

سونى ناردرن گيس  
Sui Northern Gas



**Statement of Corporate Intent (SCI)**  
**Report on Business Goals & Achievements**  
**FY 2024-25**  
Half Year ended on December 2024



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## DOCUMENT INFORMATION

Category	Information
<b>Document</b>	Statement of Corporate Intent (SCI) Report on Business Goals & Achievements FY 2024-25
<b>SCI Approval</b>	By Board of Directors through resolution by circulation No.268 dt:25.06.2024.

## DOCUMENT REVISION HISTORY

Description	Date	Version Ref.	Rationale for Revision / Comments
Half Yearly Report	06-02-2025	01 – 2025	Report on Business Goals & Achievements FY 2024-25



## 1. Background

The Board of Directors approved SNGPL's 3-Year Business Plan for 2025-2027 through resolution No.268 dt:25-06-2024. 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 to 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 yearly achievements against the business goals set-out for FY 2024-25.

## 2. Half Yearly Progress on Business Goals for FY 2024-25

### 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].	Actual UFG excluding loss in Oil & Gas producing areas of KPK: 3.82%: <ul style="list-style-type: none"> <li>▪ Six monthly targets of volumetric UFG losses: 13,370 MMCF.</li> <li>▪ Actual six monthly volumetric UFG losses: 11,194 MMCF.</li> </ul>
To pursue OGRA for revision of irrational Benchmark for UFG	OGRA has partially restored the KMI mechanism of benchmarking for Distribution Network only.

#### 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.	Solar water heaters sold: 75 Conical baffles installed in geysers up to Dec-24: 400,000
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>▪ An additional capacity of 2 MMCFD has been allocated.</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>▪ After revision of Gas Sales Prices, the accumulation of circular debt has significantly stopped.</li> <li>▪ However, after switching of Captive power consumers to electricity grid the consumption of RLNG has significantly decreased which may result into popping up the issue again.</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>▪ Out of accumulated circular debt an amount of Rs. 50 billion has been incorporated in revenue requirement of the company for FY 2024-25.</li> <li>▪ Case is being followed up with Ministry of Finance for release of subsidy amounting Rs. 11 billion on account of Fertilizer and RLNG diversion to domestic sector.</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>▪ Draft summaries for following changes in tax laws are at advance stage with the Ministry of Energy (Petroleum Division):                             <ul style="list-style-type: none"> <li>i. Section 34(5) of Income Tax Ordinance requesting non add back of unpaid invoices of gas producers over 3 years.</li> <li>ii. Section 73(5) of Sales Tax Act requesting non disallowance of input tax on unpaid invoices to gas producers due to circular debt.</li> <li>iii. Section 112 of Income Tax Ordinance requesting reduction in the rate of minimum tax liability.</li> </ul> </li> <li>▪ The company is carrying out all out efforts for recovery of outstanding arrears 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>▪ Work norms regarding meter reading and other physical activities have been improved in a recent CBA agreement.</li> <li>▪ Following processes have been digitized while work on 2 others is in progress:                             <ul style="list-style-type: none"> <li>i. Mail Correspondence</li> <li>ii. Asset Transfer and Disposal Advice.</li> <li>iii. Executive Leave Application</li> <li>iv. IT Equipment Requisition</li> </ul> </li> </ul>

### 2.2. Excellence

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

#### 1. Improve Market Perception through Customer Services

Performance Measure/Targets	Achievement [6 Months]
<ul style="list-style-type: none"> <li>▪ Consumer awareness about energy conservation through Increased footprint/outreach of Social Media platforms - 20% YoY.</li> <li>▪ Use of Technology especially mobile application and SMS service - 25% YoY.</li> </ul>	<p>The company has launched its mobile based application “Connect on”. The consumer can access this app and can avail following services without physically visiting the office:</p> <ul style="list-style-type: none"> <li>i. View his monthly bill and get its print out.</li> <li>ii. Calculate his estimated bill by simply adding his current meter read.</li> <li>iii. Pay his bill.</li> <li>iv. Reconnection.</li> <li>v. Billing history for last 12 months.</li> <li>vi. Lodge the complaint.</li> <li>vii. Apply for new connection.</li> <li>viii. Can report gas theft.</li> <li>ix. Gas tariff.</li> <li>x. Change of name.</li> <li>xi. E bill registration.</li> <li>xii. Feed back</li> </ul>



## 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]
<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 basis.</li> <li>▪ RLNG used in domestic sector has been made part of the WACOG of SNGPL and SSGC.</li> <li>▪ For implementation of full WACOG, the GoP has formed a ministerial committee which is working on the assignment.</li> </ul>

### 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 diversify and compete with upcoming competitors.	Following feasibility studies have been carried out by the consultants and the same are being evaluated by the management for execution: <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 24)
1 System Augmentation <sup>1</sup>	KMs	250	26.4
2 Laying in New Town & Villages (against GOP directives) Completion of ongoing schemes <sup>1</sup>	KMs	approx. 7,500 KMs in 3 yrs	295
3 Laying on 100% Cost Recovery Basis <sup>1</sup>	KMs	290	43
4 New Connections - [Domestic-RLNG]	Nos.	40,000	7,140
5 New Connections – [Industrial, Commercial - RLNG]	Nos.	3,050	1,015
6 Construction/Modification of TBS, DRS	Nos.	200	36



## 2. UFG Control Activities

Description		UOM	Performance Measure/Target (Annual)	Achievement (Half Year July-Dec 24)	
1	Underground Leakage	Survey/identification	Km	50,000	26,510
		Rectification	No	50,000	27,706
2	System Rehabilitation Program <sup>1</sup>	KMs	1,692	194	
3	Replacement of Old Meters	Nos.	800,000	326,125	
4	CP System (New/Renovation) <sup>2</sup>	Nos.	New:43	In progress	
			Renovation:126	In progress	
5	Re-Inspection of Disconnected/Domestic Consumer	Nos.	8,061	2,619	
6	Above Ground Leakage Rectification [AGLR]	Nos.	1,465,958	705,415	
7	AGLR TBS/DRS	Nos.	14,950	6,640	
8	Vigilance Commercial	Nos.	214,692	105,252	
9	Vigilance Domestic	Nos.	1,461,450	656,994	
10	Vigilance Industrial	Nos.	31,284	16,442	

### Justification for missing targets:

- Pipeline laying against System Augmentation, Rehabilitation, New Towns & Villages and 100% Cost Recovery:** Cumulative laying of 1,096 KMs have been carried out during 1<sup>st</sup> half of FY 2024-25 against Annual Target of 2,232 KMs (out of which 558 KMs have been commissioned). Efforts are being made to achieve the annual physical targets.
- CP System (New/Renovation):** Due to the non-availability of essential materials (i.e., HSCI anodes and metallurgical coke), company was unable to meet its half-year target. However, the required materials are now available and all-out efforts are being made to achieve the annual target.