

# LPG (Production and Distribution) Rules, 2001

*(inclusive of all amendments made till August 22, 2009)*

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## PART I

### PRELIMINARY

**1. Short title and commencement-** (1) These rules may be called the Liquefied Petroleum Gas (Production and Distribution) Rules, 2001.

(2) They shall come into force at once.

**2. Definitions:** In these rules, unless there is anything repugnant in the subject or context,

(a) “area of operation” means the area within which a licensee is authorised to produce, separate, strip, liquefy, transmit, process, store, fill or distribute LPG base-stock or LPG;

(b) “Appendix” means the Appendix annexed to these rules;

(c) “Authority” means the *Oil and Gas Regulatory Authority established under the Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002);*

*(i)*

(d) “Company” means a joint stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, and receiver or trustee of any of them;

(e) “Consumer” means any person or company who is supplied with LPG by a licensee for his own use and not for storage, processing, filling, sale or distribution;

(f) “container” means any cylinder or vessel, portable or otherwise, used for storing, transporting and distributing LPG;

(g) “decanting” means transfer of LPG from one container to another container;

(h) “defaulter” means a company or its directors who fails to fulfill its contractual and legal obligations whether willfully or negligently;

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*(i) Substituted vide Notification SRO No. 261(I)/2003 dated 15<sup>th</sup> March 2003.*

- (i) “distributor” means a person or company appointed by a licensee for the purpose of storing and distribution of LPG in cylinders to a consumer;
- (j) “financial competence” means such ability of a company to raise sufficient financial resources necessary to set up the requisite infrastructure facilities but not less than equivalent of US \$0.5 million, to be supported by a banker’s certificate;
- (k) “imported LPG” means LPG imported into Pakistan from other countries by a licensee;
- (l) “licence” means a licence granted under rule 7;
- (m) “licensee” means a company which holds a licence under these rules;
- (n) “LPG” means any material having a vapour pressure not exceeding that allowed for commercial propane composed predominantly of the following hydrocarbons, either by themselves as mixtures: propane, propylene, butane (normal butane or isobutene) and butylenes;
- (o) “LPG base-stock” means that product which is produced, separated, stripped, liquefied or transmitted from a refinery or an unit located near or connected to a well-head or imported into Pakistan;
- (p) “LPG Standards” means the LPG Standards as set out in Appendix I;
- (pa) “LPG Refueling station” means a licensed facility used for storage and dispensing of LPG to automotive vehicle; (ii)*
- (q) “meter” means any equipment used for the purpose of measuring any quantity of LPG base-stock or LPG supplied and includes all kinds of apparatus upon whose reading or indication for any supply or sale of LPG base-stock or LPG, as the case may be, is wholly or partly determined in a specified or unspecified time
- (r) “reasonable price” means the level of price which is considered to be adequate to cover all operational and other normal expenses, provides a fair margin of profit to a licensee;
- (ra) “regulatory framework” means the framework applicable to the use of LPG in the automotive sector as set out in Appendix-V; (ii)*
- (s) “source of LPG base-stock” means any refinery or unit connected to well-head for the production, separation, stripping or liquefying of LPG base-stock by chemical or any other process, or any country from where LPG base-stock is imported into Pakistan;
- (sa) “transportation” means an activity of transporting LPG through pipelines or bowzers, except where pipelines are integral part of a refueling station or LPG facility; (ii)*

(t) “technical competence” means such technical competence of a company entitled by its memorandum of association or any other appropriate instrument to engage in the production, liquefaction, separation, stripping, transmission, processing, storage, filling or distribution of LPG base-stock or LPG and to possess a team of qualified technical and professional personnel to safely undertake or cause to be undertaken the above said activities to be certified by an independent agency appointed by the Authority;

(u) “transmission line” means a pipeline used for transportation of LPG whether in liquid or gaseous form for the purpose of sale to, or by a licensee; and

(v) “Works” include transmission lines, machinery or equipment owned, controlled, operated or managed, established or installed by a licensee for the purposes of production, liquefaction, separation, stripping, transmission, storage, processing, filling or distribution of LPG base-stock or LPG.

