



OIL AND GAS REGULATORY AUTHORITY

**GUIDE BOOK FOR GRANT
OF LICENSES
FOR NATURAL GAS AND
RE-GASIFIED LIQUIFIED NATURAL GAS (RLNG)**

CHECK LIST FOR GRANT OF LICENSE(S) IN NATURAL GAS, RE-GASIFIED LIQUIFIED NATURAL GAS (RLNG) & FLARED GAS

OIL AND GAS REGULATORY AUTHORITY

GAS SECTOR REGULATORY FRAMEWORK

Natural Gas sector is being regulated under Oil and Gas Regulatory Authority (OGRA) Ordinance 2002, Natural Gas Regulatory Authority (Licensing) Rules, 2002 (NGRA) and Policies of the Federal Government in vogue. Following categories of licenses are currently being granted;

CATEGORY OF LICENSES

Following category/ types of licenses are granted under the current Regulatory framework (a combination of Sale, Transmission and Distribution License can also be applied for);

- Sale of Natural Gas
- Sale of Re-gasified Liquefied Natural Gas (RLNG)
- Sale of Flare Gas
- Transmission of Natural Gas
- Distribution of Natural Gas

CHECKLIST FOR GRANT OF ABOVE LICENSES UNDER NGRA RULES, 2002

Basic requirements for filing an application under Rule (4) of NGRA Rules, 2002

- a) The applicant must be a company.
- b) The company must be incorporated inside or outside Pakistan.
- c) An application to the Authority for obtaining a licence to undertake a regulated activity must be submitted by filing it with the Registrar on a format specified in Schedule-I of NGRA Rules (Annexed below), clearly specifying the information required therein.
- d) The application must be submitted along with such fees as the Authority, may, from time to time, determine (Annexed below).

Check List

After fulfilment of above-mentioned requirements, all category of licenses must be accompanied with the information outlined in the table below, moreover, specific requirements for each category of license are also outlined in subsequent tables which must also be provided if that category of license is being applied for;

Sr No.	Requirement for All Category of Licenses	Under Rule
1.	attested copies of the memorandum and articles of association of the applicant;	4(3)a
2.	attested copy of the applicant's certificate of commencement of business;	4(3)b
3.	attested copy of the latest yearly submission to the Registrar of Companies;	4(3)c

Sr No.	Requirement for All Category of Licenses	Under Rule
4.	attested copy of the latest audited annual and unaudited half yearly financial statements of the applicant	4(3)d
5.	attested copy of the corporate authorization allowing the submission of the application;	4(3)e
6.	In the case of an applicant being a subsidiary company, the documents specified in clauses (a) to (d) of this sub-rule, pertaining to its holding company	4(3)f
7.	details of the consents required under applicable laws, from persons other than the Authority, for carrying on the relevant regulated activities and the status of such consents;	4(3)g
8.	details of the technical and financial expertise and resources available for carrying on the relevant regulated activities;	4(3)h
9.	details of the resources and expertise available to handle emergency situations arising out of natural calamities, accidental or criminal acts or omissions, specifying which such resources are available and which are to be procured;	4(3)i
10.	a list of the names and business addresses of the applicant's senior management, including without limitation, departmental and/or divisional heads;	4(3)j
11.	if the applicant or any of its officers or directors, directly or indirectly, owns, controls, or holds ten percent or more of the voting interest in any other person engaged in the production, transmission, distribution, or sale of natural gas, or in any person engaged in the financing, construction, maintenance or operation of such facilities, a detailed explanation of each such relationship, including the percentage of voting interest owned, held or controlled;	4(3)k
12.	a list of all other applications, petitions or filings filed by the applicant which are pending before the Authority at the time of the filing of this application and which directly and significantly affect this application, including an explanation of any material effect the grant or denial of those other applications, petitions or filings will have on this application and of any material effect the grant or denial of this application will have on those other applications, petitions or filings;	4(3)l
13.	details of the following market data: (i) an estimate of the volume of natural gas to be transmitted, distributed or sold; (ii) number and consumption details of consumers; (iii) the applicant's total annual peak day natural gas requirement; (iv) total past (if applicable) and expected curtailments of service by the applicant; and	4(3)m
14.	such other information or documentation as the Authority may, from time to time, require, including without limitation, supplementary information or documentation required by the Authority to clarify the information contained in the application	4(3)n

