

PRESS NOTE

پریس نوٹ

March 24, 2023

OGRA is committed to protect consumer interest as well as provide level playing environment for its stakeholders.

Islamabad – Oil and Gas Regulatory Authority (OGRA) convened a meeting with the Oil Marketing Companies (OMCs) on their request to discuss the mechanism of exchange rate adjustment last week.

Meeting was attended by the industry including the OCAC, OMAP, representatives of the Ministry of Energy (Petroleum Division) and OGRA.

Oil and Gas Regulatory Authority's finance department explained the Mechanism of Exchange Rate Adjustment in depth, so that the stakeholders may understand the process. It is pertinent to mention that OGRA implement the policies of the Federal Government-

Further OGRA Authority heard the issues of the OMC's and wherein detail deliberations were done in this regard to improve the understanding of the participants.

It has been noted with great concern that counter productive media campaign is being run against Oil and Gas Regulatory Authority, which is absolutely rebutted. OGRA is cognizant of its mandate and is fully committed to work in public interest.

(Imran Ghaznavi)
Spokesperson OGRA

For further information/ clarification, please contact:

Imran Ghaznavi, Spokesperson

Ph: 051-9244340, Fax: 051-9244142, Email: cma@ogra.org.pk

www.ogra.org.pk

PRESS NOTE

پریس نوٹ

BACK GROUND

Federal Government / ECC of the Cabinet Division has given price formula of MS (Petrol) & HSD (Diesel) w.e.f. 01st September 2020, wherein the mechanism through which the actual forex losses could be recovered as under.

Exchange rate to be used as provisionally available for PSO but to be converted to actual upon retirement of LC (not later than 60 days from BL date), any adjustment to be made as prior period adjustment as per present practice, already approved by ECC vide its decision date 09.4.2020. Other cost components (C&F price of PSO, Incidentals, Custom Duty) mentioned above may also be adjusted on actual basis in next fortnight.

Pursuant to above, the exchange rate adjustment is incorporated in POL prices strictly in line with FG's approved policy guidelines. Therefore, the mechanism has been explained in detail to the oil industry and recommended following to manage their FX cost & risk efficiently:

- i. Since, the exchange rate adjustment mechanism is linked with PSO payment cycle which is up-to 60 days. Therefore, in order to avoid any potential loss, the industry must align its procurement mechanism with Federal Government prevailing policy.
- ii. It has also been advised that the OMCs' import price (C&F) should also be competitive with PSO price, being major stakeholder, to mitigate the impact of USD vs Rupee parity.

For further information/ clarification, please contact:

Imran Ghaznavi, Spokesperson

Ph: 051-9244340, Fax: 051-9244142, Email: cma@ogra.org.pk

www.ogra.org.pk