



Oil and Gas Regulatory Authority

**CHECK LIST FOR GRANT
OF LICENSE(S) IN
NATURAL GAS, RE-GASIFIED
LIQUIFIED NATURAL GAS (RLNG)
& FLARED GAS**

CHECKLIST

NATURAL GAS SECTOR

The regulatory functions of Natural Gas sector were transferred to OGRA on March 28, 2002 with the objective to break the public sector monopoly and open the natural gas transmission and distribution to private sector, with the objective to promote and enhance competition in the midstream and downstream oil and gas sector. Natural Gas sector is regulated under OGRA ordinance 2002, Natural Gas Licensing Rules, 2002 and Policies of the Federal Government in vogue.

CATEGORY OF LICENSES

- Sale of Natural Gas
- Transmission of Natural Gas
- Distribution of Natural Gas
- Re-gasified Liquefied Natural Gas (RLNG)
- Flared Gas

CHECKLIST

For Grant of Licences for Sale, Transmission and Distribution of Natural Gas

(Natural Gas Regulatory Authority (Licensing) Rules, 2002 = Rules)

Check List

The list of documents / data for grant of above licences, as required under Natural Gas Regulatory Authority (Licensing) Rules, 2002, is given as under:

Application for a Licence

Rule 4.Application for a licence: - (1) Any company incorporated inside or outside Pakistan may submit an application to the Authority for obtaining a licence to undertake a regulated activity, by filing it with the Registrar along with such fees as the Authority, may, from time to time, determine.

- (2) An application filed under sub-rule (1) shall be made in the format specified in Schedule-I to these rules, clearly specifying the information required therein.
- (3) An application filed under sub-rule (1) shall be accompanied by —
 - (a) attested copies of the memorandum and articles of association of the applicant;
 - (b) attested copy of the applicant's certificate of commencement of business;
 - (c) attested copy of the latest yearly submission to the Registrar of Companies;
 - (d) attested copy of the latest audited annual and unaudited half yearly financial statements of the applicant;
 - (e) attested copy of the corporate authorization allowing the submission of the application;
 - (f) in the case of an applicant being a subsidiary company, the documents specified in clauses (a) to (d) of this sub-rule, pertaining to its holding company;

- (g) details of the consents required under applicable laws, from persons other than the Authority, for carrying on the relevant regulated activities and the status of such consents;
- (h) details of the technical and financial expertise and resources available for carrying on the relevant regulated activities;
- (i) details of the resources and expertise available to handle emergency situations arising out of natural calamities, accidental or criminal acts or omissions, specifying which such resources are available and which are to be procured;
- (j) a list of the names and business addresses of the applicant's senior management, including without limitation, departmental and/or divisional heads;
- (k) if the applicant or any of its officers or directors, directly or indirectly, owns, controls, or holds ten percent or more of the voting interest in any other person engaged in the production, transmission, distribution, or sale of natural gas, or in any person engaged in the financing, construction, maintenance or operation of such facilities, a detailed explanation of each such relationship, including the percentage of voting interest owned, held or controlled;
- (l) a list of all other applications, petitions or filings filed by the applicant which are pending before the Authority at the time of the filing of this application and which directly and significantly affect this application, including an explanation of any material effect the grant or denial of those other applications, petitions or filings will have on this application and of any material effect the grant or denial of this application will have on those other applications, petitions or filings;
- (m) details of the following market data:
 - (i) an estimate of the volume of natural gas to be transmitted, distributed or sold;
 - (ii) number and consumption details of consumers;
 - (iii) the applicant's total annual peak day natural gas requirement;
 - (iv) total past (if applicable) and expected curtailments of service by the applicant; and

- (n) such other information or documentation as the Authority may, from time to time, require, including without limitation, supplementary information or documentation required by the Authority to clarify the information contained in the application.

(4) In the case of an application for a transmission licence, in addition to the documents specified in sub-rule (3), the application shall be accompanied by:-

- (a) maps issued or certified by the Survey of Pakistan, drawn to an appropriate scale showing details of areas where the transmission facilities are or are proposed to be located and the principal geographical features of the said areas, including without limitation, details of mountains, rivers, streams, roads, buildings or construction and habitation;
- (b) details of the sources and quality of supply of natural gas including forecasts of the available quantity from such sources;
- (c) details of how the applicant proposes to meet the safety and service obligations prescribed by the Authority;
- (d) details of the capacity and estimated throughput, of the transmission facilities, per annum for ten years following the proposed grant of the licence; and
- (e) technical specifications of the transmission facilities (existing and proposed), including without limitation, specifications for the design, construction, operation and maintenance of the facilities.