Specific Requirements for Transmission License

Sr No.	Specific Requirements for Transmission License	Under Rule
T1.	maps issued or certified by the Survey of Pakistan, drawn to an appropriate scale showing details of areas where the transmission facilities are or are proposed to be located and the principal geographical features of the said areas, including without limitation, details of mountains, rivers, streams, roads, buildings or construction and habitation	4(4)a
T2.	details of the sources and quality of supply of natural gas including forecasts of the available quantity from such sources;	4(4)b
T3.	details of how the applicant proposes to meet the safety and service obligations prescribed by the Authority;	4(4)c
T4.	details of the capacity and estimated throughput, of the transmission facilities, per annum for ten years following the proposed grant of the licence; and	4(4)d
T5.	technical specifications of the transmission facilities (existing and proposed), including without limitation, specifications for the design, construction, operation and maintenance of the facilities	4(4)e

Specific Requirements for Distribution or a Sales License

Sr No.	Specific Requirements for Distribution or a Sales License	Under Rule
DS1.	maps issued or certified by the Survey of Pakistan, drawn to an appropriate scale showing the territory within which the applicant wishes to distribute and sell natural gas; details of areas where the distribution facilities are or are proposed to be located giving the principal geographical features of the said areas, including without limitation, details of roads, buildings or construction and habitation; and details of proposed connections and interconnections with the transmission and distribution facilities of other licensees;	4(5)a
DS2.	details of the sources and quality of supply of natural gas including forecasts of the available quantity from such sources;	4(5)b
DS3.	details of how the applicant proposes to meet the safety and service obligations prescribed by the Authority; and	4(5)c
DS4.	technical specifications of the distribution facilities (existing and proposed) or pipelines for the sale of natural gas, as the case may be, including without limitation, specifications for the design, construction, operation and maintenance of the facilities or pipeline, as the case maybe.	4(5)d

Specific Requirements for a Project License

An application for a project must also be accompanied with the documents required for Transmission or Distribution and Sales as the case may be for the type of project;

Sr No.	Specific Requirements for a Project	Under Rule
P1.	a description of the project, its purpose and cost, including conceptual engineering design, capacity, location option and preference, as well as all ancillary or related facilities that are proposed to be constructed, owned or operated by the applicant;	4(6)a
P2.	an outline of the anticipated timetable for construction and operation, together with dates by which critical events, including approvals required from other persons, must take place to ensure continued economic viability;	4(6)b
P3.	a description of any new or expanded public works, undertakings or infrastructure that will be entailed by the project, together with an estimate of the costs and necessary completion dates;	4(6)c
P4.	identification and preliminary assessment of any impacts by the project on the environment; proposals for reducing negative impacts and obtaining the maximum benefits from positive impacts; and the cost to the project of implementing the proposals;	4(6)d
P5.	identification of the consumers to be served by the project; and, where the project would expand the area served by an existing licensee, a geographical description of the expanded service area;	4(6)e
P6.	studies or summary statements identifying the need for the project and confirming the technical, economic and financial feasibility of the project, identifying assumptions, sources of data, and alternatives considered (if applicable);	4(6)f
P7.	a study comparing the costs and benefits of the project and alternatives, which estimates the value of all of the costs and benefits of each option or, where not quantifiable, identifies the cost or benefit and states that it cannot be quantified;	4(6)g
P8.	a statement identifying any significant risks to successful completion of the project;	4(6)h
P9.	a statement of the revenue requirement impact of the project and the resulting effect on the tariff chargeable to consumers;	4(6)i
P10.	a description of the applicant's public information and consultation programme, including the names of persons consulted, as well as a summary of the issues and concerns discussed, mitigation proposals explored, decisions taken, and items to be resolved;	4(6)j
P11.	conformed copy of each contract, letter of intent or other agreement for the transmission, distribution or sale of natural gas proposed by the application, indicating the rate to be charged and if no agreements have been made, indicating the basis for assuming that contracts will be executed and that service will be rendered under the terms contemplated in the application;	4(6)k
P12.	a full description of all facilities, other than those covered by the application, necessary to provide the service proposed in the application, the estimated cost of such facilities, by whom they are to be constructed, and evidence of economic feasibility;	4(6)l

