

Newsletter

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EWURA's intervention in Petroleum Prices saves TZS 800 billion





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EWURA Board Member, Mr. Ahmad Kilima, (2nd Right) discusses a point when the Board of Directors, toured the Songo Songo Natural Gas processing Plant in Songo Songo Island, in January 2015. Looking on from left are Eng. Ndaganza Mizonya of the Songo Songo Natural Gas facility, EWURA Board member, Mr. Richard Kayombo, EWURA Board Chairman, Mr. Simon Sayore, EWURA Director of Electricity, Eng. Anastas Mbawala, and EWURA Director of Natural Gas, Eng. Charles Omujuni. EWURA's intervention in Petroleum prices has facilitated a saving of about TZS 800 billion to the economy.

Editor's Note



Mr. Titus Kaguo

WELCOME to the 12th Edition of the Energy and Water Utilities Regulatory Authority Newsletter, our popular brand medium of communication in reaching our stakeholders of the four regulated sub-sectors of Petroleum, Electricity, Natural Gas and Water and Sanitation.

This edition comes at the time when the Authority has implemented many regulatory decisions, in line with its Strategic Plan. The Public has witnessed the Authority administering the petroleum products price to a level commensurate with the price fall at the world market from July 2014 to January 2015.

The Authority also reduced charges for electricity. These are some of the challenging, and yet, landmark regulatory decisions to be implemented during the Authority's regime under the new Director General, Mr. Felix Ngamlagosi.

For the period of seven months, Tanzanians have enjoyed lowered petroleum prices, which resulted into the economy saving of about TZS 800 billion. During that time, no other sector experienced similar drop in prices except sectors regulated by EWURA-thanks to the Board of Directors under the chairmanship of Mr. Simon Sayore.

EWURA Newsletter is regarded as one of the Authority's major regulatory tool used to disseminate information to the public. As such, it is the management's expectation that this publication will further broaden the public awareness and enhance the understanding of regulated services.

Dear readers, join us to read this publication that we believe you will find it interesting at shedding light on matters related to regulatory best practices.

From the Desk of the Director General

Dear esteemed readers,

WELCOME to this issue of the EWURA Newsletter which is published on a quarterly basis.

As you may be aware, this newsletter is intended to be a focal point for discussion of issues related to the regulated sectors that EWURA is mandated to oversee, namely Electricity, Petroleum, Natural Gas and Water & Sanitation, for the benefit of Tanzanian society.

The Authority has noted the general increase in public awareness on matters related to the regulated sectors and we believe that this is a direct result of the regulatory impact that EWURA has had on the economy of the country. As part of its duties, the Authority holds numerous public hearings and consultative stakeholder meetings for the purpose of obtaining public and stakeholders opinion. Such events are crucial to the regulatory process and form the basis with which EWURA continually enjoys recognition from its peers as being one of the best regulatory institutions on the African continent.

In an effort to further improve and enhance the transparency with which EWURA functions, the Authority is currently in the process of becoming ISO Certified. We expect that accomplishment of this goal shall further enhance the efficiency with which the day-to-day activities of the Authority are conducted, as well as cement EWURA's commitment to world class standards regarding the rule of law, ethics, professionalism and sector reform.

As a result, it is my expectation that the articles contained within this issue of the EWURA Newsletter shall prove both educational and informative to all stakeholders reading this issue.

I wish to thank the Government, EWURA Board of Directors, Government Consultative Council, Consumer Consultative Council, all regulated suppliers, and the general public, for their continued support, and co-operation with the Authority.

I wish to also thank EWURA Management and Staff for their diligence during the course of performing their duties.

Please join me in reading the articles found in this issue of the EWURA Newsletter



Mr. Felix Ngamlagosi

EWURA's intervention in Petroleum Prices saves TZS 800 billion

By Titus Kaguo

THE move by the Energy and Water Utilities Regulatory (EWURA) to closely monitor the fall of petroleum products prices at the World Market and implement its effects in Tanzania by lowering down prices for the petroleum products between September 2014 and March 2015 has made a saving to the economy of Tanzania TZS 802 billion.

