#### TRIBUNE

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Encouraging investment

# Competition watchdog issues policy note to OGRA

Recommends regulatory body to decide over pending licence applications

OUR CORRESPONDENT

ISLAMABAD

The Competition Commission of Pakistan (CCP) has issued a policy note to the Oil and Gas Regulatory Authority, recommending it to exercise its power and encourage investment in the sector.

The CCP, through the note, has recommended that the regulatory body should act under the Ogra ordinance and take a decision regarding its licence applications by potential new entrants, in the flare-gas distribution, at the earliest to remove entry barriers.

The recommendation was made after concerns were raised by potential market entrants for flare-gas storage, distribution and transportation.

New market entrants need to apply for licences to Ogra. However, the CCP was informed by a potential entrant that its application remained pending, although all formal processes were completed. Hence, the CCP decided to

The CCP was informed by a potential entrant that its application remained pending, although all formal processes were completed

assess all possible anti-competitive impacts of such an impediment.

Flare-gas is regarded as a byproduct during the extraction
of petroleum. Using flare-gas
can help in augmenting the
gas supply in the country.
Until now, flare-gas has not
been utilised in Pakistan but
it may provide a stepping stone
for new entrants that are aspiring to enter the market
for the supply of natural gas.
Flare-gas can be compressed
for easy storage and transportation using gas bowsers.

#### Ogra responds

Ogra, in its response to the commission's queries,

noted that the monopoly of Sui Northern Gas Pipelines Company Limited (SNGPL) and Sui Southern Gas Pipelines Company Limited (SSGCL) for transmission and distribution of gas ended on June 30, 2010. Ogra stated that the current flare-gas poncy issued by the Federal Covernment did not provide any guidance to determine the producer price for flare-gas, the tariff applicable for future similar cases and the tariff applicable for potential consumers.

The CCP noted that Ogra's mandate was to foster competition and increase investment in the midstream and downstream market for petroleum. However, in the matter of issuing licence for flare-gas distribution where, all the requirements for issuance of licence were met, not taking a decision on the issuance for new entrants in the market.

The CCP believes that the institutional delay in the issu-



PETROLEUM MARKET: Ogra's mandate was to foster competition and increase investment in the midstream and downstream market for petroleum, PHOTO: FILE

ance of licence increases the time for a new entrant to enter the market, thus, benefitting the existing firms and making the market less competitive. It also noted that, at a time when Pakistan was facing an energy crisis, barriers to entry in sectors such as natural gas were a cause for concern as they restricted

the much needed investment.

It, therefore, recommended Ogra to take a decision on the issuances of licences at the earliest as it will not only help attract investment but also push incumbent service providers to be more efficient and innovative, which will in turn benefit the consumers.



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### **CCP** issues policy note to Ogra

ISLAMABAD: Competition Commission of menting the supply of gas in the in the matter of issuing license for Pakistan (CCP) has issued a poli- country. Till now flare-gas has flare-gas distribution where prima tion, at the earliest to remove investment in the sector.

dation after receiving concerns from potential market entrants in the market for flare-gas storage. distribution and transportation.

Market entrants need to apply for license to Ogra, however, CCP was told by a potential entrant that its application remains pending although all for- producer price for flare-gas; (ii) issuance of license at the earliest mal processes were completed, tariff applicable for future similar as doing so would not only help The CCP, therefore, decided to cases; and (iii) tariff applicable in attracting much needed investassess possible anti-competitive for potential consumers. impacts of such an impediment. The CCP noted that Ogra's incumbent service providers to be Flare-gas is regarded as a by- mandate was to foster competi- more efficient and innovative, petroleum.

cy note to Oil and Gas not been utilized in Pakistan but it facile all the requirements for Regulator, Authority (Ogra) rec- may provide a stepping stone for insuance of liceuse were met, not ommonding it to exercise its pow- new entrants that are aspiring to taking a decision on the issuance ers under the Ogra Ordinance and enter the market for supply of nat- of license created a barrier to take a decision regarding license ural gas. Flare-gas can be com- entry in the market. applications by potential new pressed for easy storage and entrants, in the flare-gas distribu- transportation using gas blowers.