Sr No.	Specific Requirements for a Project	Under Rule
P13.	a copy of each market survey made within the past three years for such markets as are to receive new or increased service from the project;	4(6)m
P14.	a statement showing the rights of the applicant or any other person to transmit, distribute or sell natural gas in each area covered by the project;	4(6)n
P15.	a statement of the applicant's anticipated cash flow, including provision during the period of construction and the first three full years of operation of the project for interest requirements, dividends, and debt capital retirements;	4(6)o
P16.	a comparative proforma balance sheets and income statements for the period of construction and each of the first three full years of operation, giving effect to the proposed construction and proposed financing of the project;	4(6)p
P17.	any additional data and information which the applicant proposes to rely on showing the adequacy and availability to it of resources for financing the project;	4(6)q
P18.	a detailed estimate of total capital cost of the project, showing the cost of construction by operating units such as compressor stations, main pipelines, laterals, measuring and regulating stations, and separately stating the cost of rights-of-way, damages, surveys, materials, labour, engineering and inspection, administrative overheads, fees for legal and other services, allowance for funds used during construction, and contingencies; including a brief statement indicating the source of information used as the basis for the estimate;	4(6)r
P19.	data on preliminary bids, if any, for the project and recent experienced cost data for facilities of similar character;	4(6)s
P20.	a concise statement setting forth arrangements for supervision, management, engineering, accounting, legal, or other similar services to be rendered in connection with the construction or operation of the project, if not to be performed by employees of the applicant, including reference to any existing or contemplated agreements therefore, together with- (i) a statement showing the affiliation between the applicant and any parties to such agreements or arrangements; and (ii) conformed copies of all construction, engineering, management and other similar service agreements or contracts in any way operative with respect to construction, operation or financing of the project; and	4(6)t
P21.	Notwithstanding any thing hereinbefore contained a licensee will not be required to provide the documents and information for expansion or extension of its distribution facilities within the geographical area covered by its licence.	4(6)u

Format of Application Form

NATURAL GAS REGULATORY AUTHORITY

Application Form

Ref. No. _____

Date: ____ / ____

Company Profile

1. Name of the Company (Applicant):
2. Company's full address along with telephone, fax, e-mail and web details:
3. Name, title and authorized signature of the Company's Chief Executive:
4. Names and addresses of current Directors of the Applicant:
5. Name and address of any person or corporate body with a holding of more than one percent (1%) or more in the Applicant:

Applicant:

Licence Specifications

- | | | |
|----|---|---|
| 1. | Regulated Activity for which license is sought: | (a) Transmission License _____
(b) Distribution License _____
(c) Sale License _____
(d) Integrated License _____
(e) Project License _____ |
| 2. | Nature of license applied for (if exclusive, please provide detailed justifications): | Exclusive _____
Non-Exclusive _____ |
| 3. | Period for which the license is sought:" | From: Date / Month / Year
To: Date / Month / Year |
| 4. | Details of any license held, applied for, or applied for and refused under the Rules, by the Applicant, or any of the interested parties, or any of their affiliated or related undertakings: | |

Schedule of Fee

1. The following fees shall be payable for the application, grant and renewal of a licence:
 - (a) The following application fees, payable at the time of filing the application, namely:
 - (a) For a transmission licence: Rs. 750,000;
 - (b) For a distribution licence: Rs. 500,000;
 - (c) For a sale licence: Rs. 500,000;
 - (d) For an integrated licence: Rs. 1,000,000; and
 - (e) For a project licence: Rs. 1,000,000.
 - (b). The following annual fees, payable at the time of the grant or renewal of the licence and thereafter yearly, in advance, namely:

S#	Type of License	Fee (percentage of annual turnover of the licensee, generated from the licensed regulated activity in the most recent complete financial year
(i)	Transmission	0.5%
(ii)	Distribution	0.5%
(iii)	Sale	0.25%
(iv)	Transmission & distribution	0.5% of both transmission and distribution
(v)	Transmission, distribution & sale	0.5% of sale
(vi)	Transmission & sale	0.5% of sale
(vii)	Distribution & sale	0.5% of sale

2. The Authority may, with the approval of the Federal Government, reduce, for any financial year, the fees specified in Para 1 above keeping in view its budgetary requirements and if it is in the public interest to do so.

Frequently Asked Questions (FAQs)

1. What is the total number of gas consumers of SNGPL at present?

The total number of Gas consumers of SNGPL is **7,043,147** as of June 30, 2021.

