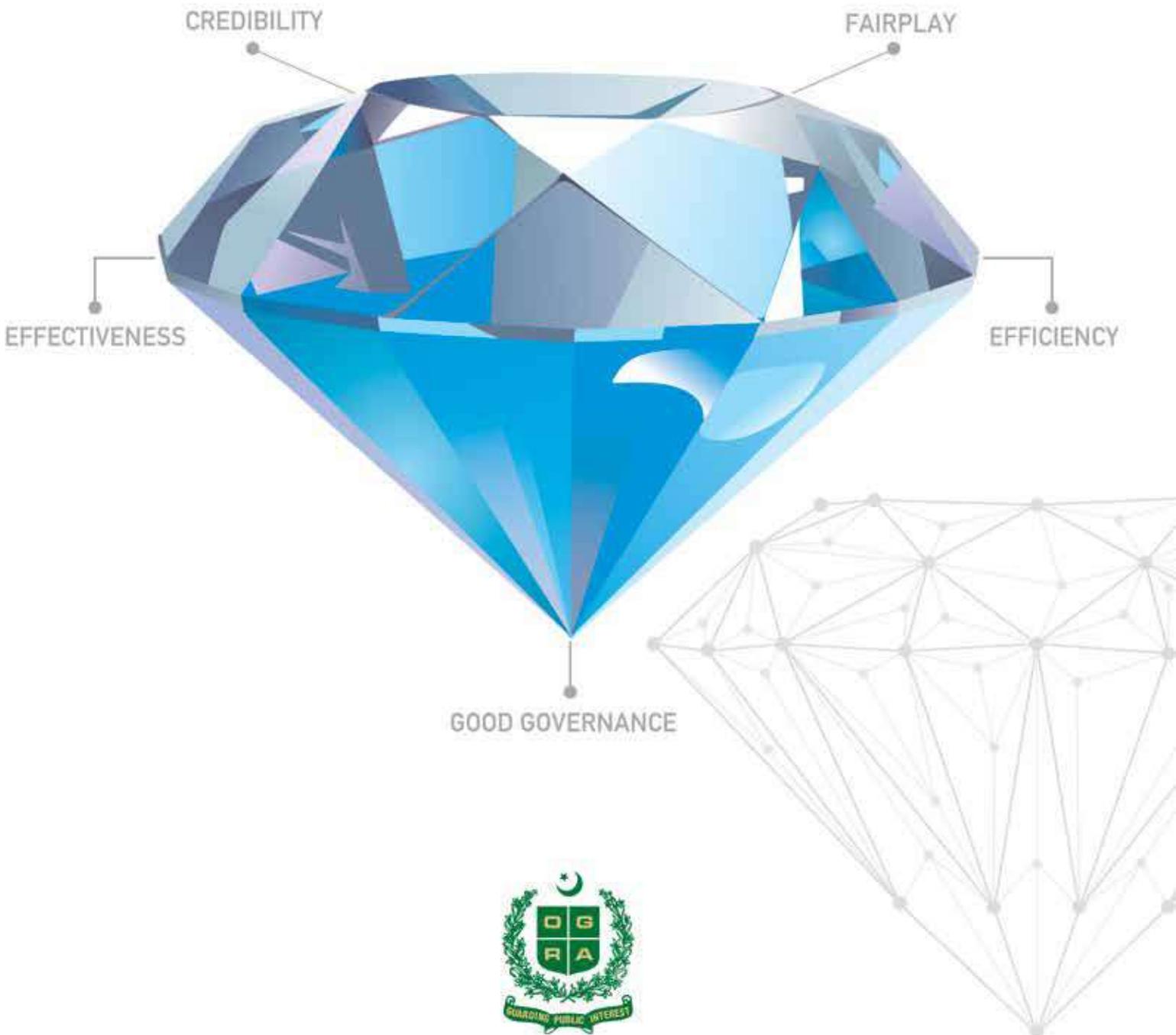


ANNUAL REPORT

2018-19

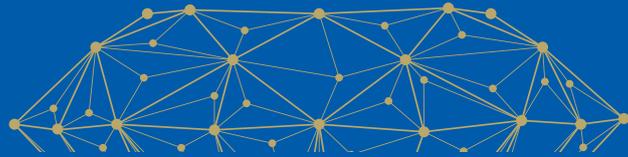
TRANSPARENCY



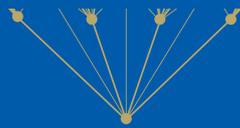
Oil & Gas Regulatory Authority
Government of Pakistan







T R A N S P A R E N C Y

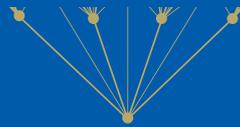


Good Governance is the core of efficient and effective organizational framework, which intends to ensure fairplay within the regulated sphere, resulting the trust and credibility among the stakeholders. This is only possible when the organization has transparency as core of entire structure. Transparency is selected as this year's theme of annual report with the vision to implement it in letter and spirit across the systems and procedures for public convenience and stakeholders' confidence.





MISSION STATEMENT



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





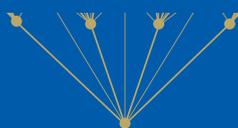
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CHAIRPERSON'S MESSAGE







1. Chairperson's Message

It is indeed a great pleasure to present the third consecutive Annual Report of OGRA for the fiscal year 2018-19, a satisfying moment in fulfilling the responsibilities bestowed upon me as a Chairperson.

OGRA played an active role in implementing the Federal Government's economic reform agenda particularly in oil and gas sectors by achieving its objectives of fostering competition with increased private investment, while ensuring level playing field in the midstream and downstream petroleum industry and protecting the public interest by providing effective and efficient regulations.

OGRA has made significant progress during FY 2018-19 towards fostering the objectives of its establishment. During current financial year, OGRA has granted a license to Inter State Gas Systems (ISGS) Limited for the construction and operation of natural gas pipeline projects, i.e. Cross-Country Pipelines and North South Gas Pipeline Projects (NSGP)

During the period under review, OGRA granted a license for construction of a new Oil Refinery (Khyber Oil Refinery) with the capacity of 20,000 barrel per day designed on local crude during FY 2018-19. The said refinery is expected to be constructed within 03 years at the cost of US\$ 500 Million. This refinery

will help in meeting the upcountry demand and save foreign reserves as well as transportation cost from Karachi to upcountry.

In addition, OGRA has also made significant contribution in creation of LPG infrastructure all over the country. An estimated investment of Rs. 5.76 billion has been made in the LPG supply infrastructure during FY 2018-19 whereas total investment in the sector till date, is estimated at about Rs. 36.44 billion.

With the rise in the number of licensees and investments in mid and downstream petroleum sector, the enforcement of technical and safety standards for the facilitation and protection of consumers and general public has become imperative. OGRA has further enhanced as well as strengthened its monitoring role of the regulated activities to avoid any incident in transportation of Oil and LPG, manufacturing of standardized equipment and installation of facilities. The Authority has expanded and increased inspections by its staff and through third party inspectors for the enforcement of quality standards, less filling, overcharging and quality non-conformation. Heavy fines have been imposed on violators and in some cases licenses have also been suspended/revoked. Protection of

public from excesses and exploitation by licensees is Authority's one of the core function thereby resolving consumers' grievances and complaints relating to its regulated activities has been placed highest among other priorities. OGRA accepts the consumer complaints against Natural Gas, LPG, CNG and Oil companies without charging any fee and with almost no formalities. These complaints are resolved expeditiously and in judicious manner. Public is largely appreciative on the complaint resolution process of OGRA and the relief provided against their complaints.

An important aspect of OGRA's Complaint Resolution Procedure is that if the complainant is not satisfied with the decision of the Designated Officer, has the right to appeal to the Authority. The Authority, being quasi-judicial body, normally disposes off such appeals within a maximum period of ninety days, after providing opportunity of hearing to all concerned parties.

OGRA is also proactively engaged in expeditious resolution of queries and complaints received through Prime Minister's Citizen Portal as well as Clean and Green Pakistan's initiative of Government of Pakistan. OGRA enforcement staff take action against non-compliant companies/outlets and ensure compliance. The two dedicated units are in place to deal with the complaints received under Citizen Portal as well as Clean and Green Initiative respectively, supervised by the Senior Executive Director.

OGRA believes in transparency and accountability in all its decision-making process whether they relate to determination of revenue requirements of natural gas utilities or grant of license in midstream and downstream regulated petroleum sector. Authority take its decisions after complete due diligence, conduct in depth scrutiny of the capital and operating expenditures based on prudence, optimization, improved service to consumers and safeguarding public interest. The Authority believes in providing full opportunity to all stakeholders to express their viewpoint freely and give due consideration before taking the regulatory decisions.

The role of information technology in organizational development has become centerpiece in obtaining organizational efficiency. In order to keep pace with technological developments and new norms of the business processes, the Authority has decided to introduce E-Office /Docketing and Information Repository System (DIRS) for digitalization of records/

system and procedures to ensure efficiency accuracy, effectiveness, transparency, good governance and effective public service. Implementation of E-office will provide its users with a user-friendly interface to work with and enable them to efficiently dispose-off official business. E-Office will not only bring efficiency, effectiveness and transparency within the processes of the organization but will also reduce the cost of doing business. This system will manage and administer the documents filed by licensees and stakeholders. Digitization will provide security of the documents in all forms and shapes.

Skilled, trained and well-equipped human resource is the most precious asset of an organization. I would like to appreciate the commitment and hard work of OGRA employees in order to achieve its objectives. However, we have a long way to go in building a dream team but the seedlings have been planted and I am confident that nurturing culture at OGRA will reap the fruit in future.

Corporate responsibility is critical to the future success and sustainability of our organization. We also need focused attention to the issues and areas critical to our stakeholders and us. 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. Due to its relentless pursuit of quality and efficiency in the regulatory sphere, OGRA has earned a respectable repute of being an impartial and effective regulator. As an organization, OGRA is committed to a strategy of creating value and growth, while contributing to the energy sector of Pakistan.

As a Chairperson, I am committed to preserve the principles upon which the OGRA was established and has achieved a substantial progress. It is very essential to have consistency between short-term organizational goals and a long-term strategy.

I would like to thank all Members of the Authority, Senior Management, as well as hard working Executives and Staff for coping up to the challenges of FY 2018-19 with enthusiasm and resolute commitment to making sure that principle of fairness is applied across the board.

(Uzma Adil Khan)

Chairperson

مالی سال 2018-19 کیلئے مسلسل تیسری بار اوگرا کی سالانہ رپورٹ پیش کرنا میرے لئے بلاشبہ خوش آئند ہے اور بطور چیئر پرسن سوچی گئی ذمہ داریوں کو باحسن خوبی نبھانا میرے لئے باعث اطمینان ہے۔ اوگرا وفاقی حکومت کے معاشی اصلاحاتی ایجنڈے پر عملدرآمد کو یقینی بنانے کیلئے اپنا فعال کردار ادا کر رہا ہے خاص طور پر آئل اینڈ گیس کے شعبہ جات میں اوگرا نجی سرمایہ کاری میں اضافے، پیٹرولیم انڈسٹری میں اپنی گراں قدر خدمات اور موثر اور فعال ریگولیشنز کی بدولت مفاد عامہ کے تحفظ کو یقینی بناتے ہوئے مقابلے کی فضا کو پروان چڑھانے کے اپنے اہداف کو پورا کئے ہوئے ہے۔

اوگرا نے مالی سال 2018-19 کے دوران اپنے مقاصد کے حصول کیلئے بے پناہ کامیابی حاصل کی ہے۔ رواں مالی سال کے دوران اوگرا نے نیچرل گیس پائپ لائن پراجیکٹ یعنی کراس کنٹری پائپ لائنز اینڈ ناٹھ ساؤتھ گیس پائپ لائن پراجیکٹس (NSGP) کی کنسٹرکشن اینڈ آپریشن کیلئے انٹرنیشنل گیس سٹور (ISGS) کو لائسنس جاری کیا ہے۔

اوگرا نے اسی عرصہ کے دوران 20,000 ہیرل پمپے مقامی خام تیل کی حامل نیو آئل ری فائنری (خیبر آئل ری فائنری) کی کنسٹرکشن کیلئے بھی لائسنس جاری کیا ہے۔ یہ ری فائنری 500 ملین ڈالر کی لاگت سے تین سالوں میں تعمیر کی جائے گی۔ اس ری فائنری کی تکمیل سے صرف ملکی طلب کو پورا کیا جاسکے گا بلکہ اس سے زرمبادلہ کے ساتھ ساتھ کراچی سے ملک کے دوسرے حصوں تک نقل و حمل پر اٹھنے والی لاگت میں بھی خاطر خواہ کمی آئے گی۔

علاوہ ازیں اوگرا نے ملک بھر میں ایل پی جی انفراسٹرکچر کی تعمیر میں بھی اپنا بھرپور کردار ادا کیا ہے۔ مالی سال 2018-19 کے دوران ایل پی جی پیلانی انفراسٹرکچر کے میدان میں تقریباً 5.76 بلین روپے کی سرمایہ کاری کی گئی جبکہ اسی شعبے میں تاحال تقریباً 36.44 بلین روپے کی مجموعی سرمایہ کاری کی گئی ہے۔

مڈ سٹریم اینڈ ڈاؤن سٹریم پیٹرولیم کے شعبے میں لائسنس اور سرمایہ کاری میں اضافے کے ساتھ صارفین اور عوام الناس کی سہولت کیلئے سیٹھی اسٹینڈرڈ زکنا فاؤنڈیشنز کو بھی لائسنس دیا گیا ہے۔ اوگرا نے اس سلسلے میں تیل اور ایل پی جی کی نقل و حمل، میعاری آلات کی تیاری اور تنصیب کی صورت میں کسی بھی حادثے سے بچنے کیلئے ریگولیشنز، مینٹیننس کی سطح پر اپنے کردار میں اضافہ کیا اور اسے مضبوط بنایا ہے۔ اوگرا نے کواٹری اسٹینڈرڈز کم بھرائی، اور چار جنگ اور کواٹری نان کنفریشنز پر نظر رکھنے کیلئے اپنے سٹاف اور تھرڈ پارٹی انجینئرز کی بدولت معائنہ کو بھی بڑھایا اور مضبوط بنایا ہے۔ خلاف ورزی کرنے والوں پر بھاری جرمانے عائد کئے گئے اور بعض صورتوں میں لائسنس منسوخ / معطل کئے گئے۔

لائسنس یافتگان کے استحصال سے عوام الناس کو محفوظ بنانا اوگرا کا اولین فرض ہے اس سلسلے میں دیگر ترجیحات کے ساتھ ساتھ ریگولیشنز اور صارفین کی شکایات کے ازالے کو صاف اول پر رکھا گیا ہے۔ اوگرا قدرتی گیس، ایل پی جی، سی این جی، اور تیل کمپنیوں سے متعلقہ صارفین کی شکایات بلا معاوضہ اور بغیر کسی قانونی ذیقے کے سنتا ہے۔ ان شکایات کا ازالہ فوری طور پر انصاف کے تقاضوں کے مطابق کیا جاتا ہے۔ عوام اوگرا کے شکایات کے ازالے کے طریقہ کار اور شکایت کے مقابل فراہم کئے جانے والے ریلیف کی بڑے پیمانے پر معترف ہے۔

اوگرا کے شکایات کے ازالے کا ایک اہم اصول یہ بھی ہے کہ اگر شکایت کنندہ مختص آفیسر کے فیصلے سے مطمئن نہیں تو وہ اتھارٹی کو بھی اپیل کرنے کا حق رکھتا ہے اور اتھارٹی بطور منصف ادارہ تمام جملہ پارٹیوں کو شنوائی کا موقع دیتے ہوئے ایسی ایپلوں کو زیادہ سے زیادہ نوے دنوں میں نمٹاتی ہے۔

اوگرا پرائم منسٹر سٹیزن پورٹل اور حکومت پاکستان کے کلین اینڈ گرین پاکستان اقدام کی بدولت موصول ہونے والی شکایات کو بھی فوری طور پر نمٹاتا ہے۔ اوگرا کا انفورسٹ سٹاف عمل درآمد نہ کرنے والی کمپنیوں / آؤٹ لیس کے خلاف کارروائی کرتا ہے اور عملدرآمد کو یقینی بناتا ہے۔ سٹیزن پورٹل اور کلین اینڈ گرین پاکستان کے ذریعے موصول ہونے والی شکایات کے ازالے کیلئے دو انتہائی متحرک پورٹل قائم کئے گئے ہیں جن کی سرپرستی سینٹرا لیزیکوڈائزیکٹر کرتے ہیں۔

اوگرا اپنی جملہ فیصلہ سازی میں شفافیت اور احتساب کے عمل پر مکمل یقین رکھتا ہے چاہے وہ پیٹرولیم کے

شعبے میں نیچرل گیس ریگولیشن یونیورسٹیوں میں متعین کرنے سے متعلق ہو یا پھر لائسنس ریگولیشنز سرگرمیوں میں دینے سے متعلق ہو۔ اتھارٹی اپنی فیصلہ سازی کے عمل میں مکمل شفافیت، بین، سرمایے اور اخراجات میں جانچ پڑتال، اپنا سٹیشن، صارفین تک بہتر خدمات کی فراہمی اور مفاد عامہ کے تحفظ کو بصورت یقینی بناتی ہے۔ اتھارٹی رائے کے اظہار کے سلسلے میں تمام اسٹیک ہولڈرز کو مکمل مواقع فراہم کرنے پر یقین رکھتی ہے تاکہ وہ اپنی رائے کا آزادانہ طور پر اظہار کر سکیں اور اتھارٹی فیصلہ کرنے سے قبل ان کی رائے کو ملحوظ خاطر رکھتی ہے۔

ادارہ جاتی ترقی میں انفارمیشن ٹیکنالوجی کا کردار نہایت اہم بن چکا ہے۔ ٹیکنالوجی کے میدان میں ترقی اور نئی کاروباری اقدار کے پیش نظر اتھارٹی نے ریکارڈ اسٹیم اور طریقہ کار کو ڈیجیٹائز کرنے کیلئے ای آفس / ڈاکنگ اینڈ انفارمیشن ریپازٹری سٹیم (DIRS) متعارف کروانے کا فیصلہ کیا ہے تاکہ استعداد کار، درستی، فعالیت، شفافیت، گڈ گورننس اور بہتر عوامی خدمت کو یقینی بنایا جاسکے۔ یہ ای آفس صارفین کو کام کرنے کیلئے آسان انٹرفیس مہیا کرے گا جس سے وہ اپنے دفتری امور بہتر طور پر سرانجام دے سکیں گے۔ ای آفس نا صرف ادارے کی کارکردگی میں مستعدی، فعالیت اور شفافیت کا پیش خیمہ بنے گا بلکہ اس سے کاروبار کرنے پر آنے والی لاگت میں بھی کمی آئے گی۔ یہ سٹیم لائسنس یافتگان اور اسٹیک ہولڈرز کی جانب سے جمع کرائی گئی دستاویزات کا انتظام و انصرام کرے گا۔ ڈیجیٹائزیشن دستاویزات کی ہر قسم کی سکیورٹی کو یقینی بنائے گی۔

ہنرمند، تربیت یافتہ اور جدید تقاضوں سے ہم آہنگ ہیومن ریسورس کسی بھی ادارے کا سب سے قیمتی اثاثہ ہوتا ہے۔ میں مقاصد کے حصول کیلئے اوگرا کے ملازمین کے عزم اور انتھک محنت کو سراہتی ہوں۔ تاہم ہمیں ایک مثالی ٹیم تخلیق کرنے کیلئے مزید جدوجہد کی ضرورت ہے لیکن اس کیلئے ہم نے بیج بو دیا ہے اور مجھے یقین ہے کہ اوگرا میں پروان چڑھتا ہوا کلچر مستقبل میں ثمر آور ثابت ہوگا۔

کارپوریٹ ذمہ داری مستقبل میں ہمارے ادارے کے استحکام اور ترقی کیلئے ناگزیر ہے لہذا ہمیں ان مسائل اور شعبہ جات میں توجہ دینے کی ضرورت ہے جو ہمارے لئے اور اسٹیک ہولڈرز کیلئے ناگزیر ہیں۔ پاکستان میں درپیش مشکلات کا سامنا کرنے کیلئے خاص طور پر توانائی کے شعبے میں چیلنج کا سامنا کرنے کیلئے ہمیں ادارہ جاتی اور قومی سطح پر تعمیر و ترقی کیلئے اجتماعی کاوشوں کی ضرورت ہے۔ ریگولیشنز کی سطح پر معیار اور مستعدی کے پیش نظر اوگرا نے ایک مقام حاصل کیا ہے اور بطور بااثر اور غیر جانبدار ادارہ ایک باعزت مقام پیدا کیا ہے۔ اوگرا توانائی کے شعبے میں بھی اپنی خدمات کی بدولت تعمیر و ترقی اور بلند اقدار کیلئے ہمہ تن پرعزم ہے۔

بطور چیئر پرسن میں ان اصولوں پر کاربند رہنے کیلئے پرعزم ہوں جن اصولوں کی بنیاد پر اوگرا کی داغ بیل ڈالی گئی اور وقت کے ساتھ اس ادارے نے جن اصولوں کے نتیجے میں پائیدار ترقی حاصل کی۔ یہ امر اب انتہائی ضروری ہے کہ ہم قبیل مدتی ادارہ جاتی مقاصد اور طویل مدتی حکمت عملی کے مابین استحکام کو جاری و ساری رکھیں۔

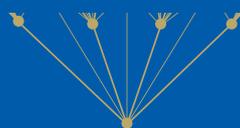
میں ادارے کے جملہ ممبران، سنئرز، مینجمنٹ اور اس کے ساتھ ساتھ سختی اگیزیکوٹو اسٹاف کا بھی شکر یہ ادا کرنا چاہوں گی جنہوں نے مالی سال 2018-19 کے چیلنجز سے نمٹنے کیلئے جوا نمدی اور مکمل پختہ ارادے کے ساتھ مقابلہ کیا۔ میں یکساں طور پر پورے ادارے میں اسی طرز کی اصول پسندی کیلئے پرعزم ہوں۔

(عظمیٰ عادل خان)
چیئر پرسن

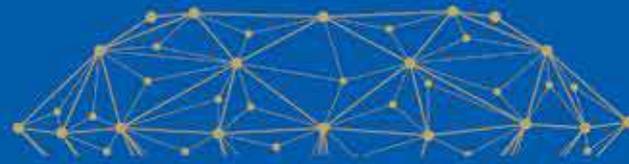




PROFILE OF THE AUTHORITY







THE AUTHORITY



Noorul Haque
Member (Finance)

Uzma Adil Khan
Chairperson

Dr. Abdullah Malik
Member (Oil)



2. Profile of the Authority

2.1 Composition

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

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



2.1.1 Chairperson

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



2.1.2 Member Finance

Mr. Noorul Haque was appointed as Member Finance on July 23, 2015 for an initial term of two years. 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, 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.