(5) In the case of an application for a distribution or a sale licence, in addition to the documents specified in sub-rule (3), the application shall be accompanied by.-

- (a) maps issued or certified by the Survey of Pakistan, drawn to an appropriate scale showing the territory within which the applicant wishes to distribute and sell natural gas; details of areas where the distribution facilities are or are proposed to be located giving the principal geographical features of the said areas, including without limitation, details of roads, buildings or construction and habitation; and details of proposed connections and inter-connections with the transmission and distribution facilities of other licensees;
- (b) details of the sources and quality of supply of natural gas including forecasts of the available quantity from such sources;

- (c) details of how the applicant proposes to meet the safety and service obligations prescribed by the Authority; and
- (d) technical specifications of the distribution facilities (existing and proposed) or pipelines for the sale of natural gas, as the case may be, including without limitation, specifications for the design, construction, operation and maintenance of the facilities or pipeline, as the case maybe.

(6) In the case of an application for a project, in addition to the documents specified in sub-rule (3), or, as the case may be, sub-rule (4) or (5), the application shall be accompanied by:

- (a) a description of the project, its purpose and cost, including conceptual engineering design, capacity, location option and preference, as well as all ancillary or related facilities that are proposed to be constructed, owned or operated by the applicant;
- (b) an outline of the anticipated timetable for construction and operation, together with dates by which critical events, including approvals required from other persons, must take place to ensure continued economic viability;
- (c) a description of any new or expanded public works, undertakings or infrastructure that will be entailed by the project, together with an estimate of the costs and necessary completion dates;
- (d) identification and preliminary assessment of any impacts by the project on the environment; proposals for reducing negative impacts and obtaining the maximum benefits from positive impacts; and the cost to the project of implementing the proposals;
- (e) identification of the consumers to be served by the project; and, where the project would expand the area served by an existing licensee, a geographical description of the expanded service area;
- (f) studies or summary statements identifying the need for the project and confirming the technical, economic and financial feasibility of the project, identifying assumptions, sources of data, and alternatives considered (if applicable);
- (g) a study comparing the costs and benefits of the project and alternatives, which estimates the value of all of the costs and benefits of each option or, where not quantifiable, identifies the cost or benefit and states that it

- cannot be quantified;
- (h) a statement identifying any significant risks to successful completion of the project;
 - (i) a statement of the revenue requirement impact of the project and the resulting effect on the tariff chargeable to consumers;
 - (j) a description of the applicant's public information and consultation programme, including the names of persons consulted, as well as a summary of the issues and concerns discussed, mitigation proposals explored, decisions taken, and items to be resolved;
 - (k) conformed copy of each contract, letter of intent or other agreement for the transmission, distribution or sale of natural gas proposed by the application, indicating the rate to be charged and if no agreements have been made, indicating the basis for assuming that contracts will be executed and that service will be rendered under the terms contemplated in the application;
 - (l) a full description of all facilities, other than those covered by the application, necessary to provide the service proposed in the application, the estimated cost of such facilities, by whom they are to be constructed, and evidence of economic feasibility;
 - (m) a copy of each market survey made within the past three years for such markets as are to receive new or increased service from the project;
 - (n) a statement showing the rights of the applicant or any other person to transmit, distribute or sell natural gas in each area covered by the project;
 - (o) a statement of the applicant's anticipated cash flow, including provision during the period of construction and the first three full years of operation of the project for interest requirements, dividends, and debt capital retirements;
 - (p) a comparative proforma balance sheets and income statements for the period of construction and each of the first three full years of operation, giving effect to the proposed construction and proposed financing of the project;
 - (q) any additional data and information which the applicant proposes to rely on showing the adequacy and availability to it of resources for financing the project;

- (r) a detailed estimate of total capital cost of the project, showing the cost of construction by operating units such as compressor stations, main pipelines, laterals, measuring and regulating stations, and separately stating the cost of rights-of-way, damages, surveys, materials, labour, engineering and inspection, administrative overheads, fees for legal and other services, allowance for funds used during construction, and contingencies; including a brief statement indicating the source of information used as the basis for the estimate;
- (s) data on preliminary bids, if any, for the project and recent experienced cost data for facilities of similar character;
- (t) a concise statement setting forth arrangements for supervision, management, engineering, accounting, legal, or other similar services to be rendered in connection with the construction or operation of the project, if not to be performed by employees of the applicant, including reference to any existing or contemplated agreements therefore, together with-
 - (i) a statement showing the affiliation between the applicant and any parties to such agreements or arrangements; and
 - (ii) conformed copies of all construction, engineering, management and other similar service agreements or contracts in any way operative with respect to construction, operation or financing of the project; and
- (u) Notwithstanding any thing hereinbefore contained a licensee will not be required to provide the documents and information for expansion or extension of its distribution facilities within the geographical area covered by its licence.

(7) Existing companies may seek exemption from the Authority from the provision of any part of the information or documentation required by sub-rules (3), (4) or(5).