



A N N U A L R E P O R T 2 0 0 8 - 0 9









Mission Statement

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



The Authority



Dr. M. Ilyas Fazil Member Oil

Syed Hadi Hasnain Vice Chairman/Member Gas

Tauqir Sadiq Chairman

Mir Kamal Marri Member Finance

Senior Officers



Left to Right (Sitting):

Zainulabideen Qureshi (Executive Director), Sarfraz Ali Sheikh (Senior Executive Director), Javed Nazir (Senior Executive Director), Muhammad Yasin (Executive Director), Shahzad Iqbal (Executive Director)

Left to Right (Standing):

Sarmad Aslam (Executive Director), Lt. Col. (R) Farrukh Nadeem (Secretary), Lt. Col. (R) Iqbal Qureshi (Executive Director), Muazzam Hussain Ch. (Executive Director), Anwar Ali Sheikh (Executive Director)

Report on Conduct of OGRA Affairs

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Conduct of OGRA Affairs including Anticipated Developments Next Year

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Abbreviations and Acronyms

ACPL Attock Cement Pipeline Limited

AJK Azad Jammu & Kashmir

ANSI American National Standards Institute

API American Petroleum Institute

APL Attock Petroleum Ltd.

ARL Attock Refinery Limited

ASME American Society of Mechanical Engineers

BBL Barrels

BBTU Billion British Thermal Unit

BJV Bolan Joint Venture

BOPL Bosicor Oil Pakistan Limited

BPL Bosicor Pakistan Limited

BPP BP Pakistan Exploration and Production Inc.

BQPS Bin Qasim Power Station

C&F Cost and Freight

CDA Capital Development Authority

CNG Compressed Natural Gas

CPGCL Central Power Generation Company Limited

CPI Consumer Price Index
CPL Chevron Pakistan Limited
CRL Coastal Refinery Limited

CRPR Complaint Resolution Procedure Regulations

CSC Consumer Service Centre

DCO District Coordination Officer

DEER Determination of Estimated Revenue Requirement

DWP Development Working Party

ECC Economic Coordination Committee
ECPL Engro Chemicals Pakistan Limited
EPA Environmental Protection Agency
EPZA Export Processing Zone Authority
ERR Estimated Revenue Requirement
EVC Electronic Volume Corrector

EWT Extended Well Test

FATA Federal Administered Tribal Areas
FFCL Fatima Fertilizer Company Limited
FFCL Fauji Fertilizer Company Limited

Fig Figure

FOB Free on Board

FPCDL Foundation Power Company (Daharki) Limited

FRR Final Revenue Requirement
FY Fiscal Year/Financial Year
GDS Gas Development Surcharge

GIREP Gas Infrastructure Rehabilitation and Expansion Project

GoP Government of Pakistan GSA Gas Sale Agreement

GTA Gas Transportation Agreement

HDIP Hydrocarbon Development Institute of Pakistan

HITE Hub Industrial Trading Estate

HOBC High Octane Blending Component

HPGCL Halmore Power Generation Company Ltd

HR Human Resource

HSC Health, Safety & Environment

HSD High Speed Diesel HSFO High Sulfur Fuel Oil

IA Implementation Agreement ICI Imperial Chemical Industries

ID Identity Card

IDLO International Development Law Organization

IFEM Inland Freight Equalization Margin

IPP Import Parity Price

IPP Independent Power Producer IRBP Indus Right Bank Pipeline

ISA International Standards for Automation ISGSL Inter State Gas Systems (Pvt.) Limited

IT Information Technology

KERO Kerosene Oil

KESC Karachi Electric Supply Corpration

Km Kilometer

LAN	Local Area Network

LDO Light Diesel Oil

LHF Liquid Handling Facility

LNG Liquefied Natural Gas

LPG Liquefied Petroleum Gas

LPS Late Payment Surcharge

MGCL Mari Gas Company Ltd.

MMBTU Million British Thermal Unit

MMcfd Million Cubic Feet per Day

MMscfd Million Standard Cubic Feet per Day

MP&NR Ministry of Petroleum & Natural Resources

MS Motor Spirit
MT Metric Tons

NEQS National Environment Quality Standard
NFPA National Fire Protection Association
NGRA Natural Gas Regulatory Authority

NOC No Objection Certificate

NRL National Refinery Limited

NRV Non Return Valve

NWFP North West Frontier Province

OCAC Oil Companies Advisory Committee

OGDCL Oil and Gas Development Company Limited

OGRA Oil and Gas Regulatory Authority

OMC Oil Marketing Company
OPI Orient Petroleum Inc
P&C Planning & Coordination
PAFL Pak American Fertilizer Ltd
PARCO Pak-Arab Refinery Company

PASSCO Pakistan Agriculture Storage and Supplies Corporation

PDC Petroleum Differential Claim

PDL Petroleum Development Levy

PEPCO Pakistan Electric Power Company

POL Petroleum Oil Lubricant
PPL Pakistan Petroleum Ltd
PRL Pakistan Refinery Limited

PRS Pressure Reduction Stations

PSO Pakistan State Oil

QA/QC Quality Assurance/Quality Control

QPCEP Quetta Pipeline Capacity Expansion Project
RERR Review of Estimated Revenue Requirement

RLNG Re-gasification of Liquid Natural Gas

RON Research Octane Number

ROW Right of Way

RR Revenue Requirement

Rs. Rupees

SAFIR South Asia Forum for Infrastructure Regulation

SBM Single Buoy Mooring System

SECP Securities and Exchange Commission of Pakistan

SITE Sindh Industrial Trading Estate

SKO Superior Kerosene Oil

SMS Sales Meter Station

SNGPL Sui Northern Gas Pipelines Ltd SPGL Star Power Generation Limited

SPL Shell Pakistan Limited

SSGCL Sui Southern Gas Company Ltd

T&D Transmission & Distribution

TBS Town Border Station

TRL TransAsia Refinery Limited

TOR Term of Reference

TT Twist Tite

UFG Unaccounted for Gas
UK United Kingdom

US\$ US Dollar

USA United States of America

WACOG Weighted Average Cost of Gas

WAPDA Water and Power Development Authority

WC Water Column

WOP White Oil Pipeline

WPPF Workers Profit Participation Fund



1. CHAIRMAN'S REVIEW

It gives me great pleasure to present the 7th Annual Report of OGRA's performance for the year ended June 30, 2009 in pursuance of Section 20 (1) (a) of the OGRA Ordinance, 2002. I must first acknowledge my appreciation and gratitude for the dedicated efforts of my predecessor, our founding Chairman Mr. Munir Ahmad, and the former Members of the Authority. The result is evident from the strong regulatory institution that my new team and myself have inherited and must sustain and improve upon. Their knowledge of the petroleum industry and dedicated involvement in fulfilling the Organization's vision deserves our sincere thanks, and would remain the beacon to guide us as we take on this mantle.

The hard work of OGRA's team of professionals has earned OGRA respect and recognition in the Industry and from various local and international bodies including multilateral agencies.

I am confident that this Authority is well positioned to continue delivering strong performance by staying focused on its mission i.e. "Safeguard public interest through efficient and effective regulation in the midstream and downstream petroleum sector".

During FY 2008-09 OGRA has been quite successful in achieving its objective to foster competition with increased private investment and ownership in the midstream and downstream petroleum industry and protect the public interest by providing effective and efficient regulations. The report highlights the important and considerable efforts of OGRA to implement the government's reform agenda in the oil and gas sectors.

OGRA has made significant progress during FY 2008-09 towards furthering the objectives of its establishment. A new aspect of OGRA's activities is that the Federal Government has transferred the management of Inland Freight Equalization Margin (IFEM) including its computation, to OGRA w.e.f September 01, 2008. Inland Freight Equalization is an integral part of oil pricing formula. IFEM mechanism is used to equalize prices of HSD, HOBC, LDO, MS, SKO at 12 depots.

In addition to IFEM management, through an amendment in the OGRA Ordinance, OGRA has been given the authority to determine and notify the CNG retail price in accordance with the policy guideline issued by the Government of Pakistan (GoP). OGRA, under Section 43 (B) of the OGRA Ordinance, 2009 has issued maximum sale price of CNG to be charged by CNG stations from the consumers effective from August 01, 2009.

The Federal Government has allowed the blending of Ethanol into motor gasoline (E-10) as motor vehicle fuel on trial basis for initial period of two years. OGRA will determine/notify the ex-depot and retail price of E-10 per liter on monthly basis as per the approved formula, while maintaining differential of Rs. 2.50 per liter vis-à-vis normal grade gasoline. In order to proceed, the OGRA Ordinance needs to be amended and same has been taken up with the Federal Government.

The other main feature of OGRA's activities was the preparation of Technical standards pertaining to

i) Depots for the storage of petroleum products, ii) Retail Outlets, and iii) Oil Transportation (Pipeline) which were subsequently sent to the Federal Government for promulgation/notification.

OGRA also remained fully engaged in determination of revenue requirements/prescribed prices of gas utilities, expeditious resolution of complaints and litigation cases against its regulated companies, enforcement of service standards and drafting of new rules and regulations. Activities carried out also included the grant of licences for marketing of Compressed Natural Gas (CNG), construction of storage and filling facilities and marketing of Liquefied Petroleum Gas (LPG) and permission for setting up oil refineries, oil storages and registration of lube oil blending/reclamation plants.

One of the main functions of the Authority is the determination of revenue requirements of natural gas utilities which are entitled to a minimum return of 17% Sui Southern Gas Company Limited (SSGCL) and 17.5% Sui Northern Gas Pipelines Limited (SNGPL) on their net operating fixed assets before tax and financial charges. During the year under review, the Authority decided eight cases including four reviews of its decisions relating to revenue requirement of the two gas utilities. These decisions were made after in-depth scrutiny of the capital and operating expenditure based on prudence, optimization, improved service to customers and safeguarding public interest. The Authority provided full opportunity to all stakeholders to express their viewpoint which were given due consideration before taking the decisions. The Authority issued eighty-nine Well-Head gas price notifications for forty-seven gas fields and 19 notifications of ex-depot sale price of petroleum products in consultation with the Federal Government.

The Authority issued four notifications of prescribed prices for both the gas utilities SSGCL and SNGPL during FY 2008-09. In accordance with the provisions of the OGRA Ordinance, the Authority also notified the sale prices of natural gas for each category of consumers. The differential between the prescribed prices and sale prices is paid by the gas companies as Gas Development Surcharge (GDS) to the government.

Unaccounted for Gas (UFG) levels of SSGCL and SNGPL have been a major concern for the Authority as 1% of UFG of both the companies at an average price of gas in FY 2008-09 translated to revenue loss of about 3.0 billion rupees per year. OGRA has fixed targets in respect of UFG (line losses) and the human resource costs to improve operational efficiency of the companies. As a consequence of enforcement of the UFG targets during FY 2008-09, an additional burden of Rs. 7.3 billion (Rs.8.11/MMBTU) on gas consumers was avoided as the companies absorbed it from their own profit. This is motivating the gas utilities to initiate effective measures for improving operational efficiency, in order to achieve the said targets and to retain the benefits.

Another important aspect of OGRA's functions is the redressal of consumers' complaints against the oil, gas companies and licensees of LPG and CNG. These complaints are dealt in accordance with the Complaints Resolution Procedure Regulations (CRPR), 2003. Expeditious resolution of public

complaints against the Oil, Gas, CNG and LPG companies, improving quality of service and compliance of performance and service standards by the licensees are Authority's priorities and there is growing satisfaction in the public about OGRA's system. A separate Department for complaint redressal has been established in OGRA which receives public complaints and processes the same to provide quick and effective relief to the consumers. During FY 2008-09 OGRA received 1,917 complaints (includes 423 complaints carried forward) of which 1,489 including 1,353 Natural Gas, 35 LPG, 84 CNG and 17 related Oil complaints were resolved. On the intervention of OGRA, gas utilities provided 384 gas connections and relief of Rs. 53.95 million to consumers during 2008-09. During 2003-04 to 31st October 2009, two gas utilities, on the intervention of OGRA, have provided 1,293 gas connections and Rs. 109 million relief to the consumers.

The Authority has also created a litigation cell, to handle the litigation cases. During FY 2008-2009, 103 court cases have been received by OGRA, out of which 63 cases have been resolved and 40 cases are pending.

The Authority approved 5 gas sales agreements between producers and licensees, 3 gas sale/supply agreements between licensees and retail consumers and one gas sale/supply agreement between associated companies. OGRA granted approval of SSGCL/SNGPL's projects related to expansion in the transmission and distribution networks, with some deletions and disallowances where prudence of investments was not established in the light of design parameters or the assumptions on which the project was based.

OGRA was empowered under the OGRA Ordinance, 2002 to regulate the CNG sector with effect from 15th March, 2003 under the CNG (Production & Marketing) Rules 1992. During FY 2008-09, OGRA granted 662 marketing licences after receiving satisfactory inspection report from third party inspectors. Pakistan is one of the largest CNG users in the world having 2,868 operational CNG stations in different parts of the country as on 30th June, 2009. It is envisaged that an investment of Rs. 15 billion has been made in this fiscal year thus contributing to an overall investment of Rs. 77 billion direct and indirect in this sector.

The regulatory functions of LPG were transferred from Ministry of Petroleum & Natural Resources (MP&NR) to OGRA on March 15, 2003 and since then OGRA has been regulating the sector in accordance with LPG (Production & Distribution) Rules, 2001 and the deregulation policy of the Federal Government. During the year, OGRA issued 9 licences for marketing of LPG while 6 licences have been issued for construction of LPG storage and filling facilities at various locations. During FY 2008-09, an investment of Rs. 0.5 billion has been made in the LPG supply infrastructure where as total investment in the sector till date, is estimated at about Rs.13.6 billion.

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

Pakistan Petroleum (Refining, Blending and Marketing) Rules 1971. During FY 2008-09, OGRA granted permission for setting up Oil Refinery to M/s Bosicor Oil Pakistan Limited (BOPL) at Hub (Balochistan) and to TransAsia Refinery Limited (TRL) to be located at Port Qasim having name plate capacity of 4.6 million tons/annum and 4.5 million tons/annum respectively, which would bring a total investment of approx US\$ 1 Billion. The Authority also registered twelve Lube Oil Blending/Reclamation Plants after 3rd Party Certification through HDIP, and conformity of the plants with the mandatory technical requirements. In addition, three companies have been issued permission for construction of oil storages that will collectively add approximately 143,250 M.tons to the petroleum storage capacity of the country and will bring an investment of Rs. 1.75 billion. OGRA, in its endeavour to ensure the quality of POL products, carried out 121 and 192 inspections/quality checks of OMCs depots and imported products, respectively.

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

Corporate responsibility is critical to the future success and sustainability of our organisation. We also need to ensure that we are focusing our attention on the issues and areas that are most material to us, and that are most important to our stakeholders.

In order to face the challenging conditions prevalent in Pakistan, especially in the Energy Sector, we need to put in our collaborated efforts for a prosperous sustainable future, both at organizational and national levels.

Due to its relentless pursuit of quality and efficiency in the regulatory sphere, OGRA has earned a respectable repute of being an impartial and effective regulator.

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

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

Islamabad
December 15, 2009

Jaugy Ladig (Tauqir Sadiq) Chairman



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

2.1.1 Chairman

Mr. Tauqir Sadiq

Mr. Tauqir Sadiq assumed his duties as Chairman, OGRA on 22.07.2009. He is a Law Graduate with specialization in Regulations (Subordinate Legislation). His professional experience, of more than 22 years, is a fine blend of proficiency in Corporate Law, Regulatory affairs, Organizational Reforms & Restructuring and Organizational Development. Mr. Tauqir is a distinguished expert, one of the first generation Regulatory affairs' professionals in Pakistan, possessing thorough knowledge of Regulatory and Corporate matters. He is a professional with sound judgment and decisiveness.



Through his progressive thinking, leadership qualities and strong expertise in regulatory functions he played the role of a catalyst in successful restructuring and development of various well reputed organizations. Mr. Tauqir's multi-dimensional career spans from Law and Regulatory practice, to the role of a visionary leader and a change manager in organizations like Wah Nobel, SECP, PASSCO and OGRA. His multi-dimensional professional expertise has also been sought at various fora for training of professionals and he has been a part of the visiting faculty of prestigious professional legal educational institutions in Pakistan for more than 10 years.

Mr. Tauqir has attended a range of Regulatory training programs. His experience in Regulatory Systems, Corporate Governance, Restructuring and Organizational Development made him worthy of attending various high level training programs organized, both nationally and internationally e.g. courses arranged by South Asia Forum for Infrastructure Regulation (SAFIR). He was also amongst the few selected Regulatory practitioners from the third world countries worldwide, selected for a very special training course on Regulations namely Strengthening Domestic Regulatory Systems for Effective Public and Corporate Governance, held in Italy, arranged by International Development Law Organization (IDLO).

Mr. Tauqir was among the first team inducted in OGRA and worked as Legal Head and Registrar in the year 2003. Complaints department was created during his stay with the objective of providing quick relief and satisfaction to the customers/consumers of gas. Through his strategic and tactical management expertise, Wah Nobel Group's pretax profits were uplifted in an outstanding manner, from about Rs. 175 million to Rs. 500 million plus, within a year's time.

Under the stewardship of Mr. Tauqir Sadiq, OGRA's transformation of the transparent and effective Regulatory body is anticipated. Besides consolidation in the core areas of Regulation, he is pursuing a string of strategic initiatives for restructuring and development of OGRA as an organization. Establishment of Enforcement Department to strengthen the company's standards and specifications is a first step.

2.1.2 Vice Chairman/Member (Gas)

Syed Hadi Hasnain

Syed Hadi Hasnain was appointed as Member (Gas) on August 03, 2007. He holds Bechelor's Degree in Petroleum Engineering from Engineering University Lahore, Master's Degree in Energy Engineering from UK and MS in Management from USA. His career spans over thirty-four years in regulatory, policy and technical matters of the petroleum sector. Mr. Hasnain has worked in the Ministry of Petroleum & Natural Resources at various positions for twenty one years. He also has worked with BP Pakistan Exploration and Production Inc. (BPP) for ten years at senior management levels. He has a unique blend of exposure both of the public as well as corporate sectors in the petroleum industry. He has attended various international seminars and conferences as participant and guest speaker. He has also attended various training programmes and professional courses including "Alternative Energy Sources" from Italy, "Petroleum Exploration, Production & Reservoir Management" from Canada and "CNG as Automotive Fuel" from Thailand



2.1.3 Member (Finance)

Mir Kamal Marri

Mir Kamal Marri was appointed as Member (Finance) on May 15, 2009. He holds Bachelor s degree in Petroleum and Gas Engineering from University of Engineering and Technology, Lahore and Master in Business Administration from Drexel University, Philadelphia, USA. He has to his credit over twenty year s exposure in senior management positions in the field of finance, management, budgeting, planning, capital markets and human resource development. He had played an important role in the planning, restructuring and reform of state owned entities and also prepared strategic framework / privatization road map for SSGCL, OGDCL, PPL, NRL & PSO. He had been involved in the restructuring and privatization of mining sector. He had also managed various development projects pertaining to oil and gas exploration. He has a unique blend of exposure of both the public as well as private sector.



