

Rs25 bn loss may be passed on to gas consumers

ISLAMABAD: The PTI government is all set to pass more burden of Rs25 billion on to all gas consumers except zero rated industry (export industry), as the sitting government has provided 30 billion cubic feet RLNG to domestic sector of Punjab and KP from December to March 18 and after the deduction of average tariff of Rs512 per MMBTU, the balance of Rs25 billion will be put on the consumers in the shape of increase in gas tariff, a senior official told The News.

The Rs25 billion loss has aggravated the economic miseries of Sui Northern more, which were already on the rise, on account of provision of RLNG to the consumers like zero rated industry, fertilizer, CNG and power sector. In the wake of delayed recoveries by power sector management, the circular debt in LNG sector has swelled to Rs69 billion.

Sui Northern owes almost Rs58 billion to PSO and Rs11 billion to PLL (Pakistan LNG Limited). “The government now wants that the loss of Rs25 billion should be recovered from the gas consumers of all types except export industry,” said an official.

After power sector, the domestic sector has emerged as the second biggest user of the RLNG –the costly imported gas product in winter season. The cost of RLNG stands as per the March 4, 2019 Ogra price notification at \$10.3042 per MMBTU that is in Rupee term at Rs1432.2838 per MMBTU. The average domestic tariff stands at Rs512 per MMBTU and after this amount is deducted, the balance of Rs920.2838 per MMBTU is to be recovered by Sui Northern and to ward off this loss of Rs920.2838 per MMBTU, recovery will be made from all gas consumers except the zero-rated industry (export Industry).

To a question if the move to pass on the burden of Rs25 billion to all consumers is resisted, an official responded saying then Ogra will increase the RLNG price and the impact of Rs25 billion will be diverted to power LNG consumers such as CNG sector and power sector which is why the fuel cost of LNG for power generation will increase. CNG prices are also feared to increase in this case.

Additional secretary and spokesman of Petroleum Division Sher Afgan confirmed that Sui Northern is braving the loss of Rs25 billion on account of injection of RLNG in domestic sector. He said that the loss will be either adjusted in the tariff or RLNG price will be increased for power sector and CNG sector. Sui Northern may move Ogra seeking the recovery of loss in the tariff.

According to the data available with The News about RLNG diversion, till December 2018, 6.5 bcf RLNG valuing injected to domestic sector of Punjab and KP followed by 11.5 bcf RLNG provided to domestic consumers till January 19, 2019, and 9 bcf till February 19 and till March 18, 3.5 bcf imported product dispatched to domestic consumers.

The Sui Northern under the direction of the PTI government has supplied the costly imported product to domestic consumers which is braving the mammoth loss of Rs25 billion. The Petroleum Division is in process to make the summary for ECC seeking approval of shifting the burden of Rs25 billion loss. Ogra chairperson has also asked to increase the gas tariff to recover the loss of Sui Northern on account of injection of RLNG in domestic sector.

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