2. What is the total number of gas consumers of SSGCL at present?

The total number of Gas consumers of SSGCL is **3,114,189** as of June 30, 2021.

3. What is the category wise break down of all gas consumers in Pakistan at present?

A total of **10,157,336** consumers are connected to piped network consuming natural gas/ RLNG in Pakistan as of June 30, 2021. The detailed breakup is as under;

Sector	SNGPL			SSGCL				Total (SNGPL+SSGCL)
	Punjab & AJK	KPK	Total (SNGPL)	Sindh Interior	Karachi	Balochistan	Total (SSGCL)	
Domestic	6,054,018	917,180	6,971,198	874,483	1,928,800	282,303	3,085,586	10,056,784
Commercial	54,879	10,084	64,963	4,181	17,305	2,765	24,251	89,214
Industrial	6,142	844	6,986	652	3,643	57	4,352	11,338
Total	6,115,039	928,108	7,043,147	879,316	1,949,748	285,125	3,114,189	10,157,336

4. What are the details of sector wise gas consumption in Pakistan?

Details of sector wise gas consumption in MMCFD for FY 2020-21 is as below;

Sector	SNGPL System	SSGCL System	Independent System	Total Country	Percentage Share (%) (Net of own use & losses)
Residential	604	277	0	881	21.09
Commercial	48	24	0	72	1.72
General Industry	180	302	0	482	11.54
Fertilizer	143	51	608.47	802.47	19.21
Cement	0	0	0	0	0.00
Captive Power	110	64	0	174	4.17
Power	530	198	491.48	1219.48	29.20
Transport	88	28	0	116	2.78
Subtotal	1,703	944	1099.95	3746.95	89.71
Own use	33	44	0	77	1.84
T&D Losses	170	183	0	353	8.45
Grand	1,906	1,171	1099.95	4176.95	100.00

5. What are the details of gas Transmission network of SNGPL at present?

The total transmission network of SNGPL is 9,625 KMs as of June 30, 2021, breakup of the network is as below;

Particulars	Diameter (inch)													
	3"	4"	6"	8"	10"	12"	16"	18"	20"	24"	30"	36"	42"	Grand Total (KMs)
Total length (KMs) as of June 30, 2021														
Punjab	0.24	4.43	140.7	1772.03	571.37	322.48	1225.56	725.95	59.35	1040.46	789.09	837.58	17.13	7506.37
KPK	0	0	57.79	708.59	133	209.06	139.66	0	0	167.85	0	0	0	1415.95
Others	0	2.41	0	17.35	5.5	4.5	55.79	11.25	37.8	239.76	86.73	54.95	186.64	702.68
Total	0.24	6.84	198.49	2497.97	709.87	536.04	1421.01	737.2	97.15	1448.07	875.82	892.53	203.77	9625

6. What are the details of gas Distribution network of SNGPL at present?

The total distribution network of SNGPL is 143,028 KMs as of June 30, 2021, region wise breakup of the network is as below;

PUNJAB														
Region	3/4"	1"	1-1/4"	1-1/2"	2"	4"	6"	8"	10"	12"	16"	18"	24"	Total
Islamabad	2228	2738	2114	8	2276	1370	485	141	45	13	26	2	20	11466
Rawalpindi	2245	1902	1679	0	2410	1139	461	198	66	58	34	0	0	10192
Bahawalpur	1151	1440	1017	0	1242	669	235	133	115	39	0	0	0	6041
Gujrat	1049	805	1524	0	1269	818	294	223	8	6	0	0	0	5996
Sahiwal	1072	1043	1908	0	1205	630	323	179	48	0	0	0	0	6408
Sheikhupura	1466	638	1218	0	1030	879	304	269	40	18	13	5	0	5880
Sargodha	1494	432	1907	0	1265	1054	247	85	18	29	2	0	0	6533
Faisalabad	3088	2706	4121	0	2890	1602	830	492	104	41	27	0	0	15901
Lahore	4077	7559	1902	12	3824	1318	577	173	48	152	175	28	31	19876
Multan	2518	985	2775	0	3889	2700	664	259	67	69	12	0	0	13938
Gujranwala	1949	1947	2170	0	2554	1651	435	255	13	0	42	6	0	11022
Sialkot	985	916	1298	0	1338	797	226	119	52	3	0	0	0	5734
Sub-Total, Punjab	23322	23111	23633	20	25192	14627	5081	2526	624	428	331	41	51	118987
KPK														
Peshawar	2281	2511	712	0	2808	1727	807	253	199	100	60	8	0	11466
Mardan	1126	1376	1606	0	1699	1049	343	262	17	32	0	0	0	7510
Abbotabad	790	1165	937	0	1110	501	258	141	19	30	4	0	0	4955
Sub-Total, KPK	4197	5052	3255	0	5617	3277	1408	656	345	162	64	8	0	24041
Total	27519	28163	26888	20	30809	17904	6489	3182	969	590	395	49	51	143028

