

SSGC seeks increase in gas tariff by Rs78.95 per MMBTU

ISLAMABAD: The Sui Southern Gas Company Limited (SSGC) has sought an increase in cost of gas per MMBTU by Rs78.95 to a staggering Rs822.25 per MMBTU from Rs743.25 per MMBTU for the financial year 2020-21 and OGRA will hold a hearing tomorrow (Monday) amid severe opposition by other stakeholder particularly APTMA -- Sindh and Balochistan chapter.

The Sui Southern Gas Company Limited (SSGCL) has pleaded for reviewing the prescribed gas tariff under its estimated revenue requirement (RERR) for 2020-21 arguing that it is incurring a shortfall in revenue to the tune of Rs28.242 billion. It has also included the losses in RLNG business knowing the fact that RLNG business is ring fenced and it should not be part of the petition and more importantly RLNG is a petroleum product and not gas.

In the petition, the gas company shows that it is suffering from a shortfall of Rs22.741 billion in the natural gas business and Rs 5.241 billion in RLNG business. The company also wants the inclusion of Rs9.4 billion as UFG (un account for gas) each to tackle the loss in RLNG and natural gas in their distribution to the consumers. The gas company is also facing a loss of Rs50.983 billion because of nonpayment of gas development surcharge which are receivable up to financial year 2017-18. It is also seeking the required return on fixed assets at 17.43 percent (Rs7.079 billion) for natural gas and Rs5.2 billion for imported gas (RLNG) nest assets.

According to the presentation prepared by APTMA, in its response to the petition, it has decided to give a tough time to the petitioner saying UFG adjustment may be kept at Rs (52.85) per MMBTU. In the review petition, UFG has been co mingled with RLNG, which is against the concept of ring-fence.

The APTMA will also oppose the inclusion of GDS (gas development surcharge) by the petitioner (Sui Southern) in the revenue requirement making it part of tariff arguing that the GDS is a receivable from the government of Pakistan and not the consumers. It will also argue that GDS of Rs 142 per MMBTU does not exist. Therefore, GDS should be set aside and it should not be included in the Revenue Requirement.

In net shell APTMA will oppose the petition seeking increase in gas price by Rs78.95 per MMBTU pleading that sales revenue should not be decreased and operating expenses should not be increased. Furthermore, GDS Adjustment should not be allowed in the tariff.