

OIL AND GAS REGULATORY AUTHORITY

DRAFT NATURAL GAS REGULATED THIRD PARTY ACCESS RULES, 2011

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NOTIFICATION

Islamabad, the _____, 2011

S.R.O____(I)/2011. In exercise of the powers conferred by Section 41 of the Oil and Gas Regulatory Authority Ordinance, 2002, (XVII of 2002), the Oil and Gas Regulatory Authority and in accordance with the provisions of LNG Policy 2006, and with the approval of the Federal Government, is pleased to make the following rules, namely:-

PART I

PRELIMINARY

1. **SHORT TITLE AND COMMENCEMENT:** (1) These rules may be called the Oil and Gas Regulatory Authority (OGRA) Natural Gas Regulated Third Party Access Rules, 2011.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. **OBJECTIVE:**

2.1. These Natural Gas Regulated Third Party Access Rules, 2011 aim at establishing industry wide transparent and uniform principles for allowing entities to gain/ allow access to the Natural Gas transmission and distribution pipeline networks.

2.2. The objective of these Natural Gas Regulated Third Party Access Rules, 2011 is to

- i. Promote the development of a competitive gas market by establishing uniform principles for owners and users of gas pipelines to allow transparent and non-discriminatory access to the transmission and distribution pipeline networks.
- ii. Ensure that a transmission/ distribution pipeline network owner provides maximum service of access to available capacity on a "firm service" basis and/ or on "interruptible service" basis.
- iii. Provide basis for resolution of disputes under Third Party Access Regime.
- iv. Provide basis for determination and settlement of imbalanced quantities.
- v. Devising procedure for entry and exit capacity booking on transmission/ distribution pipeline network.

3. SCOPE AND APPLICABILITY:

- 3.1. The scope of this Natural Gas Regulated Third Party Access Rules, 2011 (herein after referred to as “Rules”) is limited to Natural Gas transmission and distribution pipeline networks. These Rules are applicable to
 - i. Natural gas pipelines operating as “common carriers” and/or “contract carriers”.
 - ii. Distribution pipeline networks beyond the exclusivity period of marketing which has been allowed by the Authority to any entity.
- 3.2. These Rules shall be applicable to those transmission and distribution pipeline Networks, which are under the jurisdiction of the Authority, both, new or existing.
- 3.3. These rules shall be applicable to whole of Pakistan.

4. DEFINITIONS:

All the definitions stated below shall be in context with this.

- 4.1. **Access Arrangement** means a document(s)/ contract(s) between Transporter and Shipper or between Transporter and other Connected System Operator. Broad and General terms and conditions for the Access Arrangement shall be placed on the web site of the Transporter.
- 4.2. **A Homogeneous Area (AHA)** means a part of the pipeline within which the same type of gas is delivered/ redelivered, over a specified time period.
- 4.3. **Authority** means Oil and Gas Regulatory Authority (OGRA) established under the Section 3 of the OGRA Ordinance 2002.
- 4.4. **Base Conditions** volume and gross calorific value will be measured at base conditions of 14.65 PSIA and 60 °F.
- 4.5. **Capacity Allocation** means Maximum Daily Quantity (MDQ) of gas to be transported in a transmission pipeline or distribution pipeline network.
- 4.6. **Capacity Booking** means Maximum Daily Quantity (MDQ) of gas which can be delivered at a certain Entry Point or off taken from a certain Exit Point, in accordance with relevant Access Arrangement.
- 4.7. **Common Carrier** means a facility declared to be available by transporter to provide service to all potential users without discrimination.
- 4.8. **Constraints** means any temporary event, which prevents the Transporter, acting as a reasonable and prudent operator, from either receiving gas from a Shipper at its relevant Entry Point at the maximum intake rate or which prevents the Transporter from delivering gas to the Shippers at the Exit Point at the Maximum Agreed Delivery Rate. Constraint shall include:

- i. An event temporarily threatening the operational integrity of the facilities of the Transporter
 - ii. A temporary restriction in capacity of the facilities of the Transporter.
- 4.9. Connected System** means a Neighbor Natural Gas Transmission or Distribution System or a Natural gas Production Facility or an RLNG Terminal or a Natural gas Storage Facility and is interconnected with Transporter Pipeline network.
- 4.10. Connected System Operator** means operator of any of each Connected System.
- 4.11. Custody transfer measuring facility** means a device(s), which measures the quantity and quality of natural gas (in terms of volume and/or energy) for transfer of custody from one entity to another.
- 4.12. Dispute** means any dispute or difference arising between the entity(s) under or in connection with these Rules or the Access Arrangement.
- 4.13. Entry Point** means the point at which the gas delivered by shipper connected system operator is injected into the transmission or distribution pipeline network.
- 4.14. Exit Point** means the point at which the gas is withdrawn from the transmission or distribution pipeline network.
- 4.15. Firm Service** means a fixed obligation where the transporter is obligated to provide a specific capacity without interruption.
- 4.16. Gas Day** begins at xx o'clock at certain day and ends at xx o'clock at the following day.
- 4.17. Gas Pipeline Transportation System** means all pipelines (including spur and branch pipelines) and associated facilities downstream of gas producer's/ importers processing plant on shore, which are used for transportation of Natural Gas from one point to another except gas producer processing plant piping within the Battery Limit isolation valves of the plant.
- 4.18. Interruptible Service** means gas service which is subject to interruption at the option of the transporter.
- 4.19. RLNG End Buyer** means real persons or legal entities who have contract with RLNG Supplier or LNG Buyer or RLNG Reseller to purchase RLNG and consume it in their facilities like power plants, industrial plants etc
- 4.20. LNG Terminal Operator or LNG Re-gasification Company** means an authorized entity owning and operating the LNG Re-gasification plant/ terminal.
- 4.21. Nomination** means notification process between the Shippers and the Transporter to schedule Shipper's daily delivery and off-take quantities relating to each Entry and Exit Point

- 4.22. Off-Specification Gas** means natural gas delivered at the Entry Point or the exit point, which does not meet the Gas Specification as set out in Schedule-II or Access Arrangements of the Transporter.
- 4.23. Operating Pressure** means the pressure corresponding to a particular flow rate at which pipeline is operated.
- 4.24. Party or Parties** include Transporter, Shipper entered into an Access Arrangement.
- 4.25. Re-gasified Liquid Natural Gas (RLNG)** means the natural gas obtained after gasification of liquefied natural gas (LNG).
- 4.26. Shipper** means an entity that has an Access Arrangement with the Transporter to utilize the pipeline capacity, for transmission of gas between an agreed Entry Point and agreed Exit Points, including but not limited to LNG Developer, RLNG Supplier, RLNG Marketer, Reseller and RLNG End Buyer having consumption above 10 MMCFD..
- 4.27. Specification Gas** means natural gas supplied by the shipper and delivered to transporters at the Entry Point, which conforms to the Gas Specification as set out in Schedule-II hereto and/or the one set out in Access Arrangement of Transporter.
- 4.28. Spur Branch Pipeline** is a pipeline, which emanates from another pipeline for transportation of gas to customer(s).
- 4.29. System Use Gas (SUG)** means the quantity of gas used by the Transporter for the operation and maintenance attributable of the pipeline system related to the access arrangement.
- 4.30. Transportation Rate/ Tariff** mean the charges payable by shipper to transporter, as approved by the Authority from time to time, for transporting unit volume of gas and/ (or) including fixed charges for allocated pipeline capacity.
- 4.31. Transmission Loss (TL)** means the quantity of gas, which is unaccounted for what so ever reason including but not limited to blow downs, venting/releases during regular operation and maintenance of the pipeline system / distribution pipeline network or due to measurement uncertainty.
- 4.32. Transporter** means an entity authorized by the Authority, for transmission of natural gas through a transmission or distribution pipeline network.
- 4.33. Unit of Measurement** means unit for measurement of quantity of gas and shall be in Million British Thermal Units (MMBtu) when quantity is measured in energy terms and shall be in Million Standard Cubic Feet (MMSCF) when quantity is measured in terms of volume at 14.65 psia base pressure and 60° F base temperature.
- 4.34.** The words and expressions used but not defined herein shall have the meanings as are assigned to them in the OGRA Ordinance 2002.

5. PROVISIONS OF THE RULES:

- 5.1.** The transmission service consists of taking delivery of the gas made available by a Shipper, at one or more Entry Points along the system and delivering an equivalent quantity of gas subject to adjustment on account of SUG, TL and line pack at one or more Exit Points in accordance with the terms and conditions laid down in the Access Arrangement / contract signed between the Shipper and Transporter and conforming to the provisions of these Rules.
- 5.2.** The gas marketers/ shippers licensed by OGRA will have access to the pipeline network subject to the minimum threshold of 10 mmcf for a single buyer when such a network is opened for competition at the end of the period of exclusivity from the purview of Common Carrier or Contract Carrier of Contract Carrier allowed to the entity under the Natural Gas Regulatory Authority (Licensing) Rules 2002 for exclusivity for distribution pipeline network.
- The development of the infrastructure shall be governed by the NGRA Licensing Rules 2002 for transmission pipelines / distribution pipeline network including spur lines, the shipper shall use the system from its entry (injection point) to exit (delivery) point(s).
- 5.3.** All Entry and Exit points for spare capacity should be declared by the transporter at the time of authorization of new pipeline or expansion and / or extension of existing pipelines. The transporter shall also make declaration of any addition of the Entry and Exit point(s) on the pipeline/ distribution pipeline network that may become necessary as and when required depending upon the technical and/ or operational requirements. Provided that the existing as well as perspective customers entitled as per license obligations of the transporter are not affected by this decision adversely in which case the transporter shall inform the Authority stating the specific grounds for such addition/ deletion.
- 5.4.** These Rules lay down the provisions for gas entry to and exit from a gas pipeline system. The access to second system of pipeline shall have separate contract mutually agreed between the Entities and approved by the Authority.
- 5.5.** Entry Point/ Exit Point Facilities:

(A) Transmission Pipeline Networks

- 5.5.1.** Shipper shall arrange to deliver gas at Entry Point on the pipeline system and shall provide all facilities including measurement equipments required for transfer of custody and delivery of gas to the transporter unless otherwise agreed to between Shipper and Transporter.

- 5.5.2.** Hooking up of Shipper's onshore facility to the transporter's Entry point shall be executed by the transporter at the cost of shipper.
- 5.5.3.** Shipper or his authorized nominee will own, operate and maintain facilities upstream of entry points at his own cost and risk unless the facilities are provided by the transporter under a separate contract.
- 5.5.4.** Depending on the pipeline characteristics, transporter shall define the Entry Point gas parameters like acceptable gas composition, heat value/ calorific value, pressure and temperature. Shipper shall supply gas conforming to such parameters. For the purpose of operational ease a band of such values and parameters shall be indicated by the transporter subject to approval by the Authority. The transporter shall be obliged to deliver gas at exit point(s) conforming to the specifications within such band as agreed in the Access Arrangement.
- 5.5.5.** The Transporter shall provide facilities including measurement equipments at Exit Point for transfer of custody and delivery of gas to the shipper unless otherwise agreed to between shipper and transporter. The Exit Point gas parameters shall be mutually agreed to between Shipper and Transporter.
- 5.5.6.** Transporter shall own, operate and maintain the exit point facilities at its own cost and risk.
- 5.5.7.** Hooking up of Transporter's facility at Exit point to Shipper's facility shall be executed by the transporter at his cost and shall form part of the tariff computation.
- 5.5.8.** The shipper shall provide space free access and cooperate with the transporter in installing, operating, maintaining and modifying any specific Exit Point facilities when such exit point facilities are provided in the premises of the shipper.
- 5.5.9.** At the option of the shipper, the shipper may provide check meter, conforming to the standard and specifications specified by the Authority, at the exit point in transmission or in the distribution pipeline network, however, in case of variation in the readings the transporter's meter will be taken for accounting purpose subject to conformity assessment by the third party. In case of any dispute the Parties shall appoint one or more arbitrators and the decision of the arbitrator or arbitrators shall be binding on the transporter/ shipper. In case of fault in the meter and other measurement equipment of the transporter, the expenses on this account shall be borne by the transporter. In case of no fault with the meter and other measurement equipment of the transporter is found, the cost shall be borne by the shipper.

(B) Distribution Pipeline Networks

- 5.5.10.** The gas receipt for distribution pipeline network should preferably be at the city gate station/ Sales Metering Station (SMS) only, however, in case of delivery at any other point, the modalities are to be mutually agreed.
- 5.5.11.** City gate station is primarily meant for receiving gas from the trunk line or spur line as the case may be. In case the concession area can be served by more than one source it shall be the responsibility of the distribution pipeline entity to provide additional city gate station to receive gas from such other source(s) if technically feasible.
- 5.5.12.** Shipper and/ or Connected System Operator shall arrange to deliver gas at Entry Point on the pipeline system of transporter and shall provide custody transfer measuring facility for transfer of custody and delivery of gas unless otherwise agreed between transporter and connected system operator or tri parties including Shipper.
- 5.5.13.** Transporter shall arrange to deliver gas at its Exit point to Shipper and/ or the connected system operator and Transporter shall provide custody transfer measuring facility for transfer of custody and delivery of gas to the Shipper and/ or connected system operator unless otherwise agreed between connected system operator and Transporter or tri-parties including Shipper.

5.6. Pipeline Capacity

5.6.1. Declaration of Capacity

- 5.6.1.1.** The transporter shall declare, in MMSCFD, the section wise design and available capacity of the pipeline system on its web site on 1st of each calendar month basis in the prescribed manner and format specified at Schedule - I and shall send this information to the Authority. Declaration shall include the total and available capacity at each Entry and Exit Point.
- 5.6.1.2.** The available capacity may be verified and shall be approved by the Authority.
- 5.6.1.3.** The capacity so declared, after Authority approval shall be available on common carrier/ contract carrier basis as per these Rules.
- 5.6.1.4.** The declared available capacity may be reworked by the transporter if declared available capacity varies materially from actual available capacity and if the variation persists over of 60 days.