## PART II

### PROCEDURE FOR, AND DURATION OF, LICENCE

**3. License compulsory:-** No company shall, without first obtaining a licence for the purpose from the Authority, undertake or cause to be undertaken under any agreement, the construction and operation or construction of any works *and transportation of LPG or LPG refueling station.* (iii)

**4. Disposal of LPG base-stock:-**(1) Any producer of LPG base-stock may market whole or part of its own product except where it has already entered into a sale and purchase agreement with a licensee in pursuance of any allocations made by the Authority prior to the date of coming into force of these rules in which case he shall complete the period of sale and purchase agreement on such terms and conditions as stipulated in such agreement including the price of LPG base-stock to be mutually agreed between the parties.

(2) Subject to sub-rule (1), any producer of LPG base-stock may dispose of the whole or part of its own product to a licensed LPG marketing companies or a new party after its pre-qualification as regards its financial competence and technical competence subject to the condition that it is not defaulter.

**5. Application for license:-** (1) *An application by a company, entitled by its memorandum of association or any other appropriate instrument to engage in the production, storage, filling, marketing or transportation of LPG, shall be submitted by a company in triplicate in the form as set out in Appendix II and shall be accompanied by a fee of one hundred thousand rupees which shall in no case be refunded.* (iv)

(2) *An application for grant of license for setting up of LPG Refueling Station shall be submitted only by a licensed LPG marketing company or Automobile Original Equipment Manufacturer in triplicate, in the form, as set out in Appendix III and shall be accompanied by a fee of one hundred thousand rupees which shall in no case be refunded.* (iv)

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(iii) *Inserted vide Notification SRO No. 256(I)/2007 dated 10<sup>th</sup> March 2007.*

(iv) *Substituted vide Notification SRO No. 256(I)/2007 dated 10<sup>th</sup> March 2007.*

(3) *Application for grant of licence for storage, filling and distribution of LPG shall be accompanied by an agreement with local or international LPG production source committing supplies of LPG at least for a period of five years.* (v)

**6. Consideration of application:-** (1) The Authority shall consider the application having regard to all the circumstances which appear to it to be relevant and, in particular, but not so as to limit the generality of the foregoing, to:

- a) The public and national interest;
- b) The financial and technical competence of the applicant; and
- c) *Conformity to regulatory framework in case of license for refueling station.* (vi)

(2) The Authority may require such changes and alterations in the plans and in the details, to be made as it may deem expedient.

**7. Grant of licence:-** (1) The Authority may grant a licence in the form as set out in *Appendix IV* and may specify in the licence such terms and conditions as it may think fit to impose on the licensee, or it may refuse to grant licence. (vii)

(2) The Authority shall decide the grant of or otherwise, a licence, within ninety days of receipt of an application, complete in all respects.

(3) In case of refusal to grant, an appeal shall lie from the decision of the Authority to the Federal Government within thirty days from the date of refusal to grant licence.

(4) *Issuance of license by the Authority in no manner shall establish the right of the party for any allocation of LPG quota.* (viii)

(5) *A licensee shall be bound by the provisions contained in these rules and such other terms and conditions as may be specified in the licence.* (vi)

**8. Duration of licence:-** (1) A licence shall be initially granted for a period of *one year.* (vii)

(2) The licence shall be extendable for such further period or periods which is proved by the licensee to be justified for reasons beyond his control, during which period the licensee shall execute his works in pursuance of rule 13.

(3) On completion of works to the satisfaction of the Authority, the period of licence may be extended further for a period of fifteen years.

**9. Renewal of licence:-** On expiry of a licence it may, unless earlier revoked under rule 10, be renewed from time to time for a period of fifteen years each time on payment of a non-refundable fee of twenty five thousand rupees.

