



OGRA NOTICE FOR PUBLIC CONSULTATION

- i: REVISION IN THE OGRA NATURAL GAS REGULATED
THIRD PARTY ACCESS RULES, 2012.**
- ii: TARIFF REGIME FOR THE NATURAL GAS SECTOR**

**Intervention by the Government of Khyber Pakhtunkhwa on
Behalf of People of Khyber Pakhtunkhwa
Peshawar**

ENERGY & POWER DEPARTMENT

Government of Khyber Pakhtunkhwa

30 Nov, 2017



OGRA STRUCTURAL REFORMS



- 1. Authority always make decisions without incorporating comments from stakeholders specially Provincial Governments.**
- 2. Provinces has NO Say b/c NO Representation in OGRA.**
- 3. OGRA must have structural reforms to include nominees of Provinces.**
- 4. OGRA to follow NEPRA model.**



WORKING GROUP NO REP OF PROVINCES



6. Provinces being the major stakeholder are left out.

7. No representation of Provinces in Working Group for Tariff Regime.

8. Without input of Provinces, proposed tariff regime may not be a win-win situation for all.



AMBIGUOUS FORMULA



9. TPA Rules & Tariff Regime proposed while overall **unbundling approach & project management plan yet to be proposed.**
10. Means that **OGRA may impose new tariff regime even if unbundling doesn't take place.**
11. OGRA has mandated Working Group on Tariff Regime to ensure that unbundled companies will remain sustainable entities however the **new tariff regime is ambiguous**



WHY THE CHANGE???

10. Formula for WACC: (why change the Formula?)

$$\text{WACC} = \text{cost of Equity} * 30\% + \text{cost of Debt} * 70\%$$

11. Why Authority has taken such fiscal numbers (30% & 70%)?

Where did this Ratio come from?

12. Authority has even not shared the basis of the example in Chapter 10.

13. Beta Equity value of 1.06? How was this figure derived?

14. Authority has mentioned that Beta is taken from a sample of US Transportation Company. What is the sample?



BASELESS ASSUMPTIONS



11. Market Risk Premium = 7.67? **How was this figure derived?**

12. Authority has mentioned that:

*“Market Risk Premium for gas transmission & distribution utilities is found to be in the range of **7-8% internationally and the value for Pakistan may be upto 10-11%.**”*

13. If value in Pakistan is 10-11% than why 7.67%???

14. Whole calculations are based on assumptions with No authentic Background.



COUNCIL OF COMMON INTERESTS (CCI)



15. Gas TPA Rules, 2012 shall be brought to CCI for approval/decision.

16. Gas Transportation Charges shall be brought to CCI for approval/decision.

17. Gas Tariff Regime shall be brought to CCI for approval/decision.



Thanks
Q&A

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