5.6.2. Capacity expansion and extension of existing transmission/ distribution pipeline networks

- 5.6.2.1. The capacity extension and expansion of existing pipeline may be done by the Transporter in compliance with the relevant provisions of the Ordinance and the applicable rules. The enhanced capacity shall also be declared by the Transporter as per the procedure specified above and approved by the Authority.
- 5.6.2.2. The distribution pipeline network entity shall augment, if required, the capacity of city gate station to accommodate the new shipper subject to approval by the Authority.
- 5.6.2.3. If additional capacity in the transmission or distribution network is not available as per the requirements of the shipper, cost of augmentation of the network shall be borne by the shipper or as mutually agreed through an agreement approved by the Authority.
- 5.6.2.4. Transporter shall operate and maintain its own pipeline network between Entry and Exit points and its own custody transfer measuring facility at its own cost and risk. Connected System Operator shall operate and maintain its connected system and relevant segment of pipeline network at its own cost and risk.
- 5.6.2.5. Transporter may operate and maintain the entry and exit point facilities at the owners cost and risk. Ownership of such facilities may belong to Shipper or Connected System Operator as the case may be.

5.7. Gas Specification

- 5.7.1. Acceptable Gas specification band shall have the details of various components as given in Schedule - II.
- 5.7.2. The transporter / distribution pipeline entity may supply commingled gas at exit point, as far as possible, within the declared band of acceptable specifications as per Schedule - II.

5.8. Methodology of Capacity Booking:

- 5.8.1. **Firm Basis:** Shipper makes firm commitment to avail the capacity and Transporter makes firm commitment to transport the gas on behalf of Shipper. Default in fulfilling the commitment shall attract penalties as to be provided in the Access Arrangement.
- 5.8.2. **Interruptible Basis:** Transporter shall transport the gas as and when the capacity is available in the pipeline on reasonable endeavor basis.
- 5.8.3. Firm capacity is made available for registration by shippers for a minimum of 1 year, whilst interruptible capacity shall be offered for one day or more. More than one shipper can hold capacity at all entry and exit points.

- 5.8.4. The principle for Capacity Booking shall be as Point to Point.
- 5.8.5. OGRA will issue framework for ascertaining the first come first serve criteria and allocation of capacity.
- 5.8.6. The booked capacity so arrived at shall be contracted between shipper and transporter through "Access Arrangements", in the form of MDQ.
- 5.8.7. Shipper can release the capacity in favour of other Transporter / Shipper as per the terms and conditions of Access Arrangement to the extent of the quantity booked under firm Capacity with the consent of transporter.
- 5.8.8. The unit of capacity booking shall be in volume terms.
- 5.8.9. The accounting of the gas shall be in energy terms and shall be based on Gross Calorific Value.
- 5.8.10. Calorific Value calculation shall be as defined in GPA, ASTM or ISO relevant standards.
- 5.8.11. Whereas the Transporter shall be paid for Booking charges for the allocated or booked capacity in terms of volume, at the entry point, it shall account for this gas in terms of energy value at exit point irrespective of volume since the calorific value of gas undergoes changes in the system due to intermingling of gas in the system.

5.9. Specific Requests from Prospective Shippers:

- 5.9.1. Each application received by a pipeline owner/ transporter for access shall be processed in accordance with the procedures set out herein below.
- 5.9.2. Capacity may be booked on firm basis or on interruptible basis.
- 5.9.3. When a Transporter receives a request for access from a Shipper it shall, within a reasonable time but not exceeding seven (7) working days after receiving the request from the Shipper, respond to the Shipper:
 - (a) Confirming that Spare Capacity exists to satisfy the request and specifying the charges and terms and conditions upon which it will make the Service available; or
 - (b) Advising that Spare Capacity does not exist to satisfy the request; or
 - (c) Advising that investigations are required to be undertaken prior to responding to the request. Such time period shall not exceed (30) working days; or
 - (d) Advising that it is not technically or operationally feasible to provide access subject to intimation to the Authority.

6. NOMINATIONS:

- 6.1. A Shipper shall make Nominations to the Transporter for the quantities that it wishes to deliver to (at a particular entry point) and off-take (at a particular exit point) from the pipeline system every Monday at 8:00 PST in respect of the week starting from immediate following Monday.
- 6.2. The nomination shall contain the expected gas flow details of one or more Days daily-nominated quantities as per the agreed schedule between the shipper and the transporter.
- 6.3. The Shipper may assign the capacity booked by him to another Shipper with the prior written approval of the Transporter. The transporter shall deliver the capacity in physical terms to any person/ entity that wishes to take physical delivery on the basis of a valid Access Arrangement.