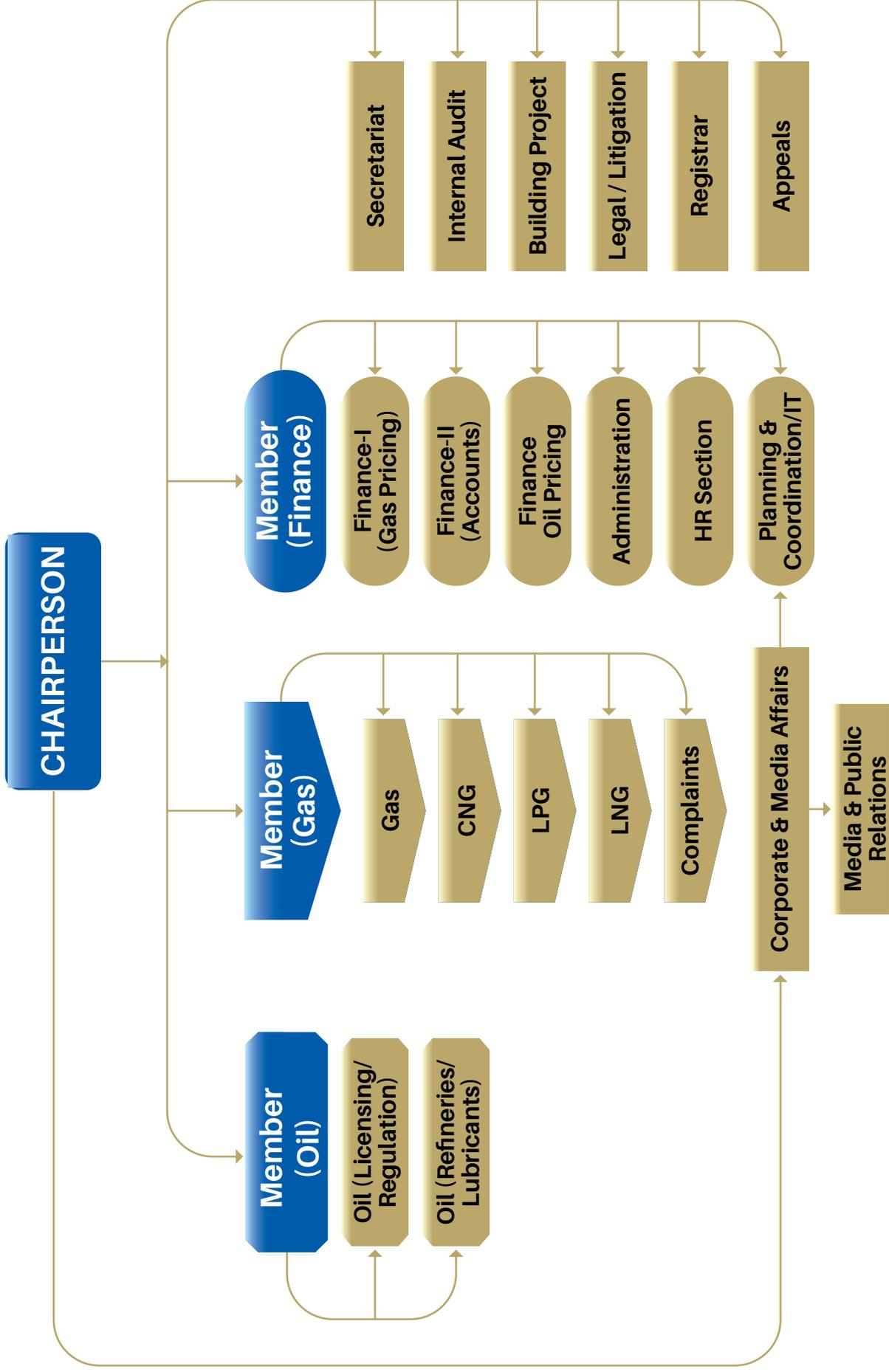
2.1.3 Member Oil

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





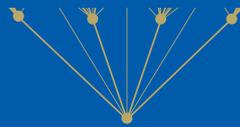
ORGANOGRAM







POWERS & FUNCTIONS



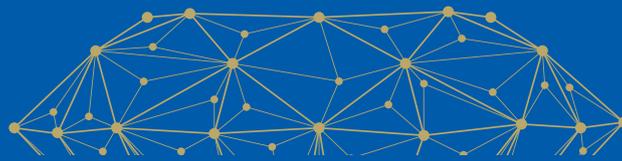
2.2 Powers and Functions

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

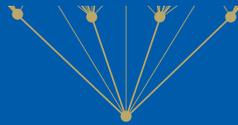
- Exclusive power to grant, amend or revoke licences for regulated activities and enforce compliance of licence conditions to promote efficiency, cost effectiveness, best practices, high safety and service standards etc. The regulated activities are:
 - ▶ **Oil**
 - Construction / Operation of refinery,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

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





FUNCTIONS OF THE DEPARTMENTS



2.3 Functions of the Departments

▶ Registrar Office

Registrar Office 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 the Pakistan Oil (Refining, Blending, Transportation, Storage & Marketing) Rules, 2016 and OGRA Ordinance 2002. The powers conferred under the aforesaid Rules & OGRA Ordinance mainly pertains to grant of license to undertake marketing of refined oil products, construction & operation of Oil Infrastructure [i.e. Refinery, oil storage facility, oil transportation pipeline, lube oil blending/ reclamation facility, oil testing facility] and establishing/ operation of lubricant Marketing Companies. Besides aforesaid, Oil Departments also monitor quality of refined oil products through third party laboratory and its own inspections on random basis. Further, conformance of the construction of oil infrastructure with the relevant Technical Standards is also ensured through Third Party Inspection. In addition, complaints (generally related to overcharging, less filling, quality at petrol pumps) are also dealt by the Oil Department in accordance with the 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 has undertaken 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**

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-refuelling 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, refuelling stations, production/extraction plants, air-mix plants and manufacturing facilities of equipment manufacturers through short listed third-party inspectors. Moreover, matters related to extension/renewal of 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 pre-requisites for obtaining licences. LNG rules encourage prospective project developer to enter into LNG market after fulfilment 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 Federal Cabinet. OGRA has also been notifying LPG prices since February, 2018 on monthly basis.

Beside tariff determination process of oil and gas sector, Finance Departments has a major contribution in techno-financial and legal matters. 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 analyse and evaluate the operational effectiveness of the organization. To coordinate major activities through subordinates and appraises assigned personnel and to represent the organization to stakeholders, international organizations, media and the general public. To introduce Regulatory Reforms in line with international best practices and Government policies.

C&MA also deals with resolution of complaints received through Pakistan Citizen Portal under Prime Minister Delivery Unit and Clean and Green Pakistan initiative.

► **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/ reinstallation, 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 & licenses, List of provisional & operational CNG stations, Enforcement press release & news, Tender notices, Job announcements etc. OGRAs website is most popular, frequently viewed domain in the country. It is favorite amongst consumers of petroleum & gas products, media and other stakeholders. OGRA has implemented Licensed software in order to provide better services and utilization of resources efficiently. OGRA has also launched online complaints registration for an easy rapid access by the complainants.

▶ **Media & Public Relations Department**

Media & Public Relations Department has become a significant and powerful mode of communication for the Authority particularly in recent years. This mainly works by coordinating with media to spread information, persuasion and opinions to the public on behalf of the Authority. Publicity is the predominant goal. Networking, relation-building, news production and activities intended to be published in the media are thus part of the everyday work of Media & PR Department.

The main objective of the Media & PR Department is to deal with the Media, Public Relations and Protocol affairs of the organization. This also includes prequalification 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 and submission of daily press clippings to the Authority and to all senior executives.

The Department is also responsible for translation of documents relating to parliamentary business, coordination with the National Assembly, Senate, Cabinet Division, Ministry of Energy (Petroleum Division) and Prime Minister (PM) Secretariat for briefings by OGRA to the PM Secretariat, National Assembly, Senate Standing Committees, ECC, Public Accounts Committees and other sub- committees.

Additionally, the Department makes traveling/boarding/lodging arrangements for domestic/foreign visits of the Authority-members and making necessary preparations to conduct meetings/hearings/public hearings/sessions/seminars at Head Office/outstation and liaisons with the embassies for endorsement of visas during the visit of the Authority-members and senior executives. The Department also provides facilitation to the Authority-members at Airport by coordinating with the government organizations.

It is a fact that the role of the Department is to facilitate/provide the information to all stakeholders by justifying the material with reference to the Authority and its statutory role in the country.

▶ **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 per OGRA Services Regulation, 2005. 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 declare that in pursuance of Federal Government direction the provincial quota under Aghaz-e-Haqooq-e-Balochistan has been complied in letter and spirit. 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.

Professional Segmentation of Employees

Description	Number
Engineers	54
Corporate & Media Affairs	01
Finance	07
Accountants	04
Auditors	02
Economists	03
Lawyers	08
IT Professionals	04
Administrative Executives	51
Support Staff	116
Total	250

▶ **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.



SENIOR MANAGEMENT



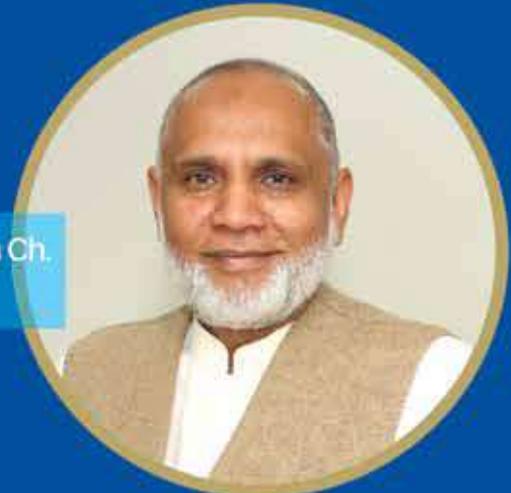
Imran Ghaznavi
Senior Executive Director
Corporate & Media Affairs



Shahzad Iqbal
Senior Executive Director
Gas Department



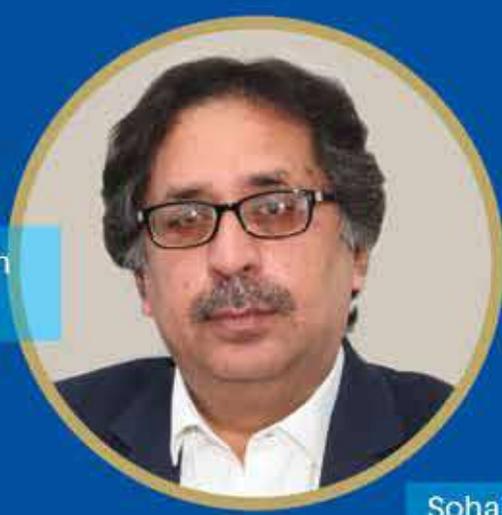
Zainulabideen Qureshi
Senior Executive Director
Appeals Department



Muazzam Hussain Ch.
Senior Executive Director
Complaints Department



Sarmad Aslam
Senior Executive Director
Licensing / Regulation
Oil Department



Anwer Ali Sheikh
Senior Executive Director
Administration Department



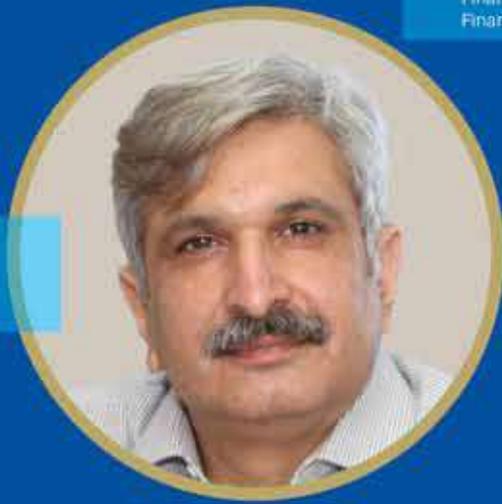
Sohail Ahmed Tariq
Executive Director
(Refinery/Lubricant)
Oil Department



M. Rizwan-ul-Haq
Executive Director
Legal/Litigation Department



Misbah Yaqub
Executive Director
Finance-II (Accounts)
Finance Department



Atif Sajjad
Executive Director
Finance-I (Gas Pricing)
Finance Department



M. Asad Latif
Secretary OGRA



Aamir Nusrat
Executive Director
LPG Department



**Malik Mazhar
Hussain Makhdoom**
Executive Director
Complaints Department



M. Imran Akhtar
Executive Director
LNG Department



M. Murtaza Ch.
Executive Director
Finance (Oil Pricing)
Finance Department





3. 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.

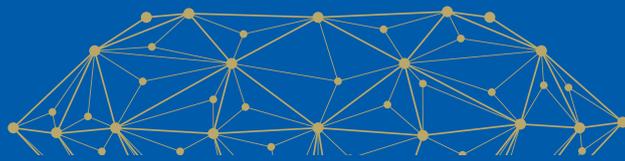


To give a bird's eye view of the process, following Fig. shows the steps involved in the determination of revenue requirement of a gas company from receipt of petition to the notification of prescribed and sale prices.

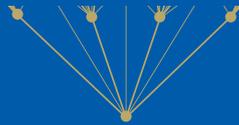
The Process of Determination of Revenue Requirement, Notification of Prescribed and Consumer Gas Prices







PERFORMANCE





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 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.

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

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. 26 Regulatory and 19 Administrative meetings were conducted by the Authority during FY 2018-19.

4.2 Mid and Downstream Oil Sector

4.2.1 Regulation

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

4.2.2 OGRA’s Activities in the Oil Sector

The details of the activities carried out by the Authority during FY 2018-19 for regulation of mid and downstream oil sectors are as under: -

Licence to Set-up Oil Marketing Companies

OGRA, in FY 2018-19, granted nine (09) provisional licences to construct storage facilities before establishing Oil Marketing Companies (OMCs). This will bring an investment of around Rs. 4.5 billion in oil infrastructure over the next three years in pursuance of the said Rules/ Ordinance. OGRA also granted permission to six (6) companies [i.e. M/s. LaGuardia Petroleum (Pvt.) Limited (Sindh), M/s. Oil Industries Pakistan (Pvt.) Limited (Punjab), M/s. Euro Oil (Pvt.) Limited (Punjab), M/s. Flow Petroleum (Pvt.) Limited (Punjab), M/s. Taj Gasoline (Pvt.) Limited (Sindh), M/s. Hi Tech Lubricants Limited (Punjab)] to initiate marketing of petroleum products (after fulfilling their obligation of constructing oil storage infrastructure) to the extent of Region / Province specified along with each OMC.



Rawalpindi Bulk Oil Terminal Attock Petroleum Limited

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

OGRA during FY 2018-19 granted permission for operation of new/additional oil storages to M/s Hascol Petroleum Limited at Kotlajam and Shikarpur; M/s Be Energy Limited at Machike; M/s Flow Petroleum at Attock; M/s Laguardia at Daulatpur; M/s Oil Industries (Pvt.) Limited at Sahiwal; Euro Oil at Sahiwal; M/s Taj Gasoline at Shikarpur and M/s Hi-Tech Lubricants at Sahiwal. In addition to operations, OGRA also granted permission for construction of new oil storages to M/s Attock Petroleum Limited at Sahiwal & Machike; M/s Total Parco Pakistan Limited at Shikarpur & Machike; M/s Gas and Oil Pakistan Limited at Rahim Yar Khan & Hub and M/s Jinn Petroleum at Hub.

Licence to Construct Oil Refinery

OGRA granted licence for construction of a new Oil Refinery (Khyber Oil Refinery) with the capacity of 20,000 barrel per day designed on local crude during FY 2018-19. The said refinery is expected to be constructed within 05 years at the cost of US\$ 500 Million. This refinery will help in meeting the upcountry demand and save forex as well as transportation cost from Karachi to upcountry.



Tank Storage Farm at PARCO Refinery

Licence to Lubricant Marketing Companies and Lube Oil Blending Plants

The Authority during FY 2018-19, granted eleven (11) licences to Lube Oil Blending Plants for construction & operation and eleven (11) licences to Lubricant Marketing Companies (LMCs) for import of lube oil in the country.

Quality Assurance

OGRA under section 6 (2) (x) of the OGRA Ordinance, monitor standard specifications of refined oil products through Hydrocarbon Development Institute of Pakistan (HDIP) at various levels including at import, Oil Refineries, OMCs' Oil Depots, Blending/ Reclamation Plants and Terminal Stations of White Oil Pipeline (WOP) System on regular and random basis. With regard to imported petroleum products, 460 quality checks of imported energy products and 725 quality checks for imported non-energy products were made. Similarly, 368 & 1,508 quality checks were carried out at lube blending plants and oil depots respectively. Moreover, 267 quality checks were made at oil refineries and 53 quality checks were conducted at WOP's Terminal Stations.

Enforcement Activities

OGRA conducted inspections at 447 outlets for violations (overcharging, less filling and quality non-conformation), 182 Show Cause Notices were issued with subsequent imposition of penalty of Rs. 64.57 million.

Enforcement of Technical Standards

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

Clean and Green Pakistan Initiative of GoP

In line with the 'Clean and Green Pakistan' initiative of GoP, 663 complaints were received during FY 2018-19, against various outlets, on which necessary action was taken to redress the same.

4.2.3 Oil Pricing

Oil and Gas Regulatory Authority (OGRA) was mandated by the Federal Government vide Cabinet's decision No. 41/03/2006 dated March 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 powers and functions of OGRA) and Section 21(2)(b) (regarding policy guidelines) of Oil and Gas Regulatory Authority Ordinance, 2002.

However, the Federal Government w.e.f. June 1, 2011 has deregulated the prices of petroleum products of MS, HOBC, LDO, JP1, JP4 & JP8. As a result, refineries and OMCs fix and announce the ex-refinery prices and ex-depot prices of the 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.

4.2.3.1 OGRA Role Under Deregulation

- a. Computation & notification of ex-refinery price of SKO including ex-depot prices of SKO & E-10.

- b. Computation & notification of Inland Freight Equalization Margin (IFEM) for petroleum products (MS, HSD, SKO and LDO).
- c. Monitoring of prices of petroleum products under the deregulated scenario.
- d. Computation of road and pipeline freight for transportation of petroleum products.

4.2.3.2 ECC Approved Pricing Parameters

Ex-Refinery Formula

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

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

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

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

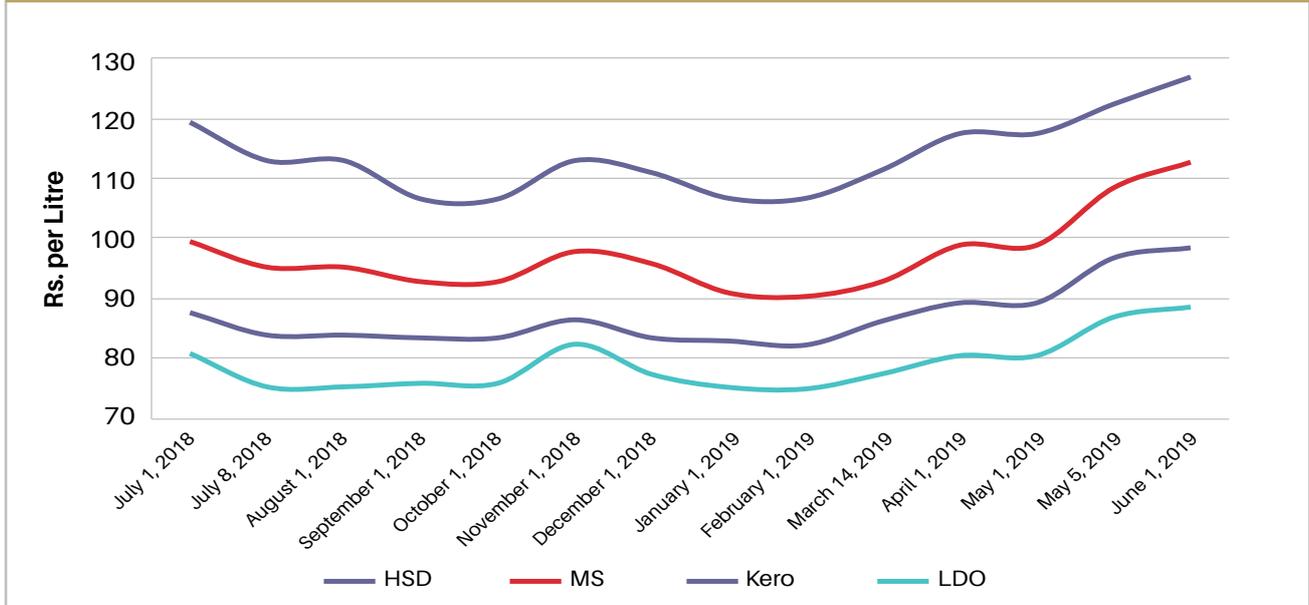
Ex-Depot Formula

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

1. Ex-refinery import parity price/PSO weighted average cost of purchases.
2. Inland Freight Equalization Margin (IFEM).
3. Distribution Margin.
4. Dealer Commission.
5. Petroleum Levy (PL) as fixed and notified by MOE(PD).
6. Sales tax on petroleum products as fixed and notified by FBR.

