

In the matter of an Application by Songas Limited

**FOR THE SONGAS LIMITED
(NATURAL GAS PROCESSING AND TRANSPORTATION TARIFF
ADJUSTMENT MECHANISM) (AMENDMENT) ORDER, 2008**

ORDER № 08-013

On 19th August 2008 Songas Limited (“Songas”) filed an Appeal № 4 of 2008 with the Fair Competition Tribunal (FCT) against conditions 2(d) and 2(e) of the EWURA Order № 08-009 dated 5th August 2008, which read as follows:

“2(d) in future, Songas and other parties to the basic agreements are permitted to amend, modify or waive any provision of material and adverse impact on regulatory and, or competition matters, only if the consent by EWURA is sought within a reasonable time and is obtained in writing.

2(e) with the exception of Protected Gas Shippers, effective from 1st January 2009, charge a flat rate on book value and cost reflective basis (in US\$ per thousand cubic feet) for natural gas processing and transportation services between any inlet point and outlet point of Songas’ gas processing and transportation facilities.”

On 20th October 2008 Tanzania Electric Supply Company Limited (TANESCO) filed with FCT an application to join Songas, as an intervener, against the entire EWURA Order № 08-009.

On the fulfilment of all conditions precedent to an acceptable degree for submission of a fresh application, on 23rd October 2008 Songas filed an Application № TR-G-08-025 requesting for regulatory review of the Multi-Year Tariff Adjustment Mechanism to cover fourteen (14) years of the existing natural gas infrastructure, and the Natural Gas Processing Plant Expansion Project (“the Project”).

During the preliminary screening of the Application № TR-G-08-025, it became apparent that Appeal № 4 of 2008 by Songas to FCT, and Application № TR-G-08-025 for the same project cannot co-exist. It has also become clear that if the judicial process initiated by Songas is left to take its course to natural finality, the main two contracts for supply and installation of two units of Dew Point Control awarded by Songas will expire, the budgeted project capital costs will go up, and natural gas demand will not be met by the existing natural gas facilities.

After several meetings between Songas and EWURA on the best way forward:

- (a) On 21st November 2008, Songas filed with EWURA a request for a relief by deferring for twelve months the effective date to implement condition 2(e) of the EWURA Order № 08-009; and

- (b) Songas, on 1st December 2008, filed with FCT a notice of withdrawal of Appeal № 4 of 2008 to pave the way for regulatory review of the Application № TR-G-08-025 to be concluded before 31st January 2009.

The Board of Directors of EWURA, having met on 5th December 2008 to consider this matter, has decided that-

1. This Order may be cited as the Songas Limited (Natural Gas Processing and Transportation Tariff Adjustment Mechanism) (Amendment) Order, 2008.
2. This Order shall take effect from the date of this Order.
3. Condition 2(e) of the EWURA Order № 08-009 is hereby amended by replacing “1st January 2009” with “1st January 2010” and thence, deferring for twelve (12) months the effective date to implement condition 2(e).
4. All other conditions, including condition 2(d) of the EWURA Order № 08-009 remain in full force.



Simon F. Sayore
Chairman of the Board of Directors
EWURA



Haruna Masebu
Director General
EWURA

Dar es Salaam, 5th December 2008