7. CHARGES FOR TRANSMISSION OF GAS:

- 7.1. The parties will negotiate the transportation tariff and submit the same to the Authority for approval.
- 7.2. Tariff computation methodology shall be based on the principles decided and approved by the Authority on the basis as mentioned at Schedule – III.
- 7.3. Penalties for off spec gas as agreed between Shipper and Transporter in Access Arrangement shall be applicable.
- 7.4. The 80% of income earned on account of Transportation charges will form part of revenue requirement of transporter determined under section 8 of OGRA Ordinance, 2002. The remaining 20% income will be treated as non-operating income for the respective utility.
- 7.5. Transportation volumes under the third party access regime shall not form part of UFG calculations calculated for revenue requirement purposes. For year 1 only starting from the first RLNG transportation from the regulated network, the transported volumes will be allowed in UFG calculations that will cater for initial billing/ metering/ commingling related problems, likely to be only initially incurred by the gas utilities.

8. SYSTEM INDISCIPLINE AND CONSEQUENTIAL CHARGES:

The Transporter is responsible for physical balance of its pipe line by maintaining the pressure above certain levels for all segments of the pipe line. The Shipper is responsible for balancing his daily deliveries at the Entry Points and daily off-takes from the Exit Points.

- 8.1. Unauthorized Overrun:** If the pipeline capacity has been utilized by the Shipper without permission of the Transporter over and above the capacity assigned, then the Shipper shall be penalized for such unauthorized overrun in addition to this transportation charges in respect of overrun quantity shall apply.
- 8.2. Positive Imbalance:** If Shipper off-takes less quantity of gas from the pipeline system than injected into it then the Shipper is creating positive imbalance. Shipper shall be allowed a positive imbalance of 2% of booked capacity as tolerance limit subject to clause 9.6 consequential charges for positive imbalance over 2% shall be mutually agreed between Shipper and Transporter.
- 8.3. Negative Imbalance:** If Shipper off-takes more quantity of gas from the pipeline system than injected into it then the Shipper is creating negative imbalance. Shipper shall be allowed a negative imbalance of 1% of booked capacity as tolerance limit subject to clause 9.6 *consequential charges* for negative imbalance over 1% shall be mutually agreed between Shipper and Transporter.
- 8.4.** Determination of Imbalance Quantity between the Transporter and the Shipper shall be done on daily basis for each Gas Day. Cash outs between respective parties shall be realized on monthly basis or as agreed under Access Arrangement for the accumulated imbalances throughout the month by taking the relevant “Balancing Gas Price” as basis.
- 8.5.** Balancing Gas Price: The Authority approved price tariff of the account receivable party shall be used as balancing gas price for each Gas Access Arrangement
- 8.6.** *Consequential charges* for the system indiscipline may occur simultaneously. Also, quantum of penalties shall be such that it acts as deterrent to the Shipper against creating any pipeline indiscipline.
- 8.7.** It shall be the responsibility of the Shipper to cure imbalances caused in transporter’s pipeline system on day to day basis. In case, the Shipper is unable to cure such imbalances then, the Transporter shall have the right to adjust daily nomination to mitigate such imbalances to ensure safety & integrity of pipeline system.
- 8.8.** Other modalities regarding balancing will be addressed in the Access Arrangement, if required.
- 8.9.** The Transporter shall pay “Service Interruption Charges” as agreed under Access Arrangements for Firm Services exceeding the agreed tolerance limits in the event that he is in default by interfering either at entry or exit point.

9. EXCUSE DURING CONSTRAINT:

- 9.1. Transporter shall be relieved of its obligation under the Access Arrangement in the case of Constraint for a reasonable period of time as mutually agreed between respective Shipper & Transporter.
- 9.2. In case of capacity and/or flow constraints in transportation pipeline, the Transporter shall give priority to RLNG entry and deliveries under Firm Capacity Booking subject to transporters contractual obligations under other agreements prior to signing the Access Arrangement and adjust deliveries from other Entry Points accordingly.

10. SYSTEM USE GAS (SUG), LINE PACK (LP) AND TRANSPORTATION LOSSES (TL):

- 10.1. Quantum of SUG and LP (calculated at maximum allowable operating pressure of the pipeline) shall be specified in the Access Arrangement.
- 10.2. Shipper shall be obligated to provide the gas required by Transporter for SUG, LP and TL free of cost in proportion to their capacity allocation. At the termination of the Access Arrangement, recoverable volume equivalent to the related LP will be delivered to the Shippers' customer or compensated.

11. PLANNED MAINTENANCE:

- 11.1. The transporter is required to draw up, inform and/ or place on its website a maintenance plan for a defined period identifying those entry and exit points where gas flows may be restricted by maintenance works, the extent of the restrictions and when they will occur. The transporter will endeavour to prepare the plan so as to minimize disruption to affected parties and can request information from shippers on their intended entry and exit flows.
- 11.2. Dates within the plan can be adjusted on 30 days notice to affected shippers but the transporter must then adhere to the plan as far as reasonably practicable.
- 11.3. The planned maintenance period shall not exceed 20 or as per mutual agreement between transporter and shipper.

