

Case No. OGRA-6(2)-1(4)/2005-Second Review

IN THE MATTER OF

**SUI NORTHERN GAS PIPELINES LIMITED
REVIEW OF ERR, FY 2005-06**

UNDER

**SECTION 8(2) OF THE OIL AND GAS REGULATORY AUTHORITY
ORDINANCE, 2002 AND
NATURAL GAS TARIFF RULES, 2002**

DECISION

December 31, 2006

Before:

**Jawaid Inam, Member (Gas) / Vice Chairman
Rashid Farooq, Member (Oil)
M.H. Asif, Member (Finance)**

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1. BACKGROUND

- 1.1. Sui Northern Gas Company Limited (the petitioner) is a public limited company, incorporated in Pakistan, and listed on the Karachi, Lahore and Islamabad Stock Exchanges. The company is engaged in the business of construction and operation of gas transmission & distribution pipelines, and sale of natural gas.
- 1.2. The Authority had determined the Estimated Revenue Requirement (ERR) of the petitioner for FY 2005-06 (the said year) at Rs. 93,354 million vide its Order dated May 20, 2005, under Section 8(1) and subsequently vide its order No: OGRA-6(2)-1(2)/2005-Review under section 8(2) of the Oil and Gas Regulatory Authority Ordinance, 2002 (the Ordinance).
- 1.3. In pursuance of the Authority's directives per para 8.1.6 of its Order dated May 20, 2005 the petitioner has submitted this review petition (the petition) dated Nov. 1, 2005 on November 07, 2005 under Section 8(2) of the Ordinance, incorporating anticipated change in the estimated (earlier) Weighted Average Cost of Gas (WACOG) during the period January-June 2006 vi-a-vis estimated earlier, projecting shortfall in ERR of Rs. 6,806 million. The petitioner has submitted that WACOG is projected to increase to Rs. 156.51 per MMBTU as against Rs. 144.32 per MMBTU projected for the whole year under the Authority's said order dated May 2005, owing to sharp increase in average crude oil / High Sulphur Fuel Oil (HSFO) prices in the international market, during June-November 2005. The average prices during this period are the basis for determining the wellhead prices of gas in terms of Gas Pricing Agreements (GPAs) between the Government of Pakistan and various gas producers.
- 1.4. The petitioner, vide its letter dated November 14, 2005, also sought interim relief, through increase in average prescribed prices by Rs. 26.90 / MMBTU, effective January 01, 2006, to enable recovery of the total impact of increase in the cost of gas during the said year as sale prices could not be increased on retroactive basis. The petitioner submitted the comparative statement of cost of service as under:



Components	w.e.f. 02-02-2005	w.e.f. 01-07-2005	w.e.f. 01-01-2006	Increase / (Decrease)
Cost of Gas	148.91	154.23	180.63	26.40
Operating Cost	12.99	13.31	13.81	0.50
Depreciation	8.05	8.47	8.47	-
Other Income	(6.10)	(3.83)	(3.83)	-
Required Return	11.36	10.90	10.90	-
Average Prescribed Price / MMBTU	175.21	183.08	209.98	26.90

1.5. The Authority, after preliminary examination, noted that the increase in the prescribed prices as a consequence of increase in cost of gas was inescapable and, therefore, passed an Interim Order No. OGRA-6(2)-1(4)/2005-Second Review on November 18, 2005 increasing the average prescribed price by Rs. 26.90 per MMBTU as requested by the petitioner. The revised prescribed prices for various categories of retail consumers effective January 1, 2006 were communicated to the Federal Government, under Section 8(3) of the Oil & Gas Regulatory Authority Ordinance 2002, for its advice on the sale prices and minimum charges for various categories of retail consumers.

