

Traders oppose gas price hike

SSGCL MD requests OGRA to allow Rs24.43 per mmbtu increase

OUR CORRESPONDENT
ISLAMABAD

The business community has opposed the gas price hike proposed by the Sui Southern Gas Company Limited (SSGCL), which supplies gas to two provinces of the country - Sindh and Balochistan.

They challenged the plea filed by the SSGCL seeking an increase in gas prices during a public hearing conducted by the Oil and Gas Regulatory Authority (Ogra) on Thursday.

The traders were of the view that the coronavirus-induced lockdown has hit the businesses hard, yet the utility was seeking to put a multibil-

lion-rupee additional burden on them.

Presenting the case, SSGCL Managing Director Amin Rajput said that component of cost of gas amounted to 90% of the total gas sale price.

He said that the total revenue requirement for fiscal year 2020-21 was Rs292.5 billion without RLNG [regasified liquefied natural gas], which was 6% more than Rs276.19 billion for 2019-20, adding that the company also required Rs50 billion to bridge the shortfall in gas development surcharge receivable up to 2017-18.

He said that the UFG (unaccounted-for gas) had been worked out at 5.89% and claimed Rs10.7 billion impact of differential in the revenue requirement of RLNG. He prayed the authority to allow the increase of Rs24.43

per mmbtu for indigenous gas business and Rs13.64 per mmbtu for RLNG business.

All Pakistan Textile Mills Association (APTMA) representative Raziuddin said that the SSGC should renegotiate the wellhead gas price with the exploration companies. "Increase in gas price would make the textile sector uncompetitive in the global market."

Speaking for the CNG Association, Ghiyas Paracha said that Rs450 billion investment in the CNG industry was at stake due to shrinking difference of price between petrol and the CNG. He added that CNG sector was in competition with LPG and petrol, but now the difference between the prices of CNG and petrol had been reduced to make the sector uncompetitive.

He said that the SSGC was paying a hefty amount to the civil servants on the board of directors and these directors safeguard the interests of the utility in the government. However, he added that the private sector was in the worst situation and no one was ready to listen to it.

Paracha apprised Ogra that they had formed a company to import LNG. Ogra had framed third-party access rules but they had not been able to import LNG due to hurdles created by the officials in the company.

He said that CNG sector in Punjab was using LNG and this sector in other provinces - Khyber-Pakhtunkhwa, Balochistan and Sindh - would also face the same fate like that of Punjab if the gas prices were increased.