

PTI govt responsible for inflated gas bills

ISLAMABAD: The PTI government itself is at fault for massive hike in monthly gas bills. The end consumers are getting more surge in their financial morass. The government has approved 'well-thought out' draconian seven slab gas pricing formula with 10-143 percent increase in gas prices. The zero slab benefit in the formula has also caused massive inflated bills.

Now on the order of probe by Prime Minister Imran Khan into inflated gas bills, the government is again looking for another scapegoat from gas companies knowing the fact that the formula that PTI government has approved is responsible for gas bomb being exploded on every domestic sector consumer and more importantly the last two slab domestic consumers are being charged the price of Rs1460 per MMBTU, which is close to ring fenced price of imported RLNG (re-basified LNG). The price set by the PTI government for last two 6, 7 slab consumers at Rs1460 per MMBTU which is at par with RLNG price is also main reason for inflated bills.

Under the formula, the consumers who use over 300 cubic meters fall in slab-5 category and pay Rs780 per unit ranging from 1-301 cubic meters which is equal to price of gas tariff of general industry that is at Rs780 per MMBTU. The gas price up to 300 cubic meters stands at Rs264 per MMBTU (unit).

Earlier, Premier Imran Khan sacked Managing Directors of SNGPL and SSGC for gas crisis that hit the country on December 12, 2018, knowing the fact that gas crisis had nothing to do with the MDs as the LNG import depends upon the demand from Power Division which Petroleum Division failed to take from Power Ministry on time. Prime Minister should have rolled heads of secretaries of both Petroleum and Power Divisions, but the top bureaucrats scarified the MDs of the both the gas companies. Now the government on the directives of the Premier has constituted another committee into the inflated gas bills with an aim to find out the scapegoat knowing the fact that pricing formula with highest gas prices for consumers falling in slabs 5, 6 and 7.

Background interviews with senior officials at Ogra, Petroleum Division and both Sui Northern and Sui Southern and energy experts suggest that ending of slab benefits to domestic consumers and increase in gas consumption in the wake of severe cold wave this time has resulting into mammoth surge in gas bills making masses. They said that the government's new gas pricing formula is the main cause of financial miseries of the domestic gas consumers. Earlier, there were three slabs for domestic gas consumers which the PTI has increased to 7 slab pricing formula.

Federal Minister for Petroleum and Natural Resources Ghulam Sarwar Khan is also on record saying that the people got inflated bills because of the fact that gas consumption has increased in this winter season on account of severe cold and almost every end consumer entered the higher price slab category.

Additional secretary and spokesman of Petroleum Division Sher Afgan said that end consumers have got inflated gas bills on account of increase in gas consumption which is why they enter into next slabs. He admitted that the bills got inflated when consumers just crossed 300 cubic meters and used

just 301 cubic meters in month. They paid Rs780 per MMBTU and if those consumers who just crossed mark of 400 cubic meters even touched 401 cubic meters are also exposed to the massive hike in gas price of Rs1460 per MMBTU which is equal to RLNG price.

The spokesman said that the domestic consumers who just crossed 300 cubic meters even by 0.1 percent are paying the gas price of 780 per MMBTU which is equal to gas tariff of General Industry. When asked as to whether the zero slab benefits are the main cause of inflated bills, he said that if slab benefits are restored then gas companies will sink. Mentioning the CCOE meeting held today (Wednesday), he said that the government has decided to get the audit of gas billing and its parameters (gas conversion rates and pressure factors) in the month of December 2018 done by AF Ferguson. Asked if probe by fact finding committee will lead to roll heads of senior officials of Gas Company or not, he offered no comments.

Sher Afghan said that fact finding committee headed by himself will find out the reasons for inflated bills and his committee will complete its job within 4-5 days after getting the data from Sui Northern. He said that his committee would complete probe based on ToRs that include increase in gas consumption, slabs study, and pressure factors. Explaining the pressure factor, he said that when pressure increases above the normal level it also causes increase in gas bills. He said that there are three kinds of pressure factors of 5%, 7% and 40%. He also said if the slab benefits are restored then the government will have to extend subsidy.