In the period between September 2014 and March 2015, local market prices for Petrol, Diesel and Kerosene for a litre dropped by a total of TZS 615, TZS 528, and TZS 517, respectively.

On a daily basis, Tanzania consumes 2,100,000 litres of petrol, 4,700,000 litres of diesel and 100,000 litres of kerosene; and therefore, by calculating price saving to the fuel volumes for the period between September 2014 to March 2015, then the total saving amounts to about TZS 800 billion..

On a daily basis, Tanzania consumes 2,100,000 litres of petrol, 4,700,000 litres of diesel and 100,000 litres of kerosene; and therefore, by calculating price saving to the fuel volumes for the period between September 2014 to March 2015, then the total saving amounts to about TZS 800 billion.

Refined petroleum products prices in the world market, for Petrol, Diesel and Kerosene per metric tonne dropped by a total of USD 440, USD 304, and USD 324, respectively, between July and December 2014.

The impact of price reduction in the world market is always felt in the local market after a period of two months. This explains why the reduction of prices at the world market for the month of July 2014, sent signals of reduction of prices in the local market in the month September 2014.

Due to price reduction in the world market from July 2014, prices of September 2014 in the local market dropped to TZS 2,267, TZS 2,091 and TZS 2,040 for petrol, diesel and kerosene, respectively.

The trend continued on the following month of October 2014, whereby, prices fell to TZS 2,192, TZS 2,065 and TZS

2,016 for petrol, diesel and kerosene, respectively.

The drop in the local market prices, according to the EWURA's Director General, Mr. Felix Ngamlagosi, would have been higher, had the local currency stabilized.

The major drop was experienced in December 2014, whereby a litre dropped by TZS 149 and TZS 112 and TZS 105 for petrol, diesel and kerosene, respectively. This resulted in the fall of prices to TZS 2,029 for petrol, TZS 1,909 for diesel and TZS 1,888 for kerosene.

In the Month of January 2015, prices went down further, resulting in a litre of petrol in Dar es Salaam to be sold at TZS 1,955 for petrol, TZS 1,846 for diesel and TZS 1,833 for kerosene. This was followed by a further drop of TZS 187 for a litre of petrol, TZS 138 for a litre of diesel and TZS 176 for a litre of kerosene in the month of February 2015. As a result, a litre of petrol in Dar es Salaam was

sold at TZS 1,768 for petrol, TZS 1,708 for diesel and TZS 1,657 for kerosene.

For the month of March 2015, retail prices for petrol, diesel and kerosene continued to drop by TZS 116, TZS 145, and TZS 134 a Litre for petrol, diesel and kerosene, respectively, resulting in a fall of prices at Dar es Salaam to TZS 1,652, TZS 1,563, and TZS 1,523 for petrol, diesel and kerosene, respectively.

Since, September 2014, Tanzania experienced petroleum products price increment in the month of April, 2015 whereby retail and wholesale petroleum products prices in Tanzania increased as compared with prices published by EWURA in the previous months.

Petroleum investments thriving; thanks to fair competition



Petroleum investments thriving: Above, one of the new petrol stations with required petroleum best practice standards under construction.

By Wilfred Mwakalosi

INVESTMENTS in petroleum sub sector have increased tremendously in the recent years, thanks to existence of fair competition.

Contrary to popular belief that existed when the petroleum industry regulation concept was first introduced in the country, the industry has seen many investments coming up, with innovations and new services introduced as investors scramble for market share.

According to available data, the numbers of petrol stations in the country have increased to more than 1,200. It should be remembered that just ten years ago, most petrol stations were in a state of disarray and were not compelled to adhere to any standard. Some of them had neither paved floor nor roof, and adverse weather conditions such as rain had minimized them to dilapidated structures.