1.6. A notice inviting interventions / comments from the consumers, general public and other interested / affected persons, and intimating the time and place of the public hearing was published in daily newspapers, namely: The News (combined), Daily Jang (combined), Nawa-i-waqt (combined) and Mashriq (Peshawar) on December 02, 2005. The Authority received 03 applications for intervention in the proceedings from:

- a) The Gujranwala Chamber of Commerce & Industry
- b) All Pakistan CNG Association
- c) All Pakistan Textile Mills Association (APTMA)

1.7. The Authority admitted all above intervention requests.

2 PROCEEDINGS

- 2.1. The Authority held public hearing at Islamabad on December 22, 2005, which was attended and addressed by the following:
- a) SNGPL team led by Mr. Abdul Rashid Lone, Managing Director - Petitioner
 - b) Mr. Tariq Kandan, Chairman, All Pakistan CNG Association - Intervener
 - c) Mr. Khaliq-uz-zaman Khan, representative APTMA - Intervener
 - d) Mr. Shahid Karamat, Sarhad Chamber of Commerce & Industry - Participant
 - e) M. Iqbal Sheikh, All Pakistan Glass Manufacturing Association - Participant
- 2.2. The Gujranwala Chamber of Commerce and Industry was not represented. However its written representation has been received. At the hearing a number of other interested persons were present.
- 2.3. The petitioner made submissions in detail with the help of multimedia presentation explaining the basis of its petition for increase in prescribed prices of gas on account of increased wellhead prices. The petitioner also suggested that seasonal tariff rates be introduced for domestic consumers and that the manufactures of gas appliances should be licensed for quality control purposes.

3 INTERVENERS / PARTICIPANTS VIEWS

- 3.1. The substantive points made by the interveners / participants are summarized below:
- a) Views of The Gujranwala Chamber of Commerce & Industry**
 - i) The industries of Pakistan are surviving under cut throat competition in the post - WTO, free international trade environment rendering it less competitive due to high cost of production.
 - ii) The increasing cost of fuel has adversely affected the exports. Government should offer subsidies in the form of low energy rates as in the neighboring countries including China & India.

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- iii) It would be unjust to increase the gas rates and burden the already overburdened industrial consumers instead of curtailing the line losses and management / administrative costs. SNGPL should revise its management costs annually and not bi-annually.
 - iv) Development expenditure for new towns should be borne by the Federal Government instead of passing on to the consumers.
 - v) The existing rates of gas be maintained for industrial as well as domestic consumers, to avoid irreparable loss to industry of Pakistan.

b) Views of All Pakistan CNG Association

- i) The cost of gas has been wrongly calculated by the petitioner.
- ii) The increase in expenditure should be met from the margin of 27.5% between the current gas purchase and gas sale price of the company.
- iii) Special industrial tariff for CNG stations was promised by the Federal Government, which promise has not been fulfilled to date.
- iv) The prices of gas for CNG have increased by 248% in the last ten years and any further increase will jeopardize the industrial activities and will ultimately be passed on to the consumers.
- v) CNG industry will be unable to conform to the Government policy to maintain CNG prices at 50% of the gasoline prices if the trend of increase in gas prices continues. The increase under review, if allowed, will result in increase in CNG price to the tune of Rs. 1.60 / Kg.

c) Views of All Pakistan Textile Mills Association

- i) The petitioner has not only sought increase on account of cost of gas but also for operating costs.
- ii) Any review petition for the current year at the time of filing of petition for ERR of the subsequent year is not legitimate and is in contradiction with the basic objectives of the law.

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- iii) The current cost - plus regime with guaranteed return does not provide any incentive for efficiencies. The Authority has not reviewed the existing ROA regime even though it had earlier committed to do the same.
 - iv) The rate of return is infact 25%, and not 17.5%.
 - v) The Authority must check the prudence of operating & capital expenditures sought by the petitioner.
 - vi) An expense of Rs. 430 million on account of 16" dia Kandkot-Guddu crossing was allowed by the Authority in the DERR 2004-05, which the petitioner has again claimed in DERR 2005-06, thereby resulting in double counting and artificially increased return.
 - vii) Only Kadanwari gas field is linked with international prices of crude / fuel oil. All agreements should be made public and duly scrutinized by the Authority prior to deciding the current petition.
 - viii) 80% of Pakistan's exports are by textile sector. Any increase in gas price will have adverse impact on its competitiveness, leading to reduced production and declining foreign exchange earnings / reserves.
 - ix) The Authority should reopen the entire revenue requirement including prudence of capex & opex sought by the petitioner and not restrict its scrutiny.
 - x) The Government should absorb the increase in prices in GDS. The impact of decrease in international prices should also be passed on to the consumers.
 - xi) The petitioner should reduce the operating losses, bring down receivables to reasonable level, revise its billing cycle and reduce the age of stores.