The CCP made the recommen- Pipelines Company Limited Pipelines Company Ltd. (SSGCL) gas ended on 30th June, 2010.

> flare-gas policy issued by the fed- ed much needed investment. eral government did not provide any guidance to determine: (i) Ogra to take a decision on the

product during the extraction of tion and increase investment in which would in turn benefit conthe midstream and downstream sumers.-PR

Using flare-gas can help in aug- market for petroleum. However,

The CCP was of the view that institutional delay in the issuance Ogra, in its response to the of license lengthened the time for entry barriers and encourage new CCPs queries, noted that the a new entrant to enter the market monopoly of Sui Northern Gas thus benefitting the existing firms and making the market less com-(SNGPL) and Sui Southern Gas petitive. It also noted that, at a time when Pakistan was facing an for transmission and distribution of energy crisis, barriers to entry in sectors such as natural gas were a Ogra stated that the current cause for concern as they restrict-

> It, therefore, recommended ment but would also incentivize

FOUNDED BY QUAID-I-AZAM MOHAMMAD ALI JINHAH



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## CCP for issuance of flare-gas licences

By Kalbe Ali

ISLAMABAD: The Competition Commission of Pakistan (CCP) has suggested to Oil and Gas Regulatory Authority (Ogra) to exercise its powers and take a decision regarding issuance of licences for flare-gas distribution which would also help reduce ongoing energy crisis in the country.

The CCP made the recommendation after receiving concerns from potential market entrants in the market for flare-gas storage, distribution and transportation.

"Market entrants need to apply for licence to Ogra, but potential entrants have claimed that applications remain pending with the oil and gas regulator," the CCP said.

Flare-gas is regarded as a byproduct at the oil and gas production fields, and using flare-gas can help augment supply of gas in the country. Till now flare-gas has not been utilised in Pakistan, but it may provide a stepping stone for new entrants that are aspiring to enter the market for supply of natural gas.

Flare-gas can be compressed for easy storage and transportation using gas bowsers. In its policy note, the CCP assessed the possible anti-competitive impacts of such an impediment.

The CCP said that the institutional delay in issuance of licences lengthened the time for a new entrant to enter the market, and it was benefiting the existing firms and making the market less competitive.

Responding to CCP policy note, Ogra said that the monopoly of Sui Northern Gas Pipeiines Company Limited (SNGPL) and Sui Southern Gas Pipelines Company Ltd (SSGCL) for transmission and

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### THE NEWS

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# Ogra urged to issue flare gas licences

By our correspondent

ISLAMABAD: The Competition Commission of Pakistan (CCP) has recommended the Oil and Gas Regulatory Authority (Ogra) to take immediate decision on the licence applications filed by new entrants for storage, distribution and transportation of flare gas – regarded as a byproduct obtained during the extraction of petroleum.

In a policy note to the OGRA, it recommended the authority to exercise its power under the OGRA Ordinance to expedite the licence granting process to remove entry barriers and encourage new investment in the sector.

The recommendations came after the commission received a complaint from a potential applicant willing to store, distribute and transport flare gas that its application for a licence was pending with the Ogra, although all the formal procedures had been completed.

::: Presently, flare gas is not being in use in Pakistan. It can be compressed for easy storage and transportation through a gas bowser/fuel tanker.

In its response, the Ogra said the current flare gas policy issued by the federal government does not provide any guidance to determine producer's price for flare gas and tariff applicable for future similar cases and for consumers.

It noted that the monopoly of Sui Northern Gas Pipelines Company Limited and Sui Southern Gas Company Ltd for gas transmission and distribution had ended on 30 June, 2010.

The CCP noted that Ogra's mandate was to foster competition and increase investment in the midstream and downstream market for petroleum.

Non-issuance of licence, despite that all requirements have been met, is creating a barrier to entry in the market.

