IT'S that time of year again. Every winter as the temperatures start dropping, a big ugly tussle breaks out between various categories of gas consumers over the allocation of the precious resource. At issue is domestic consumers, who start turning on heaters and water geysers as the temperatures drop, consuming gas in quantities so large that our total supply in the country struggles to keep up. The government struggles with deciding who to shut off to accommodate this growing demand from domestic quarters. Fertiliser, power generation, CNG and industry all enter into a tussle with each other to ensure that the burden of the shortages doesn't fall on them.

Each sector mobilises its narrative to highlight its special contribution to the country. 'We are critical to food security' say the fertilisers. 'We keep the country moving' say the CNG station owners. 'We provide the electricity that powers our lives and our industry' say the power plants. 'We bring in the exports that build foreign exchange, thereby helping stabilise the currency and paying for our imports' says the textile industry, which runs largely on electricity generated from captive power plants that run on gas. The government bounces around between each of these claims, unable to come down decisively in any direction.

Fertiliser, power generation, CNG and industry all engage in a tussle to ensure that the burden of gas shortages doesn’t fall on them.

The previous government came up with the idea to shut down gas supplies to industry during the winter months as per a pre-agreed schedule, instead offering them uninterrupted electricity. Even that commitment proved difficult to deliver and industry endured many days of complete shutdowns. Last year, the government agreed to provide a minimum of 100mmcfd of gas to the industry, roughly a third of its requirement through the winter months. This year the government returned to the practice of shutting down industry supplies altogether while announcing uninterrupted supplies of electricity. Punjab industry players, who are the biggest ones to be impacted since Sindh and KP have plenty of gas, rejected the allocation plan. They argue that electricity is provided to them at Rs14.5 weighted average cost, which renders them uncompetitive against their rivals in other countries and in Sindh and KP who pay Rs8 per unit for electricity instead. Instead, the Punjab industrialists, led by the powerful lobby of spinners, APTMA, made a vigorous pitch for 100mmcfd of gas to be provided through the winter months so minimum capacity could still remain operational.
While he was in London following his Berlin visit, the prime minister decided to oblige the industry’s demand over a phone call with the finance minister. The finance minister’s office sent out a press release almost instantly announcing that the gas allocation plan agreed only days earlier stood suspended, and industry would now be entitled to its demand for 100mmcfld of gas through the winter. Doubts were quickly expressed in the media about how exactly this would work, and many wondered aloud that the government would soon be forced to withdraw this directive.

As if on cue, the next day news arrived that the government had constituted a committee to “propose mechanisms for sustainable gas supply to textile industry in Punjab in winter months”. Some read this to mean the government was already looking for ways to withdraw from its commitment. The press release was issued on Saturday, and a meeting of the committee was scheduled for Tuesday.

An APTMA delegation was made part of the proceedings of the committee. In private conversations, industry leaders were unsure of what to expect at the meeting. The way they saw it, the committee consisted of four ministers who would decide, two of whom (finance and textiles) favoured the proposal to supply the gas as committed by the prime minister, one (petroleum) who was undecided, and one (water and power) who was staunchly opposed.

The power ministry feels gas supply to industry will mean diverting gas away from its power plants, impacting almost 400MW worth of generation capacity in the public sector which would be forced to run on expensive furnace oil, ultimately hitting consumers’ power bills.

On Tuesday, the APTMA delegation made the journey to Islamabad by road, arriving a few hours before the meeting scheduled for 2pm. Then something odd happened, they say. The finance minister said he had another meeting to get to and had to leave early. Two other ministers, textiles and petroleum, also left.

That left the delegation alone in the room with the power minister, who then proposed again that they settle for uninterrupted supplies of electricity and call off their demands for continuing supplies for gas. There just isn’t enough gas in the system to accommodate everybody, they were told, and since they had an alternative whereas other stakeholders did not, they would have to accept the offer.

APTMA made a counter offer: sell us the electricity at Rs10 per unit, and we can think about it. One of the federal secretaries jumped at the idea. “Yes, that might work” he said, promising to get back to them by the end of the day after passing the idea by the finance minister. The meeting ended, with agreement to meet again later. In the meantime, gas supplies to industry would continue said a press release issued shortly afterward.

This story is now set to continue throughout the winter. Expect to see lots of stories about gas shortages, politicians complaining their constituencies are up in arms about gas outages, industry complaining that they cannot meet export orders, CNG station owners complaining they cannot manage the long lines at their pumps.

One story you won’t see, though, is the one that tells you about the progress being made to reform the gas sector, starting with price reform designed to urge judicious use of the precious resource that we have been devouring with relish for decades as if it were cheap and abundant, whereas in reality it is precious and scarce. That story will have to wait many winters.