

## PUBLIC HEARING NOTICE

### Petition Filed by Sui Northern Gas Pipelines Limited for Determination of its Estimated Revenue Requirement / Prescribed Prices for F.Y. 2023-24

Sui Northern Gas Pipelines Limited (the Petitioner) filed a petition before the Authority on December 30, 2022 and subsequent amended on February 10, 2023 under Section 8 (1) of the Oil and Gas Regulatory Authority Ordinance, 2002, read with Rule 4 (2) of the Natural Gas Tariff Rules, 2002, for Determination of its Estimated Revenue Requirements / prescribed prices for FY 2023-24. The petitioner has projected average prescribed price at Rs. 2,827.49 per MMBTU including previous years' shortfall for FY 2023-24 for indigenous business. Breakup of activity-wise claim in respect of Revenue Requirement is tabulated below:

Description	Transmission	Distribution	(Rs. in million)	
			Sales	Total
<b>Sales Volume (MMBTU)</b>	-	-	<b>350,670</b>	<b>350,670</b>
Cost of gas	-	-	345,629	345,629
Operating Cost including HR cost	9,411	11,019	40,841	61,271
Depreciation	3,123	16,544	405	20,072
Return on Assets	3,045	18,979	141	22,166
Subsidy for LPG Air-Mix Projects	-	677	-	677
UFG Adjustment	-	-	(750)	(750)
Other Operating Income	(882)	(3,032)	(14,014)	(17,929)
<b>Total Revenue Requirement</b>	<b>14,697</b>	<b>44,187</b>	<b>372,252</b>	<b>431,136</b>
Sales Revenue at Current Prescribed Price	-	-	175,009	175,009
<b>Shortfall in Revenue Requirement for FY 2023-24</b>	-	-	<b>197,243</b>	<b>256,127</b>
<b>Increase in Revenue Requirement w.e.f. July 01, 2023 (Rs./MMBTU)</b>	-	-	-	<b>730.39</b>
<b>Average Prescribed Price (Rs./ MMBTU) for FY 2023-24</b>	-	-	-	<b>1,229.46</b>
<b>Previous year Revenue Shortfall (Rs./MMBTU)</b>	-	-	-	<b>1,598.02</b>
<b>Aggregate Average Prescribed Price (Rs./ MMBTU) w.e.f July 01, 2023 including previous year shortfall</b>	-	-	-	<b>2,827.49</b>

Besides above, the petitioner has claimed RLNG cost of service at Rs. 222.36 per MMBTU for FY 2023-24. The petitioner has also demanded additional amount Rs. 710.82 per MMBTU under RLNG cost of service on account of differential impact of RLNG diversion to domestic sector.

As advised by the Ministry of Energy in a recent meeting held in the Petroleum Division, the petitioner has also provided partial and full WACOG scenarios of Revenue Requirement for FY 2023-24, along with the instant petition claim.

**SNGPL's Partial WACOG:** Where only RLNG diversion volume and its associated cost is included in indigenous gas revenue requirement.

**SNGPL's Full WACOG:** Where both the gases (indigenous & RLNG) are included in basket to determine combined WACOG.

Summary of shortfall and Average Prescribed prices as per the above mentioned WACOG models are as under:

Description	Partial SNGPL WACOG	FULL SNGPL WACOG
Shortfall (Rs. in million)	477,574	477,574
Avg. Prescribed Price (Rs./MMBTU)	1,860.96	3,069.39

The key issues are as follows:

- The petitioner has requested Revenue Requirement calculation as per its previous practice wherein SNGPL incorporated partial financial impact of Rs. 30,599 million against RLNG diverted volume to domestic sector as part of cost of gas for recovery. However, in the instant petitions, additional two scenarios are provided without claiming any impact. SNGPL to justify this contradiction.
- Whether huge projection claimed under cost of gas statement is justified in the light of prevalent international oil prices?
- Reason for not projecting "Pipeline Transportation income" as part of Tariff calculation, despite the promulgation of TPA Rules, 2018? Also, elaborate concrete efforts made by the company to attract private shipper to utilize the surplus/idle Pipeline capacity, keeping in view the scarcity of the natural gas in the country.
- Whether the company's allocation of operating costs at Rs. 25,584 million for FY 2023-24 is fair and justified, considering the proportionate volume of indigenous gas Vs. RLNG volume?
- Whether huge projection under operating cost are justified when compared with RERR FY 2022-23? Any measures taken by the petitioner for reduction in superfluous and extravagant cost components.
- Any concrete steps taken by the petitioner to improve corporate governance in terms of reduced litigation, consumer complaints, improvement in customer service and recovery of defaulted consumers.
- Whether the claimed capital expenditure amounting to Rs. 40,459 million, details of which are available on OGRA's website with the petition, are prudent, cost effective & economically efficient for inclusion in the rate base?
- Whether the capital expenses amounting to Rs. 15,800 million and revenue expenses amounting to Rs. 2,008 million claimed for UFG control activities are justified in view of 8% UFG projected by the company?
- Whether the request of the company is prudent for installation of meters at Town Border Stations (TBSs) at cost of Rs. 5.697 million to monitor the gas losses at TBSs and increase the visibility of network?
- Whether the request of the company for establishment of Regional Office at Karak and Upgradation of consumer service centers at Bannu & Hangu to Sub Area offices is prudent, considering the fact the necessary setup for consumer facilitation is already available?

Oil & Gas Regulatory Authority invites all interested/affected persons including gas consumers and general public to furnish their comments, suggestions and intervention requests. All correspondence in this connection may be addressed to Registrar, OGRA and should contain the names and addresses of applicant.

All interveners must indicate the manner in which they are likely to be affected by determination of the Authority in this case. Intervention request should be accompanied by an affidavit verifying the contents of the intervention, intervention fee of Rs.500/- (demand draft in favour of OGRA) and authority letter if representing an organization.

Those who intend to attend virtually through Zoom Application can get registered at [registrar@ogra.org.pk](mailto:registrar@ogra.org.pk)

For any information required from the petitioner, please contact:

**Mr. Liaqat Ali, Incharge (RA),**  
Sui Northern Gas Pipelines Limited, 21-Kashmir Road, Lahore.  
Phone No.: 042-99201306, Fax: 042-99204424

OGRA has decided to hold **Public Hearings** in the subject case according to the date, time and venue mentioned below:

Date	:	March 20, 2023 (Monday)
Time	:	11:00 a.m.
Venue	:	SNGPL, Head Office, 21 Kashmir Road <b>Lahore</b>
<b>-AND-</b>		
Date	:	March 22, 2023 (Wednesday)
Time	:	11:00 a.m.
Venue	:	Pearl Continental Hotel, <b>Peshawar</b>

All parties to the proceedings, stakeholders, general public and interested / affected persons are hereby informed of the above proceedings.

**Registrar,**  
**Oil & Gas Regulatory Authority**  
Oil & Gas Regulatory Authority  
54-B Fazal-e-Haq Road, Blue Area, Islamabad.  
Phone: 051-9244296, 051-9244090-98 (Ext-157), Fax: 051-9244310  
Website: [www.ogra.org.pk](http://www.ogra.org.pk)

Public Service Message:

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