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- xii) Government should bear the cost of subsidy to the fertilizer and domestic sectors and current cross - subsidy at the cost of industrial consumers, should be done away with.

d) Views of Mr. Shahid Karamat, Sarhad Chamber of Commerce & Industry

- i) If the gas prices have already been increased, as reported today by the daily Dawn, it is futile to hold the public hearing.
- ii) Gas accounts for 30% of the total cost of production. Most of the industries in N.W.F.P. have already been closed. Further increase in gas prices will be detrimental to the remaining industry.

e) Views of Mr. M. Iqbal Sheikh, Pakistan Glass Manufacturers Association

- i) The issue of increase in gas prices should be examined in overall national perspective.
- ii) SNGPL enjoys monopoly but the industries face both domestic & international competition. Most of the markets are flooded by Chinese products and the local industry is already unable to compete.
- iii) SNGPL should curtail its operating costs like most companies in private sector.
- iv) Subsidy to domestic sector should not be passed on to industries.
- v) SNGPL be directed to explain to industry the measurement of heating units.

4 PETITIONER'S RESPONSE TO THE VIEWS OF INTERVENERS / PARTICIPANTS

- 4.1. The petitioner assured that the computation of cost of gas would be rechecked and error, if any, will be corrected under advice to the Authority. The increase sought under the head of operating costs only pertains to gas internally used in compression, and is consequential.

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- 4.2. The subsidized prices of fertilizer feed stock is in accordance with the Federal Government policy, which is required to be implemented under the OGRA law. However, Fertilizer fuel is charged at the same tariff as other industrial consumers.
- 4.3. The rate of return of 17.5% has been correctly computed on net operating fixed assets. The intervener might not have computed the same in accordance with the agreements. The financial cost of borrowings, increased inventories, high level of receivables and income taxes are borne by the shareholders and are not part of the revenue requirement.
- 4.4. At the time of determination of final revenue requirement in the light of audited accounts at the end of the financial year, the Authority computes the actual revenue requirement on the basis of actual position; therefore, there is no possibility of double counting.
- 4.5. The profits of SNGPL are increasing because of its higher asset base and not due to increase in sale volumes or sale prices. The financial cost is borne by the investors; therefore, the consumer does not pay the cost of addition to asset base.

5. COST OF GAS

5.1. Petitioners Grounds for Review

- 5.1.1 The petitioner has requested for increase in average prescribed prices by Rs. 26.90 / MMBTU, effective January 01, 2006, to recover the total impact of increase in the cost of gas since the sale prices cannot be increased on retroactive basis.
- 5.1.2 The petitioner has submitted that WACOG is projected to increase to Rs. 156.51 per MMBTU on annualized basis as against Rs. 144.32 per MMBTU, that was projected at the time of determination of ERR for the said year, because average crude oil / HSFO prices in the international market have sharply increased during June-November 2005. This period is important as it is the basis for determining the wellhead prices of gas for January to June 2006 in

terms of Gas Pricing Agreements (GPAs) between the Government of Pakistan and various gas producers.

5.1.3 The petitioner has worked out the estimated increase in the cost of gas using the following basis and assumptions:

- (i) Wellhead gas prices for the period July 1, 2005 to December 31, 2005 as already notified by OGRA.
- (ii) US \$ exchange rate assumed at Rs. 60 from 1st January 2006.
- (iii) The Prices of crude oil / HSFO during the period June, 2005 to November, 2005 to form the basis for wellhead prices for the period January 1, 2006 to June 2006 under the existing GPAs.
- (iv) At the time of submission of the petition, Crude oil & HSFO prices for the period June 2005 to September 2005 were taken at actual. However, for October & November 2005, crude oil price was assumed at US \$ 60 per barrel and US \$ 62 per barrel respectively, and for the same months HSFO price was assumed at US \$ 320 per ton and US \$ 340 per ton respectively. On this basis average C & F price of crude oil for the base period for January 2006 to June 2006 was estimated at US \$ 58.39 per barrel and of HSFO at US \$ 299.56 per ton.

5.2. Discussion & Decision

5.2.1 Gas Pricing Agreements (GPAs) are on the Authority's record and the wellhead prices of gas for all fields in Pakistan are computed in accordance with these agreements and notified under the Ordinance. Due care & diligence is exercised in performing this function.