(2) Any licensee desiring to have his licence renewed shall make an application in that behalf to the Authority not less than three months preceding the expiry of the period for which the licence is valid.

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(v) *Inserted vide Notification SRO No. 804(I)/2009 dated 22<sup>nd</sup> August 2009.*

(vi) *Inserted vide Notification SRO No. 256(I)/2007 dated 10<sup>th</sup> March 2007.*

(vii) *Substituted vide Notification SRO No. 256(I)/2007 dated 10<sup>th</sup> March 2007.*

(viii) *Inserted vide Notification SRO No. 763(I)/2001 dated 31<sup>st</sup> October 2001.*

(3) No application for a renewal of a licence shall be refused unless the licensee has been given an opportunity of being heard.

(4) In case of refusal to renew a licence an appeal shall lie from the decision of the Authority to the Federal Government within thirty days from the date of refusal to renew the licence.

**10. Revocation, alteration or amendment of licence:-** (1) The Authority may, if in its opinion the public interest so requires, revoke a licence in any of the following cases, namely:-

- (a) where the licensee, in the opinion of the Authority, makes wilful and unreasonably prolonged default in doing anything required of him under these rules and has been informed in writing to that effect by the Authority;
- (b) where the licensee violates any of the terms and conditions of the licence and is so informed in writing and does not rectify the violation within the time specified by the Authority; and
- (c) where a licensee is, in the opinion of the Authority, unable to discharge by reason of his insolvency, his duties and obligations fully and efficiently under these rules or imposed on him by the licence.

(2) Where, in the opinion of the Authority, the public and national interest so requires, the Authority may, instead of revoking a licence under sub-rule (1), permit it to remain in force in relation to the whole or any part of the area of operation with such alteration, or amendments in the terms and conditions of the licence, as it thinks fit to make, or upon such new terms and conditions as it may impose upon a licensee.

(3) In case of revocation of a licence or any alteration in the area of operation, or amendments in the terms and conditions of the licence, an appeal shall lie from the decision of the Authority to the Federal Government within thirty days from the date of revocation of the licence or, as the case may be, alteration in the area of operation, or amendments in the terms and conditions of the licence.

**11. Licensee not to sell, assign, transfer, convey or lease his licence or works:-** No licensee shall, without the prior approval in writing of the Authority -

- (a) sell, assign, transfer, convey or lease his licence or his works or any interest therein in whole or in part;
- (b) enter into any agreement or contract for –
  - (i) the amalgamation of his works with those of any other person or company; and
  - (ii) the operation of his works by any other person or company; or
- (c) mortgage or otherwise create a charge upon the works or any interest therein.

**12. Agreements:-** Any agreement relating to supply, sale, storage, processing, filling and distribution of IPG base-stock or LPG between the licensees shall be intimated by the concerned licensees to the Authority within fifteen days of its execution.

**13. Execution of works after grant of license:-** (1) A licensee shall, after grant of a licence, execute his works in accordance with the LPG standards to the satisfaction of the Authority within a period of two years or such further period as the Authority may allow under special circumstances proved by the licensee to be beyond his control.

(2) The Authority shall appoint one or more third party inspectors for the purpose of verification of works of a licensee in pursuance of sub rule (1) and the licensee shall pay to such third party inspector or inspectors a reasonable fee, as determined by the Authority, from time to time, for the purpose of any such inspection.

(3) The Authority may appoint one or more third party inspectors for the purpose of inspection of the works of a licensee from time to time, at least once in five years, to verify that the works of the licensee conform to the LPG Standards and the licensee shall pay to such third party inspector or inspectors a reasonable fee, as determined by the Authority, from time to time, for the purpose of any such inspection.

**14. Addition to or extension of the works:-** A licensee shall not make any major alteration, in addition to or extension of, his works as given in his plans and in details, as approved by the Authority under rule 6, unless such alteration, addition or extension is authorised by the Authority in writing.

