

By Khaleeq Kiani | 10/3/2018 12:00:00 AM

ISLAMABAD: A Senate panel on Tuesday asked the government to reverse its decision of increasing gas prices by up to 143 per cent after the Oil and Gas Regulatory Authority (Ogra) confirmed that it was the highest-ever tariff hike.

The Senate Standing Committee on Cabinet Secretariat led by Talha Mahmood noted that the timing of drastic price increase was also ill-timed as winter was just around the corner.

All senators attending the meeting were of the view that consumers would receive inflated bills in winter months (November-February) when they hardly get enough gas to meet domestic requirements.

'People would be on the roads when they don't get gas but multiplied bills due to increased rates,' said Mahmood. 'The entire committee condemns such a massive gas price hike and demands that this should be reconsidered by the government because it is going to unleash a floodgate of inflation and massively affect the public,' he stressed.

The committee also consented to his proposal that if the increase in gas was unavoidable due to financial difficulties of the gas companies as reported by the regulator, the government should provide subsidy to ensure relief to the consumers instead of putting additional burden through increasing rates of gas, electricity, devaluation.

Responding to a question, Ogra Chairperson Uzma Adil Khan confirmed that the price increase approved by the Economic Coordination Committee (ECC) was unprecedented. She added that the decision had not yet officially reached Ogra for notification and implementation.

She confirmed the increase was approved on the basis of Ogra's summary that had worked out higher hike in prescribed prices for gas utilities that was approved by the ECC.

She explained that the regulator determined prescribed prices mostly on the basis of cost of gas purchased by the utilities from gas fields. The wellhead price, she said, was set by the federal government under agreements with the petroleum exploration companies.

She said 85 per cent of the prescribed price was based on well head price and remaining 15pc were all other expenses that are thoroughly examined by the regulator.

Ms Khan said the government always had the discretion to decide how much adjustment in gas tariff is to be passed on to various consumers and how subsidise or cross-subsidise various consumer categories. The previous government had not increased gas prices for almost five years despite summaries moved by the regulator and this was also a factor in higher increase this time, she explained.

The Ogra chairperson said the new government also exercised its power two days ago not to increase the prices of petroleum products calculated by the regulator and officially announced that it rejected the proposed price increase.

Responding to a question from Javed Abbasi who contested a claim by ministers for petroleum and information that natural gas was available only to 23pc population and 65pc people consumed liquefied petroleum gas, the Ogra chairperson and member finance Ogra Noor-ul-Haq said it was true that 23pc people had access to natural gas while LPG had only 1pc share in the overall energy mix and was not in use of more than 2-3pc of the population.

He said it was strange that government had not yet authorised Ogra to notify gas price hike approved by the ECC and announced by the finance minister in his supplementary budget speech.

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