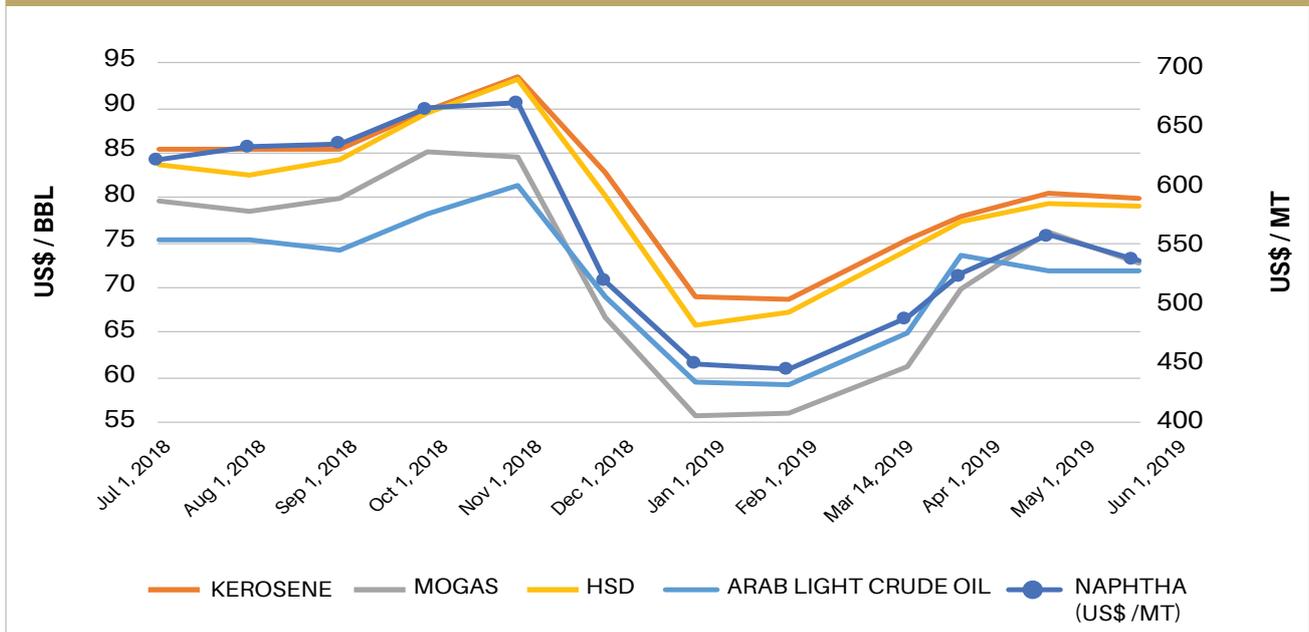
The comparative trend of ex-depot sale prices of petroleum products notified by OMCs/OGRA during FY 2018-19 is shown in **Fig 4.1** as under.

Fig 4.1: Maximum Ex-Depot Sale Price Trend during FY 2018-19



The International petroleum prices showed mix trend during FY 2018-19. Graphical representation of changes in Arab Gulf petroleum products prices is shown in Fig 4.2 below:

Fig 4.2: Arab Gulf FOB Prices Trend during FY 2018-19



4.2.3.3 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 given in Table 4.1 below:

Table 4.1: Location of Oil Depots across Pakistan

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

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

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 of 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.
- Adjustments of extra margins earned by OMCs. Extra Margin (EM)/Additional Margin is an element of Ex-Depot Price of HSD & MS, which is applicable to all OMCs except Pakistan State Oil Company Limited (PSO).
- PARCO Price Differential Claim (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 also been allowed to reimburse the following through IFEM: -

- ▶ 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.
 - ▶ Recovery of pipeline tariff/cost of transportation of crude oil from Karachi to Mehmoodkot, based on prevalent pipeline rate, for IFEM products (MS, HSD & LDO only) on proportionate basis.
- d. ARL is allowed to recover the crude transportation claim of Adhi and Dhurnal fields from the IFEM.
- e. HSD price differential surplus by refineries, except PARCO, ARL & NRL.
- f. Adjustment of MS RON 92 penalty/differential from local refineries not producing MS RON 92 grade.

The following **Table 4.2** shows IFEM effective during the period under consideration.

Table 4.2: Inland Freight Equalization Margin During FY 2018-19

Effective Period	(Rs./liter)			
	MOGAS	HSD	KERO	LDO
July 1, 2018	3.91	1.55	2.61	0.82
August 1, 2018	3.28	1.63	2.43	1.09
September 1, 2018	3.30	1.59	2.42	1.08
October 1, 2018	3.27	1.51	2.56	0.87
November 1, 2018	3.26	1.53	2.53	0.73
December 1, 2018	3.28	1.34	2.58	0.74
January 1, 2019	2.95	1.31	2.03	0.36
February 1, 2019	3.32	1.00	0.56	-
March 1, 2019	3.99	1.80	2.59	0.40
April 1, 2019	3.73	1.64	2.22	0.77
May 1, 2019	3.29	1.13	2.23	0.76
June 1, 2019	3.31	1.12	2.69	0.75

4.3 Natural Gas Sector

4.3.1 Grant of Licences to Gas Sector

4.3.1.1 Grant of Licence to M/s Inter State Gas Systems (ISGS) Ltd.

The Authority, under OGRA Ordinance, 2002 and NGRA (Licensing) Rules, 2002, granted licence to the Inter State Gas Systems Limited (ISGS) for the construction and operation of natural gas pipeline projects, i.e. Iran-Pakistan (IP), Turkmenistan-Afghanistan-Pakistan-India (TAPI) and North South Gas Pipeline Projects (NSGP). The said projects shall enhance the country's gas transmission capacity as well as contribute in mitigating the gas shortage in the country.

4.3.1.2 Grant of Licence to M/s Trafigura Pakistan (Pvt) Ltd.

The Authority, under OGRA Ordinance, 2002 and NGRA (Licensing) Rules, 2002, granted licence to M/s Trafigura Pakistan Ltd. for sale of natural gas / RLNG to various consumers in the Country.

OGRA issued licences for transmission, distribution, sale & storage of natural gas as given in **Appendix-II**.

4.3.2 Major Projects of SNGPL and SSGCL

Gas Companies, under the provision of rules, terms and conditions of their licences, obtain prior approval of the Authority for undertaking extension in their transmission and distribution network to cater demand of different sectors including domestic, commercial and industrial. Based on the same, new projects for transmission and distribution network of natural gas, envisaged by the Gas Companies/Licensees are placed before the Authority for approval. The projects are approved by the Authority keeping in view the prudence, feasibility and tangible benefits to end consumers.

A brief detail of the infrastructure development projects of SNGPL and SSGCL, approved during FY 2018-19 is as follow: -

4.3.2.1 Transmission Projects of SNGPL

SNGPL projected an amount of Rs.1,552 million for transmission network in its Petition for Estimated Revenue Requirement (ERR) for FY 2019-20. The Authority decided to allow an expenditure under Transmission network at Rs. 408 million as against Rs.1,552 million projected by SNGPL. The details of which are given in **Table 4.3** under:

Table 4.3: Transmission Projects by SNGPL

(Rs. Million)			
Sr. No.	Description	Projected by SNGPL	Determined by OGRA
1.	Construction of New SMSs	600	200
2.	Rehabilitation of Transmission System / Upgradation of SMSs	84	84
3.	Cathodic Protection System (CP System)	339	Approved in Principle
4.	Transmission Mains (Enhancement in the Budget of 10" Diameter Daudkhel-Mianwali Transmission Line)	40	Approved in Principle

Continued on next page

5.	Compression (Overhauling)	365	0
6.	Compression Equipment (Regular Capex)	26	26
7.	Relocation of Gas Turbine Compressor Package and System Augmentation (LNG)	98	98
Total		1,552	408

SNGPL informed that it tends to construct new SMSs along with modification /upgradation of the same for commissioning of gas supply to the schemes against the ongoing/new projects funded by the GoP and new Housing Schemes. The Authority approved Rs. 200 million under this head. Further, keeping in view the operational requirements of the transmission network, the Authority allowed Rs. 84 million under the head "Rehabilitation of Transmission System/ Upgradation of SMSs" subject to actualization at the time of Final Revenue Requirement (FRR). The Authority mentioning that the works amounting to Rs. 307 million are already pending with the SNGPL for cathodic protection since FY 2015-16, approved Rs. 152 million, in principle, subject to actualization at the time of FRR. The Authority approved an amount of Rs. 40 million in principle for the 10" diameter Daudkhel- Mianwalli Transmission Line stating that Rs. 301 million is already available with the SNGPL for the same.

4.3.2.2 Distribution Projects of SNGPL

The Authority, in SNGPL's DERR 2019-20, approved an amount of Rs. 14,964 million against the projected amount of Rs. 33,811 million, the details of which are given in **Table 4.4** below:

Table 4.4: Distribution Projects of SNGPL

(Rs. Million)			
Sr. No.	Description	Projected by SNGPL	Determined by OGRA
1.	Laying of Distribution Mains 8000 Km	22,860	7,578
2.	Laying of Distribution Mains on Cost Sharing Basis	2,600	2,600
3.	System Rehabilitation	1,910	1,122
4.	G.I Pipes and Fittings	343	0
5.	KMI Implementation Plan (No. 14 and 15)	627	0
6.	Service Lines Domestic (Connections)	4,539 (600,000 Connections)	3,026 (400,000 Connections)
7.	Service Lines Industrial/ Commercial (Ring Fenced)	344	344
8.	System Augmentation (Rawalpindi-Islamabad to Receive Additional Gas from Adhi-Sukho Gas Field)	588	294
Total		33,811	14,964

4.3.2.3 Transmission Projects of SSGCL

SSGCL projected an amount of Rs. 1,529 million for addition in normal Transmission Pipeline Network in its Petition of ERR for FY 2019-20. The Authority provisionally allowed an expenditure of Rs. 1,345 million for addition to the normal Transmission Network, the detail of which is given in **Table 4.5**.

Table 4.5: Transmission Projects of SSGCL

(Rs. Million)			
Sr No.	Description	Projected by SSGCL	Determined by OGRA
1.	12" Dia X 46 Km Pipeline from Rehman Field to Naing MVA	37	37
2.	8" Dia X 28 Km Pipeline from Ayesha Gas Field	82	82
3.	30" Dia X 125 Km Pipeline from SMS Sindh University to SMS Pakland(1st Segment)	1,226	1,226
4.	Upgradation of SMS Thatta	12	0
5.	Check Metering Facility at Shahdadpur for Gambat South Field Gas Measurement (RS3)	23	0
6.	Check Metering Arrangement at Daru	31	0
7.	12" Dia X 344 Km QPL Rehabilitation and Intelligent Pigging	118	0
Total		1,529	1,345

4.3.2.4 Distribution Projects of SSGCL

SSGCL had projected an amount of Rs. 8,498 million for gas distribution system and related facilities and equipment in its Petition of ERR for FY 2019-20. The Authority provisionally allowed addition to Gas Distribution System at Rs. 5,994 million for the said year, as tabulated in **Table 4.6** below:

Table 4.6: Distribution Projects of SSGCL

(Rs. Million)			
Sr. No.	Description	Projected by SSGCL	Determined by OGRA
1.	Rehabilitation Mains and Service - UFG Control Program	915	915
2.	Laying of Distribution Mains including Services- Existing Areas	3,497	1,238
3.	Installation of New Connections (Meters)	1,221	975
4.	Replacement/ Repair of Gas Meters	1,745	1,745
5.	Modems, Installation of EVCs, Filter Separators	169	169

Continued on next page

6.	Construction of CMSs, TBSs, TRSs and Cathodic Protection	195	195
7.	New Towns	758	758
Total		8,498	5,994

4.3.3 Approval of Agreements

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

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

The GSPAs for supply of gas between the Gas Companies and Gas Producers/ Consumers considered and approved by OGRA, during FY 2018-19, are given below:

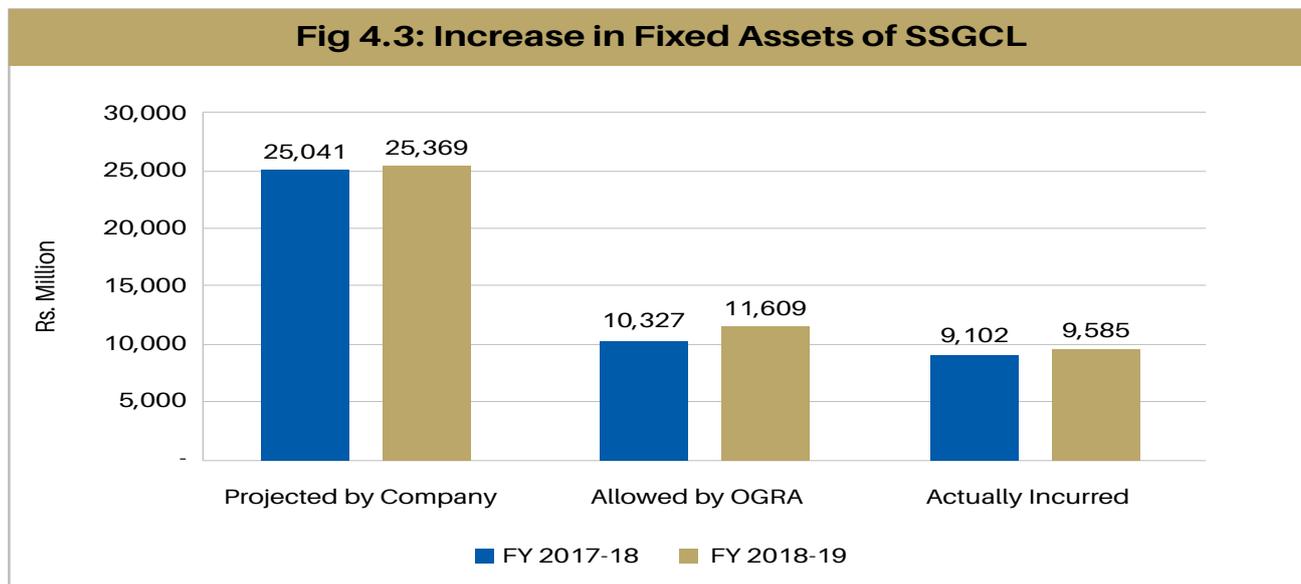
1. Approval of the Extension No. 2 to the GSPA of POL's Pariwali Field, to extend the term of GSPA for another period of 5 years w.e.f. 7th March, 2018 between SNGPL and M/s POL.
2. Approval of Interim Agreements of RLNG supply between SNGPL and Northern Power Generation Co. Ltd to its following (03) Power Plants, i.e.
 - i. GTPS (Faisalabad).
 - ii. TPS (Muzafargarh).
 - iii. Nandipur Power Plant.
3. Addendum to GSPA for Adam X - I EWT Production between SSGCL and PPL, and M/s Mari Petroleum Company Ltd.
4. Gas Sales Term Sheet between M/s Mari Petroleum Company Ltd. and M/s Pakarab Fertilizers Ltd., for sale of 35 MMCFD gas from SML/SUL shallow reservoir of Mari field.
5. Gas Sales Term Sheet between M/s Mari Petroleum Company Ltd., and M/s Pakarab Fertilizers Ltd., for sale of 40 MMCFD gas from Goru B Deep Reservoir of Mari field.
6. Approval of Agreements between SNGPL and the 02 Fertilizer Plants, i.e. M/s Fatimafert Ltd. and Agritech Ltd. for supply of blend of System Gas and RLNG / Swapped Natural Gas.

4.3.4 Addition of Assets, Natural Gas Network and Gas Consumers

The Gas Companies are obligated under Rule 4(2) of Natural Gas Tariff Rules to submit Petition, containing projections/ estimates with reference to addition in assets pertaining to the natural gas infrastructure development projects, for the determination of Estimated Revenue Requirement (ERR) to the Authority. The Petition is thoroughly examined and 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.

4.3.4.1 Increase in Assets of SSGCL

The Company requested for an increase of Rs.25,369 million in assets in its ERR Petition for FY 2018-19. As per the determination, OGRA allowed a sum of Rs. 11,609 million to the Company, which is shown in **Fig 4.3**. As per FRR Petition, SSGCL actually incurred an amount of Rs. 9,585 million during the said year.



4.3.4.2 Addition in Transmission & Distribution Network of SSGCL

Fig 4.4 shows during FY 2018-19, an addition of 24 Km in Transmission Network was undertaken by SSGCL in the province of Sindh and 660 Km in the distribution network (**Fig 4.5**).

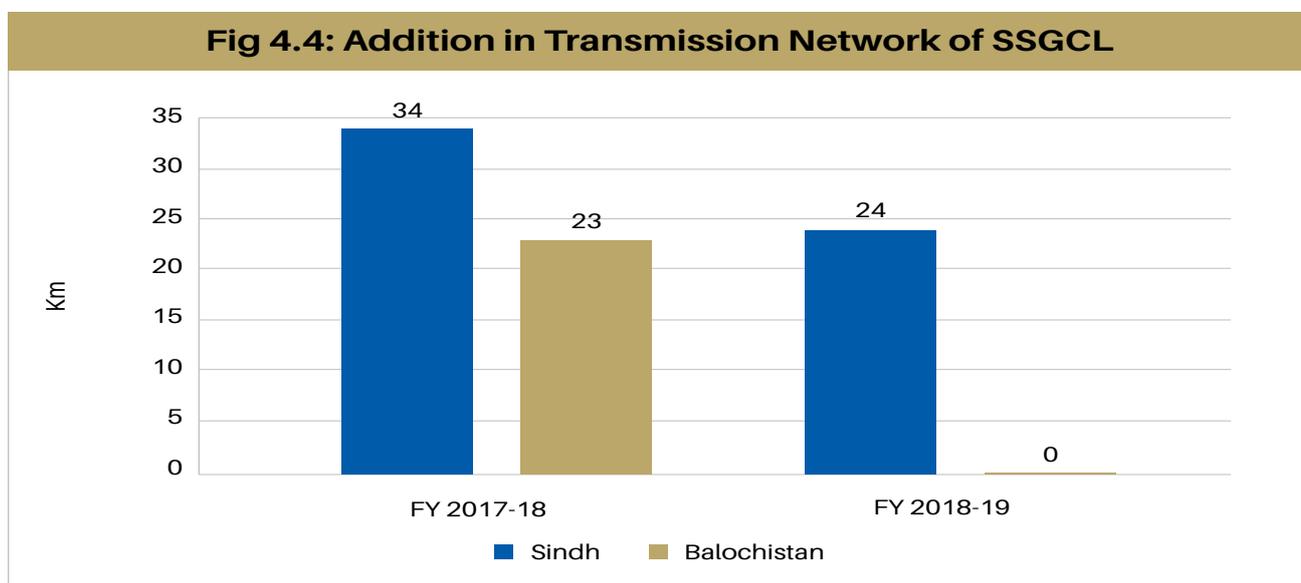
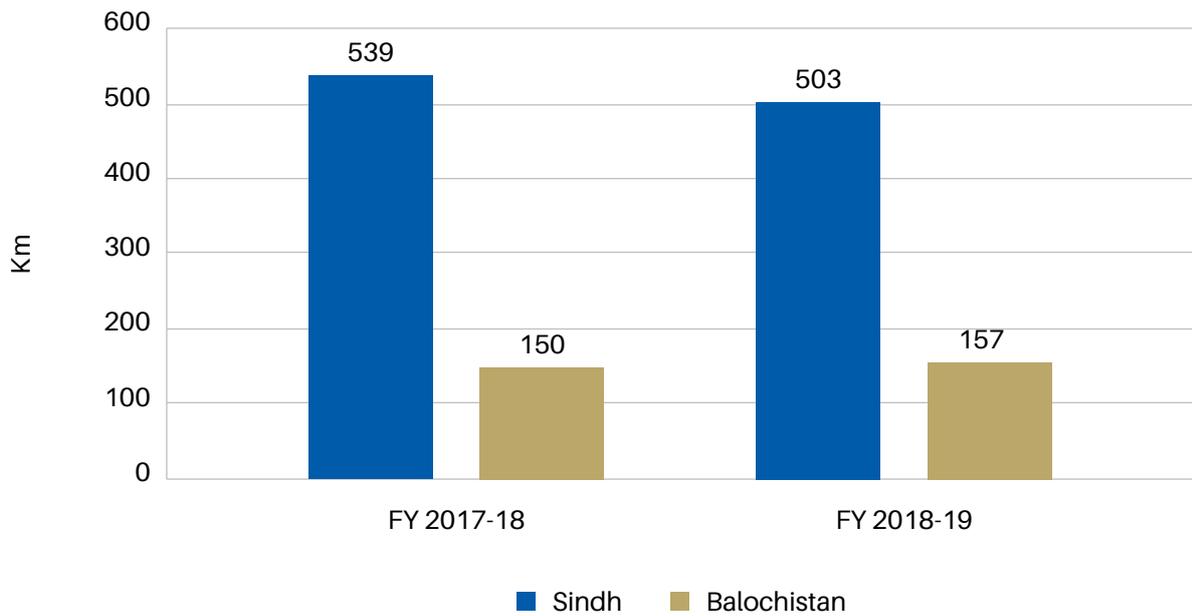


Fig 4.5: Addition in Distribution Network of SSGCL



4.3.4.3 Number of Consumers Added / Towns & Villages Connected

The number of consumers added and the number of new towns and villages connected are shown at **Fig 4.6** and **Fig 4.7** respectively. The figures show that as result of increase in network, 106,054 number of consumers were added whereas 55 towns and villages were connected to the gas network in Sindh and Balochistan during FY 2018-19.