**15. Right to discontinue supply:-**A licensee may temporarily discontinue supply of LPG base-stock or LPG when such discontinuance becomes necessary for maintenance of his works.

**16. Prohibition on abandonment and shifting of works: -** No licensee shall abandon or shift his works or portion of works without the prior approval in writing of the Authority.

**17. Export of LPG base-stock or LPG: -** No licensee shall export LPG base-stock or LPG in any manner to any other country without the prior approval in writing of the *Ministry of Petroleum and Natural Resources.* (ix)

### PART-III

#### CHARGES AND ACCOUNTS

**18. Price of LPG base-stock and LPG: -** (1) A licensee shall charge from another licensee or a consumer a reasonable price of LPG base-stock and LPG, during a specified period, which in no case shall be less than *one month, and the licensee shall inform about such prices to the Authority.* The licensee shall also publicise such prices in the media for information of the public. (ix)

(2) *In case the prices of LPG base-stock or LPG so fixed by a licensee under sub-rule (1) are not considered to be reasonable or in the event of any cartel formation, the Authority may, in the public interest, determine a reasonable price of LPG base-stock or LPG, in accordance with the prevailing policy of the Federal Government which a licensee shall charge from another licensee or a consumer.* (ix)

**19. Measurement: -** (1) The quantity of LPG base-stock supplied to a licensee, and LPG supplied to a consumer shall be ascertained by means of a correct meter or weighbridge.

(2) The Authority or any person duly authorized by the Authority shall, at any reasonable time, have access to ensure the correctness of meter, weighbridge, storage tanks, calibrations and container with respect to the quantity of LPG base-stock and LPG for which the prices have been informed by a licensee under sub-rule (1) of rule 18. All reasonable expenses of and incidental to such inspection, as determined by the Authority, shall be paid by the licensee.

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(ix) *Substituted vide Notification SRO No. 256(I)/2007 dated 10<sup>th</sup> March 2007.*

**20. Power to regulate distribution of LPG:** - The Authority may, if satisfied that it is necessary in the public interest to do so, by order in writing, direct a licensee to supply LPG to any area or locality as may be specified in the order.

**21. Disputes to be referred to the Authority:** - All disputes over measurement, rates and charges of a licensee or in respect of any provision of these rules, shall be referred to the Authority whose decision thereon shall be final and binding on the concerned parties.

**22. Records and accounts:-** Every licensee shall make, keep and preserve for such period such accounts, records of cost accounting, procedures, correspondence, memoranda, papers, books and other records as the Authority may specify or require for examination and inspection, and shall submit to the Authority such accounts, statistics and information in such forms and for such period as the Authority may specify.

**23. Audit of accounts of licensee:-** A licensee shall submit on regular basis to the Authority the statement of its annual accounts, duly audited by a firm of registered Chartered Accountants.

**24. Willful hindrance in submitting records, etc.-unlawful:-** No licensee shall willfully hinder, delay or obstruct the making, submitting or keeping of any information, document, report, memorandum, record or account required to be made, submitted or kept under these rules.

#### **PART-IV**

#### **GENERAL**

**25. Entry, inspection and enforcement of the rules:-** (1) The Authority or any person duly authorised by the Authority may enter, inspect and examine any place in which he has reason to believe that there is any works for filling, storing, processing, measuring or distribution of LPG base-stock and LPG, and take all necessary steps for the due observance of the provisions of these rules and any order issued by the Authority, by a licensee, consumer or any other person connected with the storage, transmission, distribution, supply and use of LPG base-stock or LPG.

(2) A licensee, owner, manager, proprietor or any other person in charge of the site of works for production, processing, storing, filling, transportation and distribution of LPG base-stock and LPG shall afford the person authorized by the Authority under sub-rule (1), all reasonable facility for making an examination, inquiry, inspection, measurement or for taking any sample.