5.2.2 The review petition pertains to FY 2005-06 and has been filed under Section 8(2) of the Ordinance, taking into account changes in WACOG. The petition for ERR for FY 2006-07 has, on the other hand, been filed by the petitioner under Section 8(1) of the Ordinance. The legal framework provided under the Ordinance does not prohibit processing of review petition for current year and



ERR of subsequent year at the same time, since they pertain to two different financial years and are distinct from each other.

- 5.2.3 The Authority only allows prudent capital & operating expenditures after exhaustive due diligence, scrutiny and special audit in some cases.
- 5.2.4 Medium-term efficiency benchmarks on unaccounted for gas (UFG) and human resource (HR) cost have already been introduced in the current tariff regime, which cover bulk of the controllable costs.
- 5.2.5 The Authority commissioned a study to evaluate the current tariff regime and propose improvement. After carefully evaluating various options, given by the Consultant, (Economic Consulting Associates (ECA) of U.K.) the Authority has developed a new tariff regime for regulated natural gas sector which is currently being reviewed by the Federal Government and other stakeholders.
- 5.2.6 The Authority has noted that average prices of crude and fuel oil have gone up as under:

Table 2: Comparative Analysis of Average Prices of Crude & Fuel Oil

Sr. No.	Particulars	Period from December 04 to May 05 ¹	Period from June to Nov 05 (Estimates) ²	%age increase
(i)	Crude Oil (US \$per BBL)	43.9760	58.3913	33%
(ii)	HSFO (US \$ per ton)	207.340	299.5611	44%
(iii)	US \$ exchange rate	59.6438	60.00	0.59%

5.2.7 The Authority, after taking into consideration the points raised by the interveners, the clarifications provided by the petitioner, scrutiny of the petition and available record concludes as follows:

- 5.2.7.1 Revised computation of cost of gas submitted by the petitioner is a reasonable estimate on the basis of currently available information

¹ Basis of wellhead prices for July-December 2005

² Basis of wellhead prices for January to June 2006

5.2.7.2 The revised shortfall in revenue requirement for the said year, of Rs. 6,806 million, claimed by the petitioner as a result of the above mentioned estimated increase in cost of gas should be provisionally accepted and since sale prices cannot be increased retroactively, there is no option but to recover it in the remaining six months, i.e. January - June, 2006.

6 DETERMINATION

6.1 The Authority, therefore, in exercise of its powers under Rule 5 (7) of the NGT Rules, 2002, confirms its earlier interim order, dated November 18, 2005 to allow an increase of Rs. 26.90 per MMBTU (**Annexure-I**) in the average prescribed price of the petitioner **on provisional basis** w.e.f. January 01, 2006 to enable it to recover the estimated shortfall in its ERR for FY 2005-06 on account of increase in the cost of gas. The revised schedule of prescribed prices of the petitioner w.e.f. January 01, 2006 (annexed earlier to the said interim order) is at **Annexure-II**. Increase in prices of various categories of retail consumers was allowed at 15.21% except in the cases of Liberty power and feedstock gas supplies to the fertilizer consumers, who are governed by separate Government policy.

6.2 The revised prescribed prices allowed by the Authority on provisional basis are subject to provision of Rule 5(7) of the NGT Rules, 2002 and the following condition:

“The prescribed price for each category of retail consumers may be re-adjusted upon receipt of Federal Government advice under Section 8 (3) of the Ordinance in respect of the sale price of gas for each category of retail consumers provided that the overall increase in the average prescribed price remains unchanged so that the petitioner is able to achieve its total revenue requirements in accordance with Section 8 (6) (f) of the Ordinance.”

