

SSGC, SNGPL seek up to 100pc increase in tariffs

ISLAMABAD: State-run gas utilities have sought up to 100 percent increase in tariffs from the next fiscal year, as they are anticipating annual revenue shortfalls to pile up on theft and line losses.

Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) approached the Oil and Gas Regulatory Authority (Ogra) to sanction increases in prescribed gas prices with effect from July 1, 2020 to help them meet revenue requirements, as they are expecting multibillion rupees in revenue shortfall.

The gas distribution companies proposed the raise in separate petitions to the Ogra. Subsequently, Ogra invited the comments from all interested and affected individuals, including gas consumers and general public.

The authority would hold public hearings for determination of the prices in coming months. If Ogra accepts the demand, after public hearings, then SNGPL and SSGC would be allowed to collect multibillion rupees from gas consumers by increasing unit prices.

The utilities want to cumulatively collect Rs347.6 billion from gas consumers,

according to the copies of proposals. SNGPL sought permission to rake in Rs290.5 billion and SSGC asked for Rs57.1 billion in additional revenue collection during the next fiscal year. SNGPL, operating gas network in Punjab and Khyber Pakhtunkhwa, proposed a raise of Rs670.75 per million metric British thermal unit (mmBtu) to Rs1,334.99/mmBtu for the next fiscal year. Currently, the average prescribed price is Rs664.25/ mmBtu.

SNGPL said it is expecting to face revenue shortfall of Rs43.06 billion in FY2021. It requested the regulator to include Rs173.63 billion of revenue shortfall in the final price determination. Based on the shortfalls, the northern company asked for increase of 101 percent in average prescribed prices.

Besides, SNGPL estimated re-gasified liquefied natural gas (RLNG) cost of service at Rs104.21/mmBtu effective from July 1, 2020. Cost of RLNG diverted towards domestic sector was estimated at Rs73.89 billion.

SSGCL that feeds Sindh and Balochistan sought a massive increase of 17.38 percent or Rs138.43/mmBtu to Rs934.61/mmBtu from the current average prescribed price of Rs796.18/mmBtu.

The southern company further requested the Ogra to approve price increase in indigenous business and Rs7.328/ mmBtu (or Rs14.98/mmBtu) to meet the service cost related to RLNG business.

An estimate said the country sees around \$2 billion of gas being stolen every year. The theft is considered as unaccounted-for gas, which is caused by gas theft and leakages and mismanagement. Ironically, the cost is to be borne by helpless loyal consumers.