It stated that the institutional delay in the issuance of licence was benefiting the existing firms and making the market less competitive.

The early issuance of licences would motivate service providers to be more efficient and innovative, which would benefit consumers.

### The Nation

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#### **OGRA ASKED TO EXERCISE ITS POWERS ON LICENCE APPLICATIONS**

OUR STAFF REPORTER
ISLAMABAD

The Competition Commission of Pakistan (CCP) has issued a Policy Note to Oil & Gas Regulatory Authority (OGRA) recommending it to exercise its powers under the OGRA Ordinance and take a decision regarding licence applications by potential new entrants, in the flaregas distribution, at the earliest to remove entry barriers and encourage new investment in the sector.

The CCP made the recommendation after receiving concerns from potential market entrants in the market for flare-

gas storage, distribution and transportation. Market entrants need to apply for licence to OGRA, however, CCP was informed by a potential entrant that its application remains pending although all formal processes were completed. The CCP therefore decided to assess possible anti-competitive impacts of such an impediment.

Flare-gas is regarded as a by-product during the extraction of petroleum. Using flare-gas can help in augmenting the supply of gas in the country.

Till now flare-gas has not been utilised in Pakistan but it may provide a stepping stone for new entrants that are aspiring to enter the market for supply of natural gas.

OGRA, in its response to the CCPs queries, noted that the monopoly of Sui Northern Gas Pipelines Company Limited (SNGPL) and Sui Southern Gas Pipelines Company Ltd. (SSGCL) for transmission and distribution of gas ended on 30th June, 2010. OGRA stated that the current flare-gas policy issued by the Federal Government did not provide any guidance to determine: (i) producer price for flare-gas; (ii) tariff applicable for future similar cases; and (iii) tariff applicable for potential consumers.

The CCP noted that OGRA's mandate was to foster competition and increase

investment in the midstream and downstream market for petroleum. However, in the matter of issuing license for flare-gas distribution where prima facie all the requirements for issuance of license were met, not taking a decision on the issuance of license created a barrier to entry in the market. It therefore recommended OGRA to take a decision on the issuance of licence at the earliest as doing so would not only help in attracting much needed investment but would also incentivise incumbent service providers to be more efficient and innovative which would in turn benefit consumers.



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### OGRA to remove entry barriers in flare-gas distribution

ISLAMABAD—The Competition Commission of Pakistan (CCP) has issued a Policy Note to Oil & Gas Regulatory Authority (OGRA) recommending it to exercise its powers under the OGRA Ordinance and take a decision regarding license applications by potential new entrants, in the flare-gas distribution, at the earliest to remove entry barriers and encourage new investment in the sector.

The CCP made the recommendation after receiving concerns from potential market entrants in the market for flaregas storage, distribution and transportation. Market entrants need to apply for license to OGRA, however, CCP was informed by a potential entrant that its application remains pending although all formal'

The CCP therefore decided to distribution of gas ended on assess possible anti-competi- 30th June, 2010. OGRA stated tive impacts of such an impedi- that the current flare-gas policy ment. Flare-gas is regarded as issued by the Federal Governa by-product during the extrac- ment did not provide any guidtion of petroleum.

augmenting the supply of gas plicable for future similar cases; in the country. Till now flare- and (iii) tariff applicable for pogas has not been utilized in Pa-tential consumers. kistan but it may provide a stepare aspiring to enter the market ter competition and increase storage and transportation us- petroleum. However, in the ing gas bowsers.

processes were completed. (SSGCL) for transmission and ance to determine: (i) producer Using flare-gas can help in price for flare-gas; (ii) tariff ap-

The CCP noted that ping stone for new entrants that OGRA's mandate was to fosfor supply of natural gas. Flare- investment in the midstream gas can be compressed for easy and downstream market for matter of issuing license for OGRA, in its response to flare-gas distribution where the CCPs queries, noted that prima facie all the requirements the monopoly of Sui Northern for issuance of license were Gas Pipelines Company Lim- met, not taking a decision on ited (SNGPL) and Sui Southern the issuance of license created Gas Pipelines Company Ltd. a barrier to entry in the market.