6.3 The Federal Government’s advice under Section 8(3) of the Ordinance, in respect of the sale price and minimum charges for each category of Licensees retail consumers (**Annexure -III**) has been received. Based on this advice, the prescribed prices have been adjusted. The adjusted prescribed prices effective January 1, 2006 are at



Annexure -IV. The Authority orders the notification of the said prices in the official gazette immediately

(M.H. Asif)

Member (Finance)

Rashid Farooq

Member (Oil)

(Jawaid Inam)

Member (Gas) /
Vice Chairman

Islamabad,
December 31, 2006

			Annexure - I
SUI NORTHERN GAS PIPELINES LIMITED			
Second Review of Estimated Revenue Requirement 05-06			
	Particulars	The Motion	Determined by OGRA
	Gas sales volume -MMCF	533,630	533,630
	BBTU	499,479	499,479
"A"	Net Operating revenues		
	Net sales at current prescribed price	91,439	91,439
	Rental & service charges	730	730
	Surcharge and interest on arrears	575	575
	Amortization of deferred credit	545	545
	Other operating income	65	65
	Total income "A"	93,354	93,354
"B"	Less Expenses		
	Cost of gas sold	83,715	83,715
	UFG (disallowance) / allowance	(108)	(108)
	Transmission and distribution cost	4,845	4,845
	Gas internally consumed	1,621	1,621
	Depreciation	4,229	4,229
	Defferal account	170	170
	(W.P.P.F)	245	245
	Total expenses "B"	94,716	94,716
"C"	Operating profit / (loss)(A - B)	(1,362)	(1,362)
	Return required on net assets:		
	Net assets at beginning	36,140	36,140
	Net assets at ending	38,580	38,580
		74,720	74,720
	Average fixed net assets (I)	37,360	37,360
	Deferred credit at beginning	5,325	5,325
	Deferred credit at ending	7,180	7,180
		12,505	12,505
	Average net deferred credit (II)	6,253	6,253
"D"	Average operating assets (I-II)	31,107	31,107
	Return required on net assets	17.5%	17.5%
"E"	Amount of return required	5,444	5,444
"F"	Excess / (shortfall) over return required	(6,806)	(6,806)
"G"	Projected Sales Volume for the period January -June 2006) BBTU	252,996	252,996
"H"	Increase / (decrease) in Prescribed Prices effective 1st January, 2006 (F / G) Rs. /MMBTU	26.90	26.90

Annexure - II

Copy of Prescribed Prices for Each Category of Consumers as per Interim Order
 Dated November 18, 2005 (REVISED UNDER FINAL ORDER DECEMBER 31,
 2006 ANNEXURE IV)

		Rupees per MMBTU	
		w.e.f 01.07.2005	w.e.f 01.01.2006
(i)	<u>Domestic Consumers:</u>		
<i>For domestic consumers, including residential colonies, mosques, churches, temples, madrassas, other religious places and hostels attached thereto, Government and semi-Government offices, hospitals, Government guest houses, Armed Forces messes and langars, universities, colleges, schools, private educational institutions, orphanages and other charitable institutions.</i>			
	First slab (upto 100 cubic metres per month).	73.95	85.15
	Second slab (over 100 upto 200 cubic metres per month).	127.62	147.05
	Third slab (over 200 upto 300 cubic metres per month)	204.17	235.21
	Fourth slab (All over 300 cubic metres per month).	265.59	305.97
<i>For hostels and residential colonies to whom gas is supplied through bulk meters.</i>			
	All off-takes at flat rate of	127.62	147.05
(ii)	<u>Commercial Consumers:</u>		
<i>All establishments registered as commercial units with local authorities or dealing in consumer items for direct commercial sale like cafes, milk shops, tea stalls, canteens, barber shops, laundries, tandoors, places of entertainment like cinemas, clubs, theaters and private offices, clinics, maternity homes, etc.</i>			
	All off-takes at flat rate of	234.67	270.35
(iii)	<u>Ice Factories:</u>		
	All off-takes at flat rate of	234.67	270.35
(iv)	<u>Industrial Consumers:</u>		
<i>All consumers engaged in the processing of industrial raw material into value added finished products irrespective of the volume of gas consumed including hotel industry but excluding such industries for which a separate rate has been prescribed.</i>			
	All off-takes at flat rate of	208.56	240.27
(v)	<u>Captive Power:</u>		
	All off-takes at flat rate of	208.56	240.27

