

سوئی ناردرن گیس  
Sui Northern Gas



# **Statement of Corporate Intent (SCI)**

## **Report on Business Goals & Achievements**

### **FY 2023-24**

Half Year ended on December 2023



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## DOCUMENT INFORMATION

Category	Information
<b>Document</b>	Statement of Corporate Intent (SCI) Report on Business Goals & Achievements FY 2023-24
<b>Period</b>	Half Year ended on December 2023
<b>Department</b>	Finance
<b>SCI Approval</b>	BOD in its 606 <sup>th</sup> meeting on June 24, 2023.

## DOCUMENT REVISION HISTORY

Description	Date	Version Ref.	Rationale for Revision / Comments
Half Yearly Report	11-07-2023	01 – 2024	Report on Business Goals & Achievements FY 2023-24



## 1. Background

The Board of Directors approved SNGPL's 3-Year Business Plan for 2024-2026 during their 606<sup>th</sup> meeting on June 24, 2023. This comprehensive plan aims to leverage the Company's strengths and assets while considering the evolving environment and stakeholders' expectations. The plan is grounded in three fundamental principles/goals:

1. **Protect its Core** by implementing various initiatives
2. **Achieve Excellence** in business operations
3. **Grow** smarter and maintain its position in the energy sector by investing in right resources and pursuing new business opportunities.

The plan assumes stability in the Company's corporate structure, regulatory environment, and government control.

Section – 28 (2)b of the State-Owned Enterprises (Governance and Operations) Act, 2023 states that the half yearly report must contain a statement on the extent the state-owned enterprise and its subsidiaries have achieved the business goals specified in its statement of corporate intent for the financial year. Forgoing to the above, following is the report on half year achievements against the business goals set-out for FY 2023-24.

## 2. Half Yearly Progress on Business Goals & Achievements FY 2023-24

### 2.1. Protecting the Core

To protect the core business of the company, following high value areas have been envisaged to address on priority:

#### 1. UFG Control [Sustainable UFG]:

Performance Measure/Target	Achievement [6 Months]
Annual Target 4.50% [Combined for Indigenous Gas & RLNG and excluding loss in Oil & Gas producing areas of Khyber Pakhtunkhwa].	UFG (Indigenous Gas and RLNG) as on December-23: 3.84% UFG excluding loss in Oil & Gas producing areas of Khyber Pakhtunkhwa as on December-23: 3.30%
To pursue OGRA for revision of irrational Benchmark for UFG	On continuous pursuance, OGRA has given the partially restored the KMI mechanism of benchmarking. Company has filed a motion for review against OGRA decision for restoration of UFG benchmark based on earlier KPMG study.

#### 2. Manage Demand-Supply Gap

Performance Measure/Target	Achievement [6 Months]
Manage the demand of domestic sector with available supplies	Company is ensuring supply of gas to domestic sector during cooking hours.
Promote Energy conservation thru installation of conical baffles, solar water heater and media campaigns etc.	200,000 conical baffles have been installed by the company into conventional geysers of the consumers who have higher consumption pattern.
Promote TPA and bring additional shippers.	<ul style="list-style-type: none"> <li>▪ 68 MMCFD gas is being transported for third party shippers under TPA arrangement.</li> <li>▪ Pipeline capacity equivalent to 250 MMCFD has been allocated to private terminal operators, however they are still to start their operations.</li> </ul>

#### 3. Improve Cashflow through:

##### a. Cope-up Irrational Pricing and Circular Debt

Performance Measure/Targets	Achievement [6 Months]
Target is to stop further accumulation through timely sufficient revision of consumer gas sale prices from FY 2024.	<ul style="list-style-type: none"> <li>▪ Prices have been increased in November-23 and February -2024.</li> <li>▪ Due to the above price increase the accumulation of circular debt has significantly stopped.</li> </ul>
Target for recovery of already accumulated amounts through implementation of committee recommendations/ direct subsidies within FY 2024.	<ul style="list-style-type: none"> <li>▪ The Ministry of Energy (PD) is carrying out a comprehensive study through KPMG and the consultant is likely to submit its report to the ministry shortly.</li> </ul>

## b. Address Extensive Litigation

Performance Measure/Targets	Achievement [6 Months]
<ul style="list-style-type: none"> <li>Strengthening, reorganization and capacity building of law department.</li> <li>Pursue changes in tax related laws/ Gas Act through MOE</li> <li>Fully utilize provisions of Gas Act 2016 to expedite recoveries. Pursue cases at High/Supreme Court level</li> </ul>	<ul style="list-style-type: none"> <li>The company is in the process of hiring requisite resources for the purpose.</li> <li>The matter has been taken-up with the Finance division and Law &amp; Justice division through MOE.</li> <li>The company is carrying out all out efforts for recovery of outstanding areres and vigorously following up the legal cases at all forums.</li> </ul>

