

'''Mafias''' behind gas crisis: PM

Prime Minister Imran Khan has reportedly asserted that "'mafias'" in refineries and gas sector are responsible for the recent gas crisis in the country. Well-informed sources told Business Recorder that Prime Minister shared these thoughts with the participants of Cabinet Committee on Energy (CCoE) which met on Wednesday under his chairmanship. According to the notification of Cabinet Division, Minister for Energy (Petroleum Division) is Chairman of the CCoE. However, Prime Minister, himself presided over the meeting, keeping in view the intensity of the energy crisis.

The sources said issue of RLNG came under discussion and it was agreed that amendment in Ogra Ordinance should be incorporated to fix RLNG pricing or else it will remain a problem for the government. It was argued that RLNG is being imported in dollars and sold in rupees, which is not a feasible proposition. With amendment in Ogra Ordinance, ring fencing will end. The Petroleum Division also proposed that RLNG business should be handed over to the private sector and to whoever wants to supply or consume it.

The Prime Minister sought an update on furnace oil issues, however when a presentation was given to the Prime Minister on power sector, it was revealed that the power sector does not reveal its use of furnace oil and RLNG to the Petroleum Division, gas companies and Pakistan State Oil (PSO) due to which issues crop up. The meeting discussed power sector issues for about one and half hours.

According to sources, as a follow up, it was decided to firm up furnace oil being lifted from refineries and exported in addition to local consumption. The meeting was informed that refineries have to be modernized as they have already availed deemed duty. It was decided that all refineries should be summoned and warned that if they do not modernize themselves then all collected deemed duty would be used to increase capacity of Mehmood Kot oil refinery which is a new one.

In reply to a question, the sources said, key points of fact finding inquiry against Managing Directors of SNGPL and SSGCL were shared with the Prime Minister, which apparently further cleared his mind about those responsible for the recent gas crisis.

The sources said, such issues erupt due to lack of firm demand of power which is not as huge as previously, adding it should be within the range of 2000 MW to 2500 MW. The fact finding report will be submitted to the Prime Minister on Friday (tomorrow).

The sources said when a meeting was held on furnace oil which was attended by the power sector the refineries asked power sector to generate at least 2000 MW electricity with furnace oil. The same night, SNGPL conveyed to the power sector that the company cannot supply 182 MMCFD gas for power generation. Prime Minister believes that this situation indicates collusion between the SNGPL and oil mafia which involves Rs 18 billion. The official argued that he did not believe there was collusion between MD Amjad Latif and Adil Khattak. The Petroleum Division tried to convince Prime Minister that there is no collusion, but the Prime Minister was not ready to accept these arguments.

The sources said refineries are operating at 90 per cent furnace oil capacity. Now M/s Byco and PSO will export furnace oil and refineries will also have to export as it is not the job of government to export and seek freight subsidy.

"Now LNG mafia has become strong and is trying to get other mafias to fail," said another official. Petroleum Division has labeled the current issue as "governance issues of oil and gas sector."

The Petroleum Division has proposed that both Sui gas companies should be merged so that their affairs are run from one office. There is an observation that since Ogra is a regulator, it is also responsible for the existing issues and Chairperson Ogra should also be held responsible. The sources further stated that the government will replace the government members on Boards of SNGPL, SSGCL and Pakistan State Oil.

According to a press release: Prime Minister Imran Khan chaired a meeting of Cabinet Committee on Energy at Prime Minister's Office. The Prime Minister was briefed in detail about demand and supply situation in the power sector, the projections of petroleum and power division for the next six months, the existing energy mix, availability and utilization of indigenous as well as imported gas and way forward towards addressing various issues related to energy sector.

The meeting was also briefed about gas management plans of SNGPL and SSGC for the winter season. It was informed that despite sudden drop of temperature and increased demand for gas, uninterrupted supply to domestic, commercial and zero-rated industries would be ensured during the current season. Efforts were also being made to curtail the duration of gas load-shedding to other sectors such as CNG, captive power plants of general industries.

Discussing the issue of fuel import, it was decided to immediately notify ban on any further import of furnace oil. The issue of production and storage of furnace oil by the local refineries was also discussed during the meeting. The Prime Minister directed that a detailed plan, in consultation with refineries, regarding upgradation of existing facilities and export of surplus furnace oil should be worked out on priority.

It was decided that ECC would be briefed, in its next meeting, about the availability of urea stocks in the country and its pricing. It was decided that a detailed plan would be worked out to ensure optimal utilization of RLNG Terminals.

It was further decided that Power Division will submit a monthly DISCO-wise report to the CCoE about transmission and distribution losses and update on recoveries of receivables.

Ministry of Petroleum was directed by the CCoE to submit a detailed plan on reduction of losses due to Unaccounted For Gas (UFG). The Prime Minister directed that policy on renewable energy be finalized by end January. Underscoring the need for improved coordination among the relevant departments and addressing governance issues in the energy sector, the Prime Minister emphasized upon the need for timely and accurate estimations.

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