

## PUBLIC HEARING NOTICE

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

Sui Northern Gas Pipelines Limited (the Petitioner) filed a petition before the Authority on February 8, 2022 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, for Determination of its Estimated Revenue Requirements / prescribed prices for FY 2022-23. The Petitioner has projected average Prescribed Price Rs. 2,074.89 per MMBTU including previous years' shortfall, in natural gas business. Cost of RLNG diverted towards domestic sector has also been claimed at Rs. 33,950 million as part of cost of gas.

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.

The breakup of projected prescribed price in respect of natural gas is provided below:

PARTICULARS	The Estimates for FY 2022-23 as per the Petition		
	Transmission	Transmission & Distribution	Transmission, Distribution & Sales
	Rs. in Million		
<b>Sales Volume (MMBTU)</b>	-	-	<b>367,806</b>
Cost of gas	-	-	240,788
Operating Cost including HR cost	7,412	18,595	61,447
Depreciation	3,010	22,065	22,525
Return on Assets	2,696	25,317	25,432
Subsidy for LPG Air-Mix Projects	-	411	411
UFG Adjustment	-	-	(750)
Other Operating Income	(882)	(3,849)	(17,768)
<b>Total Revenue Requirement</b>	<b>12,236</b>	<b>62,539</b>	<b>332,085</b>
Sales Revenue at Current Prescribed Price	-	-	200,009
<b>Shortfall in Revenue Requirement for FY 2022-23</b>	<b>12,236</b>	<b>62,539</b>	<b>132,076</b>
<b>Average Prescribed Price (Rs./ MMBTU) for FY 2022-23</b>	-	-	<b>902.88</b>
<b>Previous year Revenue Shortfall</b>	-	-	<b>431,073</b>
<b>Aggregate Average Prescribed Price (Rs./ MMBTU) w.e.f July 01, 2022 including previous year shortfall</b>	-	-	<b>2,074.89</b>

Besides above, the Petitioner has projected RLNG cost of service at Rs. 490.18 per MMBTU w.e.f July 01, 2022 for RLNG business F.Y-2022-23, including Rs. 330.68/MMBTU on account of differential impact of RLNG diversion.

The key issues are as follows:

- Whether the claim of company to allow impact of sale/diversion of RLNG molecules to domestic and commercial sector, at the beginning of the year is reasonable and correct?
- Whether the Company's claim on account of Transmission & Distribution costs at Rs. 27,008 million for FY 2022-23 is prudent, considering the fact the indigenous gas supplies are declining?
- Whether the claim of company on account of short term borrowing / finance cost of Rs. 1,060 million and LPS payment to gas creditors of Rs. 31,658 million for FY 2022-23 is reasonable and correct considering the fact that no such actual payment has yet been made by the petitioner?
- Whether the claim of the company of Rs. 1,433 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 the proposed expansion of distribution network of 8,205 KM amounting to Rs. 35,760 million is prudent, considering the fact that SNGPL does not hold exclusivity to develop gas schemes in its franchised areas of Punjab & Khyber Pakhtunkhwa?
- Whether the claimed capital expenditure amounting to Rs. 64,900 million, details available on OGRA's website with the petition are prudent, cost effective & economically efficient for inclusion in the rate base?
- Whether the expenses claimed for UFG control activities are justified in view of 8.24 % UFG projected by company?
- Whether the request of the company is prudent for establishment/ upgradation of CSC Kamalia to Sub-region at total cost of Rs. 98 million and CSC Nankana City to Sub-region at total cost of Rs. 105 million?
- Whether company's claim on account of previous years' shortfall amounting to Rs.431,073 million is justified?

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:

**Mr. Liaqat Ali, Incharge (RA),**

Sui Northern Gas Pipelines Limited, 21-Kashmir Road, Lahore.

Phone No.: 042-99201306, Fax: 042-99204424

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

<b>Lahore</b> Date: March 30, 2022 (Wednesday) Time: 11:00 a.m. Venue: Pearl Continental Hotel, Lahore	<b>Peshawar</b> Date: April 1, 2022 (Friday) Time: 11:00 a.m. Venue: Pearl Continental Hotel, Peshawar
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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](http://www.ogra.org.pk)

Public Service Message:

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