  
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(vi)	<u>CNG Stations:</u> <i>All off-takes at flat rate of</i>	208.56	240.27
(vii)	<u>Cement Factories:</u> <i>All off-takes at flat rate of</i>	240.28	276.82
(viii)	<u>Fertilizer Factories:</u>		
	(1) <u>Pak American Fertilizer Limited, Daudkhel.</u>		
	(a) For gas used as feed stock for fertilizer <i>Commodity charge.</i> <i>All off-takes at flat rate of</i>	36.77	36.77
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies. <i>Commodity charge.</i> <i>All off-takes at flat rate of</i>	208.56	240.27
	(2) <u>Pak Arab Fertilizer Limited, Multan.</u>		
	(a) For gas used as feed stock for fertilizer <i>Commodity charge.</i> <i>All off-takes at flat rate of</i>	83.24	83.24
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies. <i>Commodity charge.</i> <i>All off-takes at flat rate of</i>	208.56	240.27
	(3) <u>Dawood Hercules Chemicals Limited, Chichoki Malian, Sheikhupura District.</u>		
	(a) For gas used as feed stock for fertilizer <i>Commodity charge.</i> <i>All off-takes at flat rate of</i>	83.24	83.24
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies. <i>Commodity charge.</i> <i>All off-takes at flat rate of</i>	208.56	240.27



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(4) <u>Pak-China Fertilizer Limited/Hazara Phosphate Plant Limited, Haripur.</u>		
(a) For gas used as feed stock for fertilizer		
Commodity charge.		
All off-takes at flat rate of	88.33	88.33
(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies.		
Commodity charge.		
All off-takes at flat rate of	208.56	240.27
(ix) <u>Power Stations:</u>		
(a) WAPDA's Power Stations and other electricity utility companies excluding WAPDA's Natural Gas Turbine Power Station, Nishatabad, Faisalabad.		
All off-takes at flat rate of	208.56	240.27
(b) WAPDA's Natural Gas Turbine Power Station, Nishatabad, Faisalabad.		
Commodity Charge		
All off-takes at flat rate of	208.56	240.27
Fixed charge (Rupees per month).	390,000	390,000
(c) Liberty Power Limited.		
All off-takes at flat rate of	262.03	303.25

  


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Annexure-III

COPY

Immediate
By special Messenger

No. DGO (AG)-3 (26)/05-06
Government of Pakistan
Ministry of Petroleum and Natural Resources
(Policy Wing)
Directorate General of Gas,
21-E, Huma Plaza Blue Area,

Islamabad the 30th December, 2005

OFFICE MEMORANDUM

SUBJECT: NOTIFICATION OF CONSUMER PRICES

In pursuance of OGRA's nos OGRA-6(2)-1(4)/2005-Review, and OGRA-6(2)-1(3)/2005-Review, dated 19.11.2005 regarding re-determination of revenue requirement of Sui Northern Gas Pipelines Limited and Sui Southern Gas Company Limited for the year 2005-06 and in exercise of powers conferred under section 8 (3) of OGRA, Ordinance 2002, the Federal Government is pleased to advise the consumer sale prices and minimum charges in respect of each category of retail consumers of natural gas effective from 1st January, 2006 as per enclosed annexure.

2. The Cabinet Division is requested to kindly, advise OGRA for notification of the prices after adjusting their prescribed prices accordingly as per their Ordinance.


(M. Zaheed Alam)
Director (Gas)

Cabinet Division
(Mr. Asad Elahi),
Additional Secretary (Cabinet),
Government of Pakistan,
Islamabad.

Copy to:
The Chairman
Oil & Gas Regulatory Authority
Tariq Chambers, Civic Center, G-6,
Islamabad.

   
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Annexure-I

Consumer Sale Prices and Minimum Charges Applicable w.e.f 1st January 2006

SNGPL/SSGOL System		<u>Rs. MMETU</u>
A (a) Domestic Sector		
Sale Price:		
1st slab (upto 100 cubic meters per month)		80.98
2nd Slab (over 100 upto 200 cubic meters per month)		147.41
3rd Slab (over 200 upto 300 cubic meters per month)		233.84
4th Slab (over 300 cubic meters per month)		306.79
Minimum Charges (Rs. Per Month)	106.22	
(b) For hostels and residential colonies to whom gas is supplied through bulk meter		
Maximum rate		147.41
All off-takes at the flat rate of		
Minimum Charges (Rs. Per Month)	497.07	
B Commercial/Rice factories		
Sale Price:		
All off-takes at the flat rate of		271.07
Minimum Charges (Rs. Per Month)	1,279.66	
C CIVS		
Sale Price:		
All off-takes at the flat rate of		240.91
Minimum Charges (Rs. Per Month)	8,123.37	
D Industrial/Captive Power		
Sale Price:		
All off-takes at the flat rate of		240.91
Minimum Charges (Rs. Per Month)	8,123.37	
E Cement		
Sale Price:		
All off-takes at the flat rate of		277.55
Minimum Charges (Rs. Per Month)	9,358.65	