2.1.4 Member (Oil)

Dr. M. Ilyas Fazil

Dr. M. Ilyas Fazil was appointed as Member (Oil) on November 5, 2009. Dr. Fazil is a Chemical Engineer by profession, having obtained his Bachelor of Science in Chemical Engineering from the University of the Punjab, and his Ph.D. in Petrochemical Engineering from the Institute of Oil and Gas, Ploiesti, Romania.

Having started his career in 1980, he possesses over 28 years of experience in the petroleum industry. He served Attock Refinery Limited (ARL) since 1983 in increasing levels of responsibility in Technical Services, Engineering and Projects. During his nearly over twenty five years at ARL, he handled the entire range of activity, namely Refinery Operations, Technical Services (including the Quality Control Laboratory), Engineering (Detailed Engineering, QA/QC of Refinery Projects), Head of HSE (developing and implementing state-of-the-art world class systems to ensure the best possible HSE environment). As Technical Head, he was also responsible for overseeing all Refinery Projects as head also of the Planning and Development Department. He retired from ARL in November 2008 as Deputy General Manager.

His posting in 2008 (on secondment from ARL) as Secretary General, Oil Companies' Advisory Committee (OCAC), the premier organization representing the Downstream Oil Industry, gave him a larger exposure, and Overview, of the entire petroleum sector and interaction at the senior-most level with all Stakeholders (Refineries, Oil Marketing Companies, Pipeline company), as well as the Ministries (Petroleum, Finance, Ports & Shipping).

This assignment gave him a very useful insight into the entire oil sector's working as well as an overview of the country's oil & gas infrastructure, import planning and pricing of product.

He has attended numerous international seminars, conferences and Training Programs covering the subjects of Petroleum Industry Management, Law & Negotiation for Petroleum Exploration and Production, Financial Management, Oil Pricing, and Environmental Management.

Dr. Fazil is a Registered Professional Engineer, Pakistan Engineering Council, a Member Pakistan Institute of Chemical Engineers, and Member American Institute of Chemical Engineers.



2.2 Powers and Functions

The Powers and 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:

o Natural Gas

- Construction or operation of pipelines or storage facilities or other installations
- Transmission
- Distribution
- Sale

o Oil

- Construction or operation of refinery, pipelines, storage facilities, blending facilities and installations
- Marketing and storage of refined oil products

o Liquefied Petroleum Gas (LPG)

- Construction or operation of pipelines, production or processing facilities, storage facilities and installations
- Transporting, filling, marketing and distribution

o Compressed Natural Gas (CNG)

- Construction or operation of installations including testing or storage facilities
- Transporting, filling, marketing and distribution

o Liquefied Natural Gas (LNG)

- Construction or operation of production and processing facilities
- Construction or operation of installation including testing or storage facilities
- Transporting, filling, marketing and distribution
- **Exclusive** power to employ officers, staff, experts, consultants, advisors and other employees on such terms and conditions as it may deem fit
- **Exclusive** powers to decide upon all matters in its jurisdiction
- Develop and enforce performance and service standards
- Determine in consultation with the Federal Government and the licensees, a reasonable rate of return to the natural gas licensees.
- Prescribe procedures and standards for investment programmes of the gas utilities and oversee their capital expenditure to ensure prudence.
- Determine the revenue requirement of gas utilities covering the cost of gas, transmission and

distribution cost and the prescribed return.

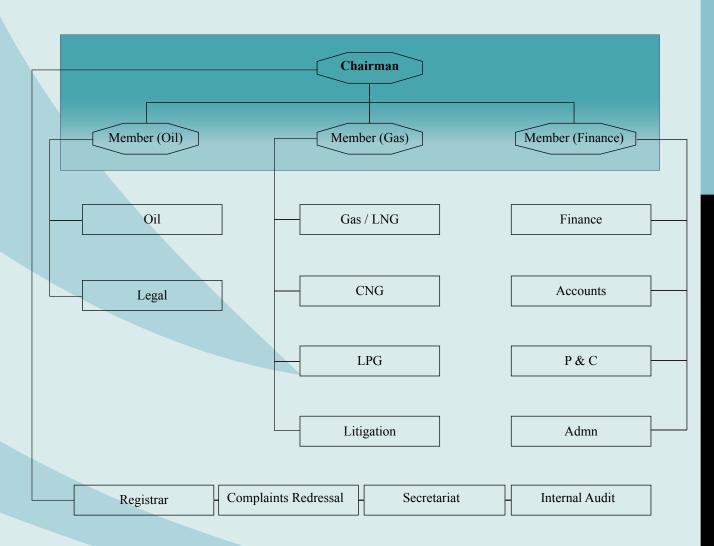
- Resolution of complaints and disputes between a person and a licensee or between licensees.
- Enforce standards and specifications for refined oil products as notified by the Federal Government.
- Implement policy guidelines of the Federal Government, issued under Section 21 of the OGRA Ordinance subject to their being consistent with the provisions of the Ordinance.

2.3 Organizational Structure

2.3.1 Organogram

The Authority is organized as reflected by Fig 2.1.

Fig 2.1 Organizational Structure



2.3.2 The Human Capital

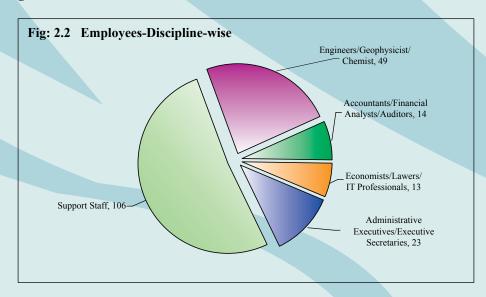
The Authority believes that quality of its human capital determines the quality of its performance. Hence, it attaches utmost importance to human resource management. OGRA's human resource strategy is focused at developing an organizational culture that puts its employees first. It is based on core values,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

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

Values of HR Management at OGRA

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

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



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

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

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

Since regulation, by an independent regulator is comparatively a new concept in Pakistan, there is an acute shortage of experts in this field. Therefore, the employees are also provided adequate opportunities to benefit from the experience of other regulators from different countries all over the world. Education, training and career development, in OGRA play an important role in enhancing the professional competence of employees, enabling them to effectively meet the new challenges.

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

2.3.3 Capacity Building

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

OGRA has always realized the importance of Human Resource development. In particular, OGRA places emphasis on capacity building in an explicit effort to improve performance in relation to its purpose, resources and sustainability. We thus took the initiative of obtaining World Bank funding, through the Finance Division, from the Federal Government's Public Sector Capacity Building Project (PSCBP). OGRA's component of this Project was oriented towards improvement in regulatory functions through an intensive professional development program (trainings) and institutional strengthening studies to meet the challenges of the dynamic Oil & Gas sectors.

OGRA, being a vibrant organization, gives serious attention to capacity building of its employees to ensure even-improving quality and efficiency and it builds capacity through:

- Assessing the training needs of the staff and organizing training in the relevant fields of development, to inculcate high level of efficiency and professionalism in officers.
- Conducting in-house/customized training programs to enhance officer's existing skill and get maximum output.

- Conducting studies on key regulatory issues which contribute towards the effective regulation of Pakistan's mid & downstream petroleum sector.
- Facilitating exchanges to gain practical knowledge/experience/exposure through study visits abroad and technical site visits to the operational areas of all licensees in Natural Gas, Oil, CNG & LPG sectors.

In order to inculcate the requisite expertise, OGRA provides extensive training opportunities (foreign, local as well as in-house) to its staff through its own funds. During the year under review, OGRA's 24 officers attended 7 local training courses/seminars which provided them an opportunity to learn requisite skills. One senior officer attended an international forum as a "Guest Speaker" which provided an opportunity to represent Pakistan, to share and learn from their experiences and utilize such expertise in efficient & effective regulation of oil and gas sectors in Pakistan.

Skills Enhancement Programme of OGRA has been developed as a built-in feature and it focuses on Human Resource as well as Institutional development in order to achieve improved quality oriented results. So far, OGRA's 209 officers at all levels have attended different courses and have been given the opportunity of benefiting from relevant foreign training courses/conferences/seminars, local courses, online and customized/in-house training programmes.

Being a Regulator, OGRA must also keep itself aware of global developments in the Oil & Gas sectors, with specific emphasis on how to improve its assigned role. In order, therefore, to further equip its human resource with the latest techniques/technologies through providing training opportunities.

2.3.4 IT Orientation

There is a 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 officers in OGRA have dedicated computers and are connected to Local Area Networks (LAN) to share resources like printers, scanners, heavy duty network printers etc. Three offices are connected through high speed wireless link and each of them has dedicated Fiber Optic Internet connection. For efficient communication OGRA email facility is provided to all officers. The Authority is continuously striving to reduce paper usage and achieving efficiency through more intense use of information technology.

OGRA maintains web portal 'www.ogra.org.pk' which has been designed using latest and secure web development tools. It is user friendly and being updated regularly. Anyone can access it and reach the OGRA Ordinance, rules and regulations, decisions, press releases, oil price notifications, gas & well-head price notifications, LPG price notifications, list of operational CNG stations, list of licensees, tender notices, job announcements, etc. OGRA's website is ranking amongst the most frequently accessed in the country as during the past years about two million visits were recorded which proves its popularity and usefulness.



3. PROCESS

3.1 The Authority's Regulatory Decision Making Process

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

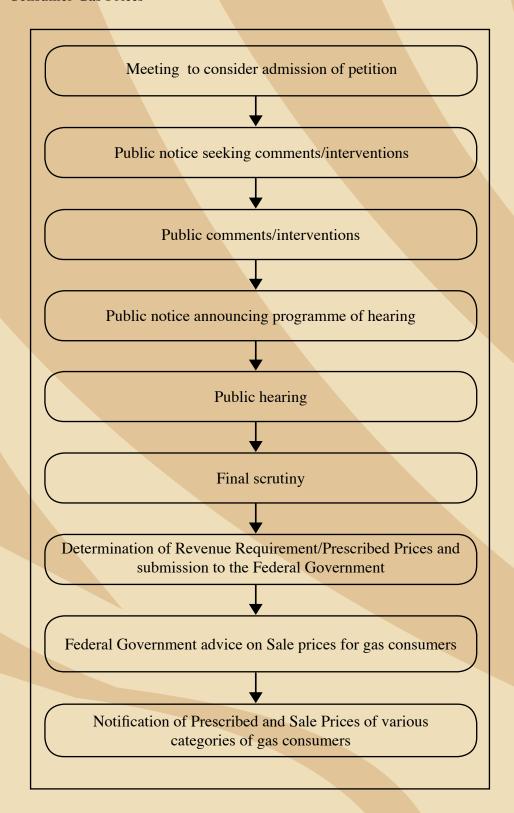
All petitions are examined in light of relevant rules, which, inter-alia, involve interactive process of consultation with all stakeholders including consumers through public hearings. This provides the general public an opportunity to put across its point of view on the cost and quality of service provided by the utility companies. This enables the Authority to have the benefit of a wider range of information and all shades of opinion, which it evaluates before reaching a decision.

To give a bird's eye view of the process, Fig 3.1 shows the steps involved in determination of revenue requirement of a gas company from receipt of petition to notification of prescribed and sale prices.



Authority in a Public Hearing

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





4. PERFORMANCE (FY 2008 - 09)

4.1 Development of Rules & Regulations

Sections 41 and 42 of the OGRA Ordinance require the Authority to formulate rules and regulations. 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 legal instruments for carrying out the Authority's functions as provided in the Ordinance. One of the fundamental instruments i.e. the Natural Gas Licensing Rules, were framed under the former NGRA Ordinance and notified in February 2002. These rules were protected under the provision of the OGRA Ordinance. Since its inception in March, 2002, the Authority has put in place a comprehensive regulatory framework as described in **Appendix-I**.

The Authority has worked on the following rules and regulations during FY 2008 - 09.

Table 4.1: Rules Notified during FY 2008 - 09

Sr. No	Rules	Notification Date
(i)	Amendment in LPG Rules, 2001	17-10-2008
(ii)	Amendment in CNG Rules, 1992	31-10-2008
(iii)	Amendment in the OGRA Ordinance, 2002 (Section 43B)	14-07-2009
(iv)	Amendment in CNG Rules, 1992	04-04-2009

Table 4.2: Regulations Notified during FY 2008 - 09

Sr. No	Regulations	Notification Date
(i)	Amendment in Service Regulations, 2005 (Regulation – 14)	05-03-2009
(ii)	Natural Gas (Well-head Price) Regulations 2009	08-04-2009

a) Oil Technical Standards sent for Promulgation/Notification

- Depots for the Storage of Petroleum Products
- Retail Outlets
- Oil Transportation (Pipeline)

b) Oil Technical Standards under Process

- Design and Safety Technical Standards for Refineries
- Technical Standards for "Road Transport Vehicles, Containers and Equipment used for the Transportation of Petroleum Products"
- Technical Standards for Blending Plants

c) Rules under Preparation (FY 2008 - 09)

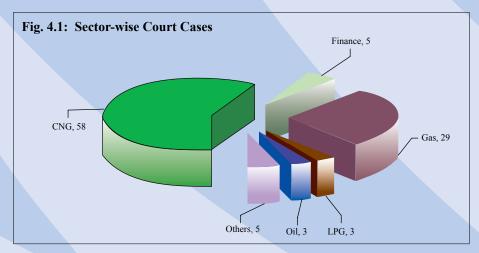
Natural Gas Theft Rules

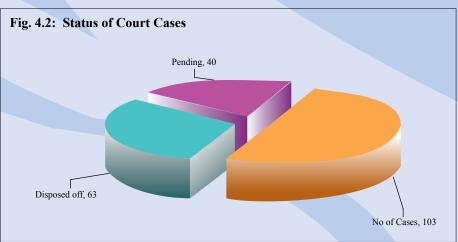
d) Rules Drafted under Process (FY 2007 - 08)

- The Pakistan Oil (Refining, Blending, Transportation, Storage and Marketing) Licensing Rules, 2009
- Amendments to Minimum Performance Standards Regulations
- OGRA (Fines and Recovery) Rules, 2009
- Amendment in OGRA Ordinance, 2002 (Section 43C, Bio Fuels)
- Amendment in OGRA Ordinance, 2002 (Section 21, Ethanol)

4.1.1 Litigation

Authority has created litigation department to handle the litigation cases. Sector-wise court cases and their status are given in **Figs 4.1** and **4.2** below:





4.2 NATURAL GAS SECTOR

4.2.1 Licences Issued

OGRA has so far issued fourteen licences for transmission, distribution and sale of natural gas and natural gas storage facility as given in **Appendix - II.**

During FY 2008-09, OGRA has issued a provisional licence to Pakistan Gasport Limited to facilitate import of LNG as described below:-

Pakistan Gasport Limited had submitted an application on March 24, 2009 for grant of a provisional licence for construction of LNG Terminal at Port Qasim, Karachi under rule 33(1) of OGRA (LNG) Rules, 2007.

The observation/decision of Authority was conveyed to the applicant on May 14, 2009 as under:

- a) The applicant had submitted the application under rule 33(1) of LNG Rules, 2007 which pertains to issuance of provisional licence for a period of 12 months for completing formalities under the rule pertaining to import of LNG. However, perusal of application had also shown that the applicant also wanted to obtain the licence for construction of LNG terminal which was covered under rule 4 of LNG Rules 2007. Therefore, the applicant had not submitted the application for licence strictly in accordance with said rules (Rule 4).
- b) The Authority decided to grant provisional licence to the applicant to complete formalities as stipulated in rule 33(1) of LNG Rules 2007, for a period of 12 months. However, the application for grant of licence for construction of LNG terminal as required under rule 4 of LNG Rules 2007 may be submitted by the applicant strictly meeting the requirements contained therein so as to enable the Authority to appoint the consultant of international repute for evaluation of application in pursuance of the said rules.

4.2.2 Determination of Revenue Requirement (RR) of Gas Utilities and Gas Tariff

The RR and the prescribed price for each category of retail consumers in respect of each licensee carrying out the activities of transmission, distribution or sale of natural gas is determined by the Authority under Section 8 of the OGRA Ordinance, 2002.

The RR, according to the existing tariff regime, comprises of the following major components:

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

The cost of gas, which constitutes bulk of the RR of the gas utilities, is determined in accordance with the parameters contained in the Gas Pricing Agreements between the Federal Government (GoP) and the gas producers. Any change in the cost of gas is, therefore, practically a pass through amount.

The scrutiny by the Authority consequently is more focused on examining the operating revenues, operating cost and assets base. An in-depth evaluation of each item of operating expenditure & revenue is carried out in terms of rationality and prudence. Only justified and reasonable operating expenditures & revenues are included as part of revenue requirement computations.

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

The gas utility companies are required to submit to the Authority their Estimated Revenue Requirement (ERR) for each financial year by December 1 of the preceding year, under the OGRA Ordinance and the Natural Gas Tariff Rules, 2002. These petitions are scrutinized, processed and decided in accordance with the rules after due notice in the national press giving full opportunity to all the stakeholders including the petitioner and general public to comment and being heard. 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 than not, do avail this opportunity.

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

The Authority has decided the following eight (08) petitions of SSGCL and SNGPL during FY 2008-09.

SSGCL

- FRR for FY 2007 08
- Review of ERR for FY 2008 09
- Motion for Review of Revised ERR for FY 2008 09
- ERR for FY 2009 10

SNGPL

- FRR for FY 2007 08
- Motion for Review of ERR for FY 2008 09
- Review of ERR for FY 2008 09
- ERR for FY 2009 10

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

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

4.2.2.1 Sui Southern Gas Company Limited (SSGCL)

4.2.2.1.1 Final Revenue Requirement (FRR) for FY 2007 - 08

The Authority determined FRR for FY 2007-08 at Rs. 81,346 million vide its order dated September 23, 2008. **Table 4.3** shows comparison of OGRA's determination with SSGCL's request in respect of various components of Estimated Revenue Requirement for the same year.

