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Private sector to take part in Cypriot gas import deal: EGAS

By Mohamed Adel

The Egyptian Natural Gas Holding Company (EGAS) is preparing regulations for the establishment of an independent system to regulate natural gas consumption to allow the energy market's liberalisation. The regulations would also give the private sector the ability to fulfil its own fuel and energy needs.

A senior EGAS official told Daily News Egypt the regulations on natural gas consumption will allow the private sector to apply for a request to directly import its own fuel needs and acquire needed approvals.

He added that the state will receive a monetary value for gas transfers through the national grid until it reaches the final consumer. In the case of receiving it in a liquid state, the private sector will pay the expenses of its receiving and conversion through the gasification compound contracted upon with EGAS. The official expects that the private sector would enter into a gas importing deal from Cyprus as it will be the best and cheapest. Its price will not exceed \$6 per one million thermal units, compared to \$10 for liquefied gas without expenses of receiving and conversion with the gasification compound.

The official said the completion of procedures to launch the natural gas consumption regulations device is

planned to take place before October.

Minister of Petroleum Sherif Ismail passed a decision to establish temporary management of EGAS, that manages the regulation of natural gas activities until the regulating device is established for the gas facility.

According to the official, the government had to liberalise the energy market and allow the private sector to dispose its fuel needs itself. This step came as a result of the drop in natural gas production from 6.06bn cubic feet per day during fiscal year (FY) 2009/2010 compared to FY 2015/2016, where the production is projected to be 4.5bn cubic feet per day.

As a result of not linking large projects with production, the official expects that this drop will continue in the country over the next years. Recent EGAS management will be responsible for presenting suggestions and advices regarding gas market regulations, as well as for designing agreement models related to transportation, distribution and storage activities and professional licences.

As part of its duty, the recent management will not only be responsible for designing a mechanism for tariff calculation concerning gas transportation, distribution and storage, but also revising its implementation.

It is hoped this will benefit all active sides in the gas market and determine

the general rules for gas suppliers, transporters and distributors inside Egypt.

The recent management will also develop studies involving pricing gas for investors, revising the gas law draft and following up with procedures of its passing. This will be in addition to offering technical consultations services, providing the relevant authorities and active sides in the gas market with recommendations.

Simultaneously and according to the rules, decisions and regulations applied in Egypt, the management will put into effect an organisational frame as well as financial, administrative and organisational regulations for a Gas Utility Regulatory Authority. It will also provide facilities that help the authority achieve its missions, and develop mechanisms and rules to manage the relation between active sides in the gas market.

The recent management will control the fair competition aiming to benefit all sides involved, respecting the competition's rules and decisions and controlling monopoly.

The management is planning to introduce a consumer protection mechanism, investigating complaints, working on settling disputes that are liable to happen between the sides involved, in an amiable manner before they are raised to court. The management will regularly present reports about the tasks development to the relevant authority.