

LPG SECTOR

GUIDEBOOK

FOR GRANT OF LICENSES FOR LIQUEFIED PETROLEUM GAS

**MANDATORY REGULATORY CRITERIA FOR SETTING UP OF LPG STORAGE
AND FILLING PLANTS**

(As on 20.02.2024)

The criteria for grant of license to LPG storage and filling plants/facilities shall cover the following areas:

1. Licensing:

- (a) Any company entitled by its memorandum of association or any other appropriate instrument to engage in LPG business may apply to set up LPG storage and filling facilities may submit an application to OGRA in the form as setout at Appendix II of LPG Rules, 2001 (**Flag A**). Application form shall accompany with a fee of Rs.500,000/-
- (b) A separate and site specific licence for construction of LPG storage and filling facility/plant shall be granted by the Authority, after verification of the site by OGRA's third party inspector, on a prescribed fee (Rs.25,000/-) subject to fulfillment of the following conditions:-
 - i) Financial Competence Certificate issued by a Bank in Pakistan as per the following format prescribed by the Authority: -

“It is to certify that M/s ABC (or Mr. XYZ Chief Executive of M/s ABC) is maintaining account number 123 with our Bank and its closing balance, as per attached Bank Balance Certificate, as on dd-mm-yy is equivalent to or more than US \$ 0.35 million. It is further stated that the Company has capacity to raise the balance amount from its financial resources to make an investment up to US \$ 0.5 million.”
 - ii) The applicant shall provide cash flow/projected cash flow statement, project feasibility, details of the technical competence (which include details of the consultant who shall build the facility on BOT basis and also the technical competence of the staff who shall operate the plant afterwards), alongwith the application.
 - iii) The LPG storage and filling plant shall not be located in residential/commercial area moreover; no residential/commercial building shall be present near the proposed site within 100 meter radius at the time of initial site inspection.
 - iv) NOC from the concerned Deputy Commissioner/District Authority by the Project Developer/ Applicant before start of construction activity, giving due consideration to future development near the proposed site/housing schemes or public gathering places.
 - v) An undertaking on stamp paper by the Project Developer/Applicant which include the following:
 - a. Site is not located in commercial / residential area.
 - b. Site is not disputed and is litigation free.
 - c. All applicable standards as per OGRA requirements and LPG Rules 2001 shall be followed during construction phase.

- vi) The storage and filling facilities having storage capacity of 50 M. tons or more shall be allowed to setup LPG Storage and filling plant.
 - vii) Land documents/lease documents shall be provided.
 - (c) The Authority shall initially grant the licence for construction of LPG storage and filling facilities for a period of two years, subject to satisfactory initial site inspection by OGRA's third party inspector and after fulfillment of all the requirements/criteria formulated by the Authority under the LPG (Production and Distribution) Rules, 2001.
 - (d) The licence for operation of LPG storage and filling facility/plant shall only be issued after the licensee obtain:-
 - (i) Explosive licence from the Chief Inspector of Explosives.
 - (ii) NOC from Environmental Protection Agency.
 - (iii) NOC from the respective District Authorities giving due consideration to public safety and in accordance with the requirements of clause 2(a) and 2(b) of this criteria.
 - (iv) Insurance cover against the loss and damage to the public life and property due to any operational reason, accident etc.
 - (v) The LPG storage and filling plant has been inspected and verified to meet the requirements of NFPA-58, by the Third Party Inspectors, appointed by the Authority.
 - (e) The licence for operation of storage and filling plant shall be granted for a maximum period of fifteen years subject to conformance to the prescribed safety/technical standards which shall be verified after every 3 years by OGRA's designated 3rd party inspector(s)
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2. Safety/Technical Standards:

- (a) The LPG storage and filling plants shall only be located on sites which are accessible by LPG bowzers/heavy vehicles.
- (b) The LPG storage and filling facilities can be installed at any location as per Clause 1(b) of this regulatory framework, subject to the condition that the licensee will adhere to all the requirements of National Fire Protection Association USA (NFPA-58) in order to ensure complete safety of the LPG storage and filling plants and its surroundings.
- (c) The minimum area for the installation of LPG storage and filling facilities plant shall be in accordance with NFPA-58 standard.
- (d) The installations/ Fire fighting system of LPG storage and filling facilities shall conform to the technical standards prescribed in the LPG (Production and Distribution) Rules, 2001 [National Fire Protection Association, USA (NFPA-58)].

3. Fees:

- (a) A non-refundable site specific processing fee (Rs.500,000/-) as set out in Appendix VI of LPG Rules, 2001 for each LPG storage and filling facilities shall be paid by the applicant LPG Company at the time of submission of the application for setting up a LPG storage and filling facilities.
- (b) The licence fees prescribed in clauses 3(a) shall be reviewed with the approval of the Budget Committee constituted by the Federal Government under section 17 of the OGRA Ordinance, 2002, after every five years keeping in view the inflation rate as well as the budgetary requirements of the Authority.