NEW STANDARDS

Now new petroleum outlets have been built to international standards, with old ones receiving face uplift to conform with new technical regulations. Some have gone as far as to incorporate modern shops in the vicinity of petrol stations, and others have even started offering the use of fuel cards. Along with such increase is the quality of products sold in the market, where adulteration and dumping cases have been curbed to well below 7% cases in 2014, from 78% registered in 2009.

Consumers are now made to enjoy quality services at reasonable price, thanks to presence of the regulator, who has been at the forefront to see to it that such reforms take place.

PROCUREMENT EFFICIENCY

Fuel importers had a traditional way of importing their products, i.e it was up to individual companies to solicit suppliers out there in the world markets to negotiate price and do the shipment. Owing to the weak financial capacity of local companies, it was impossible for most of them to enjoy economies of scale and had in many cases ended up purchasing products at high prices. Shipments brought in by small vessels had made it difficult for them to timely offload fuel, for they had to queue up to wait for space to off load at the Kurasini Oil Jetty.

In sea transport sub sector, this “waiting” attracts what is known as demurrage charges, once pegged at USD 20,000 per day and with an ultimate impact on business cost which is borne by consumers through the fuel pump price. Sometimes ships could wait for weeks before they get space to offload the cargo.

Now that is history. The regulatory intervention to introduce Bulk Procurement System (BPS) has made it possible for importers to leave suppliers scramble for the market through tendering process, with importers enjoying competitive price.

As ships are made to carry bulk cargo and follow a planned schedule, demurrage charges have been reduced to one or two days. This intervention has resulted in a significant reduction of cost of doing business with tremendous impact on stable and low fuel pump prices.

These positive changes have all been possible due to the presence of an effective Regulator, which is EWURA. One may as well wonder what would have happened without the Regulator?.

Tanzania's Water Utilities improved performance in year 2013/2014

By Eng. Titus Safari

MOST Regional and National Projects and Water Utilities, including DAWASCO, have shown improvement in metering ratio, number of water and sewerage connections, revenue collection and staff per 1,000 connections and personnel costs as percentage of revenue collection and working ratio.

The observations are contained in the Water Utilities Performance Review Report for 2013/14, which is published annually by the Energy and Water Utilities Regulatory Authority (EWURA). This is the sixth Water Utilities Performance Review Report.

The report was launched in Dar es Salaam recently by the Minister for Water, Hon. Prof. Jumanne Maghembe(MP). It constitutes the performance analysis and benchmarking of 23 Regional WSSAs, DAWASCO and eight National Project WSSAs.

However, the report shows that the overall average service hours have declined as a result of insufficient water production. Non-Revenue Water (NRW) has continued to be a challenge facing all Regional WSSAs and DAWASCO as none of the utilities has managed to achieve the

recommended best practice indicator of 20 per cent or less.

The report also shows the results of the performance assessment and ranking for Regional WSSAs based on Performance Benchmarking Guidelines for Water Supply and Sanitation Authorities of 2014.

Finally, the report shows that determination of future water sources, unsatisfactory performance in NRW reduction and reliability and accuracy of data submitted as key issues to be addressed by responsible institutions.

The report will assist water utilities to identify strengths and weaknesses, and benchmark among them; and learn from the best performers in order to uncover potential partnership for improving performance.

On the other hand, the report may further assist the Government and the utilities' Boards of Directors in making sound policy and investment decisions. For the customers, this report is a tool for comparing the performance of service providers in the Country and demand the right quality of service to be rendered by the service providers in their areas.



A water storage tank that ensures reliable water supply to consumers.

New Lake Zone Office hits ground running



EWURA Lake Zone, Ag. Manager, Engineer Nyirabu Musira, displays a trophy after EWURA emerging the Second winner among the Public Service exhibitors in the National Maji Week Exhibitions held in Musoma recently.

Staff Reporters

EWURA has emerged the second winner among the Public Services exhibitors in the National Maji Week Exhibitions, an annual event that took place at Mukendo grounds in Musoma Municipality, the award has become a reality after a committed efforts by Lake Zone Office staff, the office which is very new.