12. FORCE MAJEURE:

- 12.1. For the purposes of the Rules, Force Majeure means any event or circumstance, or any combination of events and / or circumstances, the occurrence of which is beyond the reasonable control of, and could not have been avoided by steps which might reasonably be expected to have been taken by, the affected party and which causes or results in the failure of the affected party to perform or its delay in performing any of

its obligations owed to any other Party or Parties under the Rules, including but not limited to:

- 12.1.1.** war declared or undeclared, threat of war, terrorist act, riot, civil commotion, public demonstration, sabotage, rupture, act of vandalism;
- 12.1.2.** act of God;
- 12.1.3.** strike, lockout or other industrial disturbance;
- 12.1.4.** explosion, fault or failure of plant, equipment or other installation which the affected party could not prevent or overcome by the exercise of the degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same kind of undertaking under the same or similar circumstances;
- 12.1.5.** governmental restraint or the coming into force of any Legal requirement;
- 12.1.6.** a failure by any other party to comply with its obligations pursuant to the Rules or the Framework Agreement.

12.2. Inability (however caused) of a Party to pay shall not be Force Majeure.

12.3. The act or omission of:

- 12.3.1.** any agent or contractor of a Party, or
- 12.3.2.** in relation to a Shipper, any person selling or supplying gas to such Shipper, or any delivery facility operator or connected system operator or any producer or consumer shall not be Force Majeure unless such act or omission is caused by or results from events and/ or circumstances which would be Force Majeure as indicated above.

12.4. Information

12.4.1. Following any occurrence of Force Majeure, the Affected Party shall:

- (a)** as soon as reasonably practicable but in any event within 48 hrs notify each of the other party(s) of the of the occurrence and nature of the Force Majeure;
- (b)** as soon as reasonably practicable but in any event within 72 hours notify each of the other party(s) the expected duration of Force Majeure (insofar as the same can reasonably be assessed) and the obligations of the affected party performance of which is affected thereby, and
- (c)** from time to time thereafter provide to each other party reasonable details of:
 - (i)** developments in the matters notified under paragraph (a and b),
 - (ii)** the steps being taken by the Affected Party to overcome the Force Majeure occurrence or its effects and to resume performance of its relevant obligations.

12.5. Except the obligation to pay when due, Parties shall be relieved of their obligation in the event of Force Majeure.

13. GRIEVANCE/ COMPLAINT REDRESSAL:

13.1. Grievance/ complaint redress mechanism arising out of use of these Rules shall be as follows:

13.1.1. As far as possible, the grievances/ complaints should be settled mutually as per the provisions of Access Arrangement entered into between the entities.

13.1.2. In case of non resolution of the grievance/ complaint, the Parties may appoint an arbitrator for its resolution under the Arbitration Act 1940 as modified from time to time whose decision shall be final and binding on the Parties.

14. OPERATIONAL PLANNING:

14.1. Nomination:

14.1.1. Shipper shall on a periodic basis provide nomination of quantities that it wish to transport through the pipeline in line with the provisions under Rule 6 of these Rules.

14.2. Scheduling:

14.2.1. Transporter shall schedule the quantities of gas for transportation based on the Nominations received.

14.2.2. In the scenario where the total Nominations exceed available capacity on a day Transporter shall schedule the firm quantities first and then the interruptible quantities.

14.2.3. During the constraint period, the transporter shall provide the details of Scheduled Quantities pertaining to all the Shippers on a daily basis in a transparent manner to all the shippers.

14.3. Allocation:

14.3.1. Quantity of gas measured at Entry point shall be attributed/ allocated to the Shippers.

14.3.2. Such attribution shall be based on a predetermined methodology as agreed between the Entities.

14.3.3. Allocated Quantity of gas over and above the booked capacity that was scheduled by the transporter as per the nomination received is termed as Authorized Overrun Quantity. Shipper shall be liable to pay transportation charge for Authorized Overrun Quantity up to 5% of allocated capacity. However, Shipper shall be liable to pay higher transportation charge for Authorized Overrun

Quantity over and above 5% of Allocated Capacity as mutually agreed between the Shipper and Transporter.

14.4. Measurement of Gas:

14.4.1. At each entry point, there shall be measurement equipment necessary to measure, on a continuous basis, the quantity of gas flown, pressure and temperature. Either at the entry point or in the "A Homogenous Area" (AHA) before the entry point, there shall be equipments to measure gas composition, heating value, H₂S content, Water, & Hydrocarbon Dew Point on continuous basis. Values of such parameters shall be specified giving higher and lower limits of the band as specified in Schedule - II.

14.4.2. For the exit point, the network is divided into AHAs and the quality is continuously measured by Gas Chromatograph (GC) at each AHA. Measurement equipments to measure, throughout the day, the volume of gas flown, pressure & temperature are installed at the exit point.

