

**Gas producing provinces may face its shortage in future: SAPM**

ISLAMABAD: Special Assistant to the Prime Minister (SAPM) on Petroleum Nadeem Babar predicted that the gas producing provinces might face gas shortages in the next three years, in case, no steps were taken to bridge the gas deficit.

He was talking to the media in a pre-seminar briefing. The Petroleum Division organised a seminar on natural gas supply chain in Pakistan on Tuesday. The seminar was co-chaired by Minister for Energy Omar Ayub Khan and Nadeem Babar.

A pre-seminar media briefing was arranged which provided overview of gas supply/demand in the country, and sneak preview of key topics discussed in the seminar. He said the gas data showed that Sindh would face the gas deficit in the next one and a half year. The gas deficit would surface in the KP after two and a half year.

Balochistan might face the deficit in three to four years. He said the results of the measures being taken to meet the energy deficit would appear in the next four to five years. He maintained that the Sui Southern Gas Company Limited (SSGCL) would have deficit of 450 mmcf in 2022.

To increase the local oil and gas production, 20 new blocks would be auctioned shortly. It was said in pre-seminar briefing that demand for natural gas grew substantially over the last decade, and the constrained supply-demand gap in 2013 was estimated at 2,000 mmcf, while the unconstrained gap exceeded 4,000 mmcf.

This shortage necessitated gas load management across the country, and gas consumers in all sectors in the four provinces, experienced varied levels of gas load shedding; the province of Punjab was the worst affected where the SNGPL could not provide natural gas to industry, fertilizer plants, power plants and the CNG for over seven months in a year and over 50 percent of domestic consumers could not be reliably provided natural gas for cooking and heating purposes from November to February.

The gas producing provinces are anticipated to witness the depletion in indigenous gas production in coming years until and unless bigger new gas finds are encountered. The resultant gap between demand and supply has to counter gas load management in the gas consumer sectors.

During the last decade, the issue of gas load management over the SSGCL and the Sui Northern Gas Pipeline Limited (SNGPL) network within the gas producing provinces as the domestic gas depleted, the interpretation of Article 158 and implementation at practical grounds remained under debate at Council of Common Interests (CCI)-level as well as in courts.

During the last meeting of the CCI held on August 06, 2020, the federal government shared the unfolding circumstances related to the depletion of indigenous gas resources, increasing demand, gas tariff issues, and import of LNG.

The CCI in its aforesaid meeting directed that seminars should be conducted to deliberate on the issues, and on the basis of its recommendations to come up with way forward on the matter in consultation with provinces in the subsequent meeting of the CCI.

The Petroleum Division is organising the seminar on 9th Sep to discuss all the issues related to gas supply sector. The seminar will have strong participation from provinces as well as industry people, company heads and gas experts for meaningful discourse and suggestion of way forward for issues. The seminar is divided into three main sessions. During the first session of the seminar, the chief minister or the provincial energy ministers will make keynote speeches or presentations related to gas issues, followed by the addresses of five industry experts on different issues related to the gas sector.

This session will culminate with address of the prime minister. During the second session of the seminar, four groups will be constituted with members from all participants including industry and provinces to dilate upon the topic and suggest way forward.

Following keys topics have been developed for discussions

- i. Gas Supply Options (Indigenous / Import)
- ii. Financial Sustainability and Weighted Average Cost of Gas
- iii. Gas Infrastructure Development Needs
- iv. Open Access Regime

During the third/last session, the summary of group discussions would be presented before the participants, which will then follow the closing session.

The Petroleum Division anticipates healthy discussions in the four groups and recommendations made out of discussions will be submitted to Inter-Ministerial Committee constituted by the CCI as stated above.

Government under the Petroleum Policy, 2012 has offered incentives for exploration of oil and gas in the country.

The new bidding round for award of 20 oil and gas exploration blocks in Pakistan is anticipated to attract local as well as foreign investments which will also pave way for new oil and gas finds within the country.

However, this increased the E&P activity will yield results in 3-5 years.

Government is pursuing the transnational pipeline projects.

As a fast track option, current government is to develop more LNG terminals without government guarantee.