The trophy was conferred to EWURA by His Excellency, Dr. Gharib Bilal, the Vice President of Tanzania, who was the Guest of Honor at the climax of the Maji week exhibitions.

There were 10 exhibitors in the category of 'Public Services' whereby the first winner was the Policy and Planning Department of the Ministry for Water. The third winner was the Rural Water Supply Department of the same Ministry.

The theme for this year's exhibitions was 'Water for Sustainable Development.' The event was officiated by Hon. Prof. Jumanne Maghembe, the Minister of Water.

"This is a remarkable accomplishment and rock-hard evidence that, with dedication and professionalism, zonal offices can deliver. With better planning and preparation, EWURA stands to continue shining in the next Maji week exhibitions, and indeed, in any other exhibition that we have to participate," said EWURA Director General, Mr. Felix Ngamlagosi.

The Acting Lake Zone Manager for EWURA, Eng. Nyirabu Musira said: "We believe it is due to EWURA's good leadership that has made us registered this achievement. We also appreciate your efforts to make the Lake Zone Office a reality in a bid to bring EWURA closer to the public."

EWURA is a multi-sectoral regulator that regulates, among other sub sectors, the water sector, through regulation of water utilities in the country. Other regulated sub sectors are Electricity, Natural Gas, and Petroleum.

As a result of the regulator's interventions, there has been significant improvement in many water utilities in terms of improved service delivery and cost recovery.

IGP: We will closely work with EWURA



IGP Ernest Mangu

By Wilfred Mwakalosi

THE Tanzania Police Force under the new Inspector General of Police (IGP), Ernest Mangu (above picture) has pledged to work closely with the Energy and Water Utilities Regulatory Authority (EWURA), with a view to ensuring that the latter execute its responsibilities according to the law.

The new cooperation also seeks to provide security to EWURA staff while at the same time helping the government collect taxes.

The Inspector General of Police (IGP) Ernest Mangu made the commitment at an awareness workshop for Regional Police Commanders (RPCs) and Senior Officers of Police Force, held recently in Dodoma.

“Pay a special interest to help resolve the challenges facing EWURA staff while on inspection assignments, considering that fuel is a sensitive issue for development and security of our country.”IGP urged RPCs.

The Chairman of Board of Directors of EWURA, Mr. Simon Sayore, outlined the importance of the members of the Police force to be conversant with EWURA activities and their importance on the economy.

He said the Police Force has a significant role in helping resolve some of EWURA's challenges, which include enforcement of compliance orders.

This is one of the public awareness campaigns that EWURA undertakes to specialised groups in order to increase awareness of the regulated sectors.

Mewanwhile, EWURA has already met Honourable Judges and Members of the Fair Competition Tribunal (FCT) in Bagamoyo, in a seminar of the same nature.

FCT is an appellate body, in that, it hears appeals resulting from of EWURA's regulatory decisions. FCT Chairperson Hon. Judge Zainabu Muruke said the awareness seminar by EWURA had helped FCT to build a better understanding of the Authority's role and the legal regime framework tha guides its general operations.

How to effectively lodge complaints for better results

By Michael Mshighwa

A complaint is simply defined as an expression of dissatisfaction from a consumer to a responsible party. However, in today's modern world, a complaint is used to give an insight into what is wrong in a service delivery process.

In other words, complaints provide an opportunity for improvement. Complainants lodge their dissatisfaction with one idea in mind that a solution will be worked out. However, the effectiveness of complaint resolution largely depends on Complainant's preparations prior to filing the complaint.

Every consumer of EWURA regulated goods and services have rights. Rights to know what to receive before paying for a product or service; rights to obtain what is paid for; right to complain when not satisfied; and right to get redress when there is a legitimate complaint.

This article is designed to help stakeholders effectively lodge their complaints in order to get the intended results from a service provider. This includes advice on how to approach the service provider with a complaint and processing the complaint through EWURA; writing emails and letters about the complaint; and documenting of the complaint.