Table 4.3: SSGCL Request vis-a-vis OGRA Determination for FY 2007-08

(Rs. in Million)

Particulars	SSGCL Request	OGRA Determination	Difference
Sales Volume (BBTU)	351,733	351,733	-
Cost of Gas	69,238	69,238	-
Transmission & Distribution Cost and Others	6,388	6,345	(43)
UFG Disallowance	(769)	(762)	7
Depreciation	2,182	2,157	(25)
Return on Net Operating Assets	4,375	4,368	(7)
Total Revenue Requirement	81,416	81,346	(70)
Total Revenue Available	78,657	81,398	2,741
Surplus/(Shortage)	(2,759)	53	2,812
Average Prescribed Price (Rs./MMBTU)	221.17	213.17	(8.00)

4.2.2.1.2 Review of Estimated Revenue Requirement (ERR) for FY 2008-09

The Authority, after holding public hearing and duly taking into account view point of all the interveners, determined the revised revenue requirement at Rs. 117,872 million mainly owing to unprecedented sharp increase in prices of crude & HSFO in the international market coupled with drift in Rupee v/s US\$ parity. **Table 4.4** shows comparison of SSGCL's request in various components of Estimated Revenue Requirement as below:

Table 4.4: SSGCL Request vis-à-vis OGRA Determination for FY 2008 - 09

(Rs. in Million)

Particulars	SSGCL Request	OGRA Determination	Difference
Sales Volume (BBTU)	381,207	381,207	-
Cost of Gas	124,222	105,662	(18,560)
Transmission & Distribution Cost and Others	5,963	5,135	(828)
UFG Disallowance	(1,849)	(1,572)	277
Depreciation	2,771	2,771	-
Return on Net Operating Assets	5,876	5,876	-
Total Revenue Requirement	136,983	117,872	(19,111)
Total Revenue Available	114,721	114,251	(470)
Surplus/(Shortage)	(22,262)	(3,621)	18,641
Average Prescribed Price (Rs./MMBTU)	337.12	288.22	(48.90)

4.2.2.1.3 Motion for Review of Revised Estimated Revenue Requirement (RERR) for FY 2008 - 09

The Authority had determined the total RERR of SSGCL at Rs. 117,872 million. SSGCL, being aggrieved of certain disallowances made by the Authority submitted a motion for review, seeking an addition to revenue requirement of Rs. 811 million. The Authority after examination tentatively accepted Rs. 213 million in respect of Inter State Gas Systems (Pvt) Ltd (ISGSL) project, but decided to allow the same at the time of FRR for FY 2008-09.

4.2.2.1.4 Estimated Revenue Requirement (ERR) of SSGCL for FY 2009 - 10

The Authority determined ERR for FY 2009-10 at Rs. 108,597 million. **Table 4.5** summarizes the OGRA's determination (of May 15, 2009) in comparison to SSGCL request in various components of revenue requirement.

Table 4.5: SSGCL Request vis-à-vis OGRA Determination for FY 2009 - 10

Particulars	SSGCL Request	OGRA Determination	Difference
Sales Volume (BBTU)	390,508	390,508	-
Cost of Gas	94,357	94,357	-
Transmission & Distribution Cost and Others	7,171	5,970	(1,201)
UFG Disallowance	(480)	(1,347)	(867)
Depreciation	3,311	3,042	(269)
Return on Net Operating Assets	6,902	6,575	(327)
Total Revenue Requirement	111,262	108,597	(2,665)
Total Revenue Available	120,671	123,709	3,038
Surplus/(Shortage)	(9,409)	(15,111)	(5,702)
Average Prescribed Price (Rs./MMBTU)	273.97	259.37	(14.60)

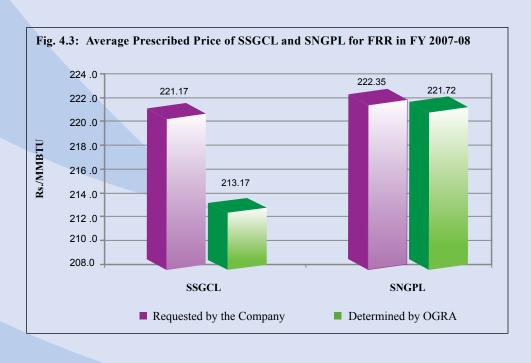
4.2.2.2 Sui Northern Gas Pipelines Limited (SNGPL)

4.2.2.2.1 Final Revenue Requirement for FY 2007 - 08

The Authority determined FRR for FY 2007-08 at Rs. 126,731 million through its order dated September 19, 2008. **Table 4.6** shows comparison of OGRA's determination with SNGPL's request in respect of various components of Estimated Revenue Requirement for the same year. **Fig. 4.3** shows the average prescribed price of SSGCL and SNGPL for FRR in FY 2007-08.

Table 4.6: SNGPL Request vis-a-vis OGRA Determination for FY 2007 - 08

Particulars	SNGPL Request	OGRA Determination	Difference
Sales Volume (BBTU)	559,954	559,954	-
Cost of Gas	109,103	109,103	-
Transmission & Distribution Cost and Others	9,316	9,084	(232)
UFG Disallowance plus Adjustment of FY 2004-05	(2,611)	(2,711)	(100)
Depreciation	4,489	4,470	(19)
Return on Net Operating Assets	6,788	6,785	(3)
Total Revenue Requirement	127,085	126,731	(354)
Total Return Available	123,742	123,742	-
Surplus/(Shortage)	(3,343)	(2,989)	354
Average Prescribed Price (Rs./MMBTU)	222.35	221.72	(0.63)



4.2.2.2.2 Motion for Review of ERR FY 2008-09

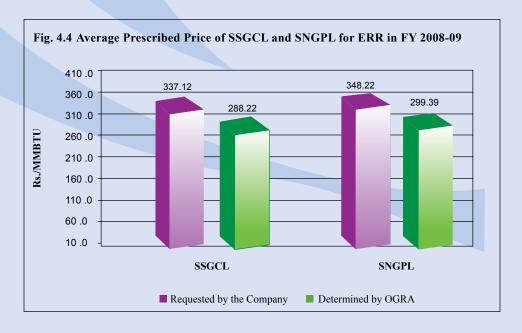
The Authority had determined the ERR of SNGPL for FY 2008-09 at Rs.176,306 million. SNGPL, being aggrieved with certain disallowances, mainly Government Grants and ISGSL expenses, submitted the motion for review for the consideration of the Authority. After examining the petition, the Authority maintained its earlier decision, however, the claim / contention in respect of Sponsorship of University Chair & traveling was accepted. The Authority, however, decided to adjust the same on the basis of actual at the time of FRR for FY 2008-09.

4.2.2.2.3 Review of Estimated Revenue Requirement for FY 2008-09

The Authority, after holding public hearing and duly taking into account view point of all the interveners, determined the revised revenue requirement of SNGPL for FY 2008-09 at Rs. 181,203 million mainly owing to unprecedented sharp increase in prices of crude & HSFO in the international market coupled with drift in Rupee v/s US\$ parity. **Table 4.7** shows comparison of SNGPL request in various components of Estimated Revenue Requirement as below. **Fig. 4.4** shows the average prescribed price of SSGCL and SNGPL for ERR in FY 2008-09.

Table 4.7: SNGPL Request vis-a-vis OGRA Determination for FY 2008-09

Particulars	SNGPL Request	OGRA Determination	Difference
Sales Volume (BBTU)	594,859	594,859	-
Cost of Gas	186,517	158,469	(28,048)
Transmission & Distribution Cost and Others	10,024	9,461	(563)
UFG Disallowance	(674)	(553)	121
Depreciation	6,301	6,301	-
Return on Net Operating Assets	7,524	7,524	-
Total Revenue Requirement	209,692	181,203	(28,489)
Total Return Available	174,160	174,721	561
Surplus/(Shortage)	(35,532)	(6,482)	29,050
Average Prescribed Price (Rs./ MMBTU)	348.22	299.39	(48.83)

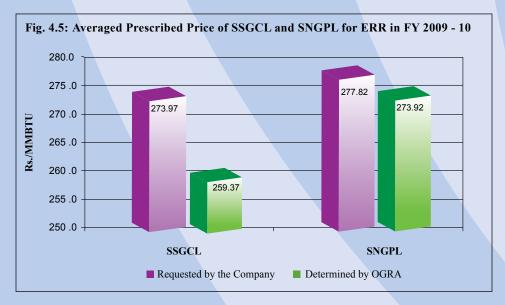


4.2.2.2.4 Estimated Revenue Requirement of SNGPL for FY 2009 - 10

The Authority determined ERR for FY 2009-10 at Rs. 160,962 million vide its decision of May 15, 2009. **Table 4.8** summarizes the OGRA's determination in comparison to SNGPL request in various components of revenue requirement. **Fig 4.5** shows the average prescribed price of SSGCL and SNGPL for ERR in FY 2009-10.

Table 4.8: SNGPL Request vis-a-vis OGRA Determination for FY 2009 - 10

Particulars	SNGPL Request	OGRA Determination	Difference
Sales Volume (BBTU)	577,208	577,208	-
Cost of Gas	135,720	135,720	-
Transmission & Distribution Cost and Others	12,707	11,517	(1,190)
UFG Disallowance plus Adjustment of FY 2004-05	(1,355)	(1,542)	(187)
Depreciation	7,157	6,874	(283)
Return on Net Operating Assets	8,980	8,393	(587)
Total Revenue Requirement	163,210	160,962	(2,248)
Total Return Available	176,149	176,209	60
Surplus/(Shortage)	(12,940)	(15,247)	(2,307)
Average Prescribed Price (Rs./MMBTU)	277.82	273.92	(3.90)



4.2.2.3 Trend Analysis (7 Years)

4.2.2.3.1 Summary of Revenue Requirements

The determinations of the Authority are based on the principle of allowing only prudent and justified operating & capital expenditure and with a view to increase operational efficiency combined with better quality service to consumers. These measures have resulted in actual cost reduction of about Rs. 18.098 billion in seven years (FY 2003-04 to FY 2009-10), benefit of which has been passed on to the consumers and Government. Graphical presentation is depicted in **Fig 4.6**:

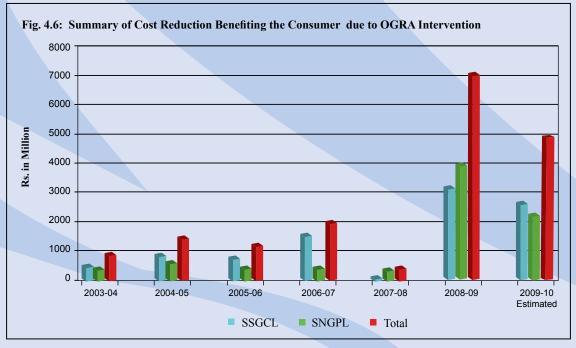


Table 4.9 and **Table 4.10** show behavior of SSGCL & SNGPL's cost items per MMBTU and other major elements of the RRs. **Figs 4.7** and **4.8** depict the trend of cost of gas and average prescribed price of the summary of RR for SSGCL and SNGPL respectively.

Table 4.9: Summary of Revenue Requirement – Historical Comparison – SSGCL

(Rs./ M MBTU)

Particulars	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Estimates
Volume (BBTU)	310,628	329,359	338,126	335,363	351,733	356,442	390,508
Cost of Gas	124.63	142.13	176.40	188.56	196.84	287.42	241.63
T&D Cost and Depreciation	16.40	16.89	18.21	16.84	21.81	21.49	19.38
Return on Assets	8.23	8.40	9.37	11.10	12.42	13.91	16.84
Other Income	(5.64)	(7.63)	(13.47)	(16.61)	(18.10)	(19.59)	(18.72)
Additional RR for Air Mix LPG	-	-	-	-	0.20	0.098	0.25
Average Prescribed Price	143.62	159.80	190.66	199.89	213.17	203.33	259.37

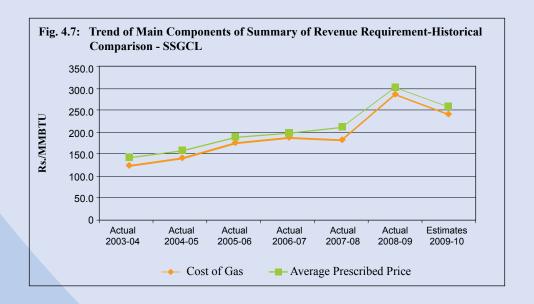
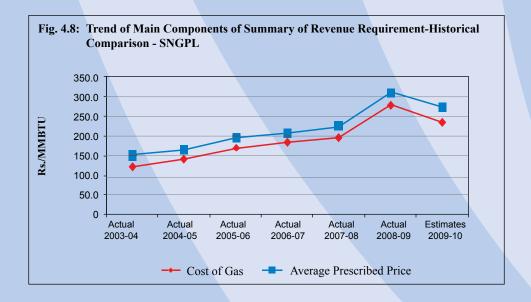


Table 4.10: Summary of Revenue Requirement – Historical Comparison – SNGPL

(Rs. / MMBTU)

Particulars	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Estimates
Volume (BBTU)	426,636	505,543	539,099	541,589	559,954	544,544	577,208
Cost of Gas	123.35	140.82	170.67	183.11	194.84	277.90	235.13
T&D Cost and Depreciation	20.19	17.59	18.51	17.95	19.36	25.86	29.19
Return on Assets	11.32	10.70	10.66	11.13	12.12	14.36	14.54
Other Income	(4.37)	(4.18)	(3.55)	(4.33)	(4.60)	(7.91)	(4.94)
Average Prescribed Price	150.49	164.93	196.35	207.86	221.72	310.21	273.92



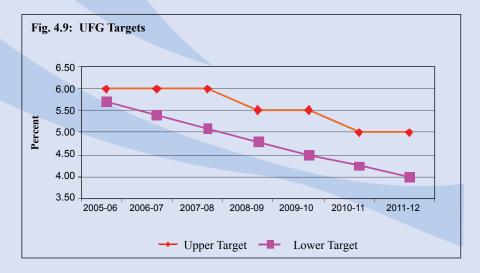
4.2.2.4 Efficiency Benchmark

4.2.2.4.1 Unaccounted for Gas (UFG)/Benchmark

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

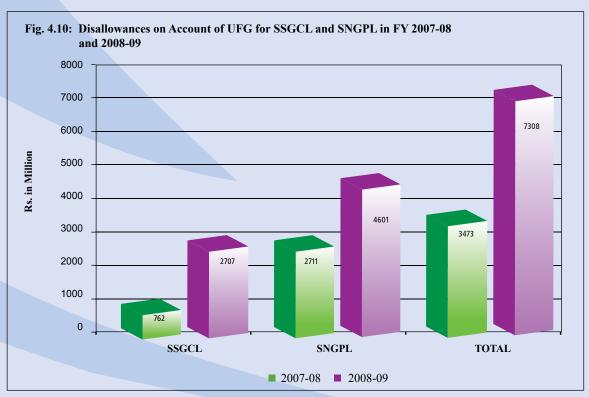
High UFG levels of both the gas utility companies have been major area of concern for the simple reason that this is waste of gas, which is avoidable to a great extent. It is pertinent to mention that one percent UFG of the two gas utilities at an average price of gas in FY 2008-09 translated to revenue loss of Rs. 3.0 billion rupees per year. This loss reflects gas companies' performance and adds to the cost of gas for the consumers.

Ever since its inception OGRA has taken effective measures to bring down the high UFG levels of the two gas utilities, most important being the enforcement of UFG benchmark. In the light of the research covering prevalent international standards/practices and also the ground realities and operational constraints in the country and in consultation with both the utilities OGRA started setting benchmark from FY 2003-04. Later, the utilities have been given targets to reduce UFG levels to 4% by FY 2011-12 as shown in **Fig 4.9.** This measure incentivitizes the companies to work for reducing gas losses through efficient operation.



Detail of actual performance and disallowances on account of UFG by both the gas utilities is given below: UFG disallowances for SSGCL and SNGPL is also shown in **Fig 4.10**.

Particulars	2007-08	2008-09
SSGCL Benchmark (%)	5.10 - 6.00	4.80 - 5.50
Actual (%)	6.63	7.82
Disallowances (Rs.in Million)	762	2,707
SNGPL Benchmark (%)	5.10 – 6.00	4.80 - 5.50
Actual (%)	8.04	8.05
Disallowances (Rs. in Million)	2,711	4,601
Total Disallowances (Rs. in Million)	3,473	7,308



In order to ascertain authenticity of UFG levels reported by the licensees, the Authority got UFG audit through independent auditors. Gas utility companies are undertaking different measures to control UFG. In this connection, UFG control related departments have been established by them. The Authority had also allowed substantial amount of expenditure sought by the gas utility companies on UFG control related activities and security expenses on the continuous basis.

4.2.2.4.2 Human Resource Cost Benchmark

The Authority had also introduced Human Resource (HR) cost benchmark, which has helped to contain the expenditure within reasonable limits. Savings or excess in HR cost will be shared equally between the companies and consumers. Savings on account of HR benchmark for FY 2007-08 & FY 2008-09 are given in **Table 4.11**.

Table 4.11: HR Cost

Rs. in Million

Description	SSG	GCL	SNGPL		
Description	2007-08 2008-09		2007-08 2008-0		
Actual Cost	3,480	4,154	4,070	4,857	
Benchmark Cost	3,621	4,158	4,078	4,856	
Excess/ (Saving) over Benchmark	(141)	(4)	(8)	1	

The said benchmark was introduced on experimental basis for a period of three years. The Authority, however, in its DERR for FY 2008-09 decided to extend it for a period of another one year i.e. FY 2008-09.

Now the Authority has undertaken a detailed review on the effectiveness of existing HR cost benchmark which indicates that HR cost allowed by the Authority on account of standard factors (i.e. increase in number of employees /consumers /T & D network) needs to be further tightened by a minimum of 10%.

Accordingly, the Authority has provisionally determined revised HR benchmark for FY 2009-10, taking FY 2007-08 as base year, while adopting new indexation weightage for standard factors as follows:

- (i) 50% increase in number of consumers
- (ii) 20% increase in sale volume
- (iii) 20% increase in T& D network
- (iv) 50% CPI adjustment of previous year HR benchmark cost

The Authority, however, will carry out consultative sessions with the utilities & other stakeholders during FY 2009-10, pursuant to which the provisional benchmark will be finalized prior to the issuance of FRR for FY 2009-10.

4.2.2.5 Determinations and Notification of Well-Head Gas Prices

Section 6(2) (w) of OGRA Ordinance, 2002 empowers the Authority to determine the well-head gas prices for the producers of natural gas in accordance with their respective contracts with GoP, and notify the same in the official gazette. The Authority accordingly issued 89 well-head gas price notifications during FY 2008-09 for 47 gas fields. (Appendix –III).

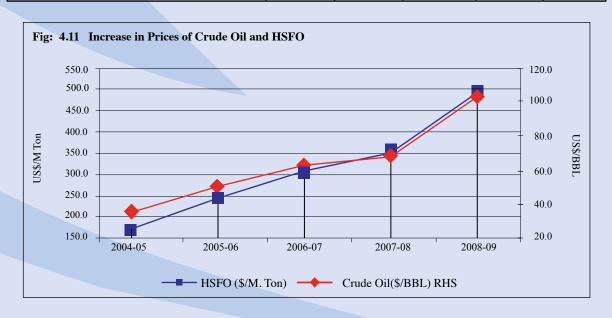
Now the Authority has notified the Natural Gas (Well-head price) Regulations, 2009 to provide detailed procedure to exercise the power conferred under the said Section. These regulations do not alter the procedure of determination provided in the relevant agreements or contracts. These regulations provide procedure of filing application with the Authority to facilitate the producers.