However, according to a senior official who attended the meeting of cabinet committee on energy that figured out the inflated gas bills, the government has, fearing the public wrath, decided to study the slabs impact on gas bills and it may revise them to provide some solace to 6.4 million gas consumers.

The senior Ogra official said that regulator had suggested gas pricing formula to the PTI government with three slabs for domestic consumers under which the consumers consuming the gas up to 100 cubic meters per month pay half of the gas price at Rs314.67 per MMBTU and consumers of over 100 cubic meters to 300 cubic meters should pay full price of gas at Rs629.33 per MMBTU and those who consume over 300 cubic meters per month will have to pay Rs780 per unit. The regulator had extended its formula based on slab benefits, but the PTI government refused to buy its formula and came up with its own formula which the regulator notified.

Explaining the 7-slab gas pricing formula with no slab benefit, the senior gas official said that the price, for first domestic consumers which is up to 50 cubic meters per month, stand at Rs121 per MMBTU. The second slab category starts ranges from 51-100 cubic meters and the price of 2nd slab category is Rs127 per MMBTU and if gas consumers consume 51 cubic meter in one month because of severe cold, he has to pay Rs127 against the units staring from 1 to 51 and will not be provided the first slab benefit of Rs121 per unit.

Similarly, if the gas consumption falls into third slab category of up to 200 unit gas price becomes Rs264 per unit (MMBTU). This means that in case end consumers uses 101 unit in a month, the price of Rs264 on all units of 101 will be effective. And if consumption goes up to 201 units then the price of gas for all units will be changed as Rs275 per unit staring from unit 1 as the price of gas price for up to 300 units (4 slab consumers) stands at Rs275. The main surge in the gas price by the PTI government starts from slab 5 domestic consumers at price of Rs780 per unit who consume the gas up to 400 cubic meters meaning by that if the consumer uses 301 units will fall in slab 5 category and pay price of Rs780 against every unit staring from unit 1. The most vulnerable gas consumers who use up to 500 and over 500 cubic meters of gas fall under slab 6 and 7 category as the price of

gas for them is at Rs1460 per MMBTU which is at par with RLNG price. This means if the consumers' uses 401 will fall in slab 6 category and pay Rs 1460 per unit starting from unit 1 to unit 401.

However, the Sui Northern official also disclosed that there is one percent consumers who have high gas consumption having load much beyond 8 inch water column pressure and they are billed at higher pressure. The said consumers are having high load swimming pools, heating system and high load geysers for which 8 inch water column is seriously undersised and this has been stated in a correspondence to Ogra.

As per clause 18(iv) of the contract, any domestic consumer who increases his/her gas pressure at more than 8" water column above atmospheric pressure, violates contract for supply of gas which may lead to termination of contract. Clause-18 (iv) further says: "Any action by the Consumer tending to secure more gas than the meter registers or to secure gas through the said meter at a higher pressure than that at which the regulators are set by the Company or any interference by the Consumer with the meters or regulators tending to prevent the same from properly operating and correctly registering."

During last couple of years, the SNGPL letters says, due to massive load management of electricity, domestic consumers started using gas generators for power production by increasing their gas pressure through regulators. During winter season when gas load (water geyser, space heater, cooking stoves etc.) of the individual consumers increase manifolds, it causes low gas pressures and in order to meet their gas requirement, the consumers increase their gas pressures through regulators. Similarly, some consumers face low pressure due to gap between demands and supply of gas and to resolve this issue, they get their gas pressures increased through fiddling with regulators.

In view of the above, the Company started inspection of domestic connections and detected large number of consumers using gas at more than 8" of water column above atmospheric pressure.

However, in order to avoid hue and cry, the Company took a lenient stance and gas connections of such consumers were not disconnected. Nevertheless, in order to rectify measurement errors, pressure factors were applied in the tariff.

Energy expert Shahid Sattar said that for the last five years, no gas bill increase was made by PML-N government owing to which gas companies landed into massive shortfall of Rs197 billion. He said the increase in gas price were essential. However, the formula adopted to increase the gas can be reviewed to keep away the masses massive gas bills.

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