First and foremost, consumers should be aware that nothing will happen unless one complains and demands action. "The squeaky wheel gets the grease." This old proverb



Hearing session in progress after EWURA received a complaint from consumers. The hearing was held recently in Pangani, Tanga Region

means that noise gets attention. If a service provider is not informed that a customer is dissatisfied with their goods or services, there is no chance of resolving the problem.

Secondly, it should be known whether or not the complaint is legitimate. Why is the consumer dissatisfied? What went wrong? Is it a question of losing money because goods or services received were not what was promised, or was there outright fraud? Or, did a representative of the utility treat the customer rudely?

Taking the time to consider whether there is a valid and timely complaint will save a customer time and effort. Furthermore, it is important for consumers to check if there is a deadline for lodging the complaint. In this regard, EWURA has an effective procedure for proper handling of customer complaints in order to ensure that they are fully and promptly investigated and resolved in a satisfactory manner.

The procedure sets out the time limit to lodge a complaint, beyond which the regulatory body cannot take the service provider to task; thereby leading many consumers to lose their right to quality service or redress.

THE TIME FACTOR

While complaints in bills and denied connection have time limits of 12 months, a complaint on substandard petroleum product is limited to seven days. Time limit for complaint on sales or supply petroleum product above the cap price is six months. Complaint on poor quality of service should be lodged within 24 months. Other categories of complaints have been assigned with a time limit of 12 months.

HOW TO LODGE COMPLAINTS

The first step should be to take the complaint directly to the service provider before EWURA is approached. Often, the problem can be resolved quickly by doing so. The complainant should not forget to ask to "escalate" a complaint if the front desk utility representative is not helpful.



A cross section of media senior editors attending one of EWURA's consultative meetings recently: Media editors play a big role on awareness creation to consumers on how to lodge complaints and get better results.

The customer should then ask politely if they could be transferred to someone with the authority to help resolve the complaint, for example, a manager. If it is a petroleum filling station, the owner should be addressed.

Obviously, a complaint about rude treatment cannot be resolved by contacting the party that did the act. However, the higher authorities should be notified of such mistreatment. There is a chance that they could resolve the matter at this early stage and at the very least, it will help prevent other consumers from falling victim to the same treatment. At this point, if the consumer is still not satisfied with the way the complaint was handled by the service provider, a complaint with EWURA may now be filed.

The next article will provide advice on how to get prepared with the right documentation before lodging a complaint with EWURA. Stay tuned.

The Asset Management: Best Practices Guide published by the United States Environmental Protection Agency (EPA) in 2008 details the five core Asset Management questions that should be responded in an AMP of a water utility as summarized below:- What is the current state of my system's assets? This includes answering the questions: What do I own?, Where is it?, What is the condition?, What is its useful life and What is its value?

What is my required sustained level of service? This includes description of the level service demanded by customers,

stakeholders and regulators, the actual performance of the utility and the capabilities of the assets to meet the required levels of service. Which assets are critical to sustained performance? This question will be responded by analyzing the failure of assets (How can and do they fail?), the probability and consequence of failure, the direct costs of repairing the asset as well as other indirect costs of failure (social, environmental etc)

The minimum life cycle costs include analysis of alternative strategies so as to identify the most feasible strategies for management of Operation, Maintenance and Investment budgets. It will also include a presentation of the costs of rehabilitation, repair and replacement of critical assets. The best long term financing strategy include an analysis of whether the utility has sufficient funds to maintain the assets at the required level services and finally come up with a funding strategy. The financing strategy also includes an analysis of the sufficiency of the existing tariffs. Supply and Sanitation Authorities (WSSA) in Tanzania.

Thus, preparation of AMPs is a legal requirement that WSSAs are required to fulfill. Since then, WSSA have been preparing AMPs and submit them to EWURA for review along with their Business Plans. To this end, it is emphasized that, the benefits of an AMP can be realized if WSSA will take a step beyond planning by implementing the plans, evaluating progress and take appropriate action based on the findings of progress evaluation.



Petroleum



Natural Gas



Petroleum Products Storage Facilities



Electricity



Sanitation



Water

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VISION:

To