

Ogra reduces gas prices by up to 6%

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) on Tuesday rejected the demand of gas utilities to increase the gas prices and reduced them by up to six per cent for consumers.

According to a notification issued by the regulator, the prescribed gas price for Sui Northern Gas Pipeline Limited (SNGPL) has been reduced by six per cent and Sui Southern Gas Company (SSGC) by 5.68%.

Ogra, under Section 8(1) of the OGRA Ordinance, 2002, vide its decision dated July 13, 2020 and July 14, 2020, has determined the revenue requirement of gas companies -- SNGPL and SSGC -- for FY 2020-21, respectively.

It has sent the same to the federal government for gas sale price advice in respect of each category of consumers under Section 8(3) of the Ordinance.

The SNGPL had demanded to increase the gas price to Rs1,287.19 per mmbtu against the existing price of Rs664.25 per mmbtu. However, the regulator decided to reduce the price to Rs623.31 per mmbtu, which is 94% less than demand and 6% less than existing price.

The SNGPL had sought revenue of Rs433 billion for the year 2020-21 but the regulator allowed Rs219 billion.

The SNGPL had claimed to disallow Rs750 million on account of unaccounted-for gas (UFG) adjustment but the regulator allowed Rs7 billion.

The company had also requested the regulator to allow recovery of Rs73 billion for Liquefied Natural Gas (LNG) diverted to domestic and commercial consumers in winter seasons but the regulator did not allow it.

The company sought Rs905 million for Liquefied Petroleum Gas (LPG) air mix plants but the regulator did not allow this amount to be recovered from the gas consumers.

The UFG of the company stood at 10.19 per cent and Ogra allowed 6.3 per cent.

SSGC

The SSGC had demanded to raise the price to Rs881.53 per mmbtu against the existing Rs796.18 per mmbtu. However, Ogra reduced the price to Rs750.90 per mmbtu, which is 10.71% less than demand and 5.68% less than existing price.

UFG

The SSGC had underestimated volume of the UFG at 11.15 per cent to obtain benefit of passing it on to the consumers. However, Ogra projected it at 15.85 per cent. Gas theft would account for 67,476 mmcf in 2020-21.

The SSGC had claimed a revenue requirement of Rs317 billion whereas the regulator allowed Rs270 billion.

Ogra has significantly slashed the gas companies' demand for increase in gas prices for FY 2020-21. The main reason for the reduction in the gas price is drop in the international oil prices along with other disallowances made by Ogra in respect of revenue and capital expenditures.