



OIL AND GAS REGULATORY AUTHORITY
REQUEST FOR
EXPRESSION OF INTEREST

SELECTION OF AUDIT FIRMS FOR COST AUDIT TO ASCERTAIN COST OF
COMPRESSED NATURAL GAS (CNG) STATIONS

1. Oil & Gas Regulatory Authority (OGRA) intends to conduct a cost audit/cost analysis of CNG industry to ascertain the actual & prudent cost of product sold across the country for vehicular use. The Cost audit/analysis shall be based on the most recent available actual results. Audit Firm(s) shall complete the assignment within 60-days of the award of audit.
2. OGRA invites reputable audit firms registered with ICAP and fall in Category A of Panel of Auditors maintained by the State Bank of Pakistan having minimum of **five years** experience of cost audits of energy/manufacturing concerns.
3. Interested audit firm must provide detailed CV(s) of member (s) of core team highlighting relevant experience.
4. Audit firms may have option to associate to complement their respective areas of expertise, strengthening the technical responsiveness of their proposals and make available bigger pool of experts.
5. The bidders should submit a single package containing two separate sealed envelopes in accordance with Rule 36 (b) of PPRA Rules 2004. One envelope should contain the Technical Proposals and the other envelope should contain the Financial Proposal. The envelopes should be marked as "TECHNICAL PROPOSAL" and "FINANCIAL PROPOSAL".
6. The Technical Proposals will be opened in the first instance for evaluation on November 19, 2012 at 11.00 am, in the presence of the bidders, or their authorized representatives, who may like to present Bids to the undersigned. The financial proposals of the bidders whose technical proposals are accepted will be opened in the presence of the bidder on a date and time to be communicated to them in advance.
7. OGRA reserves the right in its sole discretion to accept or reject any and / or all the bids without justifying any reason thereof before accepting any bid.
8. Scope of work/TOR and evaluation criteria can be obtained from the OGRA website www.ogra.org.pk and PPRA website www.ppra.org.pk.

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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) At present, approximately 3,400 Compressed Natural Gas (CNG) stations are operating across the country under a license granted by OGRA. CNG is cheap and environment friendly fuel used by approximately 3.2 million transport vehicles. Thus the contribution of CNG as alternate fuel in mobilization of locomotives is maximum. Resultantly, the price of CNG has direct impact on general public.
- iii) OGRA, pursuant to Section 43B of OGRA Ordinance, 2009 is obligated to determine and notify the CNG prices in accordance with the policy guideline of the Federal Govt., which accounts for the cost components forming the CNG prices. Accordingly, gas sale price for CNG stations, CNG production cost (compression cost) and CNG margin/profit (return plus petty operating expenses) are aggregated as total cost of CNG. General Sales Tax (GST) & Gas Infrastructure Development Cess (GIDC) is added over the above price to form the CNG consumer price for vehicular use. This price determined on cost transfer mechanism is then notified by OGRA as well.

(II) OBJECTIVES

- i) To assist OGRA for ascertaining component wise prudent & economically efficient cost of CNG product and suggest a reasonable return on their investment.

(III) TASKS

- i) To conduct a detailed cost audit /cost analysis of different CNG stations (on selective basis atleast 10% of the licensed CNG stations each province including urban as well as rural areas of country) and develop a cost of production report in respect of CNG industry with major focus on the rationality of CNG production cost and petty operating expenses.
- ii) To provide the basis/methodology for determining the CNG production cost, in future.
- iii) To advise reasonable Margin per Kg to cover return on investment and petty expenses.

(IV) DELIVERABLES:

- i) Present course of action and methodology for carrying out the above task.
- ii) Submit draft report to the Authority before 45th day of signing the contract.
- iii) Send final report along with detailed assumptions to the Authority by 60th day of the contract.
- iv) Consultant(s) will be obligated to assist the Authority in presenting their recommendations to various forums.

(V) QUALIFICATION OF THE CONSULTANT/Core Team Members:

- i) Consultant(s) shall have minimum 05 years experience in cost auditing/management consultancy of energy/manufacturing concerns and shall be a member of ICAP/ICMAP.

(VI) TERM/DURATION OF ASSIGNMENT:

- i) The study shall be completed within **60 days** of commencement of the same.

(VII) PROPRIETY RIGHTS

- i) All documents prepared by the consultant(s) including material pertaining to cost audit of CNG stations 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.

(VIII) 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.

(IX) COUNTER PARTS:

Misbah Yaqub, Joint 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 “Rate of Return” in line with international practices while accounting for local operating conditions.	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 cost audit/ management consultancy/management reporting of manufacturing concerns.	50
		Total	100

NOTE: Minimum requirements for pre-qualification shall be 70 points.