

PUBLIC HEARING NOTICE

Petition Filed by Sui Southern Gas Company Limited for Determination of its Estimated Revenue Requirement/Prescribed Prices for F.Y. 2022-23

Sui Southern Gas Company Limited (the Petitioner) filed a petition before the Authority under Section 8 (1) of the Oil and Gas Regulatory Authority Ordinance, 2002, read with Rule 4 (2) of the Natural Gas Tariff Rules, 2002 on February 14, 2022 for Determination of its Estimated Revenue Requirements / prescribed prices for FY 2022-23. Subsequently, the petitioner filed an amended petition on March 09, 2022 segregating Revenue Requirement petition in terms of activities i.e. Transmission, Distribution & Sales. The petitioner has projected average prescribed price at Rs. 1,013.02 per MMBTU.

Copy of the petition is available on OGRA's official website which can be downloaded free of any cost. However, hard copy can be obtained on payment of prescribed charges of Rs.2/- per page from the office of Registrar, OGRA, Islamabad.

Accordingly, activity-wise shortfall in respect of Revenue Requirement of indigenous gas is tabulated below:

PARTICULARS	Rs. In Million		
	Transmission Activities	Distribution & Sales Activities	Total
Energy Sale in MMBTU	-	283,040	283,040
Cost of Gas	-	263,598	263,598
Operating Cost	5,383	19,796	25,179
Depreciation	1,212	7,032	8,244
Return on Assets	3,017	4,945	7,962
Subsidy for LPG Air-Mix Projects	-	1,373	1,373
UFG adjustment on RLNG volume handled basis (ring fence)	-	(15,021)	(15,021)
Other Operating Income	(282)	(4,329)	(4,611)
Total Revenue Requirement	9,330	277,394	286,724
Sale Revenue at current Prescribed Price	-	197,926	197,926
Total Shortfall in Revenue Requirement	9330	79,468	88,798
Average Prescribed Price (Rs. /MMBTU) w.e.f July 01, 2022.			1,013.02

The Revenue Requirement of the petitioner will enable it to meet cost of gas, operating cost and return on assets. The cost of gas is linked to the international price of crude oil / fuel oil in accordance with the agreements between the Federal Government and the gas producers.

Besides above, the petitioner has estimated RLNG cost of service at Rs. 16.47 per MMBTU w.e.f. July 01, 2022. Moreover, the exclusive rights held by the petitioner in its franchise areas i.e. Sindh and Balochistan has expired as per the respective license, however the petitioner has projected Rs. 1,395 million for laying of 189 km distribution mains to connect various new towns and villages.

The key issues are as follows:

- Whether the Company's claim on account of Transmission & Distribution costs at Rs. 22,585 million for FY 2022-23 is prudent, considering the fact the indigenous gas supplies are declining?
- Whether the claim of the company of Rs. 2,761 million on account of Expected Credit Loss in the light of compliance of IFRS 9 is justified based on the fact that the company is operating under monopolistic regime and is less exposed to financial risk?
- Whether the claim of the company for addition of 132,000 new domestic gas connections on indigenous gas and 713 commercial/ industrial connection on RLNG are justified while ensuring continuity and security of gas supply to existing as well as prospective consumers?
- Whether the Company's proposed expansion of distribution network of 1,123 KM amounting to Rs. 7,719 million is prudent, considering the fact that SSGCL no longer holds exclusivity to develop gas schemes in its franchised area of Sindh and Baluchistan provinces?
- Whether the claimed capital expenditure amounting to Rs.37,618 million against indigenous and RLNG, details of which available on OGRA's website, are prudent, cost effective & economically efficient for inclusion in the rate base?
- Whether the expenses claimed against UFG control activities are justified in view of 13.98% UFG projected by the Company?

Oil & Gas Regulatory Authority invites all interested/affected persons including gas consumers and general public to furnish their comments, suggestions and intervention requests. All correspondence in this connection may be addressed to Registrar, OGRA and should contain the names and addresses of applicant.

All interveners must indicate the manner in which they are likely to be affected by determination of the Authority in this case. Intervention request should be accompanied by an affidavit verifying the contents of the intervention, intervention fee of Rs.500/- (demand draft in favour of OGRA) and authority letter if representing an organization.

For any information required from the Petitioner, please contact:

Muhammad Asad Mustafa,

Deputy General Manager / Incharge (RA),

Sui Southern Gas Company Limited, ST 4/B, Block 14, Sir Shah Suleman Road,

Gulshan-e-Iqbal, P.O. Box17989, **KARACHI.**

Phone No.: 021-99231351, Fax: 021-99231398

OGRA has decided to hold **Public Hearings** in the subject case according to the date, time and venue mentioned below:

Quetta Date: April 05, 2022 (Tuesday) Time: 02:00 p.m. Venue: Serena Hotel, Quetta	Karachi Date: April 07, 2022 (Thursday) Time: 11:00 a.m. Venue: Pearl Continental Hotel, Karachi
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All parties to the proceedings, stakeholders, general public and interested / affected persons are hereby informed of the above proceedings.

Registrar,

Oil & Gas Regulatory Authority

54-B Fazal-e-Haq Road, Blue Area, Islamabad.

Phone: 051-9244296, 051-9244090-98 (Ext-157)

Fax: 051-9244310, Website: **www.ogra.org.pk**

Public Service Message:

قدرتی گیس کے غیر ضروری استعمال سے اجتناب آپ کا اخلاقی اور معاشرتی فریضہ ہے۔

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