14.4.3. Total error limit/ accuracy of the Measurement Equipment shall be agreed to between the parties.

14.4.4. Verification and Calibration shall be carried out as per technical standards notified by the Authority or as per Access Arrangements.

14.4.5. Either Party may install check meters at requisite points with a precondition so as not to interfere with the Measurement Equipment installed by concerned Entity for custody transfer purpose.

14.5. Gas Accounting & Reconciliation:

14.5.1. Gas accounting should be on daily basis.

14.5.2. Gas reconciliation, billing & penalty and their settlement shall be addressed in accordance with the Access Arrangement between the Parties.

15. OBLIGATIONS:

15.1. At Entry Point:

15.1.1. Where the shipper delivers gas that does not meet the quality requirements ("off-spec." gas) the transporter shall have the right to:

- (a) refuse to accept or
- (b) Continue to take the gas and levy penalties as per Access Arrangement

15.2. At the Exit Point:

15.2.1. Where the transporter delivers gas that does not meet the quality requirements ("off-spec." gas) the shipper shall have the right to:

- (a) refuse to accept or

(b) Continue to take the gas and levy penalties as per access Arrangement.

16. PROCEDURE FOR REQUESTING CONNECTIONS AS NEW AND EXISTING EXIT POINTS:

16.1. Transporter shall publish standardised "Connection Agreement" in his Access Arrangements for the requests for new Exit Points. The entity seeking access to existing exit point on the pipeline shall submit to the transporter the request in writing. The transporter shall make available the format for receiving the request

17. EMERGENCIES:

17.1. The procedures to be followed by Shippers and the Transporter in the event of an Emergency shall be included in the Access Arrangements by shipper and transporter on mutually agreed terms.

18. INFORMATION AND CONFIDENTIALITY:

18.1. All documentation, information, data, submissions and comments disclosed or delivered whether in writing or otherwise by any entity to the transporter, shipper or to any other party either in connection with or in consequence of the requirements of these Rules shall be regarded and treated as confidential; and shall not be disclosed either in full or part of any or all of the documentation, information, data, submissions and comments including the contents and copies thereof in any form except in connection with any proceedings in any court having competent jurisdiction in Pakistan.

19. JURISDICTION:

19.1. Subject and without prejudice to the provisions of these Rules all the Parties shall irrevocably agree that the substantive and procedural laws of Islamic Republic of Pakistan are to have exclusive jurisdiction to settle any disputes between the parties.

20. MISCELLANEOUS:

20.1. If any dispute arises with regards to interpretation of any of the provisions of these Rules, the decision of the arbitrator(s) shall be final. Further, the Authority may at any time effect appropriate modifications in these Rules.

21. ACCESS ARRANGEMENTS

Access Arrangements of the Transporter shall include but not limited to the following:

21.1. Documents to be placed on the Web Site: Documents include but not limited to the following shall be placed on transporters website:

- i. Spare Capacity available at entry and exit points and this capacity will be updated on regular basis,
- ii. Procedures to apply for Capacity Booking and entering into Gas Transportation Agreement,
- iii. Gas Quality Specifications

21.2. Agreements that shall be type of Negotiated Access basis:

- i. Gas Transportation Agreement with Shippers whose broad and general terms may include the following:
 - General Terms and Conditions of Service
 - Definitions
 - Gas Quality specifications Unit of measurement for natural gas
 - Measurement equipment and procedures System indiscipline provisions
 - Nominations
 - Allocations and Capacity Booking
 - Entry Point Provisions
 - Exit Point Provisions
 - Payments (*method of payment, default on payment, billing errors, etc*)
 - Emergency Situations
 - Constraints
 - Force Majeure,
 - Financial Guarantees
 - Entry Point and Exit Point of the Shipper, Type of Booked Capacity.
 - Tariffs and Billing (*payment currency, adjustment and revision clauses*)
 - *Term in effect and conditions for contract renewal.*
- ii. *Interconnection and Operation Agreement with Connected System Operators* which may have broad and general terms as under:
 - Definitions
 - Interconnecting Pipeline and Measurement Station technical details, standards to be adopted, construction, commissioning, putting into service
 - Operational Relations, communications
 - Natural Gas Quantity Measurements, Verification and Calibration Procedures

- Natural Gas Quality Determination
- Independent laboratory
- Nominations, Gas Programs
- System indiscipline provisions
- Reports (daily, monthly)
- Emergency Situations
- Force Majeure
- Dispute Resolution
- Applicable Law

SCHEDULE – I

FORMAT FOR DECLARING CAPACITY OF PIPELINE

[See Rule 5.6.1.1]