Fig 4.6: Addition in Consumer Base of SSGCL

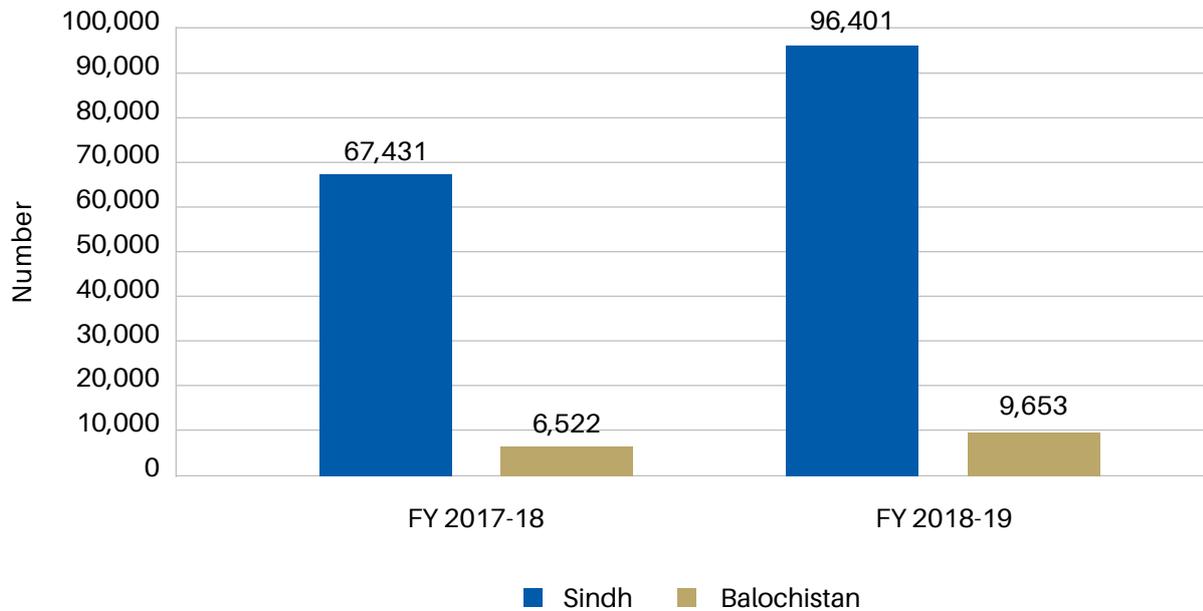
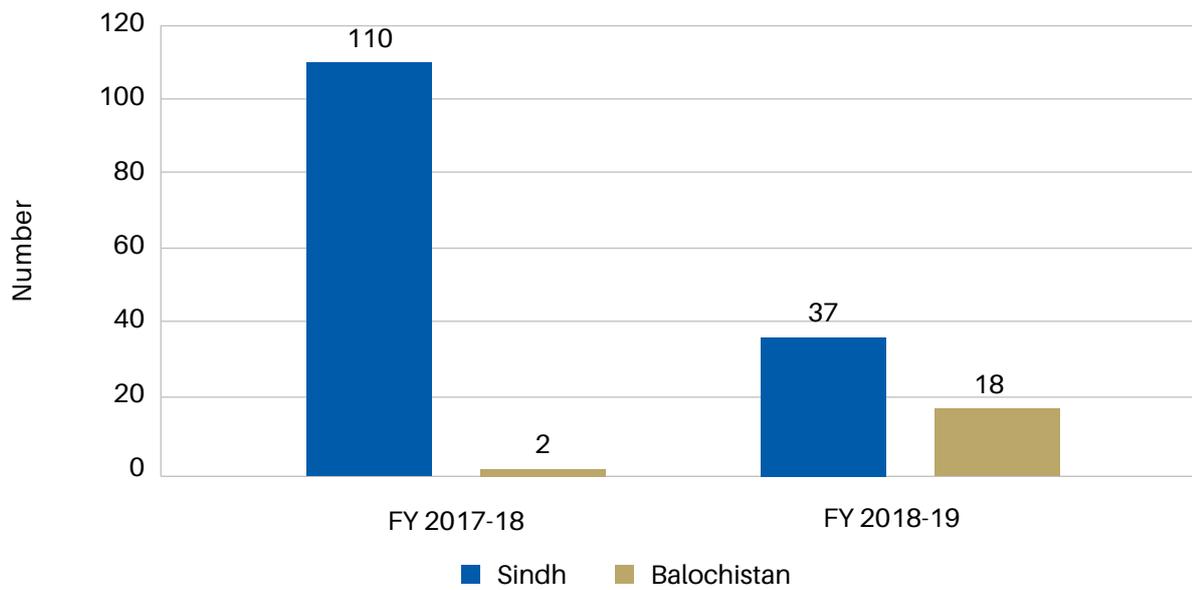


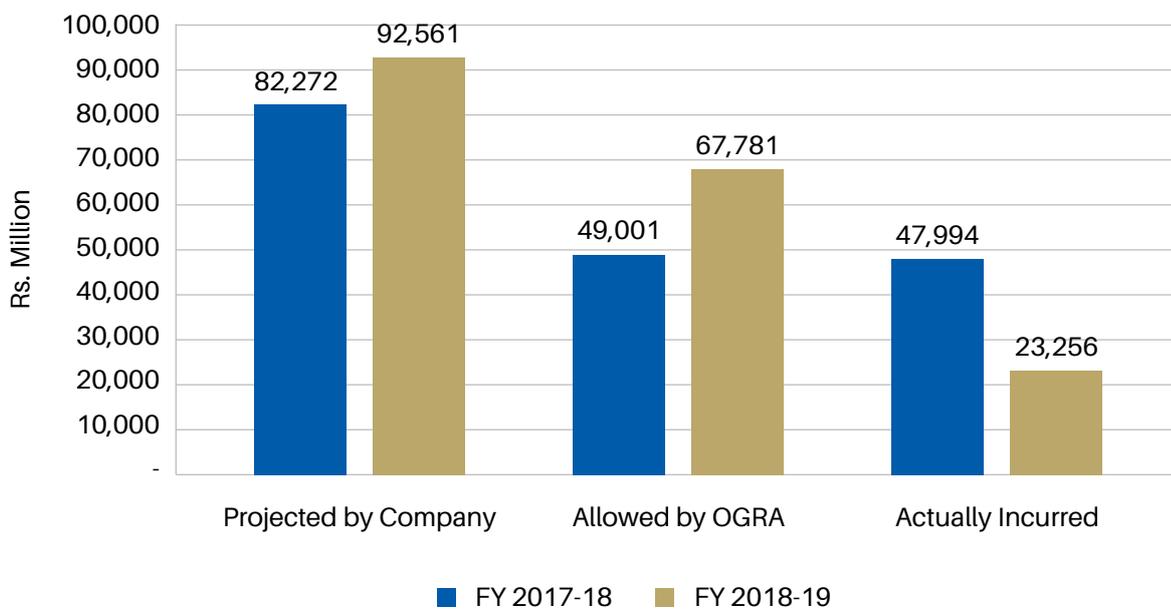
Fig 4.7: New Towns and Villages Connected



4.3.4.4 Increase in Assets of SNGPL

The Company requested for an increase of Rs. 92,561 million in fixed assets as per its ERR Petition for FY 2018-19. As per the determination, OGRA allowed a sum of Rs. 67,781 million to the Company, which is shown in Fig 4.8.

Fig 4.8: Increase in Fixed Assets of SNGPL



4.3.4.5 Addition in Transmission & Distribution Network of SNGPL

In FY 2018-19, an addition of 81 Km was made by the SNGPL in its transmission network in Khyber Pakhtunkhwa (KP) Province only (Fig 4.9). The Company added a total of 7,781 Km in its distribution network in Punjab and KP Provinces, the details of which are shown in Fig 4.10.

Fig 4.9: Addition in Transmission Network of SNGPL

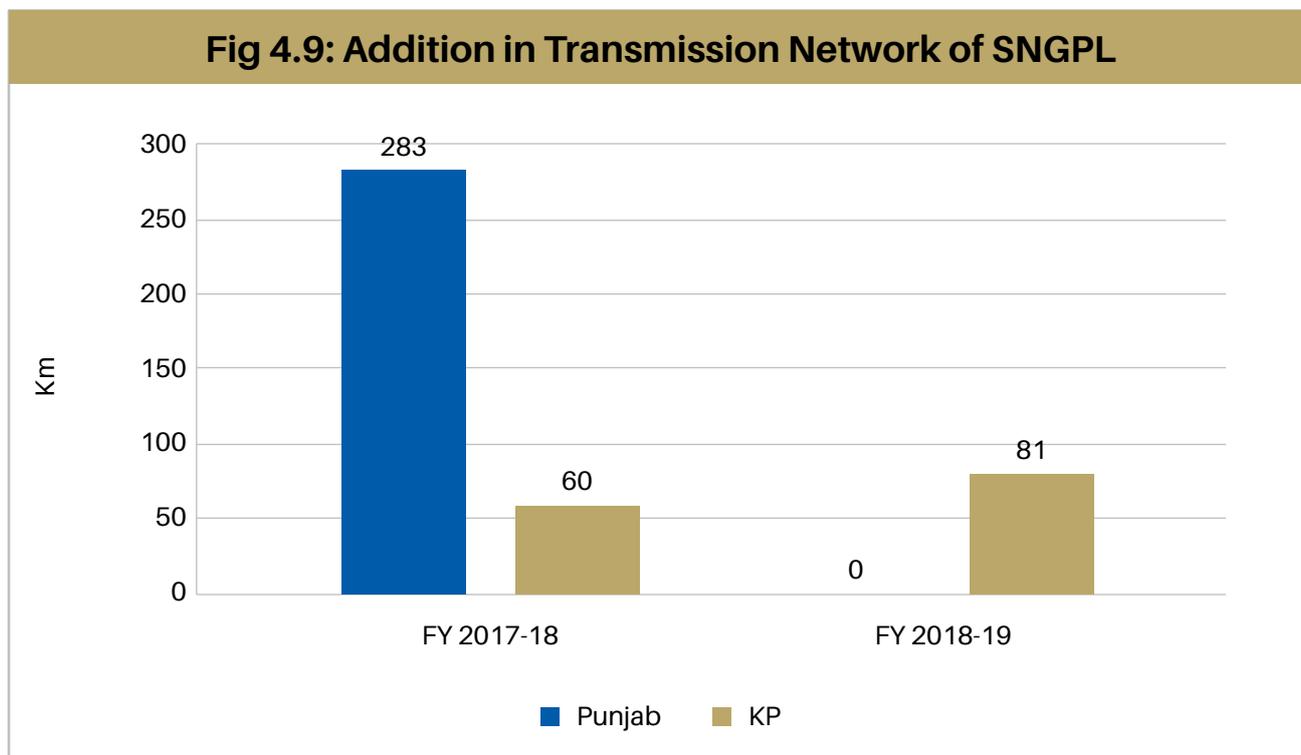
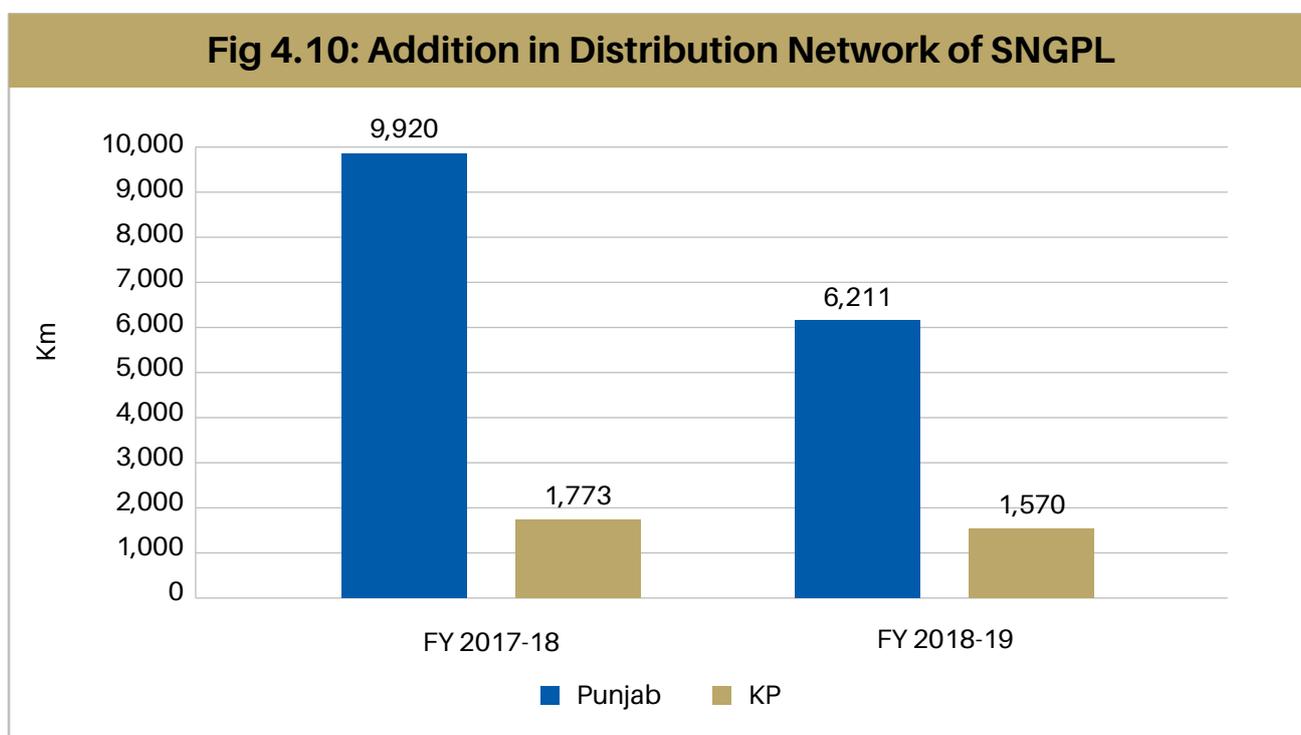
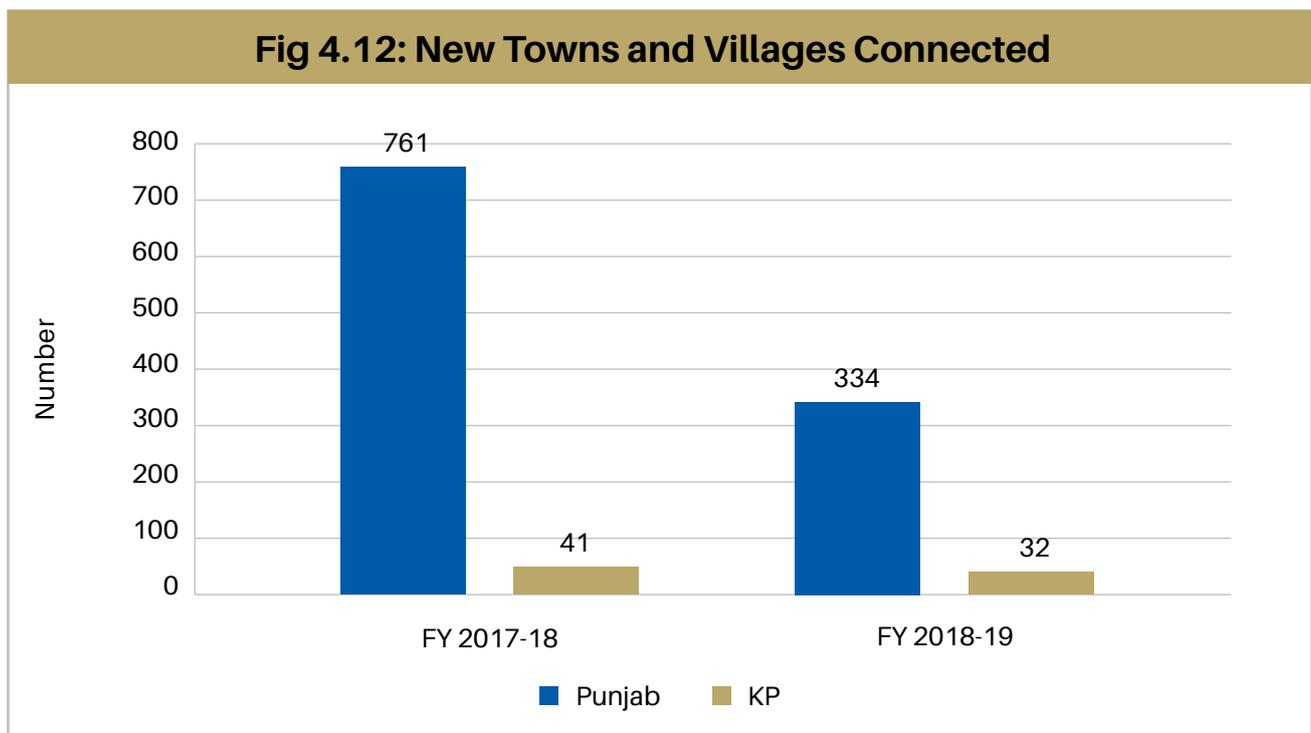
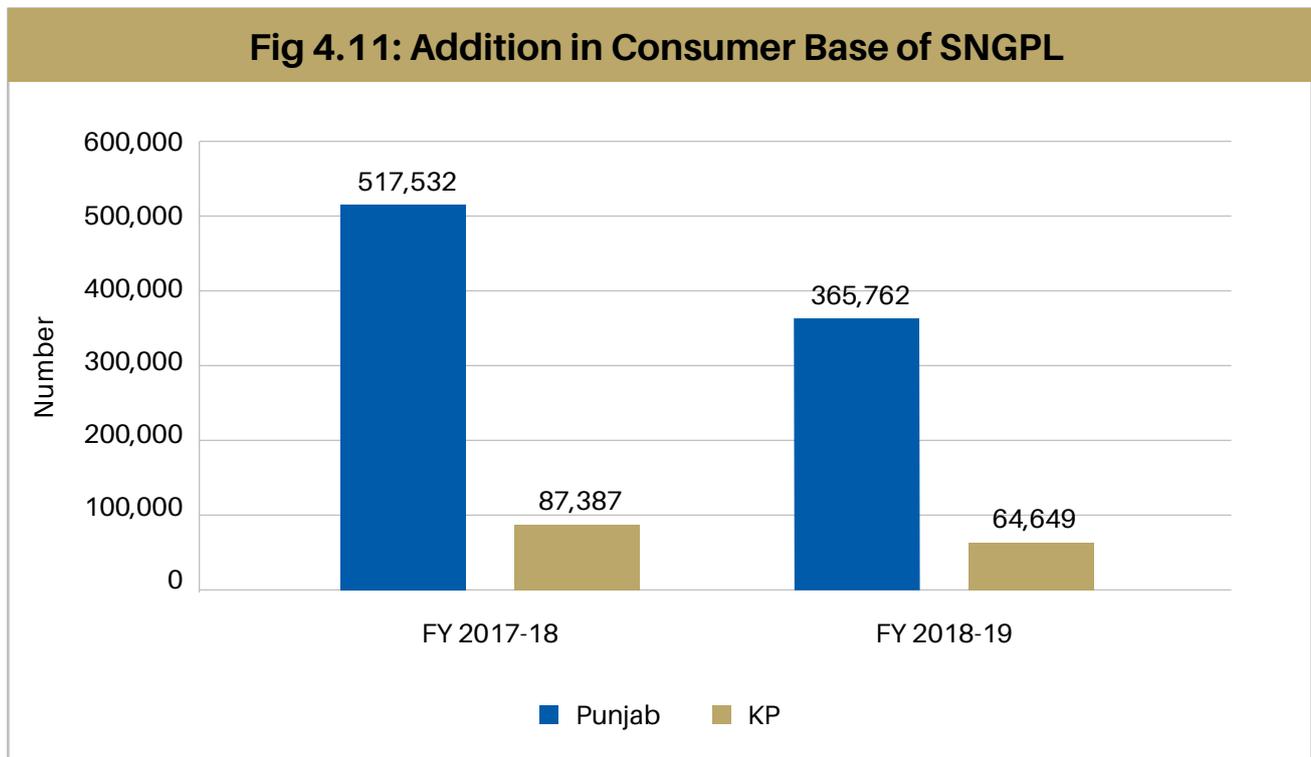


Fig 4.10: Addition in Distribution Network of SNGPL



4.3.4.6 Number of Consumers Added / Towns & Villages Connected

The number of consumers added and the number of new towns & villages connected are shown in **Fig 4.11** and **Fig 4.12** respectively. The figures show that as result of increase in network, 430,411 numbers of consumers were added whereas 366 new towns and villages were connected to gas network in Punjab and KP during FY 2018-19.



4.3.5 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. Market based rate of return (at present, 17.43% of the 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. The Authority analysis in detail each item of operating expenditure and revenue in terms of rationality and prudence. Only justified and reasonable operating expenditures and revenues are included as part of revenue requirement computations. The evaluation of addition to fixed assets is carried out to establish prudence of investment. In this whole process need assessment and cost effectiveness is ensured to protect consumers from unnecessary burden as all approved cost is reflected in the tariff.

The gas utility companies submit their Estimated Revenue Requirement (ERR) to the Authority for each financial year by December 1 of the preceding year in accordance with the OGRA Ordinance and the Natural Gas Tariff Rules, 2002. These petitions are scrutinized, processed and decided in accordance with the rules and in light of comments and suggestions of all the stakeholders and general public. Later, determination of Final Revenue Requirement (FRR) is carried out at the end of the financial year on the basis of auditor's 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 eight (8) petitions during financial year 2018-19.

SSGCL

- Review on MRFRR for FY 2016-17
- RERR for FY 2018-19
- DERR for FY 2019-20

SNGPL

- Review on MRFRR for FY 2016-17
- FRR for FY 2017-18
- RERR for FY 2018-19
- DERR for FY 2019-20
- Review on RERR 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 the 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.

4.3.5.1 Review against Determination of Motion for Review of FRR of SSGCL for FY 2016-17

The Authority determined the motion for review of Final Revenue Requirement of SSGCL for FY 2016-17 at Rs. 171,522 million against the demand of Rs. 181,867 million. **Table 4.7** summarizes OGRA's determination in comparison to SSGCL request in various components of revenue requirement.

Table 4.7: Review against Determination of Motion for Review of FRR of SSGCL for FY 2016-17

(Rs. Million)			
Particulars	SSGCL Request	OGRA Determination	Difference
Sales Volume (BBTU)	368,049	368,049	-
Cost of Gas	143,834	143,834	-
Transmission and Distribution Cost and Others	18,410	17,893	(517)
UFG Adjustment	(12,281)	(12,281)	-
Prior Year UFG Adjustment	16,223	6,396	(9,827)
Staggering of Financial Impact on Account of SHC Order	(3,672)	(3,672)	-
Depreciation	5,848	5,848	-
Return on Net Operating Assets	12,061	12,061	-
Additional Revenue Required for LPG Projects	461	461	-
Shortfall of Previous Year	982	982	-
Total Revenue Requirement	181,867	171,522	10,344
Total Revenue Available	155,281	151,930	(3,350)
Surplus (Shortfall)	26,586	19,592	(6,994)
Average Prescribed Price (Rs. /MMBTU)	448.34	429.33	(19.00)

4.3.5.2 Review against OGRA's Determination of Estimated Revenue Requirement (DERR) of SSGCL for FY 2018-19

The Authority determined the Estimated Revenue Requirement of SSGCL for FY 2018-19 at Rs. 231,880 million against Rs. 247,540 million demanded by SSGCL. **Table 4.8** summarizes OGRA's determination in comparison to SSGCL request in various components of revenue requirement.

