

OGRA holds public hearing, SSGC provided Rs190bn relief to consumers

ISLAMBAD: The Sui Southern Gas Company (SSGC) has provided Rs190 billion relief on gas prices to its industrial, commercial, general industry, and domestic consumers in its review petition for estimated revenue requirement (ERR) for financial year 2020-2021, which was taken by the Oil and Gas Regulatory Authority (OGRA) in a public hearing held on Thursday.

The SSGC has sought an increase of 20 percent (Rs85/mmBTU) to meet their revenue requirements for the upcoming fiscal year, and overcome shortfall of previous years.

The Chairperson OGRA, Uzma Adil, presided over the public hearing.

As many as 10 representatives of various sectors of economy participated in the public hearing, and opposed any increase in the gas prices, which would enhance the cost of doing business, and have negative impact on the export sector. Around 35 participants joined the hearing through virtual link.

Riazuddin, a representative of the APTAMA from southern part said that the OGRA must consider the other factor in determination of prescribed gas price under the OGRA Ordinance 2002 8 (2). Such section says, "Its total revenue requirement after incorporating the actual changes in the well head prices, as notified by the authority and other relevant factors and the authority shall advice the federal government promptly of the revised prescribed prices for the licensee for natural gas."

He said that the gas company is claiming shortfall of previous year in the ERR, which is not justified as no financial audit was held of the SSGC since 2017.

He further said that the exchange rate shown in the ERR for next financial year was projected at \$170, which was very high than the current year \$158.

He said government asked to reduce the UFG, which was reduced to half a percent as compared with previous year, suggesting that the company should renegotiate the well head prices with local and foreign companies, so that the price of gas would be reduced to the same proportion as crude and furnace oil was reduced.

He said the cost of gas should be around Rs385 per mmbtu instead of Rs670 for export-oriented industry after reduction in the prices in line with the decline in international market.

Industrialist Muhammad Zubair Motiwala said that it was a surprise that the SSGC was spending huge amount on advertisement against distribution and transmission losses and theft of gas in Karachi where percentage was four percent against high losses in Sindh and Balochistan.

He said the UFG losses were around 12 percent to 13 percent and no one know where they show their losses as OGRA allows 6.3 percent.

He further stated that under the current situation, prices of gas should be brought down from 20 to 30 percent.

Chairman Pakistan Hosiery Manufacturers Association Javed Balwani said that the SSGC should remove moratorium on new gas connection as it would discourage setting up new industry in Sindh.

He further alleged that gas loadshedding and low gas pressure had been witness in industries in Karachi.

Amin Rajut said that 90 percent of the cost of gas went to gas producing companies including 45 percent foreign companies, which were given sovereign guarantee.

He said they could delay payment to local producers but had to clear payment of foreign companies.

He further said that the SSGC was meeting the 400 mmcf/d gas demand of commercial, general industry, captive power units and zero rated industry, which was 40 percent of total consumption.

He refuted the allegation that industry was facing shortage of gas. He further said that in the ERR, the OGRA was given financial audit accounts and will be displayed at website in August. He further explained that SSGC filed a petition of ERR in January 2020, and again in May in a revised petition.