



SUI NORTHERN GAS PIPELINES LIMITED

GAS HOUSE, 21 KASHMIR ROAD, P.O. BOX 56, LAHORE (PAKISTAN)

CA/PSX/4069

Thru: PUCARS / Courier

November 12, 2020

The General Manager,
Pakistan Stock Exchange Limited (PSX),
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

The Director/HOD,
Surveillance, Supervision & Enforcement Department,
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue, Blue Area
ISLAMABAD.

DISSEMINATION OF MATERIAL INFORMATION

Dear Sir,

In accordance with Section 96 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, we hereby convey the following information:

This is in reference to a news item published in the Daily Dawn TODAY November 12, 2020 regarding slashing of losses allowed to SNGPL for regasified LNG by OGRA for the purposes of determination of RLNG prices. In this regard, through this communication it is clarified that the notification issued by OGRA is in contravention with Petroleum Levy Ordinance 1961 and against the Cabinet decision of allowance of actual UFG for RLNG pricing. OGRA has instead imposed a unilateral decision of 6.3% benchmark in isolation for distribution consumers only. It is highlighted that LNG has been declared as a petroleum product in consultation with OGRA while it has been determining prices of RLNG for the last 5 years, in accordance with the specific formula approved as policy guideline by the Federal Government (The Cabinet). OGRA remains obligated to follow the Govt. policy parameters as per the Supreme Court decision which had clearly held that the Federal Government policy guidelines are binding on OGRA.

Presently, natural gas consumers are subject to consolidated benchmark of nearly 7% for both transmission and distribution consumers and no separate benchmark exists for transmission and distribution consumers. Instead OGRA has now assumed separate benchmarks of 0.38% for Transmission and 6.3% for Distribution. OGRA therefore has effectively reduced consolidated UFG benchmark of RLNG to 2% only as against nearly 7% for natural gas consumers. It is highlighted that under the Petroleum Levy Ordinance, the mandate to determine and impose a UFG benchmark in case of RLNG doesn't rest with OGRA unlike the natural gas pricing which is done pursuant to OGRA Ordinance. The company is contesting the matter on relevant forums, both factually and legally.

Yours sincerely,

SUI NORTHERN GAS PIPELINES LIMITED

(IMTIAZ MEHMOOD)

Company Secretary

Ph: 042-99201338

Fax: 042-99201369

Telephones Exch: { + (92-42) 9082000
+ (92-42) 9082006

Telephones: { 042-99201338
042-99201044

Fax: 042-99201369

www.sngpl.com.pk



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