Table 4.8: Review against OGRA's Determination of ERR of SSGCL for FY 2018-19**(Rs. Million)**

Particulars	SSGCL Request	OGRA Determination	Difference
Sales Volume (BBTU)	360,837	360,837	-
Cost of Gas	235,770	219,614	(16,156)
Transmission and Distribution Cost and Others	19,044	18,278	(766)
UFG Adjustment	(16,499)	(14,799)	1,700
Staggering of Financial Impact on Account of SHC Order	(3,672)	(3,672)	-
Depreciation	5,394	5,344	(50)
Return on Net Operating Assets	6,810	6,422	(388)
Additional Revenue Required for LPG Projects	693	693	-
Total Revenue Requirement	247,540	231,880	(15,660)
Total Revenue Available	217,123	206,947	(10,176)
Surplus (Shortfall)	30,417	24,933	(5,484)
Average Prescribed Price (Rs./ MMBTU)	671.84	623.86	(47.99)

4.3.5.3 Determination of Estimated Revenue Requirement (ERR) of SSGCL for FY 2019-20

The Authority determined the Revenue Requirement of SSGCL for FY 2019-20 at Rs. 245,843 million against Rs. 254,754 million demanded by SSGCL. **Table 4.9** summarizes OGRA's determination in comparison to SSGCL request in various components of revenue requirement

Table 4.9: OGRA's Determination of ERR of SSGCL for FY 2019-20**(Rs. Million)**

Particulars	SSGCL Request	OGRA Determination	Difference
Sales Volume (BBTU)	356,872	356,872	-
Cost of Gas	229,083	236,551	7,468
Transmission and Distribution Cost and Others	23,045	18,853	(4,192)

Continued on Next Page

UFG Adjustment	(9,570)	(19,278)	(9,708)
Depreciation	6,024	5,506	(518)
Staggering of Financial Impact on Account of SHC Order	(3,672)	(3,672)	-
Return on Net Operating Assets	7,907	6,693	(1,214)
Additional Revenue Required for LPG Projects	1,938	1,190	(747)
Total Revenue Requirement	254,754	245,843	(8,911)
Total Revenue Available	216,734	213,790	(2,945)
Average Prescribed Price (Rs. /MMBTU)	698.21	667.79	(30.42)
Surplus (Shortfall)	(38,020)	(32,053)	5,967
Revenue Shortfall Pertaining to FY 2018-19	0	(24,933)	(24,933)
Total Shortfall	0	(56,986)	(56,986)
Average Prescribed Price (Rs. /MMBTU)	698.21	737.65	39.44

4.3.5.4 Final Revenue Requirement (FRR) of SNGPL for FY 2017-18

The Authority determined the Final Revenue Requirement of SNGPL for FY 2017-18 at Rs. 299,015 million against the SNGPL's demand of Rs. 325,693, million. **Table 4.10** summarizes OGRA's determination in comparison to SNGPL request in various components of revenue requirement.

Table 4.10: OGRA's Determination of FRR of SNGPL for FY 2017-18

(Rs. Million)			
Particulars	SNGPL Request	OGRA Determination	Difference
Sales Volume (BBTU)	368,803	368,803	-
Cost of Gas	155,780	155,780	-
Transmission & Distribution Cost and Others	43,830	29,210	(14,620)
UFG Adjustment	5,785	(6,356)	(12,141)
Depreciation	13,251	12,568	(683)
Return on Net Operating Assets	16,455	15,317	(1,138)
Previous Year Shortfall	90,593	92,496	1,903

Continued on next page

Total Revenue Requirement	325,693	299,015	(26,678)
Total Revenue Available	153,045	157,190	4,145
Surplus/ (Shortfall)	(172,649)	(141,825)	30,824
Average Prescribed Price (Rs./MMBTU)	847.49	763.92	(83.57)

4.3.5.5 Review of Estimated Revenue Requirement (RERR) of SNGPL for FY 2018-19

The Authority determined the review of Estimated Revenue Requirement of SNGPL for FY 2018-19 at Rs. 280,347 million against the Petitioner's demand of Rs. 320,926 million. **Table 4.11** summarizes OGRA's determination in comparison to SNGPL request in various components of revenue requirement.

Table 4.11: OGRA's Determination of RERR of SNGPL for FY 2018-19

(Rs. Million)

Particulars	SNGPL Request	OGRA Determination	Difference
Sales Volume (BBTU)	435,187	435,187	-
Cost of Gas	220,623	195,401	(25,222)
Transmission & Distribution Cost and Others	37,210	28,460	(8,750)
UFG Adjustment	(9,974)	(10,748)	(774)
Depreciation	21,272	18,632	(2,640)
Return on Net Operating Assets	22,451	19,259	(3,192)
Previous Year Shortfall	29,344	29,344	-
Total Revenue Requirement	320,926	280,347	(40,579)
Total Revenue Available	229,557	229,557	-
Surplus/ (Shortfall)	(91,369)	(50,790)	40,579
Average Prescribed Price (Rs./ MMBTU)	727.48	631.86	(95.62)

4.3.5.6 Estimated Revenue Requirement of SNGPL for FY 2019-20

The Authority determined the Estimated Revenue Requirement of SNGPL for FY 2019-20 at Rs. 293,305 million against the SNGPL's demand of Rs. 474,657 million. **Table 4.12** summarizes OGRA's determination in comparison to SNGPL request in various components of revenue requirement.

Table 4.12: Estimated Revenue Requirement of SNGPL for FY 2019-20**(Rs. Million)**

Particulars	SNGPL Request	OGRA Determination	Difference
Sales Volume (BBTU)	376,578	376,578	-
Cost of Gas	213,508	197,249	(16,259)
Transmission & Distribution Cost and Others	46,842	33,207	(13,635)
UFG Adjustment	(750)	(9,794)	(9,044)
Depreciation	23,457	21,781	(1,676)
Return on Net Operating Assets	26,474	22,137	(4,337)
Previous Year Shortfall	165,126	28,725	(136,401)
Total Revenue Requirement	474,657	293,305	(181,352)
Total Revenue Available	202,577	204,129	1,552
Surplus / (Shortfall)	(272,080)	(89,176)	182,904
Average Prescribed Price (Rs. / MMBTU)	1,223.70	738.00	(485.70)

4.3.6 Human Resource Cost Benchmark

The Authority had introduced HR benchmark 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 from time to time.

During 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 remained successful in curtailing the major component of transmission and distribution (T&D) cost at a reasonable level.

4.3.7 Notification of Prescribed and Sale Prices (Natural Gas Sector)

Under 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.

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 2018-19, Federal Government decides to maintain existing sale prices, therefore, applicable sale prices are placed at **Appendix-III**.

4.4 Compressed Natural Gas (CNG)

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

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 Baluchistan in August, 2008. At present, the ban on issuance of new CNG provisional licences is in force across the Country since October, 2011.

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.

In light of the directives of Chairperson, Secretariat (IOM No. OGRA-1(1)/CS/2018-27 dated July 16, 2018 and subsequent decision of the Authority dated February 27, 2018), inspections of CNG stations were conducted country-wide from July, 2018 to July 2019 for monitoring/ enforcement of compliance with safe/ best engineering practices at licensed premises.

Brief of the inspections is as under:

Particulars	Number
Total No. of CNG stations inspected countrywide	458
Safety letters issued to CNG stations for rectification of observed violations/ non-compliances to the CNG Rules.	174
Show Cause Notices issued to CNG stations for non-compliance of the directives of OGRA, issued vide safety letters.	78
Total re-inspection fees recovered from CNG stations.	166
Re-inspection of CNG stations, subsequent to the said inspections, conducted through 3rd party inspectors.	166

4.5 Liquefied Petroleum Gas (LPG)

4.5.1 Regulation

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



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

- Grant of 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.
- Grant of registration to LPG equipment manufacturing companies as OGRA's authorized manufacturers of LPG equipment.
- Periodic inspection of LPG works and facilities to ensure their conformity with the laid down standards.
- Redressal of consumers complaints and resolution of disputes between or among the licensees.

4.5.2 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.

4.5.3 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) along with other related documents, as required under the rules.



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 2018-19, OGRA has issued:-

- i. Twenty-six (26) licences for operation of LPG Storage and Filling Plants.
- ii. Fifty-two (52) licences for construction of LPG Storage and Filling Plants.
- iii. Three (03) licences for construction of LPG Storage & Handling Terminals.
- iv. Thirteen (13) licences for construction of LPG auto refueling stations.
- v. Two (02) licences for storage and refueling of LPG at LPG Auto Refueling Station.
- vi. One (01) licence for LPG Production & Storage facility.
- vii. Eight (08) construction licences for LPG Air Mix facilities.
- viii. One (01) licence for operation of LPG Air Mix plant.
- ix. Authorized Six (06) manufacturers for manufacturing of LPG equipments by OGRA during the same period.

4.5.4 Amendments in LPG (Production & Distribution) Rules, 2001

- Ministry of Energy the then 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 a 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 Ministry of Energy 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 OGRA Ordinance, 2002. 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.

4.5.5 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 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 and 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.
- Enforcement of laid down technical/ safety standards.
- 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.



A view of LPG Storage and Filling Plant

4.5.6 Investment in LPG Sector

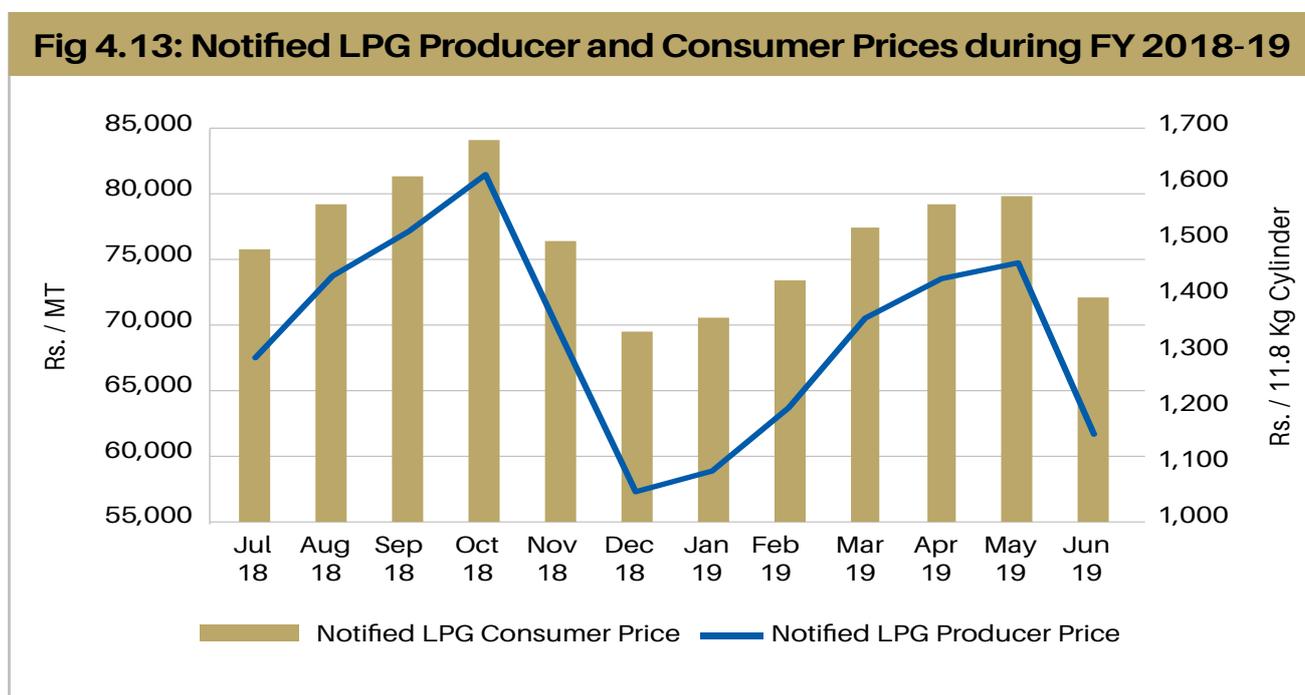
OGRA is playing its vital regulatory role to increase private investment in midstream and downstream petroleum industry. Due to increased development and expected expansion of LPG projects within the country, significant investments in LPG supply and distribution infrastructure have been witnessed. OGRA 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 fiscal year 2018-19, an estimated investment of Rs. 5.76 billion has been made in the LPG supply infrastructure whereas total investment in the sector till date, is estimated at about Rs. 36.44 billion.

4.5.7 LPG Pricing

Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division) 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 Oil and Gas Regulatory Authority 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 twelve times during FY 2018-19 in respect of indigenous LPG, maximum producer price, margins of marketing and distribution companies and consumer price. The graphical presentation of producer and consumer prices is shown in **Fig 4.13**.



4.6 Liquefied Natural Gas (LNG)

Pakistan is the sixth most populous country in the world with an estimated population of over 200 million. It is among the developing countries having high population growth rate of around 2% which is higher than average growth rate of other South Asian countries. Energy availability is the key factor for economic growth. Pakistan’s economic growth demands higher energy inputs whereas indigenous oil and gas production are not sufficient for sustainable growth of the country’s economy.

To meet the growing energy demand, sustain economic growth and control power load shedding, the GoP considered the following options:

- a. Increase in indigenous oil and gas exploration / production.
- b. Import of natural gas through interstate pipelines.
- c. Import of LNG.

In the absence of any promising prospects of increasing indigenous oil and gas production, the possibility of natural gas import through interstate pipelines have been in discussion since a long time. Pakistan is strategically placed in proximity of world's gas rich countries like Iran, Turkmenistan, Qatar and Russia. It is placed as a regional energy corridor and well placed for both pipelines and LNG. Options like Iran-Pakistan-India (IPI) pipeline, Qatar-Pakistan pipeline and Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline have been uncertain due to geostrategic/ geopolitical reasons and resolution of the same may take considerable time.

Natural gas is presently contributing nearly 45% in Pakistan's Primary Energy Supply mix. In view of the Natural gas demand supply gap, GoP introduced LNG Policy in the year 2006 for potential investors to facilitate the successful implementation of LNG import projects. The said policy in the year 2011 was modified to attract more investment which is still in field. As per the said Policy, the project structures can be:

- (i) INTEGRATED; in which the terminal developer arranges LNG imports as well as its own buyers and
- (ii) UNBUNDLED; in which the terminal developer, LNG importer and LNG buyers are different.

Import of LNG has been mandated by the GoP to the state-owned companies i.e. Pakistan State Oil (PSO) and Pakistan LNG Limited (PLL) on behalf of the Government of Pakistan. PSO has signed a Government to Government contract with Qatar Gas for a period of 15 years whereas PLL has shorter-term LNG contracts with Gunvor and Shell. In future, the task may be assigned to one company instead of two.

With the sharp increase in the energy demand and to sustain development in the country, the Government of Pakistan is determined to optimize the primary energy mix, based on economic and strategic considerations. Moreover, with the anticipated shortfall in natural gas indigenous reserves as compared to fast growing demand, LNG is one of the preferred short to mid-term alternatives to bridge the supply-demand gap. The LNG industry is capital-intensive and requires a multi-billion-dollar investment across the LNG supply chain. It is critical, therefore, that LNG import projects are planned such that they are able to attract quality project developers, with the technical expertise and the financial resources required for their successful implementation.

OGRA performs its functions under OGRA Ordinance, 2002. In pursuance of LNG Policy 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 main functions of OGRA w.r.t LNG include processing of licences to LNG project developers or LNG Terminal Owner/ Operator (TO/O) to construct and operate LNG receiving terminals, processing of licences for transportation, filling, marketing or distribution of LNG as per the provision of OGRA (LNG) Rules, 2007. Further, modification, extension, revocation, renewal of the licences, inspections/ audit of LNG Terminals is also dealt under the said Rules.

The status of LNG Licences so far issued by OGRA is as follows: -

Operational Licence

Sr. No.	LNG Developer	Issuance Date	Type of Licence	RLNG Volume (MMSCFD)
i.	PGP Consortium Limited	Apr 03, 2018	Operation Licence of LNG Receiving Terminal at Port Qasim, Karachi.	600-750
ii.	Engro Elengy Terminal Limited	Mar 18, 2016	Operation Licence of LNG Receiving Terminal at Port Qasim, Karachi.	600-690

Construction Licence

Sr. No.	LNG Developer	Issuance Date	Type of Licence	Envisaged RLNG Volume (MMSCFD)
i.	Global Energy Infrastructure Pakistan Limited (GEIP/GEIL)	May 02, 2019	Extension in Project Completion Timelines for Licence granted for LNG Integrated Project at Port Qasim, Karachi.	500

Provisional Licence

Sr. No.	LNG Developer	Issuance Date	Type of Licence
i.	Pakistan Gas Port Limited	Jun 25, 2018	Provisional Licence
ii.	Energas Terminal (Pvt.) Limited	Apr 03, 2018	Extension under process for one year on request of the project developer till 02 nd April, 2020.
iii.	Bahria Foundation	Mar 17, 2015	Bahria Foundation applied for construction licence within the validity of Provisional licence; however, some pertinent information is still missing. The matter was taken up with the concerned and is under scrutiny.
iv.	Tabeer Energy (Pvt.) Limited	Aug 17, 2018	Provisional Licence

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. The licence for Operation of LNG Terminal was granted on 03rd April, 2018. PLTL has hired the capacity of PGPCL's LNG terminal and both parties have signed the Operations and Services Agreement.



View of PGP Consortium's LNG Terminal at Port Qasim Karachi

Engro Elengy Terminal Limited (EETL) established its LNG re-gasification terminal at Port Qasim Karachi. The LNG is being imported by the GoP through Pakistan State Oil Company Limited and EETL is providing the re-gasification services at a

tolling tariff. The Licence for Operation of LNG Terminal was granted on 18th March, 2016. SSGC has hired the re-gasification capacity of EETL's LNG Terminal for which both Parties have signed the LNG Services Agreement.



GEIP/GEIL was granted Licence for Construction of LNG Terminal on 03rd October, 2011 for an integrated project. The Licensee couldn't complete construction within the given time period. Later, upon the request of the Licensee and on completion of all requisite formalities, the timeline for project completion and Financial Close achievement was extended vide Authority's Decision dated 23rd September, 2016. The Authority vide its another decision on 02nd May, 2019 has allowed the project developer to achieve Financial Close by 30th March, 2020 and complete LNG Terminal Construction till March, 2022.

In a strategy to liberalize the existing gas market of the country, Third-Party Access Rules for pipelines have been developed and notified. On the similar analogy, Third-Party Access Rules for LNG Terminals are being developed. OGRA is in process of developing Third Party Access Rules for LNG Terminals which shall play a pivotal role in liberalization of LNG/ RLNG market of the country. The Rules and procedures are in place for investors as regards regulation and OGRA welcomes and facilitates the potential investors. Private sector is being facilitated to establish more LNG Re-gasification Terminals due to which LNG imports may further increase and end consumer cost of the RLNG may also get reduced.

4.6.1 RLNG Pricing

Federal Government decided to carry out the RLNG pricing under Petroleum Product (Petroleum Levy) Ordinance, 1961 and Petroleum Products (Petroleum Levy) Rules, 1967. OGRA has been delegated the powers to determine RLNG price on monthly basis in line with other petroleum products and the same are notified by PSO. PSO and PLL are designated as LNG buyers by the Federal Government. OGRA computes the RLNG prices in accordance with parameters provided by Federal Government.

The Summary of RLNG prices for the Financial Year 2018-19 are given below:-

Weighted Average RLNG Price for SNGPL & SSGC without GST for FY 2018-19

(US \$/MMBTU)

Months	SNGPL		SSGCL	
	Transmission	Distribution	Transmission	Distribution
July-18	11.9053	12.8804	11.4554	13.2791
August-18	11.6706	12.6268	11.2306	13.0185
September-18	11.2802	12.2027	10.8435	12.5689
October-18	11.5898	12.5389	11.1502	12.9252
November-18	11.7628	12.7292	11.3426	13.1501
December-18	11.3641	12.2987	10.9647	12.7125
January-19	10.2033	11.0380	9.8117	11.3726
February-19	9.7994	10.5993	9.4103	10.9062
March-19	9.2793	10.3042	8.8490	10.2543
April-19	9.5109	10.5758	9.0815	10.5246
May-19	9.3889	10.4589	8.9623	10.3863
June-19	9.9012	11.0163	9.4499	10.9562

4.7 Complaints Redressal

In order to redress the genuine grievance of the aggrieved consumers, OGRA has a well-established Complaints Department to handle, process and adjudicate/decide the complaints after providing due opportunity of hearing. Complaints are processed in accordance with the Complaint Resolution Procedure Regulations (CRPR), 2003. The consumers are not required to come to OGRA for filing the complaints. They can file the same through e-mail, fax, normal post and online etc.

In conformity with CRPR, the Authority has designated specific officers for handling complaints with specific jurisdiction who issue their decision / judgment in writing. Complaints are decided by the Designated Officers within 90 days or earlier as per applicable Regulations. At the moment the Designated Officers (D.O's) are also posted in OGRA's provincial offices located at Karachi, Quetta, Lahore and Peshawar, so as to ensure speedy resolution/decision on complaints. Any party (the complainant or licensee) if aggrieved by 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 regulatory framework. Complaints Department received / processed 8,107 complaints against Gas Utilities (SNGPL / SSGCL) during FY 2018-19 regarding issues like: delay in provision of gas connection, excessive / estimated billing alleged tampering / theft charges, low pressure of gas, late/non-delivery of gas bills and demand of Additional Security for natural gas etc. The status of complaints during FY 2018-19 is given as under:-

Description	Number
No. of complaints received including carried forward from previous year	8,771
No. of complaints decided	7,104
Gas Connections provided	796
Relief allowed	Rs.1,309 Million

4.7.1 Appeals

Registrar Office received overall 288 appeals regarding Natural Gas, LPG, CNG and Oil. After fulfilling all the requisite formalities, the Authority decided 157 Appeals including backlog of previous years pending appeals / reviews. The status of appeals from 01-07-2018 to 30-06-2019 is given as under: -

Particulars	Natural Gas	LPG + Enfrs	CNG + Enfrs	OIL + Enfrs	Total
Appeals/Reviews filed before the Authority against decisions of the Designated Officers/DOAs etc. for FY 2018-19	215	16	16	41	288
Total number of Appeals decided by the Authority in FY 2018-19 (including previous years backlog)	45	52	33	27	157

The Authority has established a separate Appeal Department on 09-07-2019 for dealing with all Appeal / Review cases of Natural Gas, CNG, LPG and Oil etc.

