



OIL & GAS REGULATORY AUTHORITY

OGRA 6(10)-3/2013

IN THE MATTER OF

SUI NORTHERN GAS PIPELINES LIMITED (SNGPL)

&

SUI SOUTHERN GAS COMPANY LIMITED (SSGCL)'s

**REQUESTS FOR AMENDMENT IN PROCEDURE FOR DEALING WITH
THEFT OF GAS CASES**

UNDER

OIL AND GAS REGULATORY AUTHORITY ORDINANCE, 2002

AND

**OIL AND GAS REGULATORY AUTHORITY NATURAL GAS TARIFF
RULES, 2002**

DECISION

JULY 03, 2014

Saeed Ahmad Khan, Chairman

Sabar Hussain, Member (Oil)/Vice Chairman

Aamir Naseem, Member (Gas).

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DECISION

1. Oil and Gas Regulatory Authority established under the OGRA Ordinance, 2002 and in exercise of its powers conferred by Section 22 of the Ordinance and Rule 3(3) of the Natural Gas Regulatory Authority (Licencing) Rules, 2002 granted the licences to Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) for Transmission, Distribution and Sale of Natural Gas on 03-09-2003. Both licencees, under their Licence Condition No.20 are obligated to submit and seek approval of the Authority regarding policies and procedures for dealing with Theft of Gas cases. The Authority has approved the "Procedure for Dealing with theft of Gas" for both the licencees in 2005 and conveyed the same to both licencees on 16-08-2005.
2. Sui Northern Gas Pipelines Limited (SNGPL) vide its request dated 15-07-2013 submitted that a large number of theft / pilfered cases are being detected which are more than a year old while the company remains constrained in the booking recovery of theft cases only upto a maximum of 12 months as per said Procedure. Accordingly the company can only book theft volumes for the period not exceeding one year which is contributing towards lesser recovery of revenues as well as contributing to higher UFG volume. SNGPL has requested the Authority to amend the relevant clause of the said procedure allowing the actual recovery of theft volumes regardless of time period involved, in order to discourage large scale theft of gas by the various categories of gas consumers while the gas companies are unduly being penalized in respect of higher UFG.
3. SSGCL also agreed with the proposal given by SNGPL in the subject matter and suggested that "cut off" period (say for 36 months) may be provided so as to avoid any controversy.
4. The Authority, keeping in view the request of the petitioner, admitted the petition and decided to conduct Public Hearing u/s 10 of OGRA Ordinance, 2002.
5. The Authority invited all consumers, interveners, general public and interested / affected persons and parties to furnish their comments / interventions / views, if any, on the petition filed by the petitioner through publication of the notice in the leading newspapers on 28-12-2013 within 14 days from the date of publication of the same.
6. In response thereto, the Authority received following intervention requests:-
 - a) *All Pakistan Textile Processing Mills Association, Faisalabad*
 - b) *Mr. Muhammad Aslam Chaudhry, Lahore*
 - c) *All Pakistan CNG Association*
 - d) *Mr. Ayub Hameed, Faisalabad*
 - e) *Mr. Muhammad Arif Bilvani, Karachi*
 - f) *Energy Department, Govt. of Sindh*
 - g) *CNG Owners Association*
 - h) *Karachi Chamber of Commerce & Industry, Karachi*
 - i) *Mr. Abdul Sami Khan, Chairman, CNG Dealers Association*

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7. The Authority held Public Hearing on 15-01-2014 at Lahore and 23-01-2014 at Karachi in which representatives of the petitioner made presentation and interveners / participants presented their arguments.
8. The following participants also made participation in the Public Hearing and submitted their valuable comments:-
- a) *Engr. S.T Hussain, Chairman, Consumer Awareness & Welfare Association*
b) *Mr. Ghulam Qadir Awan, Lahore*
9. The Authority, after detailed scrutiny of the petition and hearing valuable comments / viewpoints of the interveners and participants concludes that the interveners and the participants had strongly objected the petitioners' request and submitted that enhancement in the period for booking theft charges against consumer by both petitioners would amount to arbitrary booking of pilferage charges and unduly condemning the consumers. Most of the interveners and participants were of the view that existing 12 months may be reduced to six months in order to curb the theft of gas.
10. In view of the petitioner's request and taking into account the comments of the interveners during the public hearing the Authority decides as under:-
- 10.1 There are approximately 7000 Nos. industrial consumers in the franchise area of SNGPL and are monitored by the regional staff on regular basis, the suspected industrial consumers are visited / monitored at fixed intervals and in some cases even on weekly / daily basis. Modern technologies like remote meter reading, bypass detection equipment, Electronic Volume Correctors etc. are employed / installed at majority of the industrial CMSs. Moreover, various clauses of the industrial, commercial and domestic contracts, between the gas companies and the gas consumers, approved by OGRA, empower gas companies for vigilant inspection of consumer premises and disconnection of gas supply in case of meter tempering or direct use of gas. As per the contracts, the gas companies also have the right to cross check the connected load of the consumers and to inspect the houseline when ever deemed necessary. The relevant provisions of Ordinance, distribution standards and contracts empowering gas companies for vigilant inspection of consumer premises is reproduced hereunder:-

