

Managing Director,
Sui Northern Gas Pipelines Limited,
Lahore.
Chief Executive Officer,
Universal Gas Distribution Company,
Islamabad

Managing Director,
Sui Southern Gas Company Limited,
Karachi.
Chief Operating Officer,
Pakistan LNG Limited,
Islamabad

Subject: **PROPOSALS FOR MODIFICATION IN PAKISTAN GAS NETWORK
CODE (PGNC)**

Dear Sir

Reference M/s Universal Gas Distribution Company proposal for 16 Nos. modifications in Pakistan Gas Network Code (PGNWC).

2. In this regard, it is apprised that under Article 21 of PGNWC, the Code Modification Panel (CMP) had to submit a report to the Authority no later than three (3) months after submission of the modification proposal. However, the CMP was unable to reach a consensus and submit the requisite report within the stipulated time. OGRA observes that Federal Government is pursuing to liberalize the gas market by providing opportunity to new market entrants and provide enabling Regulatory environment for sustainable gas supplies.

3. In view of above, OGRA has considered the request for modification in PGNWC in the light of OGRA Gas TPA Rules, Federal Government initiatives & policies and keeping in view the input/ comments of each member of CMP, the Authority has approved following modifications in Article 1.1, Article 2.5 and Article 3.7 of PGNWC;

(a) **Article 1.1: Operational Constraints have been defined;**

“Operational Constraints” means a situation where despite best endeavours adopted by the transporter, use of state-of-the-art technology and gas pipeline operating practices, delivery of gas to the destined consumer of the shipper is not possible. To address such operational constraints, the transporter shall undertake augmentation of its network at its own cost, if economical, or at the cost of shipper if it is willing to pay, in line with Rule 4(k) of the TPA Rules, 2018.

(b) **Article 2.5 and Article 3.7** has been amended as follows for a period of six (6) months starting from the date when first molecule of RLNG is received at an Exit point of a private shipper.

(b)(i) Article 2.5: Capacity Overruns

Table 1 – Summary of overrun charges for differing tolerances			
Overrun (OT)	Tolerance	Winter overrun charges for December, January and February	Overrun charges for other months in the year
OT < 10%		[3 2] x Daily Capacity Charge	[2 1] x Daily Capacity Charge
10% > OT < 20%		[6 4] x Daily Capacity Charge	[4 2] x Daily Capacity Charge
OT > 20%		[9 6] x Daily Capacity Charge	[6 3] x Daily Capacity Charge

- The word [two (2)] at line three of Article 2.5(c)(i) may be read as [one (1)] and the word [three (3)] at line five of Article 2.5(c)(i) may be read as [two (2)].
- The word [four (4)] at line three of Article 2.5(c)(ii) may be read as [two (2)] and the word [six (6)] at line six of Article 2.5(c)(ii) may be read as [four (4)].
- The word [six (6)] at line two of Article 2.5(c)(iii) may be read as [three (3)] and the word [nine (9)] at line five of Article 2.5(c)(iii) may be read as [six (6)].

(b)(ii) Article 3.7: Daily Discipline

Modified Daily Discipline Summary		
Cumulative Imbalance of	Daily Discipline tolerance for December, January and February	Daily Discipline tolerance for other months in the year
Shipper	[±5% ±10%]	[±10%]
Daily Discipline Charge payable	[80%, 120% 100%]	[80%, 120% 100%]

- The word [5%] at line two of Article 3.7(c) may be read as [10%], the word [5%] at line two of Article 3.7(c)(i) may be read as [10%], the word [80%] at line four of Article 3.7(c)(i) may be read as [100%] and the word [80%] at line four of Article 3.7(c)(ii) may be read as [100%].
- The word [5%] at line two of Article 3.7(d) may be read as [10%], the word [5%] at line two of Article 3.7(d)(i) may be read as [10%], the word [120%] at line three of Article 3.7(d)(i) may be read as [100%] and the word [120%] at line three of Article 3.7(d)(ii) may be read as [100%].

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(e) *Appendix [E]: Capacity Allocation Methodology*

In this regard, the Authority considered the above proposed amendment in the PGNC as well contents of SNGPL letter No. RA-TPA-040-20 dated 16.11.2020 and letter No. RA-TPA-013-21 dated 27.05.2021 and has ratified OGRA earlier directions conveyed vide letters No. OGRA-9(360)/UGDC/2014 dated 27.12.2019, 06.10.2020 and 29.10.2020 in respect of Appendix 'E' of PGNWC. As a consequent thereof, SNGPL letter No. RA-TPA-040-20 dated 16.11.2020 has become infructuous.

4. It may please be noted that during the said period of six (6) months, relevant transporter will submit their report on frequency of overruns beyond allocated capacity and its related issues including daily discipline, invoicing, charging or payment of such charges.

Yours truly,



Mishbah Yaqub
Senior Executive Director (Gas)
For and On Behalf of the Authority

CC:

Code Modification Panel

Mr. Shehryar Qazi,
General Manager (Operations),
SNGPL- Transmission, Faisalabad

Mr. Kamran Ehsan Nagi,
General Manager (Distribution South),
SSGCL, Karachi

Mr. Ghiyas Abdullah Paracha,
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Muhammad Yousaf Inam,
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