



Chairman, Oil and Gas Regulatory Authority (OGRA) Saeed Ahmed Khan

ICMAP: Please tell us briefly about your Authority, regulatory role, level of independence and the key stakeholders including organizations that come into your domain.

SAK: Oil & Gas Regulatory Authority (OGRA) was established in March 2002 under the OGRA Ordinance, 2002. The Authority is independent in the performance of its functions and has exclusive powers to deal with the matters assigned in the Ordinance. The main role of the Authority is to foster competition, increase private investment and ownership in midstream and downstream petroleum industry, protect public interest, carry out effective and efficient regulations and to provide level playing field to the investor.

The key stakeholders are Consumers; Government (Federal & Provincial); Investor, Oil Marketing Companies & Refineries; Gas utility companies (SSGCL & SNGPL); Exploration and production companies; LPG, CNG, LNG industry. Accordingly, all the organizations in oil and gas sector involved in midstream and downstream activities fall under OGRA domain.

ICMAP: As per your charter, please identify the specific roles to promote the sectors you are regulating and to protect the consumer's right.

SAK: The Authority is well positioned to continue delivering strong performance by staying focused on its

mission i.e. "Safeguard public interest through efficient and effective regulation in the midstream and downstream petroleum sector". The specific powers to promote the regulated sector as embodied in the Ordinance and includes exclusive role to grant, amend or revoke licenses for regulated activities and enforce compliance of license conditions to promote efficiency, cost effectiveness, best practices, high safety and service standards etc. The regulated activities pertain to constructions, operation and transmission of pipeline, storages, sale marketing etc. involving natural gas, liquefied gas and other petroleum sectors.

ICMAP: How the concerned Ministry facilitate in achieving your objectives?

SAK: OGRA is independent in its functions. Ministry of Petroleum & Natural Resources (MP&NR) is the concerned ministry for the purpose of policy making and its clarification. OGRA role is to implement the GoP policies and make effective regulation. There is thus clearly a contour of functions between the policy maker and regulator. OGRA and MP&NR, however, have close coordination and working relationship. All the matters from policy angles pertaining to Federal Govt. are referred to MP&NR. MP&NR deals all the policy related issues, submits summaries and conveys decisions of the competent forums.

ICMAP: How do you set prices and is there any specific price fixation formula?

SAK: OGRA determines a tariff/prices of different product including; Natural gas, Refined Oil Products, CNG, RLNP and LPG. There is different mechanism for the determination of prices in respect of each product. Natural Gas prices for the retail consumers (domestic, commercial, industry and Power) by OGRA are determined to the extent of Revenue Requirement/ prescribed prices of gas companies on the basis of cost transfer pricing mechanism. An aggregate of prudent and economically efficient for the total units of gas sold translates into average tariff for the gas consumers. The end consumer price of natural gas for retail consumer is determined by Federal Government, keeping in view its socio economic agenda. Refined oil prices are mostly de-regulated. OGRA role is monitoring of the same. OMCs notifies the prices at their own.

OGRA ensures that prices have been computed and notified in accordance with the approved formula. The price of CNG and RLNG are determined in accordance with the policy guideline of the federal Government which lists down the cost components and parameters therefore forming the consumer price.



comments in verbal and written so received form the basis for Authority to take decision while balancing the divergent interests of different stakeholders.

ICMAP: How you see the role of Management Accountants in formulating policies, especially setting and monitoring of prices?

SAK: Policy framework falls under the domain of the Federal Government. OGRA being a regulator implements the same. Regarding the role of management accountant for setting and monitoring the prices, it is a matter of great pleasure for me to inform that our core team on this task comprise mostly of Management Accountants. They are well equipped to execute the amenable tasks. Our current Member Finance who is the supreme team leader for such tasks, is also a professional Management Accountant. Thus OGRA since inception is hiring the expertise of management accountants to perform its functions in a professional manner.

ICMAP: ICMA Pakistan can render its technical services to your Authority in developing formula for costing and pricing. Would you be interested to sign MoU with ICMA Pakistan to undertake joint assignment?

SAK: OGRA shall definitely appreciate if ICMAP extends its technical services and sends the research papers and analysis related to tariff regime, costing and pricing. Currently, OGRA is in process to review existing tariff regime for natural gas sector in Pakistan. ICMAP input in this regard shall be highly appreciated. Accordingly, the formal MoU for joint assignment may not be necessary. The capacity building of OGRA offices and staff, however, is high on the agenda and mutual cooperation in this regard can be explored further. Therefore, I would like that ICMAP specially identify the areas of skill and professional acceleration to assist OGRA in this field. Besides this, ICMAP is mulling to start internship/ articleship program for fresh CMA (inter). This shall be advantageous for both the entities.

The interview ended with a vote of thanks to Mr. Saeed Ahmed Khan, Chairman, Oil and Gas Regulatory Authority (OGRA), who spared his valuable time and gave his candid views exclusively for this journal. – Editor

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ICMAP: How your authority involves the stakeholders while making policies and setting prices structure.

SAK: Participation of stakeholders to arrive at Authority decision is mandatory requirement. Accordingly, OGRA in case of natural gas prices, take all stakeholders on board. It invites the public at large for their valuable comments and participation in public hearing. Wide shade of opinion,