4.8 Enforcement

The Mission Statement of OGRA is "To Safeguard Public Interest through efficient and effective regulation in the midstream and downstream Petroleum Sector" Since the promulgation of the OGRA Ordinance 2002, the Authority aims to protect and safeguard the interests of all stakeholders. OGRA is entrusted with the regulation of Oil, Natural Gas, LPG, 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 follows:

- Conduct surprise inspections of licenced 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 Licenced 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, 447 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 un-authorized bulk trade of LPG and correct measurement of LPG in cylinders.
- ii. Surprise inspection of the premises/sale points of authorized distributors of LPG Marketing companies; in order to:-

- 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 the current fiscal year, a member of 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 is one of the important energy sector caters the need of transport sector in the country. There are nearly 2,400 operational CNG Stations, spread all over the country.

The important issue related with CNG is compliance of its safety standards. In order to have strict check, surprise inspections of CNG Stations are now being conducted by OGRA to primarily check the following:

- 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 458 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 rules/regulation/standards, and they 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 inspections are carried out in the said areas. In case of complaint with proof, the same is undertaken with Licensee without carrying further inspection as per applicable laws. In case of an urgent requirement, immediate inspection by OGRA team or Third Party Inspectors is done.

4.9 Corporate & Media Affairs

Corporate & Media Affairs (C&MA) primarily focus to build and sustain positive perception/image for the organization as a progressive Regulatory Authority of Pakistan's Energy Sector, create awareness of its actions in public interest, gain industry by-in and sensitizing it's 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. C&MA 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. C&MA is also involved in introducing Regulatory Reforms in-line with international practices and Government policies.

C&MA 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. 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 and preparation of design of annual reports. Made arrangements for conduct of press conferences, formal and informal meetings with the journalists. Issuance of press releases, assisted Spokesperson in responding to media on their queries. Handled correspondence with the Cabinet Division. Dealt with protocol matters including traveling /boarding / lodging arrangements with respect to domestic / foreign visits of the Authority, obtaining Note Verbale from Ministry of Foreign Affairs, liaison with the Embassies for endorsement of visas and settling accounts thereof, kept liaison with the Embassies/ Pakistan Missions abroad during visit of the Authority. Kept coordination with the National Assembly, Senate, Cabinet Division, MOE and PM Office for making protocol arrangements for the Authority Members and the Executives for briefings by OGRA to the PM office, NA / Senate Standing Committees, ECC, Public Accounts Committee and other sub committees. Handled miscellaneous and special tasks as assigned from time to time. CMA has also initiated the establishment of linkages with academia, youth, entrepreneurs, civil society, media and other public-sector organizations for building better understanding of the role and functions of OGRA. In this regard, series of lectures has been planned across the country.

Ease of Doing Business

1. All Documents Related to 'Ease of Doing Business' have been uploaded on OGRA's website, the link for which has been provided on home page of the website. (<https://ogra.org.pk/ease-of-doing-business-3>)
'Ease of Doing Business' in the regulated activities of Petroleum Sector:
 - a. OGRA has developed a section on its website (www.ogra.org.pk) pertaining to "Ease of Doing Business", wherein guidance has been provided to national/international investors on the procedure/processes for acquiring a license for the regulated activity of Natural Gas, Oil, CNG, LPG, LNG Sectors.
 - b. A check list and FAQ's have also been uploaded on OGRA's website which provides the information to investors regarding the types of documents required along with forms for the applications of all type of licenses.
2. File Tracking System has been developed to facilitate external stakeholders.
 - a. File Tacking System' has been developed and is operational. This application/software is designed to facilitate CNG, Oil, Gas, LPG and LPG applicants to check the online status of their applications, which have been submitted to OGRA for obtaining license. It will improve the transparency and efficiency of the OGRA.

The role of information technology in organizational development has become centerpiece in obtaining organizational efficiency. In order to keep pace with technological developments and new norms of the business processes, the Authority has decided to introduce E-Office /Docketing and Information Repository system (DIRS) for digitalization of records/system

and procedures to ensure efficiency accuracy, effectiveness, transparency, good governance and effective public service. Implementation of E-office will provide its users with a user-friendly interface to work with and enable them to efficiently dispose-off official business. E-Office will not only bring efficiency, effectiveness and transparency within the processes of the organization but will also reduce the cost of doing business. This system will manage and administer the documents filed by licensees and stakeholders. Digitization will provide security of the documents in all forms and shapes.

OGRA's Initiatives on Clean and Green Pakistan

- a. With respect to Prime Minister's initiative of "Clean & Green Pakistan", OGRA has directed all OMCs/ Petrol Pumps as well as CNG stations across the country to ensure neat/ clean facilities with all basic necessities in the washrooms/bathrooms/toilets at their retail outlets, which are operated by company itself or through their dealers/ franchisees.
- b. Advertisements in national and local newspapers have been published by OGRA for the awareness of general public. Moreover, OMCs/OCAC also initiated awareness campaign in print and electronic media on the "Clean and Green initiative of the Prime Minister".
- c. OCAC/all OMCs/CNG Stations have been directed to ensure that the posters and banners be displayed at prominent places having mentioned UAN WhatsApp number on all forth courts/petrol pumps/ CNG Stations. OCAC has been directed to start media campaign/awareness campaign in this regard mentioning that complaints may be logged at the mentioned UAN number, related to washrooms/ bathrooms/toilets and cleanliness by the customer at the outlets, etc. of petrol pumps/CNG Stations.
- d. OGRA has established a Complaint Cell to resolve public complaints regarding "Clean and Green initiative of the Prime Minister which include the setting up of a dedicated UAN number, WhatsApp for the general public, to file their complaints.
- e. Officers/staff has been deputed at OGRA's provincial/regional offices to inspect hygienic condition of washrooms/bathrooms/toilets, etc. and take action accordingly. Third party inspectors have also been directed to conduct inspections as well as submit reports to OGRA for necessary action.
- f. Non-compliant petrol pumps/CNG Stations have been fined as per OGRA's Rules & Regulations.

Complaints Resolution through Pakistan Citizen Portal

The Prime Minister of Pakistan has directed all the Government Ministries / Divisions and Departments to improve public service delivery and ensure their redressal effectively through Pakistan Citizen Portal (PCP) under Prime Minister Delivery Unit (PMDU). In compliance to the directions of the Prime Minister of Pakistan, Oil and Gas Regulatory Authority has established a dedicated Cell to address the complaints received through PCP in September 2018.

The Authority nominated Senior Executive Director (C&MA) as a Focal Person to lead the Cell in order to dispose of the complaints received from the various departments within given SOP and provide the feedback to the citizens accordingly. The other responsibility of the Cell is to liaison with Prime Minister Delivery Unit and Cabinet Division to convey, disseminate information on public complaints on behalf of Authority.

To resolve the complaints well in time, received through Pakistan Citizen Portal, Competent Authority has put in place Standard Operating Procedure (SOP), on the recommendations of SED (C&MA). As per SOP the Cell forwarded all complaints / queries to relevant departments of OGRA within two days after receiving on Pakistan Citizen Portal. Head of Departments / Sections Incharge after resolving the complaints send final reply within three days. A complete record of all received complaints and their reply have been maintained by the Cell. To update the Authority on status of the complaints, the (Technical) person prepares the daily report and submit to focal person for information.

Since establishment of Prime Minister Delivery Unit, OGRA during 27th September 2018 to 30th June 2019 has processed 1137 complaints out of which 252 were resolved and 850 were forwarded to relevant departments out of which 660 were resolved by them. The remaining 35 complaints were in process.

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.

In order to promote e-knowledge ethos, OGRA provided training opportunity to seven (07) officers on E-Office/Docketing and Information Repository System (DIRS) scheduled from August 6-14, 2018 in USA sponsored by the USAID, which now is being implemented for digitalization of records/system and procedures to ensure efficiency, accuracy, effectiveness, transparency, good governance and effective public service. 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. Digitalization will provide security of the documents in case of any hazardous incident.

During the year under review, 29 officers/officials attended local training courses / seminar that were organized by well reputed institutions i.e. LUMS, PIM, PMI, NAB and STI. P&C also provided internships to 21 students of reputable Universities through its internal programme.

4.11 Information Technology (IT)

OGRA has developed File Tracking System to facilitate organization internally as well as external stakeholders to check the online status of their applications, which have been submitted to OGRA for obtaining license. It will improve the transparency and efficiency of the organization. OGRA has also developed Really Simple Syndication (RSS) application on its website. It is very easy way for anyone to get a list of headlines alerts and update notices to get the contents, which have been updated on the website. Implementation of E-office will provide its users with a user-friendly interface to work with and enable them to efficiently dispose of official business. E-Office will not only bring efficiency, effectiveness and transparency within the processes of the organization but it will also reduce the cost of doing business.

4.11.1 E-Office Project Implementation

Brief Background of E-Office Project

Initially, it was decided that all funding for Docketing and Information Repository System (DIRS) project will be funded by US Agency for International Development (USAID), Pakistan in collaboration with National Association of Regulatory Utility Commissioners (NARUC) but on April 10, 2019, the USAID Pakistan has terminated the agreement, hence there was no funding was available for DIRS software development then OGRA made the decision to execute e-Office project in collaboration with National Information Technology Board (NITB), which is offering developed software without charging any cost to the government organizations. However, OGRA decided to build-up its IT Infrastructure through its own funding. The equipments, which includes computers and scanners OGRA has already been procured through open tendering process. It was also decided that Server Room & IT Section will be shifted from basement to 3rd floor of the building; whereas R&I section will be established to new location at the basement and it will be equipped with scanners and computers to become the part of e-Office.

A detailed specifications and layout design of Infrastructure up-gradation has been made by IT Section, which was duly approved by the Authority. Afterwards, OGRA tender was floated in print media and OGRA/PPRA websites, the bids were received and evaluated through transparent process. According to the ToRs, E-Office project will be executed within 60 working days. The work on e-Office has already been started and tentatively it will be completed by the end of July 2020.

Testing, NITB Team Deputation & Re-Training

On completion of e-Office project there will be approximately two weeks time for testing the e-Office / networking and National Information Technology Board (NITB) Team will be deputed in OGRA to facilitate departments in using the e-Office module. Accordingly, retraining of OGRA's staff is also planned after the implementation of e-Office. All officers/ officials have already been given training at the premises of NITB, Islamabad.

Procurement and Distribution of Scanners and Computers

OGRA has purchased 18 heavy duty scanners and distributed to different departments. There are 15 scanners in the purchasing process. Furthermore, 03 x desktop computers and 01 x heavy duty printer have been provided to R&I Section to strengthening it.

Creation and Filling-Up Vacant IT Posts

The Authority has approved the creation of 01 x post in Scale E-1 whereas approved the filling up of 01 x vacant post in scale E-1 and 03 x vacant posts in Scale S-5. The Authority further directed HR Deptt. to initiate the hiring process.

4.11.2 Development of Application for Clean & Green Pakistan "Cleanliness of Public Facilities at Petrol Pumps and CNG Stations"

A meeting was held in between Senior Executive Director (Corporate & Media Affairs), Senior Executive Director (CNG) & Senior Executive Director (LPG) and Additional Secretary (Regulatory Affairs), Cabinet Division, Islamabad on 07.11.2019 and it was decided that National Information Technology Board (NITB) will develop a digital platform for the monitoring of the Petrol forecourts/ stations and CNG stations with regard to cleanliness in general and especially washrooms. It was also agreed that OGRA will provide technical information to NITB so that NITB may develop the required digital platform. In this connection, several internal and external meetings were held for the development of application. The application will be mobile based application and it is in its final stage of development.

4.11.3 Enhanced Security Solution for Webhosting

The award of website repair & maintenance work and dedicated Virtual Private Server (VPS) is under process after approval of the Authority to make OGRA website more secure and up-to-date. OGRA's website currently hosted on shared hosting server due to which are unable to get maximum firewall and securities on the shared server. It is therefore, on the recommendation of IT Section, the Authority approved to shift website hosting from shared to dedicated VPS hosting server for improved firewall and better security.

4.12 Litigation

During Financial Year 2018-19, Litigation Department pursued cases in different courts. A court-wise detail of the cases for FY 2018-19 is given as under:

Detail of Court Cases FY 2018-19

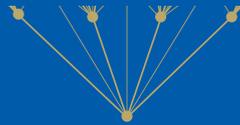
Name of Court	Total Cases Received	Counsel Engaged	Pursued by In- House Lawyer	Disposed Off	Not Pursued	Pending
Supreme Court of Pakistan	106	4	2	3	22	81
Islamabad High Court	66	10	16	17	6	43
Lahore High Court	225	67	2	159	19	47
Peshawar High Court	132	48	1	45	47	40
High Court of Sindh	119	24	2	1	37	81
Baluchistan High Court	4	-	-	-	1	3
Civil Courts	95	19	7	8	34	53
Others (WM, Accountability Court etc)	9	1	3	14	1	4
Total	756	173	33	237	*167	352

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.





FUTURE OUTLOOK





5. Future Outlook - Anticipated Developments for the Next Year

5.1 Mid and Downstream Oil Sector

- ▶ Number of Oil Depots by various Oil Marketing Companies are expected to be completed at Sahiwal, Machike, Shikarpur, Rahim Yar Khan & Hub.
- ▶ 9 New Oil Marketing Companies are expected to commence construction of their works/ storage infrastructure.
- ▶ 01 Oil Refinery is expected to commence its construction work
- ▶ 10 Lubricant Marketing Companies are expected during the FY 2019-20
- ▶ 10 Lubricant Blending/Reclamation/Grease Plants are expected to commence construction of their works/ plants.
- ▶ An Oil Pipeline & associated infrastructure is anticipated to initiate construction.

5.2 Natural Gas Sector

The Authority shall make the following determinations during the next financial year.

- Final Revenue Requirement for FY 2018-19 based on the actual audited results of SSGCL.
- Final Revenue Requirement for FY 2017-18 based on the actual audited results of SSGCL.
- Review of Estimated Revenue Requirement FY 2019-20 of SSGCL & SNGPL.
- Estimated Revenue Requirement for FY 2020-21 of SSGCL & SNGPL.
- The process of determination and notification of well-head prices of natural gas under Section 6 (2) (w) and prescribed prices of gas companies, consumer prices under Section (8) of 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.
- Notification of monthly LPG prices.

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 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.

OGRA will conduct the trainings for the employees which includes management training program for senior management, middle management and newly inducted executives and crises communication management program for the senior management.

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.



1788	
894	1542
1169	1186
974	1551
1281	1293
2151	1701
1450	2858
1618	1925
2172	2147
1789	2883
2323	2375
2782	3084
	2372
	2192
	2883

1154	
1159	
659	
467	
700	
761	
921	
1083	
1089	
126	
951	
896	
727	

264	350
511	678
423	561
423	561
431	572
431	572
690	915
509	675
248	329
187	2
322	
342	
307	
6	

INDEPENDENT AUDITORS' REPORT TO THE AUTHORITY

Opinion

We have audited the annexed financial statements of **OIL & GAS REGULATORY AUTHORITY** ("the Authority"), which comprise the statement of financial position as at June 30, 2019 and the related income and expenditure account, statement of comprehensive income, statement of changes in general fund and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at June 30, 2019 and its financial performance, its cash flows and changes in general fund for the year then ended in accordance with the approved international financial reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved International Financial Reporting Standards as applicable in Pakistan and the relevant provisions of the Oil & Gas Regulatory Authority Ordinance, 2002 read with Oil & 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.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report related to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence up to the date of our auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


CHARTERED ACCOUNTANTS
Engagement Partner: **IMRAN ILYAS**
ISLAMABAD: 27/12/2019.



OIL AND GAS REGULATORY AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

<u>ASSETS</u>	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
NON-CURRENT ASSETS			
Property and equipment	4	33,870,116	30,117,866
Capital work in progress	5	6,734,309	5,176,609
Intangible assets	6	816,712	1,340,550
Long term deposits	7	600,000	600,000
Deferred tax asset	8	58,140,684	57,462,262
Long term advances	9	41,747,781	61,555,245
		141,909,602	156,252,532
CURRENT ASSETS			
Short term investments	10	1,941,295,520	1,469,189,835
Fee receivable	11	-	29,872,595
Advances & receivables	12	29,622,376	49,730,055
Short term prepayments	13	23,834,941	16,510,393
Advance tax	14	110,486,420	106,921,667
Accrued interest	15	171,745	161,560
Employee benefits - CPF	16	-	14,434
Cash and bank balances	17	107,715,271	55,322,911
		2,213,126,274	1,727,723,450
TOTAL ASSETS		2,355,035,876	1,883,975,982
<u>FUND AND LIABILITIES</u>			
FUND			
General fund	SOCF	1,707,847,066	1,326,126,989
NON-CURRENT LIABILITIES			
Long term loan - World Bank	18	21,170,844	21,793,516
Employee benefits	19	241,086,140	227,060,243
		262,256,984	248,853,759
CURRENT LIABILITIES			
Employee benefits - CPF	16	3,900,501	-
Current portion of World Bank loan	18	622,672	622,672
Accrued and other liabilities	20	380,408,653	308,372,562
		384,931,826	308,995,234
CONTINGENCIES AND COMMITMENTS	21	-	-
TOTAL FUND AND LIABILITIES		2,355,035,876	1,883,975,982

The annexed notes from (1) to (32) form an integral part of these financial statements.

Ashish
CHAIRPERSON

[Signature]
MEMBER FINANCE

**OIL AND GAS REGULATORY AUTHORITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019**

<u>PARTICULARS</u>	<u>Note</u>	<u>2019 Rupees</u>	<u>2018 Rupees</u>
Income	22	1,401,636,502	914,250,702
Expenditure	23	(724,671,621)	(658,790,197)
Income From Operating Activities		676,964,881	255,460,505
Finance cost	24	(3,184,000)	(3,318,825)
Other income	25	193,760,206	80,524,680
Excess Of Income Over Expenditure Before Tax		867,541,087	332,666,360
Provision for taxation	26	(255,509,087)	(86,621,602)
Excess Of Income Over Expenditure After Tax		612,032,000	246,044,758

The annexed notes from (1) to (32) form an integral part of these financial statements.


CHAIRPERSON


MEMBER FINANCE

**OIL AND GAS REGULATORY AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

<u>PARTICULARS</u>	<u>Note</u>	<u>2019 Rupees</u>	<u>2018 Rupees</u>
Excess Of Income Over Expenditure After Tax		612,032,000	246,044,758
Other Comprehensive Income / (Loss) For The Year			
Items that will not be reclassified to income & expenditure account:			
Remeasurement of defined benefit gratuity plan	19.3.7	7,683,174	(7,065,552)
Total Comprehensive Income		<u><u>619,715,174</u></u>	<u><u>238,979,206</u></u>

The annexed notes from (1) to (32) form an integral part of these financial statements.


CHAIRPERSON


MEMBER FINANCE

OIL AND GAS REGULATORY AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

<u>PARTICULARS</u>	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Excess Of Income Over Expenditure Before Tax		867,541,087	332,666,360
Adjustments for non cash charges and other items	28	<u>(90,581,944)</u>	<u>24,629,178</u>
Operating cash flow before working capital changes		776,959,142	357,295,538
Net working capital changes	29	<u>114,691,816</u>	<u>18,012,286</u>
Net cash flow from operations		<u>891,650,959</u>	<u>375,307,824</u>
Income tax paid		<u>(259,752,262)</u>	<u>(81,448,967)</u>
Finance cost paid		<u>(3,184,000)</u>	<u>(3,318,825)</u>
Compensated absences paid		<u>(9,301,854)</u>	<u>(12,741,482)</u>
Provident fund paid		<u>(21,855,545)</u>	<u>(24,553,444)</u>
Gratuity paid		<u>(28,267,869)</u>	<u>(25,841,292)</u>
Net payments made		<u>(322,361,530)</u>	<u>(147,904,010)</u>
Net cash generated from operating activities		<u>569,289,429</u>	<u>227,403,814</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property and equipment		<u>(16,539,975)</u>	<u>(18,685,732)</u>
Capital expenditure on capital work in progress		<u>(1,557,700)</u>	<u>(238,400)</u>
Capital expenditure on intangible assets		<u>(1,633,425)</u>	<u>(2,681,100)</u>
Proceeds from sale of fixed assets		<u>5,365,798</u>	<u>2,639,044</u>
Recoveries of advances		<u>19,807,464</u>	<u>21,176,984</u>
Short term investments - net		<u>(472,105,685)</u>	<u>(604,751,837)</u>
Profit on bank deposits and securities		<u>188,384,223</u>	<u>77,807,521</u>
Net cash (used in) investing activities		<u>(278,279,300)</u>	<u>(524,733,520)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loan		<u>(622,672)</u>	<u>(622,672)</u>
Receipts from severance fund	19.4.1	<u>314,209</u>	<u>355,390,054</u>
Payment to Federal Consolidated Fund		<u>(238,309,306)</u>	<u>(66,770,465)</u>
Net cash (used in) / generated from financing activities		<u>(238,617,769)</u>	<u>287,996,917</u>
Net Increase / (Decrease) In Cash And Cash Equivalents		<u>52,392,360</u>	<u>(9,332,789)</u>
Cash And Cash Equivalents At The Start Of The Year		<u>55,322,911</u>	<u>64,655,700</u>
Cash And Cash Equivalents At The End Of The Year	17	<u>107,715,271</u>	<u>55,322,911</u>

The annexed notes from (1) to (32) form an integral part of these financial statements.

A. Hossain

CHAIRPERSON

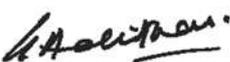
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MEMBER FINANCE

**OIL AND GAS REGULATORY AUTHORITY
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

<u>PARTICULARS</u>	<u>TOTAL Rupees</u>
Balance as at July 01, 2017	767,789,259
Reversal of provision for Severance Fund	30,738,935
Receipts from Severance Fund	355,390,054
Payment made to Federal Consolidated Fund	(66,770,465)
Excess of income over expenditure for the year	238,979,206
Balance as at June 30, 2018	<u>1,326,126,989</u>
Receipts from Severance Fund	314,209
Payment made to Federal Consolidated Fund	(238,309,306)
Excess of income over expenditure for the year	619,715,174
Balance as at June 30, 2019	<u><u>1,707,847,066</u></u>

The annexed notes from (1) to (32) form an integral part of these financial statements.