## 4. Optimize Operating Costs/Enhance Efficiency through Digitization

Performance Measure/Targets	Achievement [6 Months]
<ul style="list-style-type: none"> <li>Improve work norms of various activities</li> <li>Digitize end-to-end processes and technological-based solutions</li> </ul>	<ul style="list-style-type: none"> <li>In a recent CBA agreement work norms regarding meter reading and other physical activities have been improved.</li> <li>A pilot project for Digitization has been carried out and the same is in implementation and evaluation phase.</li> </ul>

## 2.2. Excellence

To achieve excellence in business operations, SNGPL has focused on following areas:

### 1. Improve Market Perception thru Customer Services

Performance Measure/Targets	Achievement [6 Months]
<ul style="list-style-type: none"> <li>Consumer awareness about energy conservation thru Increased footprint/outreach of Social Media platforms - 20% YoY.</li> <li>Use of Technology especially mobile application and SMS service - 25% YoY.</li> </ul>	The company has launched its mobile based application “Connect on”. The consumer can access this app and have 360 degree view of his/her account including lodgment of complaints etc.

### 2. Improve Organizational Culture

Performance Measure/Targets	Achievement [6 Months]
<ul style="list-style-type: none"> <li>Making Organizational Development (OD) function more effective through regular surveys on annual basis</li> <li>Inculcate Core Values through training of every employee including executives and subordinates [8 Hours mandatory for each year]</li> <li>Monitor and document cases of non-compliances and carry out interventions thru training and disciplinary actions [Within 90 days of reporting of case]</li> <li>Establishing a robust organizational culture through regular training [8 Hours mandatory for each year].</li> </ul>	Company has its dedicated training institute and both technical and soft skill trainings are being conducted there. Mandatory training hours have also been made part of the annual appraisals and are being followed strictly.

### 3. Capacity Building & Bridge the Skill Gap

Performance Measure/Targets	Achievement [6 Months]
Carry out formal TNA for all employees (once every 2 years)	Being carried out through annual appraisals of all employees.
Succession planning will be ensured as per best management practices.	succession planning is being done in the best possible way.

### 4. Managing Third Party Access through Level Playing Field

Performance Measure/Targets	Achievement [6 Months]
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| <ul style="list-style-type: none"> <li>Unutilized capacity to be made available for TPA, in line with FG's directions.</li> <li>To pursue the implementation of Full WACOG of indigenous gas and RLNG to remain price competitive, providing level playing field to all stakeholders.</li> </ul> | <ul style="list-style-type: none"> <li>Unutilized pipeline capacity is uploaded on company's website on monthly.</li> <li>RLNG used in domestic sector has been made part of the WACOG of SNGPL and SSGC while for implementation of full WACOG the GoP has formed a ministerial committee which is working on the assignment.</li> </ul> |
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### 2.3. Growth [Transformation into an Energy Company]

Performance Measure/Targets	Achievement [6 Months]
Maintain ROA stream at adequate levels	SNGPL has continued its prudent capital expenditures (CapEx) to optimize Return on Assets (ROA).
Explore business opportunities to diversity and compete with upcoming competitors.	consultants have been appointed for preparation of Techno-Economic Feasibilities of following businesses: <ul style="list-style-type: none"> <li>PE Pipe and Gas Regulator Manufacturing Plant</li> <li>Meter Manufacturing Plant</li> </ul>

### 2.4. Physical Targets

#### 1. Distribution Development

Description	UOM	Performance Measure/Target (Annual)	Achievement (Half Year July-Dec 23)
1 System Augmentation	KMs	250	21
2 Laying in New Town & Villages (against GOP directives) Completion of ongoing schemes	KMs	approx. 7,500 KMs in 3 yrs	352
3 Laying on 100% Cost Recovery Basis	KMs	630	30
4 New Connections [Domestic]	Nos.	Subject to FG policy	4,295
5 New Connections – [Industrial, Commercial]	Nos.	3,050	959
6 Construction/Modification of TBS, DRS	Nos.	200	31

#### 2. UFG Control Activities

Description	UOM	Performance Measure/Target (Annual)	Achievement (Half Year July-Dec 23)
1 Underground Leakage			
Survey/identification	KMs	50,000	26,734
Rectification	KMs	50,000	25,059
2 System Rehabilitation Program	KMs	2,136	719
3 Replacement of Old Meters	Nos.	1.20 Mn	172,752
4 CP System (New/Renovation)	Nos.	New:53	10
		Renovation:147	15
5 Re-Inspection of Disconnected/Domestic Consumer	Nos.	30,000	5,090
6 Above Ground Leakage Rectification [AGLR]	Nos.	900,000	746,291
7 AGLR TBS/DRS	Nos.	13,000	7,859
8 Vigilance Commercial	Nos.	242,668	119,396
9 Vigilance Domestic	Nos.	1,600,000	746,291
10 Vigilance Industrial	Nos.	35,724	1,5237

**Justification for missing targets:** Actual achievement against a few of the physical targets is lagging due to delay in material procurement or other reasons beyond company's control e.g. GoP policies/third party NOCs etc.