4. Miscellaneous:

- (a) The storage capacity at storage and filling plants shall be at least 50 Metric Ton (min.)
- (b) All the LPG storage, filling and marketing companies shall maintain metal inventory of 1,500 cylinders (domestic/commercial) before start of the operation, which shall be ramped upto 3,500 cylinders or 50,000 kg of cylinder capacity elsewise before the first periodic inspection.
- (c) The LPG storage, filling and marketing companies shall manufacture their inventory of the cylinders only from OGRA's authorized manufacturing companies of LPG equipments.
- (d) Decanting of LPG from cylinder to cylinder is prohibited and cross filling of other LPG marketing companies' cylinder is also prohibited except under hospitality arrangements which shall be intimated to the Authority within 15 days of its execution. The Authority may suspend/revoke the Licenses of the LPG Marketing Companies involved in violation of provisions of this section.
- (e) The LPG storage, filling and marketing companies shall provide details of inventory of their cylinders to OGRA before 31st December of each year confirming that the cylinders have been properly manufactured/tested as per requirement of the LPG Rules/Standards. Further, it shall be the responsibility of the LPG Marketing Companies to ensure that their LPG cylinders have been revalidated after a specific period as determined in NFPA-58.
- (f) The LPG storage, filling and marketing companies being the License holder of OGRA; would remain responsible for observance of all safety codes and standards at their Distributors' premises.
- (g) LPG transportation shall only be undertaken in bowzers having valid licence/certification from the Chief Inspector of Explosives/OGRA.
- (h) The Authority may, if satisfied that NFPA-58 does not adequately address any aspect in respect of use of LPG in LPG storage and filling facilities, prescribe from time to time any other standard for the purpose.

APPLICATION FOR GRANT OF LICENCE**PRODUCTION/LIQUEFACATION/PROCESSING/SEPARATION/STRIPPING/STORAGE/TRANSMISSION/FILLING/DISTRIBUTION/HANDLING OF LPG/LPG BASE-STOCK.**

(To be submitted along with a non-refundable processing fee as specified in Appendix-VI, in the form of a Pay Order / Bank Draft in favour of the Oil and Gas Regulatory Authority (Payable at Islamabad)).

Area of Operation:			
A.	Production Storage Filling Plants	A.1 A.2 A.3	
B.	Transmission Distribution Other (name it)	B.1 B.2 B.3	
Present Business:		Location(s):	
Last 3 Year's Audited Reports:			
Name of all Directors.	Nationality.	Share-holding.	Executive Authority.
1. 2. 3. 4. 5. 6.			
Fill-in the following if principal place of business is outside Pakistan, name and address of duly authorized agent in Pakistan.			
Agent's Name:		Location (s):	
OPERATION APPLIED FOR		ON-GOING PROPOSED	
Area of Operation (A.1 to B.3):			
Location:			
Nature and Capacity of Fixed Assets:			
Source of Raw Material:			
Details of Utilities and Services:			
Details of Technical and Operational Organogram:			
Completion Period and time of commissioning:			

CAPITAL COST BREAK DOWN (Rupees and Foreign currency)		Indicate if Attached
Plant Cost:		
Land:		
Building:		
Electrical Equipment:		
Firefighting Equipment:		
Furniture & Fixtures:		
Vehicles & Transport:		
Construction & Engineering:		
Other Misc. Assets:		
For DISTRIBUTION LICENSE Indicate DETAILS		Indicate if attached
Market Surveys: Other: Quantity: LPG supply Sources:		
Attachments		Indicate if attached
1. Proof of Financial Competence of the Company.		
2. Proof of the Technical Competence of the Company.		
Remarks		
We hereby solemnly declare that all the particulars given above are correct. * We hereby solemnly declare that if a licence is granted to us We will abstain from all political activity or activities whatsoever affecting the sovereignty or security of Pakistan or such as may be tantamount to interference in its internal affairs and that We eschew all espionage. * We solemnly undertake not to sell, mortgage, etc either directly or indirectly or through association, the rights, privileges and obligations granted under this licence. * In the event of any violation of this undertaking by me/us the Authority shall have the right to cancel the licence: provided that any dispute between the Authority and the company as to whether any of my/our activities can be considered as a violation of this undertaking shall be subject to settlement in accordance with the provisions of sub-rule (3) of rule 10 of the Liquefied Petroleum Gas (Production and Distribution) Rules, 2001, and the appropriate clause in the licence.		
Signature (s) of applicant (s)		
Date and place of applicant		
Capacity in which form is signed.		

APPLICATION FOR GRANT OF LICENCE
CONSTRUCTION OF LPG AUTO REFUELING STATION

(To be submitted along with a non-refundable processing fee of Rs.100,000/- in the form of a Pay Order / Bank Draft in favour of the Oil and Gas Regulatory Authority (Payable at Islamabad))

1. LPG Marketing Licensee Particulars:

LPG Marketing Licence No.	
Name of LPG Marketing Licensee	
Date of issue of Licence:	Date of expiry of Licence:

2. Existing Works: (Existing LPG refueling stations, if any)

S.No.	Licence No.	Location
i.		
ii.		
iii.		

3. Proposed Works:

Exact Location of refueling station	
Refueling station site area (sq feet)	
Estimated investment (Rs. Million)	

4. Application Checklist:

	Yes	No
i. Pay Order/Bank Draft worth Rs.100,000/- in favour of the Oil and Gas Regulatory Authority, as non-refundable Licence fee (Payable at Islamabad) is attached	☐	☐
ii. The site for the refueling station is located on road/ highway of a minimum width of 60ft.	☐	☐
iii. The site of the refueling station is <u>NOT</u> located in a residential or congested area and neither is it adjacent to any buildings used for accommodation or public gathering of any sort.	☐	☐
iv. The intended LPG storage capacity is not more than 10 Metric Tons	☐	☐

I hereby solemnly affirm that I have read and understood the LPG (Production and Distribution) Rules, 2001, and the provisions of its Appendix V i.e. the regulatory framework for the use of LPG in the automotive sector and solemnly declare that all the particulars given above are correct. In the event any information contained herein is found to be untrue, the Authority shall have the right to cancel the licence.

Signature (s) of applicant (s)

Date and place of application

Capacity in which form is signed.....