CHAIRPERSON


MEMBER FINANCE

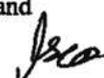
OIL AND GAS REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

As per Natural Gas Regulatory Authority Ordinance, 2000 the 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 statutory body 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:

- i. exclusive responsibility for grant of license and for carrying out regulated activities and regulating such activities;
- ii. specify performance and service standards and other conditions for undertaking any regulated activity;
- iii. specify and review standards for the equipment and materials to be used in undertaking any regulated activity;
- iv. 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;
- v. promote effective competition and efficiency in activities within its jurisdiction;
- vi. safeguard the public interest, including the national security interest of Pakistan in relation to regulated activities;
- vii. protect the interest of all the stakeholders including consumers and licensees;
- viii. administer or establish prices, for those categories of petroleum for which the Federal Government establishes prices and may delegate the function to the Authority;
- ix. 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;
- x. 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 undertaking of its regulated activity pertaining to natural gas in view the circumstances;
- xi. determine the well-head gas price for the producers of natural gas in accordance with the relevant agreements or the contracts;
- xii. enforce standards and specification for refined oil products as notified by the Federal Government; and



- xiii. prescribe a uniform form of accounts and accounting practices to be complied with by licensees.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the International Financial Reporting Standards for Medium-Sized 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 MSEs, however, to follow the best practice, it has adopted applicable approved accounting standards as a framework for preparation of financial statements.

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 preparation

(a) Accounting Convention

These financial statements have been prepared under the historical cost convention using accrual basis of accounting except for cash flow statement and other items, if specified.

(b) Going Concern

These financial statements have been prepared on a 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 Approved International 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 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 statement of financial position date, while the transactions in foreign currencies during the year are initially recorded at the rates of exchange prevailing at the



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. 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. Depreciation on additions is charged in accordance with Oil and Gas Regulatory Authority (Financial) Regulations, 2005 whereby full year's 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 of derecognition.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.2.2 Leased

Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating leases are charged to income and expenditure over the lease term.

Finance lease

Leases where significant portion of risks and rewards of ownership are transferred to the lessee are classified as finance leases. At the inception of a finance lease, cost of asset is capitalized at fair value of leased asset or at the present value of minimum lease payments. Lease payments are apportioned between finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income for the year. The lessor gives an option to purchase assets at the end of lease term.

3.3 Capital work in progress

Capital work in progress is stated at cost incurred to date less impairment loss (if any).

3.4 Intangible assets

Intangibles are stated at cost less accumulated amortization. Cost comprises acquisition and other directly attributable costs of bringing the asset to its working condition. 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 for which benefit extends beyond an accounting year in which it is incurred, is treated as capital expenditure on intangibles.

Amortization on intangibles 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 amount of an asset over its estimated useful life at the rates given in Note 6. Amortization on additions is charged in the year when assets are available for use while no amortization 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 amortization is significant.

3.5 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 account for provisions 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 statement of financial position date. Deferred tax is charged or credited in income and expenditure 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.

3.6 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:

3.6.1 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.



3.6.2 Short term investments

These are made for short period of times and are stated at cost.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

3.8 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.

3.9 Employees' benefits

The Authority has the following plans for its employees:

i. Contributory provident fund

The Authority operates approved funded contributory provident fund scheme for all its employees. Equal contribution is 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.

ii. 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 the Trust Deed and the Rules made there under. Contracted employees are entitled for gratuity subject to their terms of employment. All regular employees are entitled for this fund as per following:

- On retirement due to invalidation or death while in service, employees are entitled to 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, employees are entitled to 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.

iii. Provision for compensated absences

The Authority provides 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.

iv. Provision for severance compensation

The Authority provided for severance compensation in accordance with the Service Regulations of the Authority. However, this benefit has been withdrawn by the Authority during previous year.



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These are made for short period of times and are stated at cost.

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iv. Provision for severance compensation

The Authority provided for severance compensation in accordance with the Service Regulations of the Authority. However, this benefit has been withdrawn by the Authority during previous year.



3.10 Provisions

Provisions are recognized in the statement of financial position 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 year end and adjusted to reflect current best estimate.

3.11 Accrued and other liabilities

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

3.12 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.

i. Accrued and other payables

Liabilities for accrued and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

ii. Other receivables

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

3.13 Revenue recognition

- Income from CNG and LPG Licensees are recognized on cash basis as provided in Oil And Gas Regulatory Authority (Financial) Regulations, 2005 in accordance with Regulation 6(h). All other incomes are recognized on accrual basis.
- Profit on bank balances / deposits / investments are accounted for on time proportion basis using applicable rate of interest.

3.14 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.

3.15 Offsetting

Financial assets and liabilities are set off and the net amount is reported in the statement of financial position, 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 simultaneously.

3.16 Expenses

Expenses are recognized on accrual basis of accounting.



OIL AND GAS REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

4 PROPERTY AND EQUIPMENT

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, 2019		
	As at July 01, 2018	Additions	(Deletions)	As at June 30, 2019	Rate per annum %	Accumulated as at July 01, 2018	Adjustment on Disposal		For the Year	Accumulated as at June 30, 2019
Leasehold land	13,999,995	-	-	13,999,995	3.03%	6,363,294	-	424,200	6,787,494	7,212,501
Building renovation	16,783,654	-	-	16,783,654	20%	16,783,654	-	-	16,783,654	-
Office equipment	25,642,273	880,990	-	26,523,263	20%	19,346,754	-	2,502,123	21,848,877	4,674,386
Vehicle	23,188,556	12,219,205	7,035,350	28,372,411	20%	12,985,416	7,035,350	5,346,979	11,297,045	17,075,366
Furniture & fixture	17,121,854	1,019,910	-	18,141,764	20%	15,690,352	-	1,082,929	16,773,281	1,368,483
Computer & accessories	27,214,862	2,419,870	-	29,634,732	33.33%	22,663,858	-	3,431,493	26,095,351	3,539,381
As at June 30, 2019	123,951,194	16,539,975	7,035,350	133,455,819		93,833,328	7,035,350	12,787,725	99,585,703	33,870,116

4.1 PROPERTY AND EQUIPMENT - Comparative

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, 2018		
	As at July 01, 2017	Additions	(Deletion)	As at June 30, 2018	Rate per annum %	Accumulated as at July 01, 2017	Adjustment on Disposal		For the Year	Accumulated as at June 30, 2018
Leasehold land	13,999,995	-	-	13,999,995	3.03%	5,939,094	-	424,200	6,363,294	7,636,701
Building renovation	16,783,654	-	-	16,783,654	20%	16,783,654	-	-	16,783,654	-
Office equipment	20,668,115	4,974,158	-	25,642,273	20%	16,871,505	-	2,475,249	19,346,754	6,295,519
Vehicle	18,566,913	7,468,636	2,846,993	23,188,556	20%	12,929,271	2,846,993	2,903,138	12,985,416	10,203,140
Furniture & fixture	16,746,446	375,408	-	17,121,854	20%	14,727,665	-	962,687	15,690,352	1,431,502
Computer & accessories	21,540,588	5,867,530	193,256	27,214,862	33.33%	19,285,129	157,064	3,535,793	22,663,858	4,551,004
As at June 30, 2018	108,305,711	18,685,732	3,040,249	123,951,194		86,536,318	3,004,057	10,301,067	93,833,328	30,117,866

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
5 CAPITAL WORK IN PROGRESS			
Opening balance		5,176,609	4,938,209
Additions during the year		1,557,700	238,400
Closing balance	5.1	<u>6,734,309</u>	<u>5,176,609</u>
5.1 It represents amounts incurred by the Authority for construction & allied expenses of its' office building on leasehold land acquired from CDA for an initial period of 33 years further extendable to 99 years.			
6 INTANGIBLE ASSETS - Software			
Cost			
Opening balance		4,000,983	1,319,883
Additions		1,633,425	2,681,100
Closing balance		5,634,408	4,000,983
Accumulated Amortization			
Opening balance		2,660,433	933,783
Charge for the year		2,157,263	1,726,650
Closing balance		4,817,696	2,660,433
Carrying value as at year end		<u>816,712</u>	<u>1,340,550</u>
Amortization Rate		<u>50%</u>	<u>50%</u>
7 LONG TERM DEPOSITS - Considered good			
Deposit with Shifa International Hospital	7.1	<u>600,000</u>	<u>600,000</u>
		<u>600,000</u>	<u>600,000</u>
7.1 It represents a refundable long term security deposit kept with the Hospital under the terms and conditions specified in MoU between the Authority and the Hospital for operational purposes.			
8 DEFERRED TAX ASSET			
Opening balance		57,462,262	60,375,225
Deferred tax expense / (income)		678,422	(2,912,963)
Closing balance	8.1	<u>58,140,684</u>	<u>57,462,262</u>
8.1 Deferred tax asset arising due to:			
Accelerated depreciation		2,102,884	3,197,962
Employee benefits		56,037,800	54,264,300
		<u>58,140,684</u>	<u>57,462,262</u>
9 LONG TERM ADVANCES - Considered good			
Motor Car advance		5,992,516	25,674,307
House Building advance	9.1	<u>35,755,265</u>	<u>35,880,938</u>
		<u>41,747,781</u>	<u>61,555,245</u>
9.1 House Building Advance is given to the employees of the Authority at the interest rate equal to SBP discount rate effective at the date of sanction of advance and is refundable in 120 equal monthly installments. Motor car advance is given free of markup and is refundable in 60 monthly installments.			

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OIL AND GAS REGULATORY AUTHORITY
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FOR THE YEAR ENDED JUNE 30, 2019

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
10 SHORT TERM INVESTMENTS - Held to maturity			
Treasury Bills	10.1	1,909,969,481	1,457,038,295
Accrued profit on Treasury Bills		<u>31,326,039</u>	<u>12,151,540</u>
		<u><u>1,941,295,520</u></u>	<u><u>1,469,189,835</u></u>
10.1 These investments have been held with Faysal Bank Limited and JS Bank Limited in accounts maintained by the Bankers with State Bank of Pakistan. These are to mature within three months to six months with markup rate ranging from 6.75% to 12.74% (2018: 5.99% to 6.72%) per annum.			
11 FEE RECEIVABLE - Considered good			
Receivable from PPL		-	5,240,000
Receivable from PGP Consortium Ltd.		-	24,632,595
		<u>-</u>	<u>29,872,595</u>
12 ADVANCES & RECEIVABLES - Considered good			
Advance for expenses	12.1	3,297,000	3,358,793
Advance to vendors	12.2	-	11,923,000
Motor Car advance	12.3	21,096,928	29,593,248
House Building advance	12.3	4,283,232	3,734,251
Other sundry receivables		945,216	1,120,763
		<u>29,622,376</u>	<u>49,730,055</u>
12.1 These represent interest free advances given to the employees in the ordinary course of business to meet day to day expenses. These are adjusted on an on-going basis.			
12.2 These represent advances kept with the vendors for purchase of Motor Vehicles etc. These are adjusted on an on-going basis as and when the vendor delivers the product.			
12.3 These represent current portion of long term advances given to the employees of the Authority as explained in Note 9.			
13 SHORT TERM PREPAYMENTS - Considered good			
Prepaid subscription		6,132,478	699,64
Prepaid rent		16,466,546	14,969,585
Prepaid insurance		960,142	841,244
Prepaid internet		275,775	-
		<u>23,834,941</u>	<u>16,510,393</u>
14 ADVANCE TAX			
Opening balance		<u>106,921,667</u>	<u>109,181,339</u>
Advance tax paid / deducted		<u>259,752,262</u>	<u>81,448,967</u>
		366,673,929	190,630,306
Adjusted against current tax liability		<u>(256,187,509)</u>	<u>(83,708,639)</u>
		<u><u>110,486,420</u></u>	<u><u>106,921,667</u></u>

OIL AND GAS REGULATORY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
15 ACCRUED INTEREST			
Profit on bank deposits		171,745	161,560
		<u>171,745</u>	<u>161,560</u>
16 EMPLOYEE BENEFITS - CPF			
Opening advance / (payable)		14,434	23,434
Charge for the year (payable)		(25,770,480)	(24,562,444)
Recoveries of PF loans (payable)		(16,733,075)	(13,095,299)
Payments made	16.1	38,588,620	37,648,743
Closing advance / (payable)		<u>(3,900,501)</u>	<u>14,434</u>
16.1 Investments in collective investment schemes, listed equity and listed debt securities out of aforementioned funds have been made by the Fund in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder, although not applicable on Authority.			
17 CASH AND BANK BALANCES			
Cash in hand		200,000	200,000
Cash with banks		-	88,823
		In deposit accounts:	
		Local currency accounts	
	17.1	106,061,240	53,957,751
		1,454,031	1,076,337
		<u>107,515,271</u>	<u>55,034,088</u>
		<u>107,715,271</u>	<u>55,322,911</u>
17.1 These carry mark up at the rate ranging from 5.5% to 10.25% per annum.			
18 LONG TERM LOAN - World Bank			
Opening balance	18.1	22,416,188	23,038,860
Less: Paid during the year		(622,672)	(622,672)
		<u>21,793,516</u>	<u>22,416,188</u>
Less: Current portion		(622,672)	(622,672)
		<u>21,170,844</u>	<u>21,793,516</u>
18.1 It represents loan allocation of US\$ 2 million for capacity building project with focus 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 the allotted US\$ 2 million, the Authority received US\$ 0.498 million only which equaled to PKR 29,927,296 upto June 30, 2008. However, on September 05, 2008 Finance Division of the Government of Pakistan vide letter # 1(4)/2007-EFP-1 demanded immediate surrender of unused funds amounting to PKR 5,020,420/- kept by the Authority and rescheduled the repayment of principal and finance costs over outstanding balance. The Authority repaid the unused amount and the remaining loan amounting to PKR 24,906,876 is to be repaid in local currency over a period of 25 years including a grace period of 5 years commencing from March 15, 2014 and ending on March 15, 2039. The loan is repayable in fifty bi-annual installments (first 20 bi-annual installments of 1.25% of the total loan and subsequent 30 bi-annual installments of 2.5% of total loan amount. Interest rate is 11% (2018: 11%) per annum and exchange risk fee is 3% per annum.			

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OIL AND GAS REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

19 EMPLOYEE BENEFITS

Provision for compensated absences
Gratuity payable - Authority
Gratuity payable - Regular employees
Employees severance compensation

Note	2019 Rupees	2018 Rupees
19.1	200,135,000	180,881,000
19.2	4,508,550	1,932,150
19.3	36,442,590	44,247,093
19.4	-	-
	<u>241,086,140</u>	<u>227,060,243</u>

19.1 Compensated absences

Opening balance
Provision made during the year
Payment made during the year
Closing balance

180,881,000	157,268,000
28,555,854	36,354,482
(9,301,854)	(12,741,482)
<u>200,135,000</u>	<u>180,881,000</u>

19.2 Gratuity payable - Authority

Opening balance
Charged for the year
Payment made during the year
Closing balance

1,932,150	567,600
2,576,400	1,364,550
-	-
<u>4,508,550</u>	<u>1,932,150</u>

19.3 Gratuity liability - Regular employees

19.3.1 Latest actuarial valuation has been done as at June 30, 2019 using the following assumptions:-

Discount rate per annum
Salary increase rate per annum
Expected rate of return on plan assets per annum

14.50%	10.00%
14.50%	8.52%
10.00%	10.00%

See

OIL AND GAS REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

19.3.2 The amount recognized in Statement of Financial Position is as follows:

	2019 Rupees	2018 Rupees
Present value of defined benefit obligation	324,418,161	287,089,889
Fair value of plan assets	(292,517,095)	(247,384,320)
Add: Payables	4,541,523	4,541,523
Net liability	<u>36,442,589</u>	<u>44,247,092</u>

19.3.3 Movement in net liability:

Opening liability	44,247,093	35,496,993
Expense chargeable to income & expenditure account	28,146,540	27,525,840
Remeasurement chargeable in other comprehensive income	(7,683,174)	7,065,552
Less: Contribution paid	<u>(28,267,869)</u>	<u>(25,841,292)</u>
Closing liability	<u>36,442,590</u>	<u>44,247,093</u>

19.3.4 Movement in the present value of defined benefit obligation:

Opening present value of defined benefit obligation	287,089,889	253,686,123
Current service cost	25,589,376	24,661,115
Past service cost (credit)	-	986,458
Interest cost	28,474,983	22,834,458
Payments due but not paid / (payables)	-	(4,541,523)
Payments during the year	(4,680,123)	(9,112,717)
Actuarial (gain) / loss	1,624,215	257,207
Experience adjustment	<u>(13,680,179)</u>	<u>(1,681,232)</u>
Closing present value of defined benefit obligation	<u>324,418,161</u>	<u>287,089,889</u>

19.3.5 Movement in the fair value of plan assets:

Opening fair value of plan assets	247,384,320	218,189,129
Expected return on plan assets	25,917,819	20,956,191
Contributions	28,267,869	25,841,292
Benefits paid	(4,680,123)	(9,112,717)
Actuarial gain / (loss)	<u>(4,372,790)</u>	<u>(8,489,575)</u>
Closing fair value of plan assets	<u>292,517,095</u>	<u>247,384,320</u>

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**OIL AND GAS REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

19.3.6 Charged to income and expenditure account:

	2019 Rupees	2018 Rupees
Current service cost	25,589,376	24,661,115
Past service cost (credit)	-	986,458
Interest cost	28,474,983	22,834,458
Expected return on plan assets	<u>(25,917,819)</u>	<u>(20,956,191)</u>
	<u><u>28,146,540</u></u>	<u><u>27,525,840</u></u>

19.3.7 Remeasurements charged to other comprehensive income:

	2019 Rupees	2018 Rupees
Remeasurement of plan obligation:		
Actuarial (gain) / loss from changes in demographic assumptions	1,624,215	257,208
Actuarial (gain) / loss from changes in financial assumptions	(13,680,179)	(1,681,231)
Experience adjustments	4,372,790	8,489,575
Return on plan assets, excluding interest income	<u>(7,683,174)</u>	<u>7,065,552</u>

19.3.8 Composition of fair value of plan assets:

	2019		2018	
	Rupees	%	Rupees	%
Treasury Bills	245,395,865	83.89%	162,082,878	65.52%
Cash and bank balances	28,618,934	9.78%	75,833,636	30.65%
Advances	15,088,192	5.16%	7,523,707	3.04%
Accrued interest on investments	3,431,228	1.17%	2,011,223	0.81%
Expenses payable	<u>(17,124)</u>	<u>-0.01%</u>	<u>(67,124)</u>	<u>-0.03%</u>
	<u><u>292,517,095</u></u>	<u><u>100%</u></u>	<u><u>247,384,320</u></u>	<u><u>100%</u></u>

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**OIL AND GAS REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

2019 **2018** **2017** **2016** **2015**
Rupees **Rupees** **Rupees** **Rupees** **Rupees**

19.3.9 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	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
Present value of defined benefit obligations	324,418,161	287,089,889	253,686,123	220,837,206	197,996,559
Fair value of plan assets	(292,517,095)	(247,384,320)	(218,189,129)	(188,761,203)	(156,281,234)
Add: Payables	4,541,523	4,541,523	-	-	-
Deficit	<u>36,442,589</u>	<u>44,247,092</u>	<u>35,496,994</u>	<u>32,076,003</u>	<u>41,715,325</u>
Experience adjustment on plan liabilities	(13,680,179)	(1,681,232)	(2,598,798)	(16,092,313)	2,801,455
Experience adjustment on plan assets	4,372,790	8,489,575	(6,802,848)	7,161,636	6,060,766

19.3.10 Provision of employees gratuity fund was computed through actuarial valuation at the end of June 30, 2019 by using the projected unit credit method.

19.4 Employees severance compensation

Opening balance	-	-	-	-	30,738,935
Charge for the year	-	-	-	-	-
Reversal of fund	-	-	-	-	(30,738,935)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

19.4.1 Employees Severance Compensation Fund was created in the year 2011 under Regulation 106 of the Oil & Gas Regulatory Authority Service Regulations, 2005. This compensation was to be paid to the regular employees of the Authority in case of winding up of the Authority. The Authority, in its Administrative Meeting # 06 of 2017, held on December 21, 2017 decided that owing to the non existence of such circumstances which initially lead to the creation of the Fund, the continuity of the Fund for Severance Compensation is no longer required. Resultantly, the amounts transferred to the said Fund have now been transferred back / returned to the Authority by the said Fund.

**OIL AND GAS REGULATORY AUTHORITY
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FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
20 ACCRUED AND OTHER LIABILITIES			
Accrued liabilities		5,476,211	7,138,382
Withholding income tax payable		2,736,679	320
Withholding sale tax payable		200,234	175,610
Inspection fee - CNG/LPG		101,637,653	85,473,653
Inspection fee - Oil		2,592,000	2,132,000
Inspection fee - LNG		2,961,880	2,961,880
CCP fee payable		195,689,583	153,692,491
Accrued interest on loan from World Bank		697,038	753,285
Exchange risk fee on loan from World Bank		200,557	206,287
Gratuity fund payable		96,494	96,494
Compensation payable		30,800,926	27,194,388
Claim received from NIC payable		562,877	49,621
Employees group insurance premium recoveries		256,521	338,151
Fines and penalties payable to GoP		36,350,000	27,845,000
Audit fee payable		150,000	315,000
		<u>380,408,653</u>	<u>308,372,562</u>

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 The Authority preferred appeals for tax years 2004 to 2007 against the demand of Rs.139,423,923/- created by the income tax authorities before the Honorable Islamabad High Court, Islamabad. The appeals were filed to contest the orders of the Appellate Tribunal Inland Revenue, Islamabad whereby the Appellate Tribunal Inland Revenue, Islamabad remanded the amended assessments back for re-consideration. The Authority prayed for cancellation of the amended assessments in totality. The stay against tax proceedings were duly granted by the Honorable Islamabad High Court, Islamabad. However, during the year, the Honorable Islamabad High Court, Islamabad decided the appeals against the Authority and upheld the decision of the Appellate Tribunal Inland Revenue, Islamabad. Resultantly, the income tax authorities shall initiate assessment proceedings afresh. The demand, if any, shall only be created after re-assessment by the income tax authorities. The Authority has already deposited the total amount of tax under amnesty whereby the whole amount of penalty and default surcharge was waived off by the Federal Government on payment of disputed amount of tax. The demand, if any, that may be created by the income tax authorities is expected to be less than the amount so deposited under amnesty as no expenses were allowed by the income tax authorities while framing amended assessment. Thus, no provision is required to be made in these financial statements. Instead a reversal of already charged income tax expenses may be required.

