

Ogra to approach third party for gas meter testing

ISLAMABAD: Amid demand by gas utilities for increase in their prescribed price and meter rent by up to 123 per cent and 100pc, respectively, the Oil & Gas Regulatory Authority (Ogra) has decided to have testing of gas meters by independent third party, instead of gas companies themselves.

The Ogra would be taking up on Monday (today) at a public hearing the petition filed by Sui Southern Gas Company (SSGCL) for Rs79 per million British Thermal Unit (MMBTU) or about 11pc increase in its prescribed price to meet its estimated revenue requirement (ERR) during the current fiscal year (2020-21).

According to Ogra, the SSGCL has reported to the regulator that its prescribed price was estimated to average Rs822.25 per MMBTU (unit) during the current year from existing rate of Rs743.25 per unit, thus the need for Rs79 per unit increase in its price. This would generate additional revenue of about Rs28.24bn to the Karachi-based gas utility serving Sindh and Balochistan.

Utilities seek increase in price and meter rent by up to 123pc and 100pc, respectively

This would be followed by another public hearing on Thursday (November 26) on a petition filed by Sui Northern Gas Pipelines Limited (SNGPL) for Rs774 per unit (123pc) increase in its prescribed prices for its ERR for FY2020-21, including un-recovered price dues of previous years. The SNGPL has also demanded about 100pc increase in its monthly meter rent.

According to Ogra, the SNGPL has claimed its average prescribed price for FY2020-21 at Rs1,405 per unit, up from existing rate of Rs631.41 per unit. The demanded increase of Rs773.50 per unit works out to about 123pc higher than existing rate. This is estimated to generate about Rs250bn in additional revenue. This includes about Rs36bn additional funds on account of revenue shortfall in FY2020-21 and about Rs215bn of previous years.

Moreover, the SNGPL has estimated the cost of service of Re-gasified Liquefied Natural Gas at Rs72.33 per unit for current fiscal year. Both companies had filed their petitions the same day, on October 15, which were then revised on Nov 4.

Strangely, Ogra has withheld posting of tariff petitions of both utilities on its website on a matter that is going to affect a large number of industrial, commercial, residential, fertiliser, cement and other consumers of gas and RLNG. Ogra would be holding public hearings virtually in view of Covid-19 threat, but it has asked interveners to obtain hard copies after paying charges of Rs2 per page.

On the other hand, the regulator has already decided in principle to induct independent third parties for testing of gas meters. A senior Ogra official said the regulator was in an advanced stage of formally inviting expressions of interest (EOIs) to hire independent reputable parties to provide testing services for gas meters.

The official said a number of gas consumers had been demanding independent testing of gas meters instead of existing practice of testing by the gas companies themselves and pointing out conflict of interest.

It was in this background that Ogra's member gas Muhammad Arif had recently sought to check the possibility of 'third party certification' of gas meters of SSGCL and SNGPL from the Pakistan Council for Scientific and Industrial Research (PCSIR), Pakistan Atomic Energy Commission (PAEC), Hydrocarbon Institute of Pakistan (HDIP), Geneva-based testing and certification firm SGS or any other meter-testing facility.

Officials said that since the establishment of Ogra more than two decades ago, the two gas utilities have themselves been calibrating, installing, de-installing and testing consumer gas meters at their own testing workshops and instituting claims against the consumers on the basis of their own judgement.

"This practice is unfair and unreasonable and has been repeatedly objected to by consumers on various occasions," the member of gas is reported to have said, adding that "even under the eyes of law no one can be prosecutor as well as judge at the same time".