7. What are the details of gas Transmission network of SSGCL at present?

The total transmission network of SSGCL is 9,625 KMs as of June 30, 2021, breakup of the network is as below;

Particulars	Diameter (inch)											Grand Total (KMs)
	6"	8"	10"	12"	16"	18"	20"	24"	30"	36"	42"	
Sindh	36	26	-	220	536	669	762	721	26	-	371	3,367
Balochistan	-	-	-	371	22	301	82	-	-	-		776
Total	36	26	-	591	558	970	844	721	26	-	371	4,143

8. What are the details of gas Distribution network of SSGCL at present?

The total distribution network of SSGCL is 56,430 KMs out of which 48,450 KMs is of conventional material and 7,980 KMs is of polypropylene. Breakup of the total network is as under;

Region	Cumulative Distribution Network (KM)									
	SINDH									
	1"-2"	3"	4"	6"	8"	10"	12"	16"	Others	Total
Sindh (Interior)	9,509	15	3,790	1,898	553	33	62	17	7,321	23,198
Karachi	5,177	-	837	494	645	15	195	100	9,496	16,959
Subtotal	14,686	15	4,627	2,392	1,198	48	257	117	16,817	40,157
	BALUCHISTAN									
	1"-2"	3"	4"	6"	8"	10"	12"	16"	Others	Total
Baluchistan	3,4582	-	1,274	425	5016	6	56	112	2,422	8,293
Grand Total	18,168	15	5,901	2,817	1,714	54	313	229	19,239	48,450

DISTRIBUTION NETWORK (Km) - Polypropylene Pipe

Region	SINDH					
	20mm	40mm	63mm	125mm	180mm	Total
Sindh (Interior)	649	887	911	275	22	2,744
Karachi	835	1,031	1,882	509	291	4,548
Sub-total, Sindh	1,484	1,918	2,793	784	313	7,292
	BALUCHISTAN					
	20mm	40mm	63mm	125mm	180mm	Total
Baluchistan	164	33	390	95	6	688
Grand Total	1,648	1,948	3,019	825	291	7,980

9. What is the current status of demand & supply of Natural Gas in Pakistan?

There is a demand supply constraint of ~250 MMCFD.

10. What measures have been taken by GOP/ OGRA to control theft of gas?

The Gas Utility companies, being custodian of their transmission/ distribution networks have pivotal role to check and control the theft of gas. The Gas (Theft Control and Recovery) Act, 2016 is in field which entails a mechanism to check and control theft of Natural Gas.

OGRA has prescribed “Procedure for Dealing with Theft of Gas Cases” for effective control of gas theft cases, whereby the Gas Utility Companies can effectively take measures against different factors contributing to theft.

11. How can the wastage of Natural Gas be controlled?

Wastage of Natural Gas can be controlled by undertaking the following steps;

- a) Promoting efficient use of Natural Gas in industries,
- b) Controlling losses,
- c) Encouraging use of efficient appliances by domestic consumers along with use of timer devices,
- d) Conservation of Natural Gas by use of alternate fuels, hot clothing etc may be encouraged.

12. What are the measures to enhance gas production/ availability?

Gas production/ availability can be enhanced by carrying out the following;

- a) Indigenous exploration should be increased and incentivized,
- b) Import of LNG and
- c) Import of Gas through cross country pipelines.

13. What are the measures to control energy crisis in Pakistan?

Following measures can be taken to control the energy crisis in Pakistan,

- a) By introduction/ encouraging use of efficient appliances for all consumers,
- b) Diversifying energy mix share,
- c) Energy Conservation,
- d) Import of LNG and
- e) Import of gas through cross border gas pipelines etc.