

Ogra unveils new formula: CNG price could be up by Rs 10.56 per kg

ABDUL RASHEED AZAD

ISLAMABAD (November 30, 2012) : The Oil and Gas Regulatory Authority (Ogra) has devised a new formula for CNG price fixation according to which the commodity's price can go up by Rs 10.56 per kg, while the All Pakistan CNG Association has rejected the new formula. According to Ogra official, the authority has sent the formula to the Petroleum Ministry for final approval. The official added that if the government approves the new formula, Ogra will soon issue a notification in this regard. According to the proposed formula, CNG price could go up by Rs 10.56 to Rs 72.20 per kg from existing Rs 61.64 per kg in Region-I comprising Khyber Pakhtunkhwa, Balochistan and Potohar region while in Region-II which consists of Sindh and major parts of Punjab, the price would go up to Rs 63.76 against existing Rs 54.16, with an increase of Rs 9.60 per kg. OGRA spokesman said the new price formula has been prepared as per directions of the Supreme Court. The suggested prices are less by Rs 2.5 than the previous proposal presented by Ogra to the Supreme Court on November 19. Meanwhile, the CNG Association has rejected the proposed prices. Ghiyas Paracha, Chairman of the All Pakistan CNG Association, accused Ogra of acting against the Supreme Court's orders by sending the proposal directly to the Ministry of Petroleum. He said the regulatory body was destroying the CNG sector. Paracha said Ogra had further decreased prices by Rs 2.5, while no consultations were made with the association when the prices were determined. Ogra has fixed value addition of gas rate at Rs 5.46 per kg, operational cost at Rs 7.9 per kg, profit margin at Rs 3.42 per kg, gas sale price in region-I at Rs 31.09 per kg, Gas Infrastructure Development Surcharge (GIDC) at Rs 13.25 per kg, and General sales tax (GST) at Rs 11.08 per kg in region-1. While in region-II, Ogra has proposed gas sale price at Rs 28.40 per kg, GIDC at Rs 9.18 per kg, GST at Rs 9.40 per kg. According to Ogra official, Petroleum Ministry would review the rate of different taxes imposed on the CNG industry. Before the Ogra notification of October 25, 2012 the CNG sector was getting Rs 20.80 per kg on account of operational cost, which consists of eight components, ie, electricity cost Rs 10 per kg, Rs 0.59 per kg depreciation cost of machinery, Rs 0.8 per kg lubricants expenses, Rs 0.59 per kg expenditure on services provision, labour cost Rs 3.3 per kg along with Oil Marketing Companies (OMCs) charges Rs 3.3 per kg for using their brand name in case CNG facility and petrol pump are operating together.

[Copyright Business Recorder, 2012](#)