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F Power (WAPDA's and KESCO's Power Stations)		
i) WAPDA's and KESCO's Power Stations and other electricity utility companies		
All off-takes at the flat rate of		240.91
Minimum Charges(Rs. Per Month)	8,123.37	
ii) WAPDA's Gas Turbine Power Station Nishatbad Faisalabad		
All off-takes at the flat rate of		240.91
Fixed Charges (Rs. per month)	975.000	
<hr/>		
G Fertilizer Companies		
a) On SNGPL System:		
i) Dawood Hercules Chemicals Limited, Chichold Mallan, Shalhpur District		
Sale Price:		
All off-takes at the flat rate of		83.24
-gas used as feed stock		240.91
-gas used as fuel for generation of electricity and steam and for usage of housing colonies		
Minimum Charges(Rs. Per Month)		
ii) Pak Arab Fertilizer Limited, Multan.		
Sale Price:		
All off-takes at the flat rate of		83.24
-gas used as feed stock		240.91
-gas used as fuel for generation of electricity and steam and for usage of housing colonies		
Minimum Charges(Rs. Per Month)		
iii) Pak China Fertilizer Limited, Harpur.		
Sale Price:		
All off-takes at the flat rate of		83.24
-gas used as feed stock		240.91
-gas used as fuel for generation of electricity and steam and for usage of housing colonies		
Minimum Charges(Rs. Per Month)	8,123.37	
iv) Hazara Phosphate Fertilizer Plant Limited Harpur.		
Sale Price:		
All off-takes at the flat rate of		83.24
-gas used as feed stock		240.91
-gas used as fuel for generation of electricity and steam and for usage of housing colonies		
Minimum Charges(Rs. Per Month)	8,123.37	

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i) Pak American Fertilizer Company Limited

Sale Price:

All off-takes at the flat rate of

-gas used as feed stock 36.77

-gas used as fuel for generation of electricity and steam and for usage of housing colonies 240.91

Minimum Charges(Rs. Per Month)

b) On SSGCL System

FFC Jordan Fertilizer Company Limited

Sale Price:

All off-takes at the flat rate of

-gas used as feed stock 36.77

-gas used as fuel for generation of electricity and steam and for usage of housing colonies 240.91

Minimum Charges(Rs. Per Month)

2 Marl Gas Company Limited

a) Wapda Gas Turbine Power Station Guddu

Sale Price:

All off-takes at the flat rate of

Minimum Charges: As per gas Sales Purchase Agreement between WAPDA and Marl Gas Company Limited 226.34

b) Fertilizer factories

i)Engro Chemical Faldatan Limited

Sale Price:

All off-takes at the flat rate of

-gas used as feed stock 32.06

-gas used as fuel for generation of electricity and steam and for usage of housing colonies 240.91

Minimum Charges: As per gas Sales Purchase Agreement between Engro Chemical Pakistan Limited and Marl Gas Company Limited

ii)Fauji Fertilizer Company Limited-Plant 1 & 2,Machhi Goth and Plant 3,Mirpur Mathelo(Ex-PSFL)

Sale Price:

All off-takes at the flat rate of

-for gas used as feed stock 32.06

-for gas used as fuel for generation of electricity and steam and for usage of housing colonies 240.91

Minimum Charges: As per gas Sales Purchase Agreement between Fauji Fertilizer Company Limited and Marl Gas Company Limited


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3	Pakistan Petroleum Limited	
	Wapda Gas Turbine Power Station Guddu (Kandhlor Gas)	
	Sale Price:	
	All off-takes at the flat rate of	222.72
	Minimum Charges: As per gas Sales Purchase Agreement between WAPDA and Pakistan Petroleum Limited	
4	Tallow Pakistan Development Limited	
	Sale Price:	
	All off-takes at the flat rate of	226.34
	Minimum Charges: As per gas Sales Purchase Agreement between WAPDA and Tallow Pakistan (Development) Limited	

