

TERMS OF REFERENCE/SCOPE OF WORK

(I) BRIEF HISTORY

- i) Oil and Gas Regulatory Authority (OGRA) was established in 2002 by the Federal Government to foster competition, increase private investment and ownership in the midstream and down stream petroleum industry, protecting the public interest while respecting the individual rights and provide effective and efficient regulations and for matters connected therewith.
- ii) OGRA, pursuant to a legal frame work, is obligated to determine the revenue requirement/tariff of the gas utilities (SNGPL & SSGCL) which operates on cost transfer basis and is an aggregate of (i) well head gas price (ii) Transmission & Distribution cost and (iii) Profit margin (presently 17 or 17.5 % return on assets before financial charges and taxes). Well head gas prices is uncontrollable factor and is determined in accordance with long run gas pricing agreements, whereas capital expenditures and transmission & distribution cost of gas utilities which includes human resources cost, direct cost of distribution and administrative costs, is scrutinized/analyzed deeply and only prudent, cost effective, economically efficient expenditures are allowed as part of revenue requirement. Human Resource cost is ever rising factor and contributes a main share in T & D cost forming revenue/tariff for a period.
- iii) In 2005, OGRA, with a view to protect the interest of consumers and induce the petitioner to strive for cost optimization by minimizing the HR cost, introduced HR cost benchmark for both the gas utilities. The benchmark, since then, remained implemented effectively with a two terms of three years each and it has now expired in FY 2010-11. Last benchmark was based on actual HR cost (per audited accounts) FY 2007-08 as base year and was subject to indexation every year with respect to increase in "number of consumers with 60% weightage", "T&D network with 20% weightage" and "gas sale volume with 20% weightage". Inflationary impact was allowed to the extent of 50% CPI on the preceding year's salary. The saving or excess vis-à-vis HR cost benchmark & actual HR cost was to be shared equally between the utilities and the consumers through adjustment at the time of determination of final revenue requirement.
- iv) Recently, the Authority, has observed that the performance and progress of the gas utilities towards meeting certain efficiency related benchmarks; and it was found that quality of services is debilitating day by day despite attractive package enjoyed by its employees. The utilities are claiming that existing benchmark is insufficient wherein it does not cater for appropriate market based salary revision, CBA compensation and requisite increase in manpower owing to ever expanding system. The Authority, therefore, in order to have the experience of other successful corporate entities, best practices in all HR management areas and attract wide range of expertise, decided to invite the service of experts to design HR cost model/matrix for FY 2011-12 with primary focus on the efficiency & performance of manpower.

(II) OBJECTIVES

- a) Design HR cost benchmark model/matrix for gas utilities keeping in view the remuneration cost commensurate with effective utilization & mobilization of

HIRING OF CONSULTANT (S) FOR HR COST BENCHMARK

workforce taking into account local operating conditions & industry norms. The benchmark so developed should be systematically capable to compute the HR cost for subsequent years based on certain parameters/factors; etc.

(III) TASKS

- i) To conduct a comprehensive review of capacity need assessment for existing network of gas utilities viz a viz existing manpower strength.
- ii) To conduct a detailed analysis of existing manpower structure and compensation level.
- iii) To carry out SWOT analysis regarding effective utilization of existing manpower and indicate loopholes in the system hindering the efficiency and checking core object of the company. Also, suggest measures to improve the work performance in order to save the resources.
- iv) To evaluate and observe the operating parameters responsiveness to HR cost and suggests their contribution to form HR cost.
- v) To determine the HR cost benchmark cost in respect of gas utilities for FY 2011-12, elaborate the basis and suggest methodology for automatic adjustment in subsequent years.
- vi) Identify the technical, administrative and managerial disparities/anomalies causing discouragement/frustration among the employees.

(IV) DELIVERABLES:

- i) Present course of action and methodology to kick start the job before the commencement of the study.
- ii) Submit draft report to the Authority within 60 day of the commencement of the assignment positively, reasonable level of pay & allowances along with detailed elaboration.
- iii) Send final report along with detailed assumptions to the Authority within 90 days of commencement of study after conducting consultation with all stakeholders.
- iv) Consultant(s) will be obligated to assist the Authority in presenting their recommendations to various forums.

(V) INPUT BY THE CLIENT (OGRA)

- i) All types of information, reports and documentation in respect of gas utilities available with OGRA related the assignment.
- ii) Any other information required to the consultant directly by gas utilities.

(VI) QUALIFICATION OF THE CONSULTANT:

- i) Consultant(s) shall have minimum 10 years experience in managerial, corporate and advisory services with special focus on HR related issues in energy sector in Pakistan.

(VII) TERM/DURATION OF ASSIGNMENT:

- i) The study shall be completed within **90 days** of commencement of the same.

(VIII) PROPRIETY RIGHTS

- i) All documents prepared by the consultant(s) shall become and remain the sole property of the Authority. Consultant(s) shall not, during the term of the contract or after expiration, disclose any propriety or confidential information relating to the services, or the Authority's business or operations.

(IX) LOCATION:

- i) All relevant correspondence and meetings will be convened in the office of Oil and Gas Regulatory Authority, currently located at Plot No. 54-B, Fazl-e-Haq Road, Blue Area, Islamabad, Pakistan.

(X) COUNTER PARTS:

Syed Jawad Naseem, Senior Executive Director (Finance), OGRA will be the counter part who will provide day-to-day coordination for the project.

TECHNICAL EVALUATION CRITERIA

A	Clause	Description	Points
1	Work Protocol	A Comprehensive approach and methodology that will be adopted to determine "HR cost benchmark" keeping in view local operating conditions & industry norms.	20
2	Manpower	CV's of the Key Personnel, giving Name, background, qualification, employment records and detailed professional experience of each expert relevant to financial/capital market evaluation.	30
3	Relevant Experience	Total work experience and competency of the Consultant(s) (including experience of experts engaged) in HR related managerial & advisory services for national /multinational companies of high repute.	35
		Total overall work experience of the Consultant(s) in energy sector.	15
		Total	100

NOTE: Minimum requirements for pre-qualification shall be 60 points.