INTERNATIONAL THE NEWS

12th November, 2020

Israr Khan

Govt cuts UFG on RLNG consumers up to 6.3pc

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has drastically reduced the Unaccounted for Gas (UFG) on RLNG to 6.3 percent which was earlier up to 17 percent. The reduction in UFG will have a positive impact on the imported gas price, thus benefiting the industrial sector.

A senior official of Ogra confirmed it to 'The News' on Wednesday that it has been provisionally decided and will be applicable from the last month. However, after a detailed audit of the sector by an international auditor, this will be finally decided. He added that this decision will reduce the RLNG prices in the country. Interestingly, it will also help reduce the power generation cost, as around a third of energy is coming from RLNG-based plants. Power consumers will also get the benefit from it.

The official said that this reduction was only for RLNG consumers and not for the domestic gas consumers. It indicates that Pakistani industrial sector, including textiles, fertilizer, CNG and other sectors, who consume imported gas, will benefit the most.

UFG is a phenomenon of gas loss, which is contingent upon the occurrence of various technical factors when gas flows from source to end consumers. It is charged from the gas consumers. Earlier, Ogra had allowed 11 to 17 percent UFG to the Sui companies on the distribution of RLNG to consumers.

The official said that the ECC had recently asked for charging the actual UFG from the RLNG consumers. According to initial estimates, UFG on RLNG has been worked out at 6.3 percent. Now, the SNGPL and SSGCL will charge it at the same ratio.

"This decision would also encourage private investors to invest in the LNG sector in Pakistan," an energy expert said. He added that the PTI government had already allowed the private sector to import LNG. The CNG, textile sector and fertilizer have applied for getting the regasification capacity at terminal-II. The official said that the government also wants to end the monopoly of gas companies and encourage the private sector to enter into this market.

Under the 15-year LNG import deal signed during the previous government with Qatar, Pakistan is importing most of its LNG from this gas-rich gulf country. The regulator decides local gas prices every six months and LNG price every month.

The federal government had recently sought the provinces' support on the weighted average gas price to reduce this imported gas. The prime minister in the recent Council of Common Interests (CCI) meeting had placed the proposal before the provinces, but they did not agree to it.