

Government of Pakistan

Petroleum Division

Synopsis of Gas Seminar

- Demand for natural gas grew substantially over the last decade and the constrained supply-demand gap in 2013 was estimated at 2,000 MMCFD, while the unconstrained gap exceeded 4,000 MMCFD. This shortage necessitated gas load management across the country and gas consumers in all sectors in the four provinces experienced varied levels of gas load shedding; the province of Punjab was the worst affected where SNGPL could not provide natural gas to industry, fertilizer plants, power plants and CNG for over 7 months in a year and over 50% of domestic consumers could not be reliably provided natural gas for cooking and heating purposes from November to February.
- The gas producing provinces are anticipated to witness the depletion in indigenous gas production in coming years until and unless bigger new gas finds are encountered. The resultant gap between demand and supply has to counter gas load management in the gas consumer sectors.
- During last decade, the issue of gas load management over the SSGCL and SNGPL network within the gas producing provinces as the domestic gas depleted, the interpretation of Article 158 and implementation at practical grounds remained under debate at CCI level as well as in honorable courts.
- During the last meeting of CCI held on 06.08.2020, the federal government shared the unfolding circumstances related to depletion of indigenous gas resources, increasing demand, gas tariff issues and import of LNG.
- CCI in its aforesaid meeting directed that Seminars should be conducted to deliberate on the issues and on the basis of its recommendations to come up with way forward on the matter in consultation with provinces in subsequent meeting of CCI.
- Petroleum Division is organizing the Seminar on 9th September, 2020 to discuss all the issues related to gas supply sector. The Seminar will have strong participation from provinces as well as industry people, company heads and gas experts for meaningful discourse and suggestion of way forward for issues.
- The Seminar is divided into three main sessions. During the first session of Seminar, the Chief Minister or the provincial Energy Ministers will make keynote speeches or presentations related to gas issues, followed by the addresses of five industry experts on

different issues related to Gas Sector. This session will culminate with address of the Prime Minister.

- During the second session of the Seminar, four groups will be constituted with members from all participants including industry and provinces to dilate upon the topic and suggest way forward.
- Following Keys topics have been developed for discussions
 - i. *Gas Supply Options (Indigenous / Import)*
 - ii. *Financial Sustainability and Weighted Average Cost of Gas*
 - iii. *Gas Infrastructure Development Needs*
 - iv. *Open Access Regime*
- During the third / last session, the summary of Group discussions would be presented before the participants which will then follow the closing session.
- Petroleum Division anticipates healthy discussions in the four groups and recommendations made out of discussions will be submitted to Inter-Ministerial Committee constituted by CCI as stated above.
- Government under the Petroleum Policy, 2012 has offered incentives for exploration of oil and gas in the country. The new bidding round for award of 20 oil and gas exploration blocks in Pakistan is anticipated to attract local as well as foreign investments which will also pave way for new oil and gas finds within the country. However, this increased E&P activity will yield results in 3-5 years
- Government is pursuing the transnational pipeline projects. As a fast track option, current government is to develop more LNG terminals without Government guarantees and allow open access arrangements for LNG importers, marketers and consumers to benefit.
- Besides above Government is accelerating the private imports and building new trunk pipeline which are essential to have infrastructure to import more as per the gas demand.

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