**26. Protection to public:-** (1) A licensee shall locate, construct, maintain and operate his works connected with storage, filling and transportation of LPG in accordance with a licence granted by the Chief Inspector of Explosives under the Petroleum Rules, 1937, and shall comply with the provisions of the Gas Cylinder Rules, 1940, so as not to endanger the public health or safety.

(2) A licensee shall immediately, but not later than forty-eight hours of an accident, submit an initial report to the Authority indicating details of the accident and any remedial measures taken thereto.

**27. Insurance compulsory:-** (1) No licensee shall operate its works including filling plants, storage, transportation and distribution of LPG unless the same are insured against loss and damage to the public life and property due to any operational reason, accident, etc.

(2) Notwithstanding the provisions of sub-rule (1), a licensee shall be responsible for any mishap that takes place at his works, LPG outlets, distributor's premises or during transportation of LPG due to incompetence, negligence or use of substandard material or equipment and shall be liable to compensate the loss of life and property, as determined by the Authority on case to case basis. The compensation so fixed by the Authority shall be paid within a period of one month of the issuance of an order by the Authority.

**28. Marking of storage:-** A licensee shall mark with conspicuous signs on the place at which the storage tanks are located.

**29. Penalty for breach of these rules:-** - Whoever commits a breach of these rules shall without prejudice to any other action that may be taken against him, be punishable for every such breach with fine which may extend to five hundred thousand rupees.

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Appendix I  
(See rule 2(p))

## LPG STANDARDS

### 1.1 STORAGE AND CYLINDER FILLING PLANTS

- 1.1.1 Health and Safety Executive 34: The storage of LPG at fixed installation.
- 1.1.2 Code of Practice 12 prepared by Liquefied Petroleum Gas Industry Technical Association, UK, (LPGITA) Recommendations for the safe filling of LPG cylinders at depots.
- 1.1.3 NFPA 58, 1998 Edition: Standard for the storage and handling of LPG.
- 1.1.4 Code of Practice 14 prepared by LPGITA Hoses for transfer of LPG in bulk installation, inspection, testing and maintenance.
- 1.1.5 Guidance Note CS-4 from the Health and Safety Executive, UK, the keeping of LPG in cylinder and similar containers.
- 1.1.6 Extracts from US Government, Code of Federal Regulations, "Title 49 – Transportation, part 178 to 199 Revised as of 1 October, 1988", Dot specifications 4B, 4BA and 4BW relating to welded steel cylinders.
- 1.1.7 (a) Code of Practice 15: Valves for LPG cylinders:  
Part 1 – Safety Valves.  
  
(b) Code of Practice 15: Valves for LPG cylinders.  
  
Part 2: Outlets valves for butane cylinder-quick coupling type.
- 1.1.8 BS 3016: 1989, BSS for pressure regulators and automatic changeover devices for LPG.
- 1.1.9 BS 4089: 1989, BSS for Hoses and hose assemblies for LPG.
- 1.1.10 Bs 3212: 1975, BSS for Flexible rubber tubing and hose (including connections where fitted and safety recommendations) for use in LPG 1 vapour phase and LPG/air installations.
- 1.1.11 BS 5430: Part 2, 1990, BSS for periodic inspection, testing and maintenance of transportable gas containers (excluding dissolved acetylene containers).

## 1.2 DISTRIBUTION AND RETAIL OUTLETS

- 1.2.1 Code of Practice 2 prepared by LPGITA for safe handling and transport of LPG in bulk by road, including section 3.1.6, 3.1.7, 3.1.8 and 3.1.10.

## 1.3 TRANSPORTATION AND DISTRIBUTION NETWORK

- 1.3.1 Code of Practice 14 prepared by LPGITA: Hoses for transfer of LPG in bulk installation, installation, inspection, testing and maintenance.

## 1.4 LPG USERS

- 1.4.1 BS 5482: Part 1: 1979, Code of Practice for domestic butane and propane-gas-burning installations.
- 1.4.2 Extracts from US Government, Code of Federal Regulations: “Title 49 – Transportation, Part 178 to 199 Revised as of 1 October 1988”, DOT Specifications 4B, 4BA and 4BW relating to welded steel cylinders.

