

Gas deficit to surpass 3.7bcfd by 2024/25: Ogra

KARACHI: Gas shortfall is expected to more than double at 3.7 billion cubic feet per day (bcfd) within next five years as demand continues to grow with insufficient supplies, a regulatory authority said on Tuesday.

Oil and Gas Regulatory Authority (Ogra) said the demand supply gap during FY2019 was 1,440 million metric cubic feet per day (mmcf), which is expected to rise to 3,684 mmcf by FY2025 and 5,389 mmcf by FY2030.

“Due to increasing demand from various sectors of the economy, particularly power, domestic, fertilizer, captive power and industry, the supplies are not sufficient enough to meet the rising demand,” Ogra said in an annual report of the state of the regulated petroleum industry.

Natural gas is a major contributing fuel in country’s energy mix. Pakistan has a huge network of transmission (13,452km) and distribution (177,029km) gas pipelines providing natural gas to domestic, industrial, commercial and transport sectors.

The increased demand from sectors, such as power, commercial, residential and fertilizer has resulted in natural gas availability constraint. Total gas consumption during current financial year was 3,969 mmcf. Total supply of natural gas during the year was 4,319 mmcf of which gas utility companies supplied 2,379 mmcf, independent systems 1,040 mmcf and 901 mmcf of re-gasified liquefied natural gas was imported.

The main consumer of natural gas was power sector, consuming 38 percent, followed by domestic sector 22 percent, fertilizer 16 percent, general industry 9 percent and captive power 8 percent of the total gas consumed during FY 2018-19. Province-wise gas consumption shows that Punjab’s share was 51 percent, Sindh 38 percent, KP 9 percent and Balochistan 2 percent of total gas consumption during the year under review.

The consumption of petroleum products declined by 20.62 percent to 19.56 million tons during FY2019 as compared to previous year’s 24.64 million tons. The contraction in consumption was observed in all main sectors including power, which suffered huge decline of 56.72 percent to 2.76 million tons as compared to 6.37 million tons, followed by industrial sector, which observed lower consumption by 30.16 percent and transport sector showed a fall of 6.01 percent.

Refineries’ total production declined by 9.20 percent to 12.40 million tons as compared to 13.64 million tons. Pak-Arab Refinery Limited (PARCO), National Refinery Limited (NRL), BPPL and Pakistan Refinery Limited (PRL) have shown sharp decline in production as compared to last fiscal year. Comparatively, ARL and ENAR production remained steady. PARCO was the major contributor in POL production with 30.50 percent share followed by BPPL with 18.80 percent, ARL and NRL with 17.23 percent and 16.48 percent share respectively.

Liquefied natural gas imports were 901 mmcf during FY2019 as compared to 754 mmcf in FY2018. Its share in overall natural gas supplies has increased from 24 percent last year to 27 percent.

Natural gas consumption in transport sector has gradually declined over the years due to dwindling indigenous gas production. Natural gas consumption in transport sector has declined from 193 mmcf to 178 mmcf.

Liquefied petroleum gas (LPG) share in country's primary energy supplies is about 1.2 percent.

"This low share of LPG may be attributed to supply constraints and comparatively higher price of LPG in relation to competing fuels like natural gas and wood," Ogra said.

The size of LPG market was around 1.1 million tons/annum which is 17 percent lower as compared to last year's 1.3 million tons. Major decline in LPG consumption was observed in industrial sector amounting to 25 percent, commercial 19 percent and domestic 10 percent as compared to last year. The decline in import of LPG from 34 to 24 percent may be attributed to less consumption of LPG during the period under review.

Refineries, gas producing fields and imports are three main sources of LPG supply in the Country. Refineries and gas fields production accounted for 76 percent of LPG consumption whereas the rest 24 percent was imported during FY2019. The share of gas producing fields in LPG supply has increased from 48 percent last year to 57 percent at present.

There were 12 LPG producers, 190 LPG marketing companies, having more than 5,500 authorized distributors by the end of FY 2018-19. Further, there were 20 operational LPG auto refueling stations in the country.