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Gas price may be increased from July 1

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Federal government may increase the price of gas upon the recommendations of Oil and Gas Regulatory Authority (Ogra) from July 1, 2018. Both utility companies - Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Company (SSGC) had filed their petitions on 29th December 2017 and February 28th 2018 respectively, under Section 8(1) of Ogra Ordinance 2002 and Rule-4(2) of Natural Gas Tariff Rules 2002 to determine their estimated revenue requirement for Financial Year 2018-19.

Sui Northern Gas Pipelines Limited and Sui Southern Gas Company Limited applied for an increase in gas price based on One Million British Thermal Units (MMBTU).

SNGPL requested for an average increase of Rs 356.89/MMBTU in its average prescribed price with effect from 1st July 2018. SSGCL requested for an increase of Rs 109.03/MMBTU in its tariff with effect from 1st July 2018 for the year 2018-19.

In their petitions, both companies had claimed that the new tariff is demanded on the basis of projected increase in cost of gas, which is based on the average price of crude oil/fuel oil in the international market, in accordance with the Gas Price Agreements signed between the Federal Government and the gas producers. Another reason is the devaluation of Rupee against US Dollar.

On these petitions, public hearings were held in Peshawar, Lahore, Karachi and Quetta to listen to the objections of the public and other stakeholders. The petitions were to determine the SNGPL's and SSGCL's estimated revenue requirements/ prescribed prices for financial year 2018-19.

A spokesman of Ogra told *Business Recorder* that Ogra has recommended to federal government for an increase in consumers' gas prices. It is up to the government how much price it will recommend, he added.

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