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		Annexure - IV
Prescribed Prices for Each Category of Consumers as Finally Determined by Oil and Gas Regulatory Authority under its Order Dated December 31, 2005.		
		Rupees per MMBTU
		w.e.f 01.01.2006
(i)	Domestic Consumers:	
	<i>For domestic consumers, including residential colonies, mosques, churches, temples, madrassas, other religious places and hostels attached thereto, Government and semi-Government offices, hospitals, Government guest houses, Armed Forces messes and langars, universities, colleges, schools, private educational institutions, orphanages and other charitable institutions.</i>	
	<i>First slab (upto 100 cubic metres per month).</i>	80.98
	<i>Second slab (over 100 upto 200 cubic metres per month).</i>	147.41
	<i>Third slab (over 200 upto 300 cubic metres per month).</i>	235.84
	<i>Fourth slab (All over 300 cubic metres per month).</i>	306.79
	<i>For hostels and residential colonies to whom gas is supplied through bulk meters. All off-takes at flat rate of</i>	147.41
(ii)	Commercial Consumers:	
	<i>All establishments registered as commercial units with local authorities or dealing in consumer items for direct commercial sale like cafes, milk shops, tea stalls, canteens, barber shops, laundries, tandours, places of entertainment like cinemas, clubs, theaters and private offices, clinics, maternity homes, etc.</i>	
	<i>All off-takes at flat rate of</i>	271.07
(iii)	Ice Factories:	
	<i>All off-takes at flat rate of</i>	271.07
(iv)	Industrial Consumers:	
	<i>All consumers engaged in the processing of industrial raw material into value added finished products irrespective of the volume of gas consumed including hotel industry but excluding such industries for which a separate rate has been prescribed.</i>	
	<i>All off-takes at flat rate of</i>	240.91
(v)	Captive Power:	
	<i>All off-takes at flat rate of</i>	240.91
(vi)	CNG Stations:	
	<i>All off-takes at flat rate of</i>	240.91



(vii)	Cement Factories:				
	<i>All off-takes at flat rate of</i>				277.55
(viii)	Fertilizer Factories:				
(1)	Pak American Fertilizer Limited, Daudkhel.				
	(a) For gas used as feed stock for fertilizer				
	<i>Commodity charge.</i>				
	<i>All off-takes at flat rate of</i>				36.77
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies.				
	<i>Commodity charge.</i>				
	<i>All off-takes at flat rate of</i>				240.91
(2)	Pak Arab Fertilizer Limited, Multan.				
	(a) For gas used as feed stock for fertilizer				
	<i>Commodity charge.</i>				
	<i>All off-takes at flat rate of</i>				83.24
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies.				
	<i>Commodity charge.</i>				
	<i>All off-takes at flat rate of</i>				240.91
(3)	Dawood Hercules Chemicals Limited, Chichoki Malian, Sheikhpura District:				
	(a) For gas used as feed stock for fertilizer				
	<i>Commodity charge.</i>				
	<i>All off-takes at flat rate of</i>				83.24
	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies.				
	<i>Commodity charge.</i>				
	<i>All off-takes at flat rate of</i>				240.91
(4)	Pak-China Fertilizer Limited/Hazara Phosphate Plant Limited, Haripur.				
	(a) For gas used as feed stock for fertilizer				
	<i>Commodity charge.</i>				
	<i>All off-takes at flat rate of</i>				88.34



	(b) For gas used as fuel for generating steam and electricity and for usage in housing colonies.			
	<i>Commodity charge.</i>			
	<i>All off-takes at flat rate of</i>			240.91
(ix)	Power Stations:			
	(a) <i>WAPDA's Power Stations and other electricity utility companies excluding WAPDA's Natural Gas Turbine Power Station, Nishatabad, Faisalabad.</i>			
	<i>All off-takes at flat rate of</i>			240.91
	(b) <i>WAPDA's Natural Gas Turbine Power Station, Nishatabad, Faisalabad.</i>			
	<i>Commodity Charge</i>			
	<i>All off-takes at flat rate of</i>			240.91
	<i>Fixed charge (Rupees per month).</i>			390,000
	(c) <i>Liberty Power Limited.</i>			
	<i>All off-takes at flat rate of</i>			303.25