4.2.2.6 Weighted Average Cost of Gas (WACOG)

The cost of gas is a major part of the prescribed price of gas, retainable by two gas utilities. Under the existing pricing agreements, the cost of gas (well-head price) of producers is indexed to the international price of crude oil/fuel oil, which has been rising rather steeply over the past few years as shown in **Table 4.12.** Consequently, prescribed prices of the utilities have also been going up sharply. Graphical depiction of increase in prices of Crude Oil and HSFO is given in **Fig 4.11.**

Table 4.12: Average C&F Price of a Basket of Crude & Furnace Oil Imported into Pakistan

Description	2004-05	2005-06	2006-07	2007-08	2008-09
Average Crude Oil Price (\$/BBL)	35.21	50.08	62.70	67.86	103.41
Increase (\$/BBL) year to year	-	14.87	12.62	5.16	35.55
Cumulative increase (%)	-	42.00	78.00	93.00	194.00
Average HSFO Price (\$/M. Ton)	171.69	243.00	306.97	351.72	493.00
Increase (\$/M. Ton) year to year	-	71.31	63.97	44.75	141.28
Cumulative increase (%)	-	42.00	79.00	105.00	187.00



The gas prices differ for different gas fields, therefore, the cost of input gas into SSGCL and SNGPL systems also differs substantially causing a significant variation in the prescribed prices. The GoP, as a policy, has always maintained uniform consumer prices of gas all over the country and resultantly, it issued a policy guideline under Section 21 of the OGRA Ordinance 2002 on June 18, 2003 that the cost of gas of SSGCL and SNGPL should be worked out on an overall weighted average basis to keep this major input cost uniform for both the utilities.

To implement this policy guideline, the two gas companies have signed an agreement, with the approval of OGRA, for making adjustments of the cost of gas paid to the producers on the basis of WACOG. For FY 2008-09, OGRA estimated the WACOG at the beginning of the year at Rs. 243.75 per MMBTU, owing to unprecedented hike in prices of crude oil and HSFO in the international market coupled with deteriorating Rupee v/s US\$ exchange rate in the international market. The same was determined as part of the ERR of both the companies. Later on, in review petitions, WACOG was further increased to Rs. 251.73 per MMBTU due to sharp decrease in Rupee v/s US\$ exchange rate. There was a decrease in the international oil prices at the time of RERR for FY 2008-09. But the benefit of these lower international oil prices could not be passed on to the consumers, since rupee against US\$ depreciated by 30%.

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

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

Pursuant to the provision of the OGRA Ordinance, GoP advised the sale prices for various category of consumers, after adjustment of Gas Development Surcharge in the Prescribed Prices determined by the Authority. The Authority notified these sale prices on January 01, 2009, which remained effective till June 30, 2009. The sale prices were then revised on June 30, 2009 effective from July 01, 2009 to December 31, 2009. The category-wise breakup is placed at **Appendix –IV.**

4.2.2.8 Compressed Natural Gas (CNG)

The consumer price of CNG is de-regulated activity since its inception (1992) and is fixed by CNG station owners/association on competitive basis. Recently, Government through amendment in the OGRA Ordinance has given enabling powers to OGRA to determine and notify the CNG retail price in accordance with the policy guideline issued by the GoP. OGRA, under Section 43 (B) of the OGRA Ordinance, 2009 has issued maximum sale price of CNG to be charged by CNG stations from the consumers effective from August 01, 2009.

4.2.3 Approval of Agreements

In pursuance of NGRA (Licensing) Rules, 2002 a licensee is obligated to:

- Refrain from entering into or amending any contract material of a regulated activity with a producer of natural gas unless it has been approved by the Authority.
- Refrain from entering into or amending any supply contract of a quantity greater than 10 MMscfd of natural gas unless it has been approved by the Authority.
- Enter into all contracts on an arm's length basis and not to enter into any contract or other arrangement with any of its associated companies except with the prior written approval of the Authority.

In pursuance of above provisions of Rules the following agreements of two gas utilities were received and approved by the Authority after necessary process:

4.2.3.1 Gas Sale Agreements (GSAs) between Producers and Licensees

- a) Amendment No. 2 to Sawan Gas Sales Agreement Phase-I between OMV & SSGCL.
- b) Haseeb Extended Well Test (EWT) Gas Sales/Purchase Agreement between Hycarbex American Energy Inc. & SSGCL.
- c) Supplemental Agreements to Mirpurkhas and Khipro Blocks fields GSAs between OPI and SSGCL
- d) Dhurnal Gas Sales Agreement Addendum No. 5 between Orient Petroleum Inc. & SNGPL
- e) Gas Sale and Purchase Agreement for Qadirpur Permeate Gas (Amendment) between OGDCL and SNGPL

4.2.3.2 Gas Sale/Supply Agreements between Licensees & Retail Consumers

- a) Supplemental Agreements to Gas Purchase & Sale Agreements between MGCL & FFCL Plant-I, II and III.
- b) Amendment No.1 to GSA Dated 01.02.2007 between SNGPL & Halmore Power Generation Company (Pvt.) Ltd. (HPGCL).
- c) Gas Sales Agreement between SNGPL & ICI Pakistan Limited, Khewra.

4.2.3.3 Gas Sale/Supply Agreements between Associated Companies

a) Supplemental Agreement to Hassan & Zamzama Gas Transportation Agreements (GTA) between SSGCL &. SNGPL

4.2.4. Projects Approved

Fulfilling their obligation under the licence to extend their transmission and distribution networks the licensees i.e., SSGCL and SNGPL undertook transmission and distribution (T&D) activities during

FY 2008-09. The extension in the T&D networks was based on the demand from different category of consumers which include domestic, commercial and industrial consumers. As for transmission, both the companies took approvals of the left over parts of the already approved projects, under Rule 20 (xviii) of Natural Gas Licensing Rules, 2002. The envisaged projects were evaluated with a basic idea of establishing prudence, feasibility and economic efficiency so that maximum benefits are passed on to the prospective consumers with the best utilization of available resources. The companies were also advised to revise the costs of the projects where deemed necessary and also to complete the projects in a cost effective and timely manner.

Brief details of the infrastructure projects of SSGCL and SNGPL approved during 2008-09 are as follows:

4.2.4.1 SSGCL Transmission Projects

(i) Quetta Pipeline Capacity Expansion Project-III (Phase-III)

In compliance of the Authority's decision to overcome the pressure drop problem on priority basis during winter season in the Quetta region, SSGCL conceived its Quetta Pipeline Capacity Expansion Project (QPCEP) comprising of the following components;

Sr. No	Project Components	Phase	Cumulative Capacity (MMcfd)	
1.	Laying of 18 inch diameter \times 18 Km of pipeline from Abe-egum to Mach	I	97	
2.	Laying of 18 inch diameter \times 15 Km of pipeline from Mach to Kolpur Loopline and	II	107	
2.	Laying of 18 inch diameter × 31 Km of pipeline from Dingra to Sibi and Revamping of Sibi Compressor	П	107	
3.	Laying of 18 inch \times 53 Km diameter of pipeline from Dhadar to Abe-e-gum	III	142	
4.	Laying of 18 inch \times 35 Km diameter Loop from Shikarpur Regulator to Jaccobabad.	IV	159	
5.	Laying of 18 inch × 160 Km diameter of pipeline from Jacobabad to Sibi	V (Part I)	191	
6.	Additional Compressor at Sibi (Future Proposal)	V (Part II)	242	

After in-house evaluation of the project, the Authority formally approved Phase-I, Phase-II and Phase-III at an estimated cost of Rs. 2,563 million (which included Rs.1,137 million of Phase-III of the project) in August, 2006 with a particular stress on completing the Phase-II and Phase-III of the project on top priority basis so that the problems of short supplies and pressure drop faced by the consumers in the Quetta region and adjoining areas could be overcome. The remaining phases were not approved as the company had informed that those would be reviewed in the light of availability of gas from Zarghun Gas Field. The Phase-III was in its planning stage therefore, it was approved based on the condition that the company would provide revised cost estimates and ensure firm gas availability.

During the year 2008-09, the company sought approval for the Phase-III of the project based on new projections linked with the project cost and the capacity. Moreover, some parameters of the project were changed in view of the pipe and gas supply availability. The Authority granted approval for the same in September, 2008 for 24 inch diameter × 30 Km Gokart to Abbe-e-Gum and the upstream segment of 18 inch diameter × 18 Km from Dhadar to Gokart for completion before May, 2009 so that the maximum benefits are delivered to the consumers before winter of 2009.

(ii) 20" diameter × 21 Km ACPL Phase-II Medium Pressure Pipeline

The 20" diameter x 21 Km medium pressure transmission pipeline was designed for the augmentation of Attock Cement Pipeline (ACPL) Phase-II from SMS Surjani town to Hub Industrial Trading Estate (HITE) to redress the persistent low gas pressure problem at Hub town area due to overloaded existing 12" diameter × 54 Km from SMS Super Highway to Attock Cement Pipeline and 20" diameter × 21 Km from SMS Surjani to HITE and to meet increasing gas demand of domestic and industrial customers.

The 20'' diameter \times 21 Km medium pressure transmission pipeline serves the Hub city area, Hub industrial area, Attock Cement, Gadani Ship breaking, residential area and will also cater to the gas requirement of Winder Industrial Estate. This pipeline project has the capacity to bring in additional load of 100 MMcfd.

OGRA's professionals carried out the evaluation of the project. The design parameters of the pipeline were cross-checked through hydraulic simulation. Once its prudence and viability was established, the approval for the project was granted to SSGCL in January, 2008 at an estimated cost of Rs. 352 million, under Rule 20 (xviii) of Natural Gas Licensing Rules, 2002 with the condition that the actual cost of the material shall be actuated at the time of completion of the project and it shall be verified by the company's auditors certifying that the materials of right specifications have been procured and utilized transparently as per the applicable rules. SSGCL scheduled completion of the project by the end of FY 2007-08 at a cost of Rs. 300 million and requested for the grant of Rs. 61 million for the completion of the left over activities in its petition of Estimated Revenue Requirement of FY 2008-09. The approval of the same was granted as per the determination of the Estimated Revenue Requirement for FY 2008-09.

(iii) 12" diameter × 64 Km Zarghun-Quetta Pipeline

Zarghun-Quetta Pipeline was envisaged by the company to absorb gas from Zarghun field and to maintain adequate gas supply and pressure during the winter season in Balochistan by utilizing gas reserves of Zarghun gas field. The cost was initially estimated to be Rs. 967 million.

The Project involves laying of 12 inch diameter x 64 Km long pipeline with design capacity of 20-25 MMcfd gas from Zarghun gas field to SSGCL's existing Quetta Pipeline distribution system. The project is a component of GIREP-II (Gas Infrastructure Rehabilitation and Expansion Project-II). After deliberations and subsequent correspondence with SSGCL made by the engineers of OGRA on the project's feasibility, design, cost estimates and other details, it was revealed that US \$4 million (Rs. 244 million @ Rs. 61/\$) have to be borne by Bolan Joint Venture (BJV, the gas producer) i.e. Mari Gas

Company Limited, Novus Pakistan PTY Limited, PKP Exploration and Government Holding Private Limited, for the entire life of the project as pipeline monthly rental.

The project was evaluated under the Rule 20 (xviii) of the Natural Gas Licensing Rules, 2002. The approval of the said project was granted on two conditions i.e., execution of the initialed gas supply agreement and the contribution of US\$ 4 million (at net present value) by Bolan Joint Venture under pipeline contribution agreement with SSGCL as per the communication of Ministry of Petroleum and Natural Resources. However, it was also noted that the project cost was high and therefore, it was made on the part of the company to get verified from the auditors of the company the actual cost of the material used.

The Authority in its determination of Estimated Revenue Requirement for FY 2008-09 approved the revised cost of Rs. 854 million for the project.

(iv) Construction of Submerged Crossings in Place of Existing Overhead Pipeline Crossings for Safety against Terrorist Threat

In the past few years, the threat of terrorism has turned into a menace for the entire nation. The natural gas pipelines have been no exception to terrorist activities. The areas where the gas pipelines have been targeted and blown are mostly those where approach of the company's staff was not possible under the normal circumstances. In view of this the company devised a phase-wise program for the construction of the submerged crossings to counter the terrorist attacks on the gas pipelines and identified areas which are prone to such attacks in future or have been a target in the past.

Since the conceptualization of the project, SSGCL has so far submerged twenty eight number of pipelines crossings at different places under the domain of the company's operations after obtaining approval from the Authority. The details of the submerged crossings done by the company are as follows:

Fiscal Year	Number of Submerged Crossings carried out	Cost (Rs. in Million)
2005-06	2	38
2006-07	9	23
2007-08	12	80
2008-09	5	33
Total	28	174

(v) Construction of Metalled Road on Unapproachable Right of Way (ROW) on the Transmission Pipeline Network

Licence condition No. 32, binds the licensees to introduce a program of patrolling the transmission pipeline right of way to observe factors affecting the safe operation of the transmission system including encroachment of the pipeline right of way.

In compliance with the licence condition, SSGCL surveyed its ROW in detail and prepared a "Five

Years ROW Development Plan" which revealed that 576 Km out of 1,828 Km of ROW is not patrolable by any means. In order to make ROW accessible through jeep, SSGCL has devised a long term phasewise ROW development plan for prompt action against any mishap on the pipeline system(s).

As per the execution of the plan SSGCL has so far accomplished the following:

Fiscal Year	Km Covered	Pipeline System	Cost (Rs. in Million)
2005-06	23	18"diameter & 20" diameter IRBP	28
2006-07	52	18" diameter & 20" diameter IRBP	172
2007-08	62	18" diameter & 20" diameter IRBP	138

SSGCL requested through its petition for the determination of the Estimated Revenue Requirement (2008-09) for the approval of Rs. 653 million for the ROW plan. However, the Authority approved Rs. 440 million after proper investigation and scrutiny of the requested amount.

4.2.4.2 SSGCL Distribution Projects

Approval for the following distribution projects of SSGCL was granted which were presented by the company in its petition for the determination of the Estimated Revenue Requirement for FY 2008-09.

(i) 30" diameter × 18 Km Loopline at Bin Qasim Area for Utilizing RLNG (Fast Track)

SSGCL and SNGPL are in the process of planning the gas transmission infrastructure development based on gas availability expected at Karachi through Fast Track Re-gasification of Liquefied Natural Gas (RLNG) project being sponsored by private sector entities. M/s Associated Group from the private sector planned delivery of 200 MMcfd RLNG at Karachi in the year 2008-09. Out of this 200 MMcfd, 100 MMcfd RLNG gas is offered to Karachi Electric Supply Company (KESC) for their Bin Qasim Power Station (BQPS) at Karachi and the balance 100 MMcfd may be negotiated for the purchase by SNGPL. SSGCL would be required to arrange transfer of this 100 MMcfd gas to SNGPL through gas swap/transport agreement at the common junction of SSGCL and SNGPL system at Sawan and Sui.

The project involves construction of off-take system and a 30 inch diameter x 18 Km distribution main for 200 MMcfd gas at Bin Qasim area during FY 2008-09 at an estimated project cost of Rs. 650 million. In view of the prudence of investment, prevailing power crisis and anticipated gas shortfall in the country, the approval of the said Rs.650 million was granted to the company as per the determination of the Estimated Revenue Requirement for FY 2008-09.

(ii) 12" diameter × 54 Km Winder Supply Main

The project involves laying of 12 inch diameter × 54 Km supply main and 9.6 Km distribution main lower diameter and one Town Border Station (TBS) and three Pressure Reduction Stations (PRS) at an estimated cost of Rs. 600 million for the gas supply to winder. The project is planned to be commissioned during FY 2008-09 and aimed at supplying 30 MMcfd gas to Winder Industrial Zone

located in the District Lasbela Balochistan near Karachi. After going into the necessary details and establishing economic prudence of the project, the Authority approved Rs.500 million for the project in its determination of Estimated Revenue Requirement 2008-09.

(iii) 24" diameter × 35 Km Distribution on Main From Surjani to Shershah

In view of the increasing gas demand by the general industries, power stations and CNG stations in Sindh Industrial Trading Estate (SITE), Baldia and Korangi Town, the project was planned by the company in the year 2006-07, as the existing network consisting of 16 inch diameter and 20 inch diameter supply mains was not capable of catering to the increased gas load demand. A total of 85 MMcfd additional gas supply from the Zamzama Phase-II and Bhit gas fields is to be delivered through the said project.

The initial cost of the project was envisaged by the company to be Rs. 781 million. However, keeping in view the cost effectiveness and economic concerns the completion cost of the project i.e., Rs. 454 million was approved as per the determination of Final Revenue Requirement for FY 2007-08. Further, Rs. 30 million was approved by the Authority in its determination of the Estimated Revenue Requirement for FY 2008-09 for the left over activities.

4.2.4.3 SNGPL Transmission Projects

Project IX

The Project IX was designed by SNGPL to meet the following objectives:

- i. Absorption of 354-444 MMcfd gas from different gas fields.
- ii. To enhance the line pressure beyond Multan.
- iii. Supply of gas to new power plants of WAPDA and Independent Power Producers (IPPs) downstream of Multan, in the industrial triangle of Faisalabad, Sahiwal and Lahore.
- iv. De-bottle necking of transmission system by reducing internal fuel consumption to help optimize the operation and maintenance cost.

The project is planned to be completed in two phases.

Phase I:

Phase-I comprised laying of 24" diameter × 140 Km at Rs. 3,222 million Gurguri-Kohat-Nowshera pipeline. The project being cost effective and having a positive internal rate of return was approved by the Authority in FY 2007-08. The project entails the injection of 200-250 MMcfd of gas supplies into the transmission network. Rs. 2,003 million as a spill over cost for the unfinished work was allowed by the Authority as per the determination of Estimated Revenue Requirement for FY 2009-10 against the petition of the company, for the segment 24" diameter × 100 Km Kohat-Nowshera.

Phase II:

SNGPL planned this phase of the project to enhance system capacity of N-Leg (between Qadirpur Rawan and Lahore) from 300 to 650 MMcfd in order to meet gas requirement of six Independent Power Plants and additional load of General Industries including Packages and Sunder Industrial Estate near Lahore.

On the basis of detailed deliberations on the subject, the Authority granted approval of the proposed project plan in FY 2007-08 with the cost estimation of Rs. 8,681 million.

In the petition for the Estimated Revenue Requirement 2008-09 the company projected an expenditure of Rs. 8,208 for laying of different segments under the project phase-II as spill over costs, break-up of which is as follows:

Sr. No.	Description		Projected (Rs. in Million)
1.	36" diameter × 145 Km	Qadirpur Rawan-Sahiwal	4,906
2.	24" diameter × 198 Km	Sahiwal-Phoolnagar Shahdara	2,438
3.	16" diameter × 30 Km	Rahwali-Pasroor Off take	354
4.	12" diameter × 36 Km	Gali Jagir Ranyal	290
5.	12" diameter × 25 Km	Nowshera-Mardan	220
Total			8,208

4.2.5. Addition of Network/Assets as per Revenue Requirement of SSGCL and SNGPL

In compliance of Rule 4 (2) of the Natural Gas Tariff Rules, 2002 the licensees file their petitions with the Registrar for the determination and approval of their Estimated Revenue Requirements. The Authority determines their petitions under Section 8 (1) of the OGRA Ordinance, 2002. The petitions are thoroughly examined and scrutinized and only such capital investments which fully meet the criteria of efficiency, economy and prudence are allowed.