## 1.5 LPG IMPORT TERMINAL

- 1.5.1 NFPA 58, 1998 Edition: Standard for the storage and handling of LPG.

## 1.6 LPG SPECIFICATIONS

- 1.6.1 GPA Standard 2140=90, LPG Specifications and Test methods.

**APPLICATION FOR GRANT OF LICENCE**

**PRODUCTION/LIQUEFACATION/PROCESSING/SEPARATION/STRIPPING/STORAGE/TRANSMISSION/  
FILLING/DISTRIBUTION/HANDLING OF LPG/LPG BASESTOCK.**

(To be submitted along with a non-refundable processing fee of Rs. 100,000/- in the form of a Pay Order / Bank Draft in favour of the Oil and Gas Regulatory Authority (Payable at Islamabad)).

Area of Operation:				
A.	Production	A.1	<input type="text"/>	
	Storage	A.2	<input type="text"/>	
	Filling Plants	A.3	<input type="text"/>	
B.	Transmission	B.1	<input type="text"/>	
	Distribution	B.2	<input type="text"/>	
	Other (name it)	B.3	<input type="text"/>	
Present Business:			Location(s):	
Last 3 Year's Audited Reports:				
Name of all Directors.		Nationality.	Share-holding.	Executive Authority.
1.				
2.				
3.				
4.				
5.				
6.				
Fill-in the following if principal place of business is outside Pakistan, name and address of duly authorized agent in Pakistan.				
Agent's Name:			Location (s):	
OPERATION APPLIED FOR		ON-GOING		PROPOSED
Area of Operation (A.1 to B.3):				
Location:				
Nature and Capacity of Fixed Assets:				
Source of Raw Material:				
Details of Utilities and Services:				
Details of Technical and Operational Organogram:				
Completion Period and time of commissioning:				

CAPITAL COST BREAK DOWN (Rupees and Foreign currency)		Indicate if Attached
Plant Cost:		
Land:		
Building:		
Electrical Equipment:		
Firefighting Equipment:		
Furniture & Fixtures:		
Vehicles & Transport:		
Construction & Engineering:		
Other Misc. Assets:		
For DISTRIBUTION LICENSE Indicate DETAILS		Indicate if attached
Market Surveys:		
Other:		
Quantity:		
LPG supply Sources:		
Attachments		Indicate if attached
1. Proof of Financial Competence of the Company.		
2. Proof of the Technical Competence of the Company.		
Remarks		
<p><b>We hereby solemnly declare that all the particulars given above are correct.</b></p> <p>* We hereby solemnly declare that if a licence is granted to us We will abstain from all political activity or activities whatsoever affecting the sovereignty or security of Pakistan or such as may be tantamount to interference in its internal affairs and that We eschew all espionage.</p> <p>* We solemnly undertake not to sell, mortgage, etc either directly or indirectly or through association, the rights, privileges and obligations granted under this licence.</p> <p>* In the event of any violation of this undertaking by me/us the Authority shall have the right to cancel the licence: provided that any dispute between the Authority and the company as to whether any of my/our activities can be considered as a violation of this undertaking shall be subject to settlement in accordance with the provisions of sub-rule (3) of rule 10 of the Liquefied Petroleum Gas (Production and Distribution) Rules, 2001, and the appropriate clause in the licence.</p>		
Signature (s) of applicant (s) .....		
Date and place of applicant .....		
Capacity in which form is signed.		

**APPLICATION FOR GRANT OF LICENCE**  
**CONSTRUCTION OF LPG AUTO REFUELING STATION**

(To be submitted along with a non-refundable processing fee of Rs.100,000/- in the form of a Pay Order / Bank Draft in favour of the Oil and Gas Regulatory Authority (Payable at Islamabad))

**1. LPG Marketing Licensee Particulars:**

LPG Marketing Licence No.	
Name of LPG Marketing Licensee	
Date of issue of Licence:	Date of expiry of Licence:

**2. Existing Works:** (Existing LPG refueling stations, if any)

S.No.	Licence No.	Location
i.		
ii.		
iii.		