a) *Section-31 of OGRA Ordinance, 2002*

“Right of access.—Subject to the terms of its licence, licensees shall have the right upon not less than twenty-four hours notice and at reasonable times, to enter premises or property for the purposes of inspection, repair and maintenance of all facilities, equipment and apparatus relating to the regulated activities, the collection of payments, lawful disconnection, and the examination of the suitability of property for construction or the installation of facilities, equipment or apparatus relating to the regulated activities:

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Provided that no such notice will be required to be given if such entry is necessary to respond to, and remedy, a situation endangering public safety caused by a regulated activity."

b) Clause 7.2 of distribution standard leakage survey

"In addition to all above requirements, every service line must be visually inspected for signs of leakage, such as dead vegetation and gas smell in the air from buried pipe or above ground piping at the meter, at the time of every meter reading by the Meter Reader. All suspected leaks shall be reported to the Company the same day."

c) Clause -9 of all Contracts

"The Company's authorized representative(s) shall have free access at all reasonable times to inspect, adjust, or exchange the meters or other fittings or appurtenances without let or hindrance."

d) Clause -18 (v) of domestic and clause 17 (d) of industrial and commercial Contract

"This Contract shall be subject to cancellation by the Company at any time for any Violation of or default in compliance with any of the terms and conditions of this contract."

10.2 Abundant manpower is available for inspection of the consumers, particularly industrial and commercial. In case of domestic consumers, each premises is visited by a meter reader once a month and by technical staff whenever required. In view of the above, the company's stance is not sustainable. Theft of gas is criminal act and limitation laws/ rules provide that limitation is foreign to the administrative to the Criminal justice. Notwithstanding, right under the Limitation Act should be claimed in a reasonable time and onus of right is always upon who claims it, and delay of willful negligence lashes the limitation. In view thereof, prima facie time period of twelve months in clause under reference is more realistic, however to ascertain any further long period may led it to the criminal negligence thereby fixing responsibility against those who failed to indicate the report of such pilferage in time.

10.3 However, in the cases of theft of gas by direct bypass, sub clause (i) & (ii) shall be added to clause F(1) of the Procedure for Dealing with Theft of Gas Cases, 2005 shall be added as under:

F (1) ASSESSMENT OF VALUE OF GAS STOLEN AND RECOVERY
Meter Tempering Cases / Direct Bypass

F(1)(i)

'The period of theft in the cases of direct bypass shall be assessed only subject to the provision of concrete physical / circumstantial and documentary evidence which may authenticate the actual period of theft of gas. The company will be

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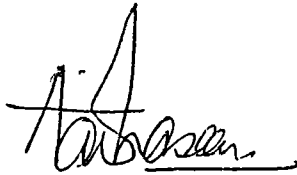
responsible for correct assessment of the theft period through a Head Office Detection Evaluation Committee headed by an officer of DMD level of the concerned Gas Utility Company. However, impugned period may not exceed more than three (03) years, in accordance with the spirit of Limitation Act, 1908'.

F(1)(ii)

In the cases, where actual period of theft of gas through direct bypass could not be assessed due to non-provision of any credible documentary / physical / circumstantial evidences by the licencees, then the period of claim shall be restricted to (12) twelve months only.

11. Keeping in view above, the Authority hereby rejects the requests of the petitioners and disposes off the case to the extent of addition in Procedure for Dealing with Theft of Gas Cases, 2005 as given at Para 10.3 above, accordingly.

Dated: July 03, 2014



(Aamir Naseem) 3/7.
Member (Gas)



(Sabar Hussain)
Member (Oil)/Vice Chairman



(Saeed Ahmad Khan)
Chairman