The capital investments allowed by OGRA during FY 2008-09 enabled SSGCL and SNGPL to bring substantial increase to their transmission and distribution networks. The increase in transmission and distribution networks (in Km), number of new towns and villages connected over the year and the number of consumers supplied with gas is as follows.

Increase in Assets

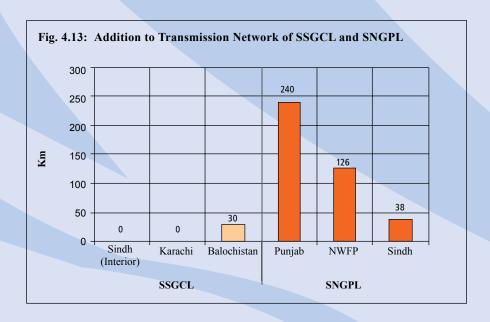
The **Fig 4.12** shows an increase in assets requested by the companies in their Revenue Requirement Petition for FY 2008-09, and allowed by OGRA. The figure shows that the SSGCL and SNGPL requested for an increase in assets to the tune of Rs. 9,864 million and Rs. 21,141 million respectively. After giving due considerations to their request and scrutinizing the petition in complete details OGRA allowed a sum of Rs. 8,912 million and Rs. 18,731 million respectively as per its determination of

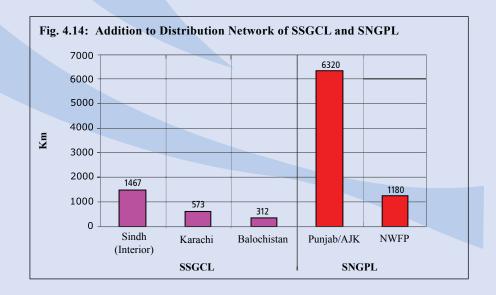
Estimated Revenue Requirement under Section 8 (1) of the OGRA Ordinance, 2002 and Rule 4 (2) of the Natural Gas Tariff Rules, 2002.



Addition to Transmission and Distribution Network

The transmission network of SSGCL and SNGPL has expanded by 30 Km and 404 Km respectively and their distribution network by 2,352 Km and 7,500 Km respectively during FY 2008-09. **Fig 4.13** and **Fig 4.14** show Province-wise break-down of increase in transmission and distribution network of SSGCL and SNGPL respectively during FY 2008-09.





Number of Consumers

During FY 2008-09, SSGCL has added 82,924 and SNGPL 260,961 consumers to their network. **Table 4.13** shows the increase in the number of consumers in their respective regions of operation, categorywise during FY 2008-09.

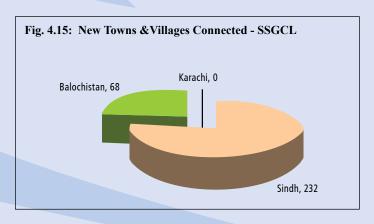
Table 4.13: Addition to SSGCL & SNGPL Consumer Base

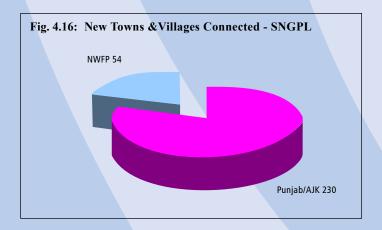
Number

Category	SSGCL			SNGPL				
	Sind (Interior)	Karachi	Balochistan	Total	Punjab	NWFP	AJK	Total
Domestic	38,808	30,921	11,907	81,636	225,891	31,009	484	257,384
Commercial	391	566	91	1,048	2,736	319	11	3,066
Industrial	73	158	9	240	395	96	20	511
Total	39,272	31,645	12,007	82,924	229,022	31,424	515	260,961

New Towns and Villages Connected

During FY 2008-09 SSGCL and SNGPL have connected 300 and 284 new towns and villages respectively to their respective networks. Region-wise break up of new towns and villages' for SSGCL and SNGPL is given in **Fig 4.15** and **Fig 4.16** respectively.





4.2.6. Enforcement of Regulatory Framework

Enforcement of Licence Conditions and Anticipated Developments Next Year

4.2.6.1 Gas Quality

The licence condition 15 is concerned with the quality of natural gas being supplied to the consumers by the licensees of OGRA. The licensees are therefore under obligation to maintain quality of gas as per the approved specifications of the Authority for supply to their consumers. SNGPL submitted a request before the Authority for the revision of gas specifications with respect to the nitrogen and hydrogen-sulphide (H₂S) contents. The request of SNGPL was analyzed in detail by acquiring pertinent data from the company. The data did not reveal much deviation from the approved specifications and the request of the licensee was turned down. SNGPL has maintained their stance and has requested to review the decision. The matter is being reconsidered.

4.2.6.2 Standard Technical Specifications for Equipment and Material to be used in Natural Gas Network

The licensees are obligated under licence condition 17 to confirm to the technical standards prescribed by the Authority for undertaking any regulated activity. Moreover, under Section 6(2)(e) of the Ordinance the Authority is empowered to specify and review standards, in consultation with the licensees.

In line with the above, the standards/specifications on each item of equipment and material were developed through an in-house process keeping in view the specifications and standards that are prevalent and accepted internationally. The specifications and standards initially developed were sent to the following licensees of OGRA for seeking their views and comments:

- Sui Southern Gas Company Limited (SSGCL)
- Sui Northern Gas Pipelines Ltd (SNGPL)
- Mari Gas Company Ltd (MGCL)
- Pakistan Petroleum Ltd (PPL)

- Oil and Gas Development Company Ltd (OGDCL)
- Fauji Fertilizer Company Limited (FFCL)
- Engro Chemicals Pakistan Limited (ECPL)
- Central Power Generation Company Limited (CPGCL)
- Fatima Fertilizer Company Limited (FFCL)
- Foundation Power Company (Daharki) Limited (FPCDL)
- Star Power Generation Limited (SPGL)

The comments received from the above licensees were thoroughly studied and the suggestions and proposals were incorporated to the extent necessary and a logical final draft was prepared which was sent to the two major licensees i.e. SSGCL and SNGPL for their final review. The inputs from the licensees (again to the extent necessary) were incorporated in the final draft and the same was scrutinized at length to ensure that appropriate standard specifications are retained in the document.

The specifications and standards for equipment and materials have been approved by the Authority and are in the process of notification in the Official Gazette of Pakistan.

4.2.6.3. Action against Theft

Licence condition 20 obligates the gas utility companies to take such measures that account towards the curtailment of gas theft, which is one of the major causes towards the UFG increase. Theft of natural gas means use/consumption of gas in unauthorized/un-lawful manner for which the user/consumer has neither been billed nor he/she paid for such consumption.

By taking a serious notice of this, the Authority formulated and approved the "Procedure for dealing with theft of gas cases" in the year 2005-06. The same procedure is being strictly followed by the licensees for addressing the incidence of natural gas theft, the determination of the value of stolen gas and its recovery.

In addition, the Authority in exercise of the powers conferred upon it under Section 41 of the OGRA Ordinance, 2002 formulated Natural Gas Theft Rules, 2009.

The basic intent of these Rules is to:

- i) Provide legal cover to already approved and enforced 'Procedure for dealing with gas theft cases'.
- ii) To facilitate gas utility companies/licensees to recover value of gas stolen from the consumers who have been established to be involved in stealing natural gas.
- iii) The said Rules present a scope, which can bring incarceration and imposition of fines to the consumers.

These rules have been developed and sent to stakeholders for their input before finalization.

4.2.6.4. Consumer Service Manual

Licence condition 23 binds the licensees to submit the Consumer Service Manual to the Authority for approval within a stipulated time which specifies the rights and obligations of the consumers before and after the sale of natural gas.

In compliance of the licence condition, both the licensees i.e., SSGCL and SNGPL submitted their Consumer Service Manuals which were examined in detail. It was observed that the manuals lack some details which ought to be made part of the same. The licensees were therefore advised to make the following as a part of the manuals:

- a. Application procedure and process for new connections.
- b. Billing procedures policies etc.
- c. Procedure for responding to complaints.
- d. Disconnection and Reconnection policies.
- e. Modifications and relocations procedures.
- f. Additions /alterations in gas load procedure.
- g. Procedure for dealing with Gas theft.
- h. Standard Gas Sales contracts including 'industrial, commercial and domestic.
- i. Performance and Service Standards.
- j. Safety and energy conservation.
- k. Compensation to the consumers.

The manuals re-submitted by the licensees have been given a concise and comprehensive form by incorporating some amendments and by the inclusion of "Compensation Procedure" separately approved by the Authority during the year. The manuals shall be notified shortly. The Consumer Service Manual is a document which is subject to changes as new scenarios emerge in the gas sector, therefore it cannot be considered final at any point in time.

4.2.6.5 Performance and Service Standards

Under the licence condition 24, it is an obligation on the licensees to take extensive care and consideration in the matters of the provision of service, maintenance, efficiency and safe operation of its regulated activities by following certain standards

In compliance to the above, both the companies submit their annual reports on performance and service standards. It has been planned that a 'Performance Audit' of these reports shall be conducted at an appropriate time to ascertain authenticity of these reports.

• Compensation Procedure

Clause-26 of the Performance and Service Standards applies to the "Payment of compensation to consumer adversely affected by non-compliance of service standards". A pre-requisite to the clause implies that a complete procedure elaborating the details as to how the compensation can be asked from the company in case of non-compliance of the performance and service standards be made.

In compliance of the above, a compensation procedure has been developed by the Authority in consultation with the licensees. The Compensation Procedure provides guidelines for registered consumers to claim compensation in case of negligence of the licensee during construction, maintenance, operational activities of transmission and distribution pipelines.

The Authority has approved the "Compensation Procedure" for compliance of both the licensees i.e. SSGCL and SNGPL.

4.2.6.6 Inspection

Under the licence condition 27 the licensees are bound to permit any person duly authorised by the Authority to carry out such inspection and examination of any of its assets or records as may be required to be undertaken by the Authority to comply with its functions or to exercise its powers under the Ordinance and the Rules. In compliance with the same, visits were arranged for the executives of OGRA's Gas department to SSGCL and SNGPL.

Visit to SSGCL

On the directions of the Authority, OGRA officers also visited SSGCL with a purpose to have one to one communication with the concerned executives of the company, to visit the manufacturing and operational facilities and have first hand knowledge of the infrastructure so that the regulated activities could be handled in a professional manner with in-depth knowledge about the operations of the company.

During the visit, some observations were made and certain recommendations were given to the SSGCL for bringing improvements. A brief of the recommendations is as below:

- 1. Customized NRV (Non Return Valve) installed inside the outlet coupling of the commercial diaphragm meters (previous practice was to install NRV's outside the meter) is an innovative tool introduced by SSGCL. Due to this modification, reverse flow of gas cannot pass through the meter. It is proposed that SSGCL may also share the design with SNGPL so that meter reversal by commercial consumers could be checked.
- 2. Bar Coded Twist Tite (TT) seals are more effective in



A view of the Stabilization Tower at LHF

controlling theft of gas and are already in use by SNGPL. It has been noticed that SSGCL is using numbered TT seals. It is proposed that SSGCL may consider introduction of Bar Coded TT seals for efficient control of gas theft.

- 3. It has been observed that unwanted gases at Liquid Handling Facility (LHF) are burnt out through a flare. The flue gases can be used for space / water heating etc. by SSGCL through introduction of innovative / prudent techniques.
- 4. Liquid Handling Facility (LHF) at Jamshoro is a highly sensitive facility as regards safety. It has been noticed that LHF does not have fire tenders/fire fighting facilities of its own and has to rely on other sources. It is recommended that necessary action in this regards should be taken by SSGCL to avoid any unforeseen incident.
- 5. Presently, the customer complaints are being resolved in much lesser time due to greater accessibility of data at the Consumer Service Centers (CSCs); however, it is proposed that SSGCL may conduct Customer Perception Surveys to ascertain the actual opinion of the customers.
- 6. It has been indicated that over the period of time the domestic meters manufactured at SSGCL become sluggish due to deposits of dust and debris present in the gas stream. This causes erratic measurement resulting in increase of UFG of the company. This could be avoided by schedule domestic meter replacement, but due to massive numbers of domestic consumers, the schedule meter replacement program is not followed in letter and spirit. Rigorous efforts are required to be taken by SSGCL in this regard to further reduce the UFG losses.
- 7. Consultation with the parent company i.e. M/s. Actaris (formally Schlumberger) for improvement in the design of domestic meters being manufactured by SSGCL, are required so that the gas losses incurred due to measurement errors by these meters could be addressed.

Visit to SNGPL

As per the directions of the Authority, OGRA officers visited the CSCs with a view to assess current level of facilitation being extended by the company to its consumers and improvements made in the customer service centers as regards its outlook, staff training, new technology's application, mode and manner of response to the complaints, condition and upkeep of vehicles being used for complaints' resolution, etc. After the visit, a meeting with SNGPL was conducted to point out the gaps/shortcomings and discuss as to how they can bring improvements within a certain time frame.

4.2.6.7 Technical Audit

Licence condition 28 stipulates that it is the obligation of the gas utility companies to conduct a technical audit of their operations on a periodic basis. In pursuance of the same, both the gas utility companies conducted the technical audit of their operations by hiring audit firms namely, M/s SGS Pakistan (Private) Limited by SSGCL and M/s Velosi International by SNGPL.

The audit reports submitted by the gas utility companies were examined. It was observed that a number

of gaps and shortcomings in their operations have been pointed by the audit firms which need to be addressed.

4.2.6.8. Connection to the Distribution System and Minimum Service Obligations

As per the licence condition 33 SSGCL and SNGPL are under obligation to issue the 'Proposal letters' i.e., sanction for gas connections to the applicants under domestic, commercial and industrial categories, within 90 days from the date of receipt of application for online cases, or any other period approved by the Authority. Once the proposal letter has been issued and the applicant deposits the security and other fixed and variable charges with the company, the connection for the domestic and commercial use has to be provided within 45 days and within 90 days for the industrial category.

It was noted that SSGCL is meeting the laid down criterion in the licence condition whereas SNGPL has not been able to comply. This has resulted in increased number of pending cases in case of domestic category and cause of public unrest. In order to resolve the issue and bring immediate relief to the applicants the matter was taken up with the SNGPL and the company was advised to provide a work plan to resolve the issue.

GoP also recommended to temporarily relax the targets for provision of domestic gas connections. Subsequently the Authority directed SNGPL to submit a petition for the review of the same. SNGPL submitted the revised petition seeking review in the timeline. The matter was analyzed by the Authority and sought policy guidelines from GoP with the following recommendations:

- i) Annual target be increased from 213,000 connections to 400,000 connections and
- ii) Large scale expansion be decreased from 5,000 Km to 2,000 Km.

4.2.6.9 Standard Contract Terms for Retail Consumers

As per licence condition 39 the licensees are bound to develop contracts for the supply of gas to the consumers falling under the categories of domestic, commercial and industrial. The Authority has already revised and approved the contract for the supply of gas for domestic use in August, 2005 after making it more balanced and uniform for the licensees as well as consumers. Similarly, the contracts for the commercial and industrial use of gas have been revised and approved by the Authority in the previous year and made part of their consumer service manuals. However, the consumers have been given a choice to prefer either the revised contract or continue with already existing one. The companies have been directed to go for the implementation of the contract with immediate effect and also to publish salient features in leading dailies as well as place the same on their websites.

• Standard Contracts for "Special Domestic", "Bulk Domestic" and "Other" Categories of Consumers

In case of domestic category of consumers the gas is supplied at a pressure of six (6) inch water column (W.C). However, there are some other consumers who are treated as 'Special domestic' and 'Bulk

domestic' consumers and are supplied with gas at a pressure higher than six inch water column (W.C) but normal domestic tariff is applied to them without taking into consideration the higher pressure aspect for gas charges' calculations. Owing to this, SSGCL requested the Authority for the revision of the Gas Sales Contract for such consumers which may include Government and Semi-Government offices and hospitals, Government guest houses, armed forces messes, langers, mosques, churches, temples, madrassas, other religious places etc (treated as 'Special domestic) along-with hostels and residential colonies where gas is supplied in 'bulk' through a 'bulk meter'. Agreeing with the proposal of SSGCL, both the licensees were directed to prepare a draft contract for special domestic/bulk consumers. The contracts shall be finalized on receipt of comments from the licensees.

4.2.6.10 Installation inside Premises

The licence condition 41 stipulates that the licensee upon entering into a contract with a retail consumer for the supply of natural gas shall take such measures that ensure maximum safety with the best design of installations. It further stipulates that the licensee shall also extend services like random checking, providing education on safe practices and providing response contact number for a quick and effective redressal of any complaints from the consumers. The compliance of the licence condition has always been a matter of concern for the Authority.

To ensure that the licensees i.e., SSGCL and SNGPL fully comply with the licensee condition, the Authority has remained in contact with the licensees through correspondence. Moreover, the Authority also arranged visits of its officers to authenticate the credibility of their reporting to OGRA.

The discrepancies observed during such visits were communicated to the licensee concerned with direction to initiate remedial measures.

4.3. Liquefied Petroleum Gas (LPG)

4.3.1 Regulation

The regulation of LPG activities was transferred to OGRA from Ministry of Petroleum and Natural

Resources on March 15, 2003, by empowering it to carry out regulatory functions under the LPG (Production and Distribution) Rules, 2001.

The regulatory functions of OGRA include:-

 Grant of licence for construction of LPG production, storage & filling plants and auto refueling stations.



An overview of LPG Extraction Plant

- Grant of production licence for production/extraction of LPG from Oil/Gas.
- Grant of marketing licence for sale and distribution of LPG.
- Grant of operational licence for auto refueling stations (filling LPG in automotive cylinders).
- Regular periodic inspection of LPG works and facilities to ensure their conformity with the laid down standards.
- Monitoring supply of mandatory quota of LPG to Northern Areas, FATA, Hilly areas, AJK and Balochistan.
- Determination of reasonable prices and monitoring.
- Action against unauthorized activities like decanting, etc.
- Redressal of consumer complaints and resolution of disputes between or among the licensees.

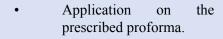
4.3.2 LPG Licences and Operating Rules

OGRA is responsible for issuing licences to construct and operate LPG production, storage & filling facilities and refueling stations under the LPG (Production and Distribution) Rules, 2001. The licence is granted in two stages for an overall period of 15 years. A provisional licence is granted for one year for the construction of the LPG facilities. The licence for operation is granted after completion of works to the satisfaction of Authority.

4.3.3 Licensing Procedure

Any person can apply for grant of a licence to the Authority on the prescribed Form available free of cost from OGRA as well as on its website (www.ogra.org.pk) along with other related documents, as required under the rules.

Application for licence is evaluated on the basis of the following criteria/requirements:





An view of LPG carrier at the jetty of LPG Terminal

- Pay Order / Bank Draft of Rs.100,000/- in favour of Oil & Gas Regulatory Authority, as licence fee (Payable at Islamabad).
- Attested copy of proof of registration of the company / Firm (company incorporation certificate).