**3. Proposed Works:**

Exact Location of refueling station	
Refueling station site area (sq feet)	
Estimated investment (Rs. Million)	

**4. Application Checklist:**

	Yes	No
i. Pay Order/Bank Draft worth Rs.100,000/- in favour of the Oil and Gas Regulatory Authority, as non-refundable Licence fee (Payable at Islamabad) is attached	?	?
ii. The site for the refueling station is located on road/ highway of a minimum width of 60ft.	?	?
iii. The site of the refueling station is <u>NOT</u> located in a residential or congested area and neither is it adjacent to any buildings used for accommodation or public gathering of any sort.	?	?
iv. The intended LPG storage capacity is not more than 10 Metric Tons	?	?

**I hereby solemnly affirm that I have read and understood the LPG (Production and Distribution) Rules, 2001, and the provisions of its Appendix V i.e. the regulatory framework for the use of LPG in the automotive sector and solemnly declare that all the particulars given above are correct. In the event any information contained herein is found to be untrue, the Authority shall have the right to cancel the licence.**

Signature (s) of applicant (s) .....

Date and place of application .....

Capacity in which form is signed.....

*(xi) Appendix III inserted vide Notification SRO No. 256(I)/2007 dated 10<sup>th</sup> March 2007 and later substituted vide Notification SRO 709(I)/2009 dated 23<sup>rd</sup> July 2009.*

**Appendix - IV**

[See rule 7(1)]

<b>TITLE OF THE LICENCE:</b>			
<b>LICENCE NO.</b>	<b>DATE:</b>		
<b>Particulars of the Licensee Company</b>			
<b>Name of the Company:</b>			
<b>Name of Chief Executive:</b>			
<b>Registration No.</b> (Under Companies Ordinance)	<b>No.</b>	<b>Date</b>	<b>Place</b>
<b>Address</b>			
<b>Contact No.</b>	<b>Phone</b>		
	<b>Fax</b>		
	<b>Email</b>		
<b>Details of the License</b>			
<b>Validity Period</b>	<b>From</b>	<b>To</b>	
<b>Area of Operations</b>			
<b>Terms and Conditions</b> (To be specified for different licenses at the time of issuance of license)			
<b>Signature of the issuing Authority:</b>			
<b>Name of the issuing Authority:</b>			
<b>Designation:</b>			
<b>Official Stamp:</b>			

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(xii) Appendix renamed as Appendix IV vide Notification SRO No. 256(I)/2007 dated 10<sup>th</sup> March 2007.

## REGULATORY FRAMEWORK

The regulatory framework for the use of LPG in the auto sector shall cover the following areas:

### 1. Licensing:

- (a) (i) A licensed LPG marketing company or a licensed oil marketing company shall be allowed to set up LPG auto refueling/dispensing stations; and
- (ii) Automobile Original Equipment Manufacturers (OEM's) shall also be allowed to setup LPG auto refueling/ dispensing stations onsite for non-commercial purposes only.
- (b) A separate licence to setup an LPG auto refueling/dispensing station at a specific location shall be required from OGRA.
- (c) The application for setting up an LPG auto refueling/dispensing station shall be submitted on the prescribed application form.
- (d) The Authority shall initially grant the licence for construction of an LPG auto refueling/dispensing station for a period of one year, subject to the fulfillment of all the requirements prescribed under the LPG (Production and Distribution) Rules, 2001.
- (e) The licence for operation of LPG refueling/dispensing station shall only be issued after licensee obtain:-
  - (i) an Explosive Licence from the Chief Inspector of Explosives.
  - (ii) NOC from Environmental Protection Agency.
  - (iii) NOC from the respective District Authorities giving due consideration to public safety and in accordance with the requirements of clause 2(a) and 2(b) of this framework.
  - (iv) Insurance cover against the loss and damage to the public life and property due to any operational reason, accident etc.
  - (v) The LPG auto refueling/dispensing station has been inspected and verified to meet the requirements of NFPA-58, by the Third Party Inspectors, appointed by the Authority.
- (f) The licence shall be granted for a maximum period of fifteen years subject to conformance to the prescribed safety/ technical standards which shall be verified annually by 3<sup>rd</sup> party inspectors appointed by the Authority.