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Flare gas distribution

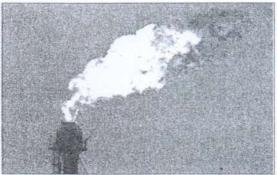
# CCP recommends OGRA to remove entry barriers

ISLAMABAD:

Competition Commission of Pakistan (CCP) on Thursday issued a policy note to Oil and Gas Regulatory Authority (OGRA) recommending it to exercise its powers under the OGRA Ordinance and take a decision regarding licence applications by potential new entrants in the flare gas distribution at the earliest to remove entry barriers and encourage new investment in the sector.

The CCP made the recommendation after receiving concerns from potential market entrants in the market for flare gas storage, distribution and transportation. Market entrants need to apply for licence to OGRA, however, CCP was informed by a potential entrant that its application remains pending although all formal processes were completed. The CCP therefore decided to assess possible anti-competitive impacts of such an impediment. Flare gas is regarded as a by-product during the extraction of petroleum.

Using flare gas can help in



augmenting the supply of gas in the country. Till now flare gas has not been utilised in Pakistan but it may provide a stepping stone for new entrants that are aspiring to enter the market for supply of natural gas. Flare gas can be compressed for easy storage and transportation using gas bowsers.

OGRA, in its response to the CCP's queries, noted that the monopoly of Sui Northern Gas Pipelines Company Ltd (SNGPL) and Sui Southern Gas Pipelines Company Ltd (SSGCL) for transmission and distribution of gas ended on June 30, 2010. OGKA said that the current flare gas policy issued by the federal government did not provide any guidance to determine (i) producer price for flare gas, (ii) tariff applicable for fluture similar cases, and (iii) tariff applicable for potential consumers. The CCP noted that OGRA's mandate was to foster competition and increase investment in the midstream and down-

stream market for petroleum. However, in the matter of issuing licence for flare gas distribution where prima facie all the requirements for issuance of licence were met, not taking a decision on the issuance of licence created a barrier to entry in the market.

The CCP was of the view that institutional delay in the issuance of licence lengthened the time for a new entrant to enter the market hus benefiting the existing firms and making the market less competitive. It also noted that, at a time when Pakistan was facing an energy crisis, barriers to entry in sectors such as natural gas were a cause for concern as they restricted much needed investment.

It therefore recommended OGRA to take a decision on the issuance of licence at the earliest as doing so would not only help in attracting much needed investment but would also incentivise incumbent service providers to be more efficient and innovative which would in turn benefit consumers. STAFF REPORT



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‹ نفليئر گيس'' ک<sup>يقسيم</sup> کيلئے ٹينڈراوين کيا حایج'مسابقتی کمیشن کواوگرا کی ہدایت اسلام آباد (عاطف شیرازی) مسابقتی کمیشن نے آئل اینڈ کیس ریگولیٹری اقتار ٹی (اوگرا) کو ہدایت جاری کی ے کہ مطلیر کیس' کی ڈسٹری بیوش کیلئے تمام رکاوٹیس دور كركے ٹینڈراوین كيا جائے تاكہ مقابلہ بازى كا ماحول ساز گار ہونے کے ساتھ ساتھ ملک میں توانائی بحران کم ہونے میں مددل سکے۔ ذرائع کےمطابق سابقتی کمیشن کو درخواست كي تقي كەسوڭى ئادرن كيس يائب لائن كىپنى كمدينىڭ اورسوئی مدرن میس بائب لائن مینی کے فلیر گیس کی وْسٹری بیوٹن کا معاہدہ 30 جون 2010 سے قتم ہو گیا ہے لیکن تاحال اوگرانے فلیئر گیس کی ڈسٹری بیوٹن کیلئے نئے ٹینڈرکوجاری نہیں کیا ہے۔ فلیئر عیس خام کیس کی ایک شکل ہےجس کو قابل استعمال کیس میں تبدیل کیا جاتا ہے۔