21.1.2 The income tax authorities also preferred appeals before the Honorable Islamabad High Court, Islamabad for the aforesaid tax years as well as for tax year 2003 against the orders of the Appellate Tribunal Inland Revenue, Islamabad requesting cancellation of the orders of the Appellate Tribunal Inland Revenue, Islamabad and for restoration of amended assessment framed by the income tax authorities. During the year, the said appeals clubbed with the appeals filed by the Authority have been decided by the Honorable Islamabad High Court, Islamabad whereby the orders of the Appellate Tribunal Inland Revenue, Islamabad have been upheld. Thus, the demand created by the income tax authorities of Rs.22,595,845/- for tax year 2003 stands time barred. No provision, in this regard, is required to be made in the financial statements.

OIL AND GAS REGULATORY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
23 EXPENDITURE			
Salaries, allowances and other benefits		474,731,192	432,094,764
Consultancy charges		680,000	738,900
Medical facility		10,718,682	4,759,925
Provision for gratuity		30,722,940	28,890,390
Provision for compensated absences		28,555,854	36,354,482
Provision for CCP		41,997,092	27,352,188
Compensated absences - contract employees		423,775	392,575
Capacity building		1,660,028	3,894,880
Printing, stationery, newspaper and periodicals		6,630,124	6,500,322
Fee and subscription		7,231,478	5,733,106
Telephone and telex		4,168,893	4,373,144
Electricity, water and gas		8,122,285	6,198,096
Traveling and conveyance		14,233,029	13,594,979
Rent		40,588,767	33,921,580
Public hearing		7,638,670	12,160,358
Legal and professional charges		6,469,513	5,663,350
Auditors' remuneration	23.1	290,625	353,750
Repair and maintenance		3,076,353	2,699,077
Entertainment		1,996,271	2,033,069
Advertisement		2,336,119	3,139,779
Insurance		1,780,028	1,556,163
Security charges		4,361,604	4,361,605
Internet charges		2,736,090	2,127,241
Janitorial charges		3,645,876	3,519,266
Postage and courier charges		2,236,104	1,784,996
Depreciation	4	12,787,725	10,301,067
Amortization	6	2,157,263	1,726,650
Miscellaneous		2,695,242	2,564,495
		<u>724,671,621</u>	<u>658,790,197</u>
23.1 Auditors' remuneration:			
Annual audit fee		125,000	125,000
Other certification fee		-	40,000
Taxation services		112,500	123,000
Out of pocket expenses		53,125	65,750
		<u>290,625</u>	<u>353,750</u>
24 FINANCE COST			
Interest on loan from International IDA - World Bank		3,091,226	3,241,404
Bank charges		92,774	77,421
		<u>3,184,000</u>	<u>3,318,825</u>
25 OTHER INCOME			
Income from financial assets	25.1	188,394,408	77,921,828
Income from non-financial assets	25.2	5,365,798	2,602,852
		<u>193,760,206</u>	<u>80,524,680</u>

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OIL AND GAS REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
25.1 Income from financial assets			
Profit on bank deposits		10,594,913	4,031,422
Profit on treasury bills		175,329,139	71,676,685
Markup on house building advance		2,470,356	2,213,721
		<u>188,394,408</u>	<u>77,921,828</u>
25.2 Income from non-financial assets			
Gain on sale of property & equipment	25.3	5,365,798	2,602,852
		<u>5,365,798</u>	<u>2,602,852</u>
25.3 Disposal account			
Proceeds from sale of assets		5,365,798	2,639,044
Cost of asset disposed off		7,035,350	3,040,249
Accumulated depreciation on disposal		(7,035,350)	(3,004,057)
Net book value of asset disposed off		-	36,192
Net gain on sale of assets		<u>5,365,798</u>	<u>2,602,852</u>
26 PROVISION FOR TAXATION			
Current year		258,297,450	107,067,548
Prior year adjustment		(2,109,941)	(23,358,909)
		256,187,509	83,708,639
Deferred tax		(678,422)	2,912,963
		<u>255,509,087</u>	<u>86,621,602</u>
27 RELATED PARTY TRANSACTIONS			
<p>Since the Authority is a statutory body therefore all other similar entities formed by the Government of Pakistan are related parties. It is not possible to quantify the amount of transactions entered into with each related party and thus, no separate disclosure has been given.</p>			
28 NON CASH CHARGES AND OTHER ITEMS			
Depreciation for the year		12,787,725	10,301,067
Amortization for the year		2,157,263	1,726,650
Provision for gratuity		30,722,940	28,890,390
Provision for provident fund		25,770,480	24,562,444
Provision for compensated absences		28,555,854	36,354,482
Finance costs		3,184,000	3,318,825
Income from non-financial assets		(5,365,798)	(2,602,852)
Profit on bank deposits and securities		(188,394,408)	(77,921,828)
		<u>(90,581,944)</u>	<u>24,629,178</u>
29 WORKING CAPITAL CHANGES			
Decrease / (Increase) in fee receivable		29,872,595	(29,247,595)
Decrease / (Increase) in advances - considered good		20,107,679	(4,541,786)
(Increase) / Decrease in short term prepayments		(7,324,548)	1,830,772
Increase in accrued and other liabilities		72,036,091	49,970,895
		<u>114,691,816</u>	<u>18,012,286</u>

JSC

**OIL AND GAS REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Note</u>	<u>2019 Rupees</u>	<u>2018 Rupees</u>
30 NUMBER OF EMPLOYEES			
Number of employees as at the year end		<u>248</u>	<u>192</u>

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Authority on 27/12/2019.

32 GENERAL

32.1 Prior period's figures have been re-arranged / re-classified / re-stated for better presentation and comparison. However, no material re-arrangement / re-classification / re-statement has been done in these financial statements.

32.2 Figures have been rounded off to the nearest rupee.

A. Adithan

CHAIRPERSON

[Signature]

MEMBER FINANCE





Appendix-I

Regulatory Framework

Rules, Notified and Adopted

Sr. No.	Notification	Notification Date
1.	Natural Gas (Licensing) Rules, 2002 ^o	26-Feb-02
2.	Natural Gas (Tariff) Rules, 2002	23-Nov-02
3.	Compressed Natural Gas (Production and Marketing) Rules, 1992*	15-Mar-03
4.	Liquefied Petroleum Gas (Production and Distribution) Rules, 2001*	15-Mar-03
5.	Budget Committee Rules, 2004	30-Dec-04
6.	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^o: 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

Continued on next page

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 and 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

Continued on next page

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 to OGRA Service Regulation, 2005 (Regulation 19A)	07-Jul-2014
24.	Amendment to OGRA Service Regulations, 2005 (Regulation 84)	30-Sept-15
25.	Amendment to OGRA Service Regulations, 2005 (Appendix B)	23-Dec-15
26.	Amendment to OGRA Service Regulations, 2005 (Regulation 30, 80 & 92)	23-Dec-15
27.	Amendment to OGRA Service Regulations, 2005 (Regulation 80 & 105)	16-Mar-16
28.	Amendment to 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)	16-Aug-16
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-Jan-17

OGRA Prescribes/Enforces the following:

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

OGRA carries out regularly the following:.

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

Appendix-II

Natural Gas Licences Issued by OGRA as of June 30, 2019

Sr. No.	Company	Type of Licence	Date of Issue	No of Licences
1.	Sui Northern Gas Pipelines Limited (SNGPL)	<ol style="list-style-type: none"> 1. Transmission, Distribution, and Sale of Natural Gas in the Punjab, KP, AJK, FATA and some parts of Sindh 2. Gas Storage Facility at Lilla Town, Punjab 	<p>September 3, 2003</p> <p>April 30, 2008</p>	02
2.	Sui Southern Gas Company Limited (SSGCL)	Transmission, Distribution, and Sale of Natural Gas in Sindh and Baluchistan	September 3, 2003	01
3.	Mari Petroleum Company Limited (MPCL)	Sale of Natural Gas to <ul style="list-style-type: none"> • Fauji Fertilizer Company Limited (FFCL), • Engro Chemicals Pakistan Limited (ECPL) • Central Power Generation Company Limited (CPGCL) • Any other retail consumer with prior approval of the Authority 	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 (OGDCL)	<ol style="list-style-type: none"> 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, 2004	03
6.	Fauji Fertilizer Company Limited (FFCL)	Transmission of Natural Gas	April 7, 2005	01
7.	Engro Chemicals Pakistan Limited (ECPL)	Transmission of Natural Gas	April 7, 2005	01
8.	Central Power Generation Company Limited (CGPCL)	Transmission of Natural Gas	April 14, 2005	01
9.	Fatima Fertilizer Company Limited (FFCL)	Transmission of Natural Gas	April 16, 2007	01
10.	Foundation Power Company Limited (FPCL)	Transmission of Natural Gas	August 27, 2007	01
11.	Star Power Generation Limited (SPGL)	Transmission of Natural Gas	January 30, 2008	01
12.	Engro Fertilizer Ltd. (EFL)	Transmission of Natural Gas	June 13, 2014	01
13.	OGDCL	Sale of Natural Gas from Reti Meru Gas Field	June 26, 2014	01

Continued on next page

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, whereby 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) along with 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
19.	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.	E-GAS (Pvt) Ltd.	Licence (w.r.t. OGDCL's Rajian 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 4, 2017	01
21.	Pakistan LNG Ltd.	Licence to undertake the regulated activity of Sale of Natural Gas / RLNG.	October 31, 2017	01
22.	Inter State Gas Systems Limited (ISGSL)	Licence to undertake the construction and operation of Natural Gas Pipeline Projects, i.e. Iran-Pakistan (IP), Turkmenistan-Afghanistan-Pakistan-India (TAPI) and North South Gas Pipeline Projects (NSGP).	January 28, 2019	01
23.	Trafigura Pakistan (Pvt) Ltd.	Licence for the sale of natural gas / RLNG to various consumers in the Country.	May 28, 2019	01

Appendix-III

Consumer Gas Tariff Schedule During FY 2018-19

Category		(Rs./MMBTU)			
		w.e.f 01-07-2018	w.e.f 27-09-2018	w.e.f 29.11.2018	
(i)	A. Domestic Consumers				
	a)	Standalone Meters			
	b)	Mosques, churches, temples, madrassas, other Religious Places and Hostels attached thereto;			
	(i)	Upto 50 M ³ per month	110.00	121.00	121.00
		All off-takes at flat rate of			
	(ii)	Upto 100 M ³ per month	110.00	127.00	127.00
		All off-takes at flat rate of			
	(iii)	Upto 200 M ³ per month	220.00	264.00	264.00
		All off-takes at flat rate of			
	(iv)	Upto 300 M ³ per month	220.00	275.00	275.00
		All off-takes at flat rate of			
	(v)	Upto 400 M ³ per month	600.00	780.00	780.00
		All off-takes at flat rate of			
	(vi)	Over 400 M ³ per month	600.00	1,460.00	1,460.00
		All off-takes at flat rate of			
		Minimum Monthly Charges (Rs)	148.50	163.35	163.35
	c)	Bulk Meters: 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 alongwith hostels and residential colonies to whom gas is supplied. through bulk meters including captive power.			
		"Sale Price: All off-takes at flat rate of"	600.00	780.00	780.00
		Minimum Monthly Charges (Rs)	3,600.07	4,680.09	4,680.09
(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.			

Continued on next page

		"Sale Price: All off-takes at flat rate of"	700.00	980.00	980.00
		Minimum Monthly Charges (Rs)	4,200.07	5,880.10	5,880.10
(iii)		C. Special Commercial (Roti Tandoors)			
	(i)	Upto 50 M ³ per month	110.00	121.00	110.00
		All off-takes at flat rate of			
	(ii)	Upto 100 M ³ per month	110.00	127.00	110.00
		All off-takes at flat rate of			
	(iii)	Upto 200 M ³ per month	220.00	264.00	220.00
		All off-takes at flat rate of			
	(iv)	Upto 300 M ³ per month	220.00	275.00	220.00
		All off-takes at flat rate of			
	(v)	Upto 400 M ³ per month	700.00	780.00	700.00
		All off-takes at flat rate of			
	(vi)	Over 400 M ³ per month	700.00	980.00	700.00
		Minimum Monthly Charges (Rs)	148.50	163.35	148.50
(iv)		D. Ice Factories			
		Sale Price	700.00	980.00	980.00
		Minimum Monthly Charges (Rs)	4,200.07	5,880.10	5,880.10
(v)		E. General Industrial Consumers			
		Sale Price	600.00	780.00	780.00
		Minimum Monthly Charges (Rs)	20,232.00	26,301.60	26,301.60
	(i)	Registered Exporters of Five-Zero Rated Industrial Consumers			
		Sale Price	600.00	600.00	600.00
		Minimum Monthly Charges (Rs)	20,232.00	20,232.00	20,232.00
(vi)		F. Captive Power			
		Sale Price	600.00	780.00	780.00
		Minimum Monthly Charges (Rs)	20,232.00	26,301.60	26,301.60
(vii)		G. CNG Stations			

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		Sale Price	700.00	980.00	980.00
		Minimum Monthly Charges (Rs)	23,604.00	33,045.60	33,045.60
(viii)		H. Cement Factories			
		Sale Price	750.00	975.00	975.00
		Minimum Monthly Charges (Rs)	25,290.00	32,877.00	32,877.00
(ix)		I. Fertilizer Factories			
(1)		Pak American Fertilizer Limited, Daudkhel.			
	(a)	Feed Stock	123.00	185.00	185.00
	(b)	Fuel	600.00	780.00	780.00
(2)		Pak Arab Fertilizer Limited, Multan.			
	(a)	Feed Stock	123.00	185.00	185.00
	(b)	Fuel	600.00	780.00	780.00
(3)		Dawood Hercules Chemicals Limited, Chichoki Malian, Sheikhpura District:			
	(a)	Feed Stock	123.00	185.00	185.00
	(b)	Fuel	600.00	780.00	780.00
(4)		Pak-China Fertilizer Limited / Hazara Phosphate Plant Limited, Haripur.			
	(a)	Feed Stock	123.00	185.00	185.00
	(b)	Fuel	600.00	780.00	780.00
(5)		ENGRO Fertilizer Company Limited			
	(a)	Feed Stock -NEW	\$0.70	\$0.70	\$0.70
	(b)	Fuel	600.00	780.00	780.00
(6)		Fauji Fertilizer Bin Qasim Ltd.			
	i)	Feed Stock	123.00	185.00	185.00
	ii)	Fuel	600.00	780.00	780.00
(x)		J. Power Stations			
	(a)	WAPDA/KESC	---	---	---
	(a)	Sale Price	400.00	629.00	629.00
		Minimum Monthly Charges (Rs)	13,488.00	21,209.88	21,209.88

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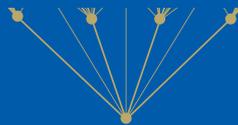
	(b)	WAPDA's Natural Gas Turbine Power Station, Nishatabad, Faisalabad.			
		Sale Price	400.00	629.00	629.00
		Fixed Monthly Charges (Rs)	975,000	975,000	975,000
	(c)	Liberty Power Limited, Dharki.			
		Sale Price	1,005.19	1,005.19	1,283.47
		Minimum Monthly Charges (Rs)	14,957.52	33,895.01	43,278.61
(xi)		K. Independent Power Producers			
		Sale Price	400.00	629.00	629.00
		Minimum Monthly Charges (Rs)	13,488.00	21,209.88	21,209.88







ABBREVIATIONS AND ACRONYMS





Abbreviations and Acronyms

AJK	Azad Jammu Kashmir
ARL	Attock Refinery Ltd.
BBL	Barrel
BBTU	Billion British Thermal Unit
BP	British Petroleum
CCI	Council of Common Interest
CMA	Corporate & Media Affairs
CMS	Consumer Meter Station
CNG	Compressed Natural Gas
CPGL	Central Power Generation Limited
CPI	Consumer Price Index
CRPR	Complaint Resolution Procedure Regulations
DAC	Departmental Accounts Committee
DERR	Determination of Estimated Revenue Requirement
DHDS	Diesel Hydro De-Sulphurization
DIRS	Docketing and Information Repository System
DO	Designated Officer
DOT	Department of Transportation
E-10	Ethanol Blended Gasoline
ECC	Economic Coordination Committee
ECPL	Engro Chemicals Pakistan Ltd.
EETL	Engro Elengy Terminal Ltd.
EFL	Engro Fertilizer Limited
EM	Extra Margin
ERR	Estimated Revenue Requirement
ETP	Elengy Terminal Pakistan Limited
EWT	Extended Well Test
FATA	Federal Administrated Tribal Area
FBR	Federal Board of Revenue
FFCL	Fauji Fertilizer Company Limited
FG	Federal Government
Fig	Figure
FOB	Free on Board
FOTCO	Fauji Oil Terminal and Distribution Company
FPCL	Foundation Power Company Limited
FRR	Final Revenue Requirement
FY	Fiscal Year/Financial Year
GDCL	Gaseous Distribution Company Limited
GEIP/GEIL	Global Energy Infrastructure Pakistan Limited

GoP	Government of Pakistan
GSPA	Gas Sale Purchase Agreement
GTPS	Gas Turbine Power Station
HDIP	Hydrocarbon Development Institute of Pakistan
HEC	Higher Education Commission
HOBC	High Octane Blending Component
HR	Human Resource
HSD	High Speed Diesel
HSFO	High Sulphur Fuel Oil
ICAP	Institute of Chartered Accountant of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFEM	Inland Freight Equalization Margin
IP	Iran-Pakistan Gas Pipeline
IPI	Iran-Pakistan-India Gas Pipeline
IPP	Independent Power Producers / Import Parity Price
ISGSL	Inter State Gas Systems Limited
IT	Information Technology
JP	Jet Propellant (Aviation Fuel)
KERO	Kerosene Oil
KESC	Karachi Electric Supply Company
Km	Kilometer
KP	Khyber Pakhtunkhwa
LAN	Local Area Network
LDO	Light Diesel Oil
LMC	Lubricant Marketing Company
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LUMS	Lahore University of Management Sciences
MMBTU	Million British Thermal Unit
MMcfd	Million Cubic Feet per Day
MOE	Ministry of Energy
MS	Motor Spirit
MT	Metric Ton
NAB	National Accountability Bureau
NARUC	National Association of Regulatory Utility Commissioners
NFPA	National Fire Protection Association
NGLR	Natural Gas Licensing Rules
NGRA	Natural Gas Regulatory Authority
NITB	National Information Technology Board
NRL	National Refinery Limited
NSGP	North South Gas Pipeline Project

OGDCL	Oil and Gas Development Company Ltd.
OGRA	Oil and Gas Regulatory Authority
OMC	Oil Marketing Company
PAC	Public Accounts Committee
PARCO	Pak-Arab Refinery Company
PCP	Pakistan Citizen Portal
PD	Petroleum Division
PDC	Price Differential Claim
PGPCL	PGP Consortium Limited
PIM	Pakistan Institute of Management
PL	Petroleum Levy
PLL	Pakistan LNG Limited
PLTL	Pakistan LNG Terminal Limited
PPL	Pakistan Petroleum Limited
PMDU	Prime Minister Delivery Unit
PMI	Pakistan Manpower Institute
POL	Pakistan Oil Field Limited
POL	Petroleum Oil Lubricant
PPRA	Public Procurement Regulatory Authority
PSO	Pakistan State Oil
R&D	Research and Development
RLNG	Re-gasified Liquid Natural Gas
RON	Research Octane Number
RSS	Really Simple Syndication
Rs.	Rupees
SECP	Securities & Exchange Commission of Pakistan
SHC	Sindh High Court
SKO	Superior Kerosene Oil
SMS	Sales Meter Station
SNGPL	Sui Northern Gas Pipelines Ltd.
SOP	Standard Operating Procedure
SPGL	Star Power Generation Limited
SSGCL	Sui Southern Gas Company Ltd.
STI	Secretariat Training Institute
TAPI	Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline
T&D	Transmission & Distribution
TPA	Third Party Access
TPI	Third Party Inspector
UET	University of Engineering and Technology
UFG	Unaccounted for Gas
UGDCL	Universal Gas Distribution Company Limited

UK	United Kingdom
US\$	US Dollar
VPS	Virtual Private Server
USAID	United States Agency for International Development
WAPDA	Water and Power Development Authority
WOP	White Oil Pipeline

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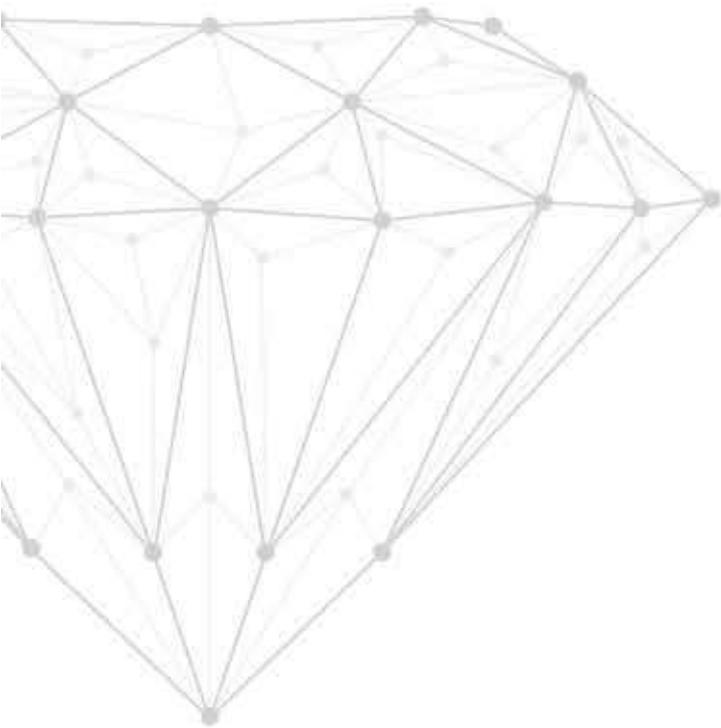
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