(g) All other conditions of LPG (Production and Distribution) Rules, 2001, as applicable to a licensee of LPG storage, filling and marketing shall be applicable to the licensee of auto-refueling/ dispensing station.

## **2. Safety/Technical Standards:**

- (a) The LPG auto refueling/dispensing station shall only be located on roads/ highways having minimum 60 feet width.
- (b) The LPG auto refueling/dispensing station shall not be located in congested or residential areas nor should any of the adjacent buildings be used for accommodation or public gathering of any sort.
- (c) The installations of LPG auto refueling/dispensing station shall conform to the technical standards prescribed in the LPG (Production and Distribution) Rules, 2001 [National Fire Protection Association, USA (NFPA-58)]. (Relevant extracts at Appendix-A).
- (d) For ensuring safety, the storage tank(s) capacity at an LPG auto refueling/dispensing station shall be limited to 10 Metric Ton (max.) and the tank(s) shall in no case be placed above ground.
- (e) The minimum area for the installation of LPG auto refueling/dispensing station shall be in accordance with NFPA-58 standard.
- (f) Only brand new equipment shall be installed at a LPG auto refueling/dispensing station and use of second hand equipment shall not be allowed.
- (g) Conversion kit and cylinder shall only be installed at licensee's approved centers and the installed vehicle shall have the respective licensee's seal of compliance to NFPA-58, otherwise it will be considered illegal.

## **3. Fees:**

- (a) A non-refundable processing fee of Rs.100,000/- for each LPG auto refueling/dispensing station shall be paid by the applicant LPG marketing company at the time of submission of the application for setting up a LPG auto refueling/dispensing station.
- (b) An annual regulatory fee of Rs.50,000/- for each LPG auto refueling/dispensing station shall be paid by the licensee to the Authority, which shall be utilized for monitoring and enforcement of safety standards and strengthening of the safety culture in the country including public awareness campaign in the media.
- (c) The licence fees prescribed in clauses 3(a) and 3(b) shall be reviewed with the approval of the Budget Committee constituted by the Federal Government under section 17 of the OGRA Ordinance, 2002, after

every five years keeping in view the inflation rate as well as the budgetary requirements of the Authority.

**4. Miscellaneous:**

- (a) Only vehicle installed cylinders specifically designed for use in automobiles shall be refilled at LPG auto refueling/dispensing stations. No domestic cylinder shall be filled from such stations.
- (b) LPG shall only be received in bowzers having valid licence/certification from the Chief Inspector of Explosives.
- (c) LPG conversion kit, cylinder, and its installation should meet the requirements of NFPA-58.
- (d) The licensee shall maintain the record of each and every installed kit and will be held responsible for any faulty installation. A monthly kit installation update/status as per the prescribed format shall be submitted by the licensee to the Authority.
- (e) For safety reasons installation of LPG cylinders or tanks on motorcycles/scooters (two wheelers) shall not be allowed and treated as illegal.
- (f) No person shall supply LPG for automotive use other than through a LPG auto refueling/dispensing station.
- (g) No vehicle assembler/manufacture will install LPG kit/cylinder without obtaining a licence for the purpose from the Authority. The vehicle assembler will ensure that the installation is in accordance with NFPA-58 and will also put a seal to this effect on each vehicle.
- (h) The Authority may, if satisfied that NFPA-58 does not adequately address any aspect in respect of use of LPG in the automotive sector, prescribe from time to time any other standard for the purpose.

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