- Attested copy of Memorandum and Articles of Association.
- Attested copies of ID cards of all Directors / Partners.
- Exact location of the plant site.
- Proof of financial competence of the company.
- Proof of the technical competence of the company supported by plant design, specifications and layout approved by OGRA's 3rd Party Inspector, M/s ENAR Petrotech Services (Pvt.) Limited.
- Comprehensive marketing plan specifying location and capacity of plant at present and in coming years, area of operation, no. of cylinders and details of no. of distributors (province / city wise).
- Duly executed agreement with local or international LPG production sources committing supplies of LPG at least for a period of five years.
- Last three years audited reports (if applicable).
- Minimum Work Program:
 - Number of storage tanks and capacity of storage tanks.
 - Bottling facility capacity.
 - Quantity of LPG to be distributed per day or per month.
 - Identification of areas where distribution / marketing of LPG is planned.

OGRA has simplified the procedure for grant of LPG licence and a licence is granted on fast track once the requirements are met / complied. During FY 2008-09, 09 licences for marketing of LPG and 06 licences for construction of LPG Storage and Filling plants were issued. Investors are further provided comfort through one window facility where prompt guidance and information is provided to the applicants.

4.3.4 Regulatory Enforcement

In order to ensure safe and cost effective supply to consumers, OGRA took following steps during FY 2008-09:

• All LPG marketing companies were directed to ensure that the distributors'/ dealers premises meet the requirements / guidelines of NFPA-58 Standard as given in the LPG (Production and Distribution) Rules, 2001. A



Technical staff attach the liquid and vapour lines for transfer of product from a gas carier at LPG terminal

list of minimum requirements to be met/complied with at the distributors' premises was also issued. In addition, Provincial Governments were also requested to ensure compliance of minimum requirements through respective DCO's and taking necessary action against the defaulters in their areas to ensure public safety.

- The authorized manufacturers of LPG storage tanks/bullets/bowzers/cylinders and cylinder
 valves have been pre-qualified by the Authority based on their experience/expertise,
 capability, documentation and thorough inspections by an independent committee. All
 LPG licensees have been advised to get their equipment manufactured only from OGRA's
 authorized manufacturers.
- The layout plan(s) for LPG autogas stations in accordance with Regulatory Framework for use of LPG in automotives, LPG (Production & Distribution) Rules, 2001 have been developed and placed at OGRA's website for guidance and convenience of potential investors. In addition, the layout plan(s) have also been distributed to all LPG marketing companies as well as to all Provincial Governments for information and necessary action.
- In order to stop/ minimize the illegal decanting of LPG, marketing companies have been advised to promote the usage of small sized LPG cylinders in their distribution network.
- Action against the illegal LPG decanting continued through the Provincial Governments and public awareness campaign launched in the print media to curb such malpractices.



LPG Storage Tank

- Enforcement of international technical/safety standards.
- All LPG marketing companies were directed to ensure that all of their LPG cylinders fulfill the requirements of LPG standards (NFPA-58/DOT), as specified in LPG Rules, 2001. The companies were also advised to closely monitor the activities of their distributors' so as to ensure that their distributors only distribute company's branded cylinders.
- Thirty seven (37) inspections of LPG marketing and production facilities were carried through 3rd party inspectors during FY 2008-09.
- LPG supplies were monitored to help uninterrupted supplies to consumers.
- All LPG marketing companies were monitored to ensure compliance in respect of supply of mandatory quota of LPG according to GoP policy for AJK, FATA and Northern Areas. The quantities of LPG supplied to these areas by LPG marketing companies were regularly forwarded to the concerned Provincial Governments in order to confirm the actual distribution of LPG quantities in the specified areas.
- LPG consumer prices of marketing companies were monitored in accordance with the

provisions of LPG Production and Distribution Policy, 2006. In this regard, the Authority intervened five times during FY 2008-09, to fix the reasonable consumer price.

- Thirty five (35) complaints during FY 2008-09 on decanting and excessive prices were received and appropriate actions were taken to address the complaints.
- Penalties were imposed upon those companies which were found in violation of LPG Rules, 2001.



LPG Spherical Storage Tank at the Plant

• Checklist of technical parameters for 3rd party inspection for LPG storage and filling plants is provided at the stage of issuance of licence so that the requisite facilities are completed in accordance with the applicable standards.

4.3.5 Investment in LPG Sector

It has been a prime objective of the government to optimize the LPG production level to cater the ever increasing LPG demand and its availability to the poor at low price, especially in far flung areas where natural gas is not available. Apart from ensuring its availability at low price, OGRA has provided a level playing field for the investors to attract investment in the LPG sector. During FY 2008-09, an investment of Rs. 0.5 billion has been made in the LPG supply infrastructure whereas total investment in the sector till date, is estimated at about Rs. 13.59 billion.



A view of LPG distributor premises

4.4 Compressed Natural Gas (CNG)

4.4.1 Regulation

In a step towards adopting environment friendly and cheaper alternative fuel, Compressed Natural Gas (CNG) was introduced by the Government of Pakistan in the country in 1992. The CNG (Production & Marketing) Rules, 1992 along-with Standard Code of Practice were framed to regulate construction as well as operational phases of CNG refueling stations. The regulation of CNG sector was transferred to

OGRA on March 15, 2003. This sector has shown rapid growth in a short span of time reflecting thereby investor's confidence. OGRA has facilitated the process for grant of licences through simplification of licensing procedure and provision of one window facility for guidance to the investors. Salient regulatory functions of OGRA pertaining to CNG sector are as under:



A CNG Station under Construction

- Grant of licence for construction of CNG
- refueling station after submission of complete requisite documents/information.

 Grant of licence for operation after certification of conformity to the laid down to
- Grant of licence for operation after certification of conformity to the laid down technical standards by the third party inspector appointed by the Authority.
- Regular periodic safety inspections of CNG stations.
- Redressal of consumer complaints in accordance with the Complaint Resolution Procedure Regulations, 2003.
- Impose penalties for contravention of the provisions of the OGRA Ordinance 2002, rules and regulations made there under, and terms and conditions of a licence or a direction of the Authority.
- Certification of CNG equipment after confirmation that the equipment meets the requirement of CNG Rules 1992, Standard Code of Practice and any requirement set out as a policy guideline by the Federal Government from time to time.

4.4.2 Licensing Procedure

No person can, without first obtaining a licence from OGRA, undertake any activity for the purpose of storing, filling or distributing CNG. OGRA grants the CNG licence in two phases. The procedure for obtaining CNG licence is briefly explained below: -

4.4.2.1 Licence for Establishment/Construction of CNG Station

OGRA has simplified the procedure for obtaining the licence for establishment/construction of CNG station. The procedure requires complete application which is available free of cost from OGRA's office as well as downloadable from website (www.ogra.org.pk), on the prescribed format along with the requisite documents. The applicants are also briefed and guided on the application procedure at the one window facility available in the office.

Authority grants a licence for construction of CNG station for a period of two years under rule-6

of CNG Rules 1992, during which period the licensee after acquisition of requisite NOCs from the concerned Federal/Provincial/Local authorities in light of Policy in vogue including a permission from Chief Inspector of Explosives under Rule 18 of CNG Rules 1992, and then completes construction of the CNG station.

The grant of new CNG licences for construction of CNG stations have been held up with effect from 7th February, 2008, in pursuance of the decision of the Government of Pakistan. However, the ban on new licences was subsequently lifted for Balochistan Province in August, 2008.

4.4.2.2 Licence for Marketing/Operation of CNG Station

The licensee, after acquisition of requisite NOCs from the concerned Federal/Provincial/Local authorities, a licence from Chief Inspector of Explosives, is required to meet the requisite safety and technical

standards as prescribed in the CNG Rules, 1992 for construction of CNG station and installation of approved CNG equipment.

The licensee, then requests the Authority for appointment of third party inspector to verify conformity of the CNG works to Standard Code of Practice of CNG (Production & Marketing) Rules, 1992. The Authority appoints third party inspector for carrying out inspection of CNG Works/ Installations/ Station under rule-10 of CNG Rules 1992.



CNG Compressor

The licence for Operation/Marketing is granted for a period of 15 years after satisfactory report of the third party inspector. Upon expiry of the licence, a licence is extended for a period of 5 years each time on payment of prescribed fee under rule-7 of CNG Rules. Following are the approved third party inspectors to carry out inspections on behalf of the Authority:-

- a) M/s Hydrocarbon Development Institute of Pakistan (HDIP)
- b) M/s Imtech (Pvt) Limited
- c) M/s Bureau Veritas Pakistan Pvt Ltd

In order to facilitate the applicants, the procedure for grant of CNG licence has been simplified and licences are issued within fortnight if all the legal formalities are fulfilled. The investors are further assisted at one window facility where prompt guidance and information is provided to the applicants. During FY 2008-09 almost 4,200 visitors were extended help and guidance with respect to CNG matters at one window facility.

OGRA has given focused attention on conducting effective third party inspections, standardization of CNG equipment to provide comfort to the investors to adhere to the requirements of safety code

of practice and effectively regulate the sector in the light of the latest technological developments to ensure safe, reliable and competitive service to consumers.

4.4.3. **Regulatory Enforcement**

The system of annual safety inspection of the CNG stations, through third party inspectors coupled with the follow-up procedure has streamlined the monitoring process for rectification of safety related deficiencies. The following regulatory activities have been under taken in the outgoing fiscal year:-

- Fines/penalties were imposed a) under the CNG Rules 1992, on the licensees involved in repeated safety violations, in addition to disconnection of gas supplies.
- b) Regulatory monitoring of conformance of standards for new brands of CNG cylinders and conversion kits as per applicable rules.
- **Public** awareness campaign launched through print media to promote use of approved brands of CNG conversion kits and cylinders to ensure public safety.
- Storage Cylinders d) About 10 surprise inspections to check measurement and safety violations on specific complaints.
- Annual safety audit inspections on regular basis through the designated third party e) inspectors.
- f) Re-inspections to confirm rectification of safety violations reported in annual safety audit inspections or in complaint inspections.



4.4.4 **Investment in CNG Sector**

Due to available price differential between CNG and gasoline, CNG sector has shown tremendous growth in FY 2008-09. About 662 CNG stations have come in operation bringing the total to 2,868. CNG stations all over the country thus showing growth rate of 23%. It is envisaged that an investment of about Rs. 15 billion has been made in this fiscal year thus contributing to an overall direct and indirect investment of Rs. 77 billion in this sector.

4.4.5. Local Manufacturing of CNG Equipments

The Authority has always encouraged local investment in manufacturing and assembling of CNG equipments, being a step towards national self reliance and foreign exchange saving. The local manufacturing of CNG equipments including CNG compressors, dispensers, priority panels and CNG conversion kits allows local industry to manufacture and compete with the imported brands. The Authority, during the last few years has approved five different brands of CNG conversion kits for local manufacturing subject to stringent regulatory criteria. Presently, there are four companies involved in local assembling/manufacturing of CNG dispensers. However, the manufacturing/assembling of local compressor could not drive the market against the imported equipment available in different varieties. Presently, a local manufacturer/assembler is at an advance stage of evaluation/approval with the Authority.

4.5. Mid and Downstream Oil Sector

4.5.1 Regulation

The Federal Government enforced the provisions of sub-section (3) of Section 23; and (a) and (b) of sub-section (3) of Section 44 of the OGRA Ordinance 2002 with effect from 15th March 2006, empowering

the Authority to regulate mid and downstream oil sector in the country under the existing Pakistan Petroleum (Refining, Blending and Marketing) Rules 1971.

4.5.2 Powers and Functions

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



Over view of an Oil Refinery

Grant of Licences to:

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

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



Distillation Unit

4.5.3 OGRA's Activities in the Oil Sector

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

4.5.3.1 Formulation of New Draft Rules

The new draft Rules viz Pakistan Oil (Refining, Blending, Transportation, Storage and Marketing) Rules 2009, developed by the Authority for regulating the oil sector, have been sent to Federal Government for its approval/ notification, after incorporating the comments and feedback from Oil Industry and Ministry of Petroleum and Natural Resources.



Crude Decanting Facility

4.5.3.2 Enforcement of Technical Standards

In order to ensure that the new oil marketing companies construct their oil terminals/storages in accordance with the latest international standards, they have been advised to follow the following latest codes for construction of oil terminals/storages, which would be subject to third party inspection by OGRA:-

- NFPA 30 (Flammable & Combustible Liquids)
- NFPA 20 (for Fire Pump)
- NFPA 70 National Electrical Code (for Electrical Installations)
- ANSI B. 31.3 (for Piping Work)

- API 520 (for Pressure Relieving System)
- API 650 (for Storage Tanks)
- API 610 (for API Pumps)
- ISA (for Instrumentation Installation)
- API 521 (for Pressure Relieving System)
- API RP 2001 (for Fire Fighting)
- API RP 2004 (for Fire Fighting)
- ASME Sec VIII (Boiler & Pressure Vessel Code)
- Pakistan Petroleum Act

Two new under construction oil refineries i.e. M/s TransAsia Refinery Ltd. and M/s Bosicor Oil Pakistan Ltd. have been advised to verify/validate that all international codes/ standards e.g. API, ANSI and ASME are followed, following the GoP policy on relocation of oil refinery projects.

For the enforcement of technical standards, OGRA has started inspection through third party inspectors. OGRA has recently conducted inspection of M/s APL (oil terminal at Machike) to ascertain the compliance of technical standards stipulated in permission granted to it.

4.5.3.3 Preparation of Technical Standards

In pursuance of Section 42(2)(b) of the OGRA Ordinance 2002 and to facilitate oil sector, OGRA has sent following technical standards for promulgation/notification after consultation with the licensees:

- i. Depots for the Storage of Petroleum Products
- ii. Retail Outlets
- iii. Oil Transportation (Pipeline) Technical Standards

Further, following technical standards are being finalized in consultation with licensees for onward notification by the Authority:

- i. Road Transport Vehicles, Containers and Equipment used for the Transportation of Dangerous Petroleum
- ii. Design and Safety Technical Standards for Refineries
- iii. Technical Standards for Blending Plants

4.5.3.4 Quality Assurance

OGRA in its endeavor to ensure the quality of POL products and in line with Section 6 (2) (x) of the OGRA Ordinance, continued to undertake the quality checking through HDIP at the OMCs' depots and

lube oil blending and reclamation plants on bi-annual/quarterly basis as under:

- OMCs' Depots/Terminals (on bi-annual basis)
- Blending/Reclamation Plants (on quarterly Basis)

Similarly, as per directives of the Authority, the OMCs carry out inspections/POL product testing at their respective retail outlets on regular basis and submit quarterly report to OGRA.

In the same way, the Authority has enforced through HDIP the monitoring and quality testing of the imported petroleum products on vessels (before unloading) in light of the GoP policy guidelines.

Up to May 09 of FY 2008-09, 121 and 192 inspections/quality checks of OMCs depots and imported products respectively, were carried out. Inspection/quality checks of 175 lube blending plants were also conducted and 33,754 quality checks were made at the retail outlets of all OMCs.

4.5.3.5 New Licences for Oil Refineries

OGRA has granted permission for setting up Oil Refinery to M/s Bosicor Oil Pakistan Limited (BOPL) at Hub (Balochistan), having name plate capacity of 110,000 Barrels per Day (4.6 Million Tons/Annum) at an estimated investment of US\$ 337 million. Similar permission was also granted to TransAsia Refinery Limited (TRL) for setting up a 100,000 Barrels per Day (4.5 Million Tons/Annum) at Port Qasim, Karachi at a total estimated cost of US\$ 500 Million. Both BOPL and TRL being relocated refineries, have been advised to ensure compliance to all local as well international criteria and strict adherence to safety and environmental standards, before their grant of licences requests can be considered.

The Authority is currently issuing regulatory guidelines, pending issuance of formal licence under the new Oil rules which are yet to be notified by the Federal Government. The following guidelines are issued for setting up of new/relocated refinery after examining proposal in light of the OGRA Ordinance and GoP policy guidelines:-

- (a) The terms and conditions contained in the Ministry of Commerce's Trade Policy, 2008-09 will be applicable for the import of 2nd hand refinery project in its letter and spirit.
- (b) The sponsors shall ensure that the process design of 2nd hand refinery should be thoroughly reviewed and verified by an independent engineering consultant having track record of design engineering and evaluation of refineries (including relocation). In verification exercise, the focus should be to evaluate refinery's capability to process the proposed crude mix and through put capacity, remaining life of the refinery and its efficiency.
- (c) Sponsor shall ensure refurbishment of major equipment and controls from licensed Original Equipment Manufacturers contractors with warranty. The refurbished

- equipment be subjected to extensive review to ensure that it conforms to the mandatory codes for ensuring safety.
- (d) The company shall obtain the prior NOC from the Ministry of Defence from security point of view.
- (e) The company shall obtain site clearance from the concerned Environmental Protection Agency and other federal or provincial agencies as per applicable Laws /Rules.
- (f) The company shall comply with all applicable laws, rules and regulations including National Environment Quality Standards (NEQS) and NOC from Environment Protection Agency (EPA).
- (g) The company shall obtain prior clearance from relevant agencies for:
 - (i) Port handling facility for import and storage of crude oil and export of surplus petroleum products.
 - (ii) Transportation and supply of petroleum products for local consumption.
 - (iii) Availability of all relevant public utilities. (Electricity, Gas and Water.)
- (h) The petroleum products produced by the refinery should conform to the specifications notified by the GoP from time to time. The company shall seek guidance from the GoP

so as to design and configure the refinery to cater for future specifications/ requirements planned by the GoP.

(i) The sponsor shall verify/
validate that all codes/
standards e.g. American
Petroleum Institute (API),
American National Standard
Institute (ANSI), American
Society of Mechanical
Engineer (ASME) and



A view of a Refinery

all other international safety standards, which should not be inconsistent with any applicable standard for the time being enforced, are followed.

- (j) There shall be no GoP guarantee / financial obligation on the techno economics viability of the refinery whatsoever.
- (k) The company shall submit appropriate application along with requisite licence fee & documentation, for obtaining formal licence for construction and operation of the refinery when the new rules are notified under the OGRA Ordinance 2002.

In addition to the above, following incentives approved by GoP has been given for refurbished/relocated refinery set up in coastal area of Balochistan:-

- (a) 10 years tax holiday for social and economic boost to Balochistan and to enable them to recover their investment.
- (b) Waiver of 5% WPPF subject to the condition that the entire proceeds will be exclusively spent for the benefit of local labour and their welfare, through a board of trustees, to be specially established for this purpose to build confidence level.
- (c) Waiver of Development Surcharge @ 0.5 % of the value of exports under the EPZA Rules, 1981, if refinery is declared as Export Processing Zone.
- (d) The government will not pay any freight on inland transportation of crude oil and petroleum products and the refinery project would have its own arrangements for crude import handling/single point mooring etc. to avoid back freighting of crude oil.
- (e) They would observe the terms and conditions of their licence issued by the independent regulator i.e. OGRA and other rules, laws and regulations etc.
- (f) The above incentives will be available to the projects if oil refinery will be commissioned at the end of 2011.