S/N	Description
1.	Name of entity:
2.	Name of pipeline segment/ section:
3.	Section wise capacity on the pipeline (to be furnished for each section separately): (a) Number of sections (b) Name of section with start and end point: (c) Capacity – (i). Volume terms
4.	Number of AHAs:
5.	Number of entry points on the pipeline route:
6.	Location of entry points:
7.	Number of exit points:
8.	Location of exit points:
9.	Entry point wise capacity (to be furnished separately for each entry point):
10.	Exit point wise capacity (to be furnished separately for each exit point):
11.	Technical parameters: (a) Inlet pressure at entry point: (b) Calorific value band at entry point: (c) Temperature: (d) Other elements as per Schedule - II
12.	Status of extra capacity available in the pipeline system on common carrier basis:
13.	Detail of common carrier capacity being used by transporter itself or on contract carrier basis:
14.	Any demand pending with the transporter for common carrier usage of the pipeline along with duration of such pendency:
15.	Preference on entry and exit points:
For Distribution system Capacities to the extent of Supply mains will be updated	

SCHEDULE - II

GAS QUALITY SPECIFICATIONS

[See Rule 5.7.1]

S/N	Parameters	Limit
1.	Hydrocarbon dew point (Degree Fahrenheit, max.)*	32
2.	Hydrogen Sulphide (grains/100 SCF, max.)	0.24
3.	Total Sulphur (grains/100 SCF. Max)	3.5
4.	Carbon Dioxide (mole % max.)	3
5.	Nitrogen (mole % max.)	7**
6.	Oxygen (mole % max.)	0.2
7.	Total Inerts (mole % max.)	10
8.	Temperature (Degree Fahrenheit, max.)	120**
9.	Water Content (Lbs/MMSCF, max)	7**
10.	Pressure (PSIG)	**
11.	Calorific value (BTU/SCF) – Minimum	950**
12.	Wobbe Index (BTU/SCF)	1220**
13.	<u>Purity</u> : Be commercially free from foreign materials and dust or other solid matter or environmentally harmful substances, waxes, gums and gum forming constituents which might cause interference with the proper operation of the Pipelines and associated facilities.	

* At all pressure.

** Indicative values which will be negotiated between shippers and transporters in the Access Arrangement

SCHEDULE - III

CHARGES FOR TRANSMISSION OF GAS

[See Rule 7.2]

Transportation tariff is comprised of parameters such as Capital cost recovery, Operational Expenses and Required Return on investment.

- The cost elements will be segregated into fixed and variable.
 - Fixed elements include Depreciation and Fixed Operating and Maintenance Cost.
 - Variable elements include Variable Operating and Maintenance Cost.
- For return calculation purposes existing assets involved in transportation will be valued at replacement cost while additional investments at actual cost. Yearly reassessment/ revaluation may be carried out for both existing and new assets involved. 17/17.5% return on asset will be allowed in accordance with the existing tariff regime, for SSGCL and SNGPL subject to changes in Rate of Return from time to time.
- Life of existing assets to be re-assessed and depreciation to be worked out considering replacement cost and revised life.
- Depreciation on existing assets involved in transportation and used as Common Carrier will be based on the revised economic life of asset.
- Depreciation on Dedicated network/ spur lines which may be redundant after expiry of Access Arrangement will be based on the tenure of Access Arrangement.
- Transportation charges will be for recovery of above cost and return as mentioned above, considering Entry and Exit Point(s):
 - Firm Service Access Arrangement shall attract fixed charges for Capacity Booking and charges for volume handled in MCF, over and above the agreed volume.
 - Interruptible Service Contracts shall attract charges for volume handling.
- Transportation loss will be actual transmission loss of the gas utilities during the respective Fiscal/ Financial Year.

SCHEDULE - IV

ADDITIONAL CHARGES FOR OFF-SPEC GAS

[See Rule 7.2]

1. Where the shipper has actual knowledge of the delivery of any Off-Specification Gas, then the shipper will notify the transporter as soon as reasonably practicable after shipper has acquired such actual knowledge and, in any event, within three (3) hours of acquiring such actual knowledge (the Off-Specification Gas Notice).
2. In the event that shipper delivers Re-gasified Liquid Natural Gas which fails to conform with the gas Specification then:
 - 2.1. Subject to Clause 2, the transporter accepts delivery of all such Re-gasified Liquid Natural Gas, in which event:
 - 2.1.1. The price of transportation unit charge (commodity part of the Tariff) will be increased
 - 2.1.1.1. if either one, two or three of the gas components set out in the Schedule-II are not complied with, by thirty percent [30%] of; and
 - 2.1.1.2. if more than three gas components set out in the Schedule-II are not complied with, by ninety percent [90%] of; or
 - 2.2. The Transporter may refuse to accept delivery of all or any part of such Re-gasified Liquid Natural Gas:
3. If the Transporter refuses to accept delivery of all or any part of Re-gasified Liquid Natural Gas in compliance with Clause 2.2, the quantities refused shall be subtracted from the nominations pursuant to Rule 6.