4.5.3.6 Licence for Offshore Loading/Unloading Facility

M/s. Bosicor Pakistan Limited (BPL) in collaboration of M/s. Coastal Refinery Limited (CRL) intends to install a Single Buoy Mooring System (SBM) for loading/unloading of crude oil and furnace oil near Khalifa Point at Hub Balochistan. A pipeline of 20 Km (12.7 Km offshore and 7 Km onshore) will be laid down, connecting with SBM, located near Khalifa Point, West of Karachi coast and storage tanks of M/s. BPL. The company, in this regard has applied for grant of licence under Section 23(3) (c) of the OGRA Ordinance. The Authority is in consultation with the Federal Government to seek policy guidelines, so that the company is allowed to proceed in the matter in accordance with the regulatory framework to be laid down by OGRA.

4.5.3.7 Renewal/Extension of Licences for Oil Marketing Companies

The provisional oil marketing licences of M/s. Bakri Trading Company Pakistan (Pvt.) Ltd., M/s. Askar Oil Service (Pvt) Ltd., M/s. Overseas Oil Trading Co. (Pvt.) Ltd. were extended for a further one year period, while M/s. Hascombe Storage Ltd was granted an extension in its provisional marketing licence for 3 years, so that these OMCs could develop their committed / requisite



A Modern Retail Outlet

infrastructure as per their work plan.

4.5.3.8 Permission Granted for Construction of Oil Terminal/Storage Facilities

Following companies have been issued permission for construction of oil storages under the Pakistan Petroleum (Refining, Blending & Marketing) Rules, 1971. All these will collectively add approximately 143,250 M.tons to the petroleum storage capacity of the country and will bring an investment of Rs. 1.75 billion.

Sr. No.	Company	Storage Capacity (M. Ton)
i.	M/s Hascombe Storage Ltd. for construction of oil terminal at Shikarpur.	6,500
ii.	M/s Attock Petroleum Ltd. for construction of oil terminal at Port Qasim	120,000
iii.	M/s Overseas Oil Trading Co. (Pvt.) Ltd., M/s Hascombe Storage Ltd. and M/s Bakri Trading Company for joint storage facility at Machike.	16,750

4.5.3.9 New Licences for Lube Oil Blending/Reclamation Plants

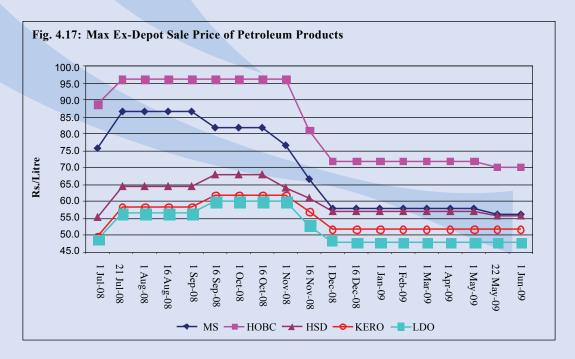
Fourteen applicants requested for registration of their Lube Oil Blending/Reclamation plants in accordance with rule 16 of the Pakistan Petroleum (Refining, Blending and Marketing) Rules 1971. The Authority registered twelve plants after certifying, through HDIP, the conformity of the plants with the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



Typical blending unit

4.5.4 Oil Pricing

Federal Government mandated OGRA on March 02, 2006, to fix prices of petroleum products namely Motor Spirit (MS) 87 RON, High Octane Blending Component (HOBC), Kerosene Oil (SKO), Light Diesel Oil (LDO), JP - 1 and JP- 4, w.e.f. April 01, 2006, in accordance with the prescribed formula, HSD ex-depot is notified by OMC's on cost completion basis under Section 6(2)(r) and Section 21(2) (b) of the OGRA Ordinance 2002. The price trend of ex-depot sale prices of petroleum products notified by OGRA during FY 2008-09 is shown in **Fig 4.17.**



The Federal Government has also issued policy guidelines to the Authority in respect of parameters for computing the said prices, and has, inter-alia advised that the ex-refinery and ex-depot prices will be notified after consultation with the Federal Government.

The consumer prices are being notified by OGRA on monthly basis w.e.f February 01, 2009, effective from first day of each month.

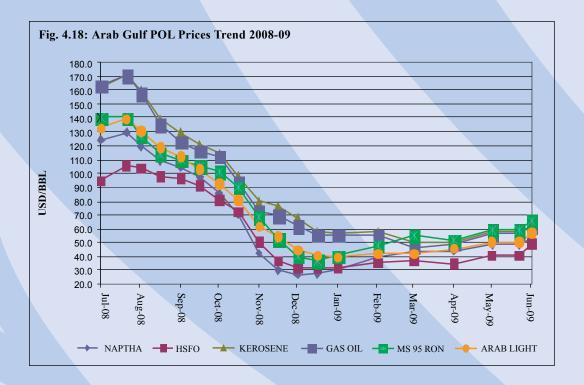
Briefly, under the said pricing formula the ex-depot sale prices are being computed as under;

- Ex-refinery import parity price, computed per formula approved by ECC on Dec 23, 2000 (vis-à-vis the then formula) and the subsequent modifications made from time to time
- Inland Freight Equalization Margin (IFEM)
- 4% distribution margin and dealer commission at 5% per formula decided by the Federal Government with a lower and upper limit of \$45-80 per barrel average price of Arabian Light crude oil on Motor Spirit (petrol), HOBC, SKO and LDO.
- Petroleum Development Levy (PDL) as notified by Ministry of Petroleum & Natural Resources.
- General Sales Tax @ 16% of depot price on the amount including all above elements.

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

PDL is an integral part of ex-depot prices of petroleum products. Federal Government advises PDL on monthly basis to OGRA. Federal Government uses PDL component to increase/decrease or maintain the petroleum product prices. The schedule of the PDL notified by the Federal Government during FY 2008-09 is at **Appendix-V**.

International petroleum prices showed extreme volatility during FY 2008-09. The prices touched the peak during the month of July 2008 and fell to the lowest level in the month of December/January 2009. A graphical representation of changes in Arab Gulf crude oil FOB price and petroleum products as prevalent in Arab Gulf region is given in **Fig 4.18**.



The above graphs clearly illustrate that the international crude prices declined in 2008-09 and accordingly Federal Government reduced its local petroleum product prices. Also, PDL was levied by Federal Government to discharge the pending price differential claim liability.

4.5.4.1 Inland Freight Equalization Margin (IFEM)

Inland Freight Equalization is an integral part of Oil pricing formula. Federal Government has transferred the management of IFEM, including its computation, to OGRA w.e.f September 01, 2008.

IFEM mechanism is used to equalize prices of HSD, HOBC, LDO, MS, SKO at 12 depots. Secondary transportation cost from depot to retail outlets is deregulated and the dealers have been allowed to recover it from the retail consumer by including it in the price.

4.5.4.1.1 IFEM Management

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

IFEM mechanism is used to equalize prices of fuel products at 12 depots spread throughout the country despite disparity in transportation cost. IFEM has three components, listed below:

- a. Actual transportation cost on the movement of petroleum products to 12 storage depots, spread throughout Pakistan, as per movement plan of Oil Marketing Companies.
- b. PARCO Refinery component consisting of its price differential claim based on the differential of ex-refinery price, as notified by OGRA, of Attock Refinery, National Refinery and Pakistan Refinery and that of PARCO's formula specified in its implementation agreement.
- c. Attock Refinery component consists of differential of crude transportation costs, approved from time to time.

4.5.4.1.2 IFEM Computation Process

With the view to promote transparency, computation process of IFEM is briefly explained as under.

4.5.4.1.3 OMC Noted Cost

A meeting of IFEM committee is convened before each oil price notification for determining Primary Transportation Cost to be incurred on the movement of petroleum products from refineries/ports up to 12 depots. OMC's present their movement plans for one month in advance and request approval of their noted cost. The movement plans are put through a challenge process in the committee and the numbers are checked against product availability, market share/ sales data, supply envelope integrity, economic mode of transport. After the challenge process, OGRA provisionally approves the noted cost for inclusion in the computation of country wide weighted average primary transportation cost.

4.5.4.1.4 PARCO Price Differential Claim (PDC)

PARCO PDC computation is based on the differential of its Import Parity Price (IPP) under its Implementation Agreement (IA) and the ex-refinery price of ARL, NRL & PRL. The volatility of international prices directly impacts the PARCO PDC. During the period from October 16, 2008 to January 31, 2009 PDC was in negative and it was recovered from PARCO as a result.

4.5.4.1.5 ARL Crude Transportation Cost

ARL is allowed to recover southern i.e Badin as well as Northern fields i.e Adhi and Dhurnal crude

transportation cost from the IFEM. Based on the sales data and transportation cost as submitted by ARL, provisional recovery is allowed which is actualized by the Auditors.

IFEM effective during the period under consideration is placed at Appendix–VI.

4.5.4.1.6 Improving IFEM Mechanism

OGRA after transfer of management of IFEM has taken the following steps to improve the efficiency of the mechanism while ensuring smooth supplies.

- a. White Oil Pipeline (WOP) was being used by Pakistan State Oil (PSO), Shell Pakistan Limited (SPL) and Chevron Pakistan Limited (CPL), to move white products up country. It is the most economic mode of transporting white products upcountry. However, rest of the OMCs were unable to move the product due to minimum stock requirement of 2,500 tons which they felt was too high considering size of their operations. PEPCO board agreed to lower the limit of minimum stock to the market share in WOP fed areas of respective OMCs. By 30th June all of the OMC's have completed the necessary documentation for utilizing WOP for product movement. From July 1, 2009, upcountry movement from Karachi will be allowed through WOP only.
- b. OGRA has taken up the matter of delayed IFEM audits of past years with the industry and trying to ensure completion of audits in minimum possible time. Further, OGRA has beefed up the Terms of Reference (TOR) of FY 2008-09 audit with the view to ensure that most economic mode and correct source was used for movement of POL products. Physical inspection requirements have also been included in the TOR.
- c. OGRA has also been encouraging OMCs to enter into hospitality & sale purchase agreements with the view to move away from the concept of virtual depots to minimize the burden on the consumer.

4.6 Complaints Resolution

4.6.1 Complaints Resolution Procedure/Performance

OGRA deals with the complaints against the licensees and their dealers in accordance with the Complaint Resolution Procedure Regulations (CRPR), 2003. It entertains consumer's complaints without fee and with almost no formalities. The consumers are not required to come to OGRA for filing the complaint. They can file the same through e-mail, fax, normal post and personally.

OGRA values the complainants and regards them as valuable part of the society. OGRA is resolving consumer complaints through appropriate regulations performance standards, issuing appropriate directions and mediating between the consumers and utilities.

OGRA is protecting the consumers (weakest stakeholders) from mistreatment and exploitation of the utilities. Utilities are being persuaded to improve their system, provide gas connections in stipulated time, improve bill collection and efficiency, no inaccurate meter reading, no late delivery of bills and no load-shedding.

The nature of complaints being handled by OGRA are:

- Delay in provision of gas connection.
- Excessive/Estimated billing.
- Low pressure of gas.
- Unjustified removal of gas meter and delay in restoration of gas supply.
- Alleged tampering/theft charges.
- Late delivery and non-provision of gas bills and waiver of Late Payment Surcharge.
- Alleged enhancement in delivery pressure.
- Demand of additional security.
- Gas leakage.
- Quantity and quality of Natural Gas, Oil, LPG or CNG being supplied.
- Discrimination practices of the Licensee or dealer.

In conformity with CRPR the Authority has designated specific officers for handling complaints with specific jurisdictions. The Designated Officers resolve mostly complaints through correspondence i.e obtain the comments / report on the complaint from Licensee and counter-comments from the complainant and issue their decision / judgment through mail. Any party (the complainant or licensee), if, aggrieved with the decision of the Designated Officer, may file an appeal before the Authority under Section 12 of the OGRA Ordinance and the Authority decides the appeal after providing an opportunity of hearing to the parties.

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

- "OPEN DOOR" Policy for consumers / complainants. Visitors can see the concerned officers without prior appointments. Further, the visitors do not have to wait for more than 15 minutes to see the officers.
- A focal person has been appointed to facilitate the public.
- OGRA publicizes the Complaint Form through the newspapers and also disseminates through its website.
- The complainant is allowed to file application on a plain paper.
- The complainant is kept informed of the progress.
- The complainants are guided how to fill and file the application form.

- Ensures the following facilities for the visiting public:
 - o Reception
 - o Seating arrangement
 - o Safe drinking water
 - o Toilet
- Treat every one with the same respect and dignity, irrespective of socio-economic status, or background.
- No act of discretion.
- Grievances redress procedure is in detailed form.

Through a dedicated system OGRA is providing resolution of complaints at doorstep of the consumers particularly domestic consumers. However, the officers of OGRA also travel to provincial headquarters on need basis i.e for the purpose of providing opportunity of hearing to the complainants.

4.6.2 Complaints and Appeals

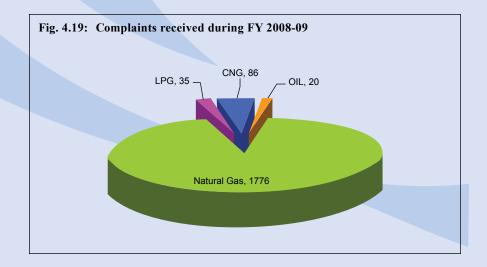
During 2008-09, OGRA received 1,917 complaints from all over the country and resolved 1,489 of them. About 92% of the complaints were related to natural gas as being the most widely used fuel. Natural gas complaints mostly pertaining to delay in provision of gas supply and gas connection, excessive/estimated billing due to sticky meter, malfunction of EVC/Emcorrector, alleged tampering/theft charges and enhancement in delivery pressure, low pressure of gas, late delivery of gas bills and waive of LPS and demand of additional security for natural gas. 110 appeals against the decision of the Designated Officers were received by the Authority. The Authority has already decided 82 of them. The status of complaints and appeals is given in **Table 4.14. Fig 4.19** and **Fig 4.20** show sector-wise complaints received and their status respecively during FY 2008-09.

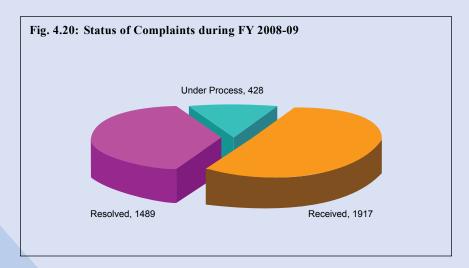
Table 4.14: Status of Complaints and Appeals (FY 2008-09)

Description	Natural Gas	LPG	CNG	Oil	Total
Complaints received	*1,776	35	86	20	1,917
Complaints resolved/disposed	1,353	35	84	17	1,489
Complaints under process	423	0	2	3	428
Appeals to the Authority against decisions of the Designated Officers/Review Petition	**110	0	0	0	110
Appeals decided by the Authority	82	0	0	0	82
Appeals to the High Court against the decisions of the Authority	10	0	0	0	10

^{*}Includes 423 complaints carried forward

^{**}includes 32 appeals carried forward





On OGRA's intervention, gas utilities provided 384 gas connections during FY 2008-09 and relief of Rs. 53.95 million to consumers in gas billing. On receipt of complaints from the residents of a number of localities/areas inhabited by weaker sections of the society, OGRA issued necessary directions to SSGCL and SNGPL to provide gas to these localities/areas.

OGRA intervention on consumer complaints resulted in direct benefit/relief to 672 complainants mostly the domestic consumers during FY 2008-09. However, more important is the positive effect that it is having on companies' overall performance. They are continuously upgrading their own complaint resolution processes.

Anticipated Developments Next Year

5. ANTICIPATED DEVELOPMENTS NEXT YEAR (FY 2009-10)

5.1 Regulatory Framework

The Authority has already laid a comprehensive regulatory framework of regulatory activities of Natural Gas, Oil, CNG and LPG sectors. The Authority would work on revision of some of the existing rules/regulations as well as formulation of new ones as per requirement. Following rules, regulation and standards are scheduled to be formulated/processed during FY 2009-10.

5.1.1 Rules under Preparation - (2008- 09)

Natural Gas Theft Rules

5.1.2. Rules Drafted under Process – (2007-08)

- The Pakistan Oil (Refining, Blending, Transportation, Storage and Marketing) Licensing Rules, 2009
- Amendments to Minimum Performance Standards Regulations
- OGRA (Fines and Recovery) Rules, 2009
- Amendment in OGRA Ordinance, 2002 (Section 43C, Bio Fuels)
- Amendment in OGRA Ordinance, 2002 (Section 21, Ethanol)

5.1.3 Oil Technical Standards under Process

Following technical standards are expected to be finalized, in consultation with stakeholders, for onward notification by the Authority:

- Design and Safety Technical Standards for Refineries
- Technical Standards for "Road Transport Vehicles, Containers and Equipment used for the Transportation of Petroleum Products"
- Technical Standards for Blending Plants

5.1.4 Technical Standard for Gas

• Notification of "Standard Technical Specifications for Equipments and Materials to be used in Natural Gas Networks, in the official Gazette of Pakistan.

5.1.5 Development as per the Licence Conditions in Natural Gas Sector

Approval of Consumer Service Manuals of both the licensees i.e. SSGCL and SNGPL.

- Approval of standard contracts for "Special Domestic" "Bulk Domestic" and other categories of consumers.
- Follow-up of the action plan submitted by the licensees, SNGPL & SSGCL regarding Technical Audit.
- Decision to be taken by the Authority as regards the revision of UFG benchmarks, requested by the licensees SNGPL & SSGCL.
- Implementation of above ground and underground leakage rectification program devised by the Authority to be followed by the licensees SNGPL and SSGCL.
- Revision of targets for the domestic gas connections, in the light of policy guidelines from the Government of Pakistan.

5.2 Determination of Revenue Requirement

Determination of the revenue requirement of natural gas utilities is one of the important functions of the Authority. The Authority has recently completed the Estimated Revenue Requirement of SSGCL and SNGPL for FY 2009-10. The Authority shall make the following determinations of both the gas utilities during the next financial year.

- i) Final revenue requirement for FY 2008-09 based on the actual audited results.
- ii) Review of Estimated Revenue Requirement for FY 2009-10 after incorporating the actual changes in well-head prices of natural gas and other relevant factors.
- iii) Estimated Revenue Requirement for FY 2010-11.

5.3 Price Notification

- i) 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.
- ii) The process of notification of oil prices on monthly basis will also continue.
- iii) The process of determination and notification of CNG under Section 43 (B) of the OGRA Ordinance, 2002.

5.4 Implementation of New Tariff Regime

OGRA has developed a new tariff regime for regulated natural gas sector of Pakistan, which is in the course of legally mandatory consultation process with the Federal Government, and expected to be finalized during next year.

5.5 Licensing

5.5.1 Natural Gas

OGRA will continue to process applications for grant of licences during FY 2009-10.

5.5.2 Gas Sales Agreements

Approval of Gas Sales Agreements between Producers and Licensees and Gas Supply Contract between Licensees and the Consumers shall be processed promptly.

5.5.3 LPG

The LPG (Production & Distribution) Rules, 2001 are being amended in order to simplify and streamline the procedure for grant of licence for construction of LPG storage and filling plants and auto refueling stations, which will be helpful in attracting substantial investment especially in auto refueling stations. In addition, the Federal Government has directed to restrict issuance of licences to only those LPG marketing companies who have sufficient LPG supply commitment, which will ensure that only prospective and committed investors will come into LPG business.

5.5.4 CNG

The Authority expects to grant about 500 marketing licences for commercial operation of CNG stations. Evaluation and approval of about 6 manufacturers in the list of already approved CNG equipments. About 50 public complaints in respect of regulated activities in accordance with OGRA's Complaint Resolution Procedure Regulations, 2003 is expected to be redressed.

5.5.5 LNG

OGRA would be processing applications for licence for production, transportation and distribution of LNG under Liquefied Natural Gas (LNG) Rules, 2007 from prospective investors next year. During FY 2009-10 finalization of decision regarding issuance of LNG construction and storage licence to LNG project proponents is expected.

5.5.6 Midstream and Downstream Oil Sector

Processing of following cases for licences is expected:

- M/s. Indus Refinery Limited;
- M/s. Bosicor Pakistan Limited (BPL) intends to install a Single Buoy Mooring System (SBM) for loading/unloading of crude oil and furnace oil;
- Lube oil blending/ reclamation plants.

5.6 Complaints

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

5.7 Capacity Building's Future Aspects

Staff development and training is vital, ongoing need of every progressive organization, with all grades of personnel having to be continuous updated and latest knowledge in their relevant fields on variety of technical and occupational issues.

In order to further enhance its staff skills and keep them abreast of international regulatory practices and techniques, OGRA has planned to organize tailor-made/customized training programs on regulatory affairs in collaboration with training institutes in addition to the opportunity of participation in various foreign and local trainings. Moreover, possibility of organizing lectures from retired experienced regulatory professionals to impart their knowledge/learning experience is also under consideration in the upcoming years. Contracts for conducting institutional development studies will also be awarded to the individual consultant/firms on need basis

5.8 OGRA Building Project

At present OGRA's offices are located in rented space in three buildings. This temporary arrangement is conducive neither to efficient, cost effective operation nor to cultivating a sense of belonging among the employees. For permanent housing of OGRA offices and to meet future expansion needs, it is envisaged that a building be constructed at Plot No. 37 & 39, Mauve Area, G-10/4, Islamabad which have already been allotted to OGRA by CDA for this purpose with the approval of the Prime Minister of Pakistan.

Development Working Party (DWP) for OGRA has approved the PC-1 of the Project in principle. Building design has also been approved by CDA. The foundation stone is expected to be laid in 1st quarter of 2010.

Regulatory Framework

Rules Notified and Adopted

Sr. No.	Rules	Notification/Adoption Date
i.	Natural Gas (Licensing) Rules, 2002●.	February 26, 2002
ii.	Natural Gas (Tariff) Rules, 2002.	November 23, 2002
iii.	Compressed Natural Gas (Production and Marketing) Rules, 1992*.	March 15, 2003
iv.	Liquefied Petroleum Gas (Production and Distribution) Rules, 2001*.	March 15, 2003
V.	Budget Committee Rules, 2004.	December 30, 2004
vi.	Pakistan Petroleum (Refining, Blending & Marketing) Rules, 1971*	March 15, 2006
vii.	Amendments in LPG (Production & Distribution) Rules, 2001	March 10, 2007
viii.	Liquefied Natural Gas (LNG) Rules, 2007	May 26, 2007

Note ●: Inherited from Natural Gas Regulatory Authority

Note*: Rules No. (iii), (iv) and (vi) notified by the Ministry of Petroleum and Natural Resources, are adopted under Section 44(3) of the Ordinance.

Regulations/Standards Notified

Sr. No	Regulations	Notification Date
i.	Complaint Resolution Procedure (Natural Gas, CNG and LPG) Regulations, 2003 (CRPR).	September 3, 2003
ii.	Amendment in CRPR incorporating oil.	November 17, 2006
iii.	Performance and Service Standards for Gas Utilities.	September 3, 2003
iv.	Natural Gas Uniform Accounting Regulations, 2003.	February 17, 2004
V.	Natural Gas Transmission (Technical Standards) Regulations, 2004.	August 5, 2004
vi.	Natural Gas Distribution (Technical Standards) Regulations, 2004.	August 5, 2004
vii.	OGRA Financial Regulations, 2005.	January 11, 2005
viii.	OGRA Service Regulations, 2005.	January 31, 2005

Safe Operations of Regulated Activities

OGRA prescribes/enforces the following:

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

OGRA carries out regularly the following:

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

Appendix - II

Natural Gas Licences issued by OGRA

Sr. No	Company	Type of Licence	Date of Issue
i.	Sui Northern Gas Pipelines Limited (SNGPL)	Transmission, distribution and sale of Natural Gas in the province of Punjab, NWFP and Azad Jammu & Kashmir	September 3, 2003
ii.	Sui Southern Gas Company Limited (SSGCL)	Transmission, distribution and sale of Natural Gas in the province of Sindh and Balochistan	September 3, 2003
iii.	Mari Gas Company Limited (MGCL)	Sale of Natural Gas to Fauji Fertilizer Company Limited (FFCL), Engro Chemical Pakistan Limited (ECPL) and Central Power Generation Company Limited (CPGCL)	August 11, 2004
iv.	Pakistan Petroleum Limited (PPL)	Sale of Natural Gas to Central Power Generation Company Limited (WAPDA)	November 23, 2004
V.	Oil & Gas Development Company Limited (OGDCL)	Sale of Natural Gas from Bhal Syedan Gas Field	December 30, 2004
vi.	OGDCL	Sale of Natural Gas from Nandpur and Panjpir Gas Fields.	December 30, 2004
vii.	OGDCL	Sale of Natural Gas from Uch Gas Field.	December 30, 2004
viii.	Fauji Fertilizer Company Limited	Transmission of Natural Gas	April 7, 2005
ix.	Engro Chemicals Pakistan Limited	Transmission of Natural Gas	April 7, 2005
X.	Central Power Generation Company Limited	Transmission of Natural Gas	April 14, 2005
xi.	Fatima Fertilizer Company Limited Transmission of Natural Gas		April 16, 2007
xii.	Foundation Power Company Limited	Transmission of Natural Gas	August 27, 2007
xiii.	Star Power Generation Company Limited	Transmission of Natural Gas	January 30, 2008
xiv.	Sui Northern Gas Pipelines Limited	Gas Storage Facility at Lilla Town-Punjab	April 30, 2008

Field-wise Well-Head Gas Prices

Sr. No	Field Name	Units	Price Effective 01-07-08	Price Effective 01-01-09
1.	Adhi	Rs. per MMBTU	101.35	116.76
2.	Bhangali	Rs. per MMBTU	142.57	163.76
3.	Bhit	\$ per MMBTU	4.4752	4.6535
4.	Badin Deep fields	\$ per MMBTU	4.0710	4.2366
5.	Badin-II, Badin-II Revised, Badin-III (Head of Agreement)	\$ per MMBTU	4.0710	4.2366
6.	Badin Compression	Rs. per MMBTU	153.35	190.17
7.	Badin Non-Golarchi Non-Associated	Rs. per MMBTU	489.64	689.72
8.	Badar	\$ per MMBTU	2.3573	2.3630
9.	Bhadra	\$ per MMBTU	4.4752	4.6535
10.	Chachar	\$ per MMBTU	2.4946	2.4568
11.	Chanda	\$ per MMBTU	2.7213	2.7327
12.	Dakhani	Rs. per MMBTU	101.48	116.02
13.	Daru	Rs. per MMBTU	89.22	102.00
14.	Dhodak	Rs. per MMBTU	202.77	231.81
15.	Dhurnal	Rs. per MMBTU	18.59	23.34
16.	Hassan	\$ per MMBTU	2.44	2.4376
17.	Kadanwari	\$ per MMBTU	11.7065	*
18.	Kandkot	Rs. per MMBTU	139.84	168.13
19.	Niamat Basal-1 & Siraj South-1	\$ per MMBTU	2.5336	*
20.	Bilal North - 1 & Bilal - 1	\$ per MMBTU	2.5336	*
21.	Loti	Rs. per MMBTU	95.35	109.01
22.	Mazarani	\$ per MMBTU	1.75	1.75
23.	Meyal / Dhulian	Rs. per MMBTU	87.96	101.63
24.	Miano	\$ per MMBTU	4.1666	4.3326
25.	Mela	\$ per MMBTU	2.6513	2.6627
26.	Makori	\$ per MMBTU	2.6713	2.6827
27.	Mari	Rs. per MMBTU	37.28	37.28
28.	Manzalai	\$ per MMBTU	2.7213	2.7327
29.	Kauser Deep-1, Usman, Umar & Ali-1	\$ per MMBTU	2.5336	*
30.	Nandpur Panjpir	Rs. per MMBTU	256.84	293.6
31.	Pariwali	\$ per MMBTU	4.4752	4.6535

Sr. No	Field Name	Units	Price Effective 01-07-08	Price Effective 01-01-09
32.	Pindori	\$ per MMBTU	4.4752	4.6535
33.	Pirkoh	Rs. per MMBTU	95.35	109.01
34.	Ratana	Rs. per MMBTU	263.01	345.81
35.	Rehmat	\$ per MMBTU	2.5336	2.5443
36.	Sadkal	Rs. per MMBTU	517.78	510.29
37.	Sara / Suri	Rs. per MCFT	100.37	114.98
38.	Sari Hundi	Rs. per MMBTU	476.51	587.57
39.	Sawan	\$ per MMBTU	4.1666	4.3326
40.	Sui	Rs. per MMBTU	139.84	168.13
41.	Salsabil	\$ per MMBTU	2.8240	*
42.	Turkwal	\$ per MMBTU	4.4752	4.6535
43.	Uch	\$ per MMBTU	3.9223	3.9223
44.	Zamzama SSGCL	\$ per MMBTU	4.0766	4.2426
45.	Zamzama SNGPL	\$ per MMBTU	4.0791	4.2451
46.	Zamzama Wapda/Guddu	\$ per MMBTU	4.1196	4.2856
47.	Zamzama - Phase - II	\$ per MMBTU	4.0709	4.2366

^{*} Issuance of notifications pended for acquiring information/clarification from concerned quarters.

Consumer Selling Price

- 1. Sui Northern Gas Pipelines Ltd.
- 2. Sui Southern Gas Company Ltd.

	Rs. per MMBTU			MMBTU
				From 01-07-2009 to
			30-06-2009	31-12-2009
Cate	gory			
i.	Domestic Co	nsumers	,	
	+	M ³ per month		
	1	M ³ per month	82.30	80.65
	(ii) Ove	r 50 -upt o 100 M ³ per month	86.17	84.45
	(iii) Ove	r 100 -upt o 200 M ³ per month	156.87	153.73
	b. Over 200	M ³ -u pto 300 M ³ per month		
	(i) 0-10	00 M 3 per month	86.17	84.45
	(ii) Ove	r 100 -upt o 200 M ³ per month	156.87	153.73
	(iii) Ove	r 200 -upt o 300 M ³ per month	332.12	325.48
	c. Over 300 l	M3 -u pto 400 M³ per month		
	(i) 0 -20	00 M ³ per month	156.87	153.73
	(ii) Ove	r 200 -upt o 300 M ³ per month	332.12	325.48
	(iii) Ove	r 300 -upt o 400 M ³ per month	432.06	423.42
	d. Over 400	M ³ -u pto 500 M ³ per month		
	(i) 0-30	00 M ⁻³ per month	332.12	325.48
	(ii) Ove	er 300 -upt o 400 M ³ per month	432.06	423.42
	(iii) Ove	er 400 -upt o 500 M ³ per month	561.67	550.44
	e. Over 500 l	M ³ per month		
	(i) 0-40	00 M ³ per month	432.06	423.42
	(ii) Ove	r 400 -upt o 500 M ³ per month	561.67	550.44
	(iii) All	over 500 M ³ per month	730.17	730.17
For	hostels and resi	dential colonies to whom gas is supplied thr	rough bulk meters.	
	a. Upto 200 l	M ³ per month		
	(i) 0 -50) M ³ per month	-	80.65
	(ii) Ove	r 50 -upt o 100 M ³ per month	-	84.45
	(iii) Ove	r 100 -upt o 200 M ³ per month	-	153.73
	b. Over 200	M ³ per month		
	All off-takes of	at flat rate of	156.87	325.48

		Rs. per I	MMBTU
		From 01-01-2009 to 30-06-2009	From 01-07-2009 to 31-12-2009
Categ	ory		
ii.	Commercial Consumers	393.33	393.33
iii.	Ice Factories:	393.33	393.33
iv.	Special Commercial Consumers (Roti Tandoors)		
	(a) Upto 200 M ³ per month		
	(i) $0-50 \text{ M3 per month}$	82.30	80.65
	(ii) Over $50 - \text{upto } 100 \text{ M}^3 \text{ per month}$	86.17	84.45
	(iii) Over 100 – upto 200 M ³ per month	156.87	153.73
	(b) Over 200 M ³ – upto 300 M ³ per month		
	(i) $0-100 \text{ M}^3$ per month	86.17	84.45
	(ii) Over 100 – upto 200 M ³ per month	156.87	153.73
	(iii) Over 200 – upto 300 M ³ per month	332.12	325.48
	(c) Over 300 M ³ per month		
	All off-takes at flat rate of	393.33	393.33
v.	Industrial Consumers:	339.43	324.30
vi.	Compressed Natural Gas (CNG) Stations:	427.15	427.15
vii.	Cement Factories:	454.95	454.95
viii.	Fertilizer Companies:		
	(i) Pak American Fertilizer Company Ltd.		
	(a) For gas used as feed-stock	36.77	36.77
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories.	339.43	324.30
	(ii) Dawood Hercules Chemicals Ltd., Chichoki Mallia	n, Sheikhpura	
	(a) For gas used as feed-stock	96.14	102.01
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories.	339.43	324.30
	(iii) Pak Arab Fertilizer Ltd., Multan		
	(a) For gas used as feed-stock	96.14	102.01
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories.	339.43	324.30
	(iv) Pak China Fertilizer Ltd., Haripur		
	(a) For gas used as feed-stock	102.01	102.01
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories.	339.43	324.30

		Rs. per MMBTU			
		From 01-01-2009 to 30-06-2009	From 01-07-2009 to 31-12-2009		
Categ	gory				
	(v) Hazara Phosphate Fertilizer Plant Ltd., Haripur				
	(a) For gas used as feed-stock	102.01	102.01		
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories.	339.43	324.30		
	(vi) ENGRO Fertilizer Company Ltd.				
	(a) For gas used as feed-stock	-	56.70		
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories.		324.30		
	(vii) Fauji Fertlizer Bin Qasim Limited:				
	(i) For gas used as feed-stock for Fertilizer upto 60 MMCFD	102.01	102.01		
	(ii) Additional allocation for 10 MMCFD (Provisional)	54.54	56.70		
	(iii) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories.	339.43	324.30		
	(ix) Power Stations:				
	(i) WAPDA's & KESC's power stations and other electricity utility companies excluding WAPDA's natural gas turbine power station, Nishatabad, Faisalabad	349.56	333.98		
	(ii) WAPDA's Gas tTurbine Power Station, Nishatabad, Faisalabad	349.56	333.98		
	(iii) Liberty Power Ltd.'s Gas Turbine Power Plant (Phase I) at Dharki	848.10	1060.39		
	(x) Captive Power:	339.43	324.30		
	(xi) Independent Power Producers:	295.03	281.88		
3	Mari Gas Company Ltd.				
	(i) ENGRO Chemicals Pakistan Limited:				
	(a) For gas used as feed-stock	94.78	102.01		
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories.	339.43	324.30		
	(ii) Fauji Fertilizer Company Ltd.(FFCL) - Machi Goth, District Rahim Yar Khan & FFCL, Mir Mathelo, District Ghotki (ex-PSFL):				
	(a) For gas used as feed-stock	94.78	102.01		
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories.	339.43	324.30		

	Rs. per MMBTU		
	From 01-01-2009 to	From 01-07-2009 to	
	30-06-2009	31-12-2009	
Category			
(iii) Fatima Fertilizer:			
(a) For gas used as feed-stock	-	56.70	
(b) For gas used as fuel for generating steam and	-	324.30	
electricity and for usage in housing colonies for fertilizer			
factories.			
(iv) Foundation Power Company (Daharki) Ltd.	-	281.88	

Appendix-V

PDL Notified by GoP

Rs./liter

Effective Period	MS	НОВС	SKO	LDO	HSD
1-Jul-08	-	1.51	-	-	-
21-Jul-08	-	1.51	-	-	-
1-Aug-08	5.49	7.82	-	-	-
16-Aug-08	19.53	20.73	-	<u>-</u>	-
1-Sep-08	19.65	20.83	-	-	-
16-Sep-08	15.89	21.11	-	-	-
1-Oct-08	17.57	23.37	-	-	-
16-Oct-08	23.12	30.51	0.84	3.27	0.33
1-Nov-08	28.84	41.57	8.17	12.23	9.50
16-Nov-08	28.27	37.63	5.94	9.23	8.83
1-Dec-08	27.51	37.68	7.00	9.67	10.13
16-Dec-08	29.49	39.85	12.48	12.40	14.31
1-Jan-09	27.32	37.43	12.95	12.95	14.98
1-Feb-09	21.40	28.91	10.45	8.51	12.29
1-Mar-09	19.15	27.75	15.89	13.09	17.77
1-Apr-09	19.54	26.55	13.81	11.32	17.02
1-May-09	14.91	19.36	8.79	6.89	11.86
22-May-09	13.66	17.81	8.79	6.89	10.63
1-Jun-09	10.54	14.32	6.88	3.95	8.53

Appendix - VI

Inland Freight Equalization Margin (IFEM)

Rs./liter

Effective Period	MS	НОВС	SKO	LDO	HSD
1-Jul-08	4.48	8.60	4.77	3.52	2.22
21-Jul-08	5.05	9.61	5.11	3.61	2.52
1-Aug-08	4.43	8.35	4.50	3.73	2.38
16-Aug-08	1.26	2.35	1.34	2.74	1.40
1-Sep-08	0.78	1.88	1.10	2.44	1.14
16-Sep-08	1.35	2.87	1.69	2.71	1.30
1-Oct-08	0.80	1.89	1.07	2.34	1.13
16-Oct-08	-	-	-	-	-
1-Nov-08	-	-	-	-	-
16-Nov-08	-	-	-	-	-
1-Dec-08	-	-	1	1	-
16-Dec-08	-	-	-	-	-
1-Jan-09	-	-	-	+	-
1-Feb-09	2.13	4.05	2.41	3.02	1.88
1-Mar-09	1.18	1.72	0.97	2.30	1.18
1-Apr-09	2.03	4.20	2.51	3.00	1.58
1-May-09	2.84	6.99	3.60	3.59	1.81
1-Jun-09	2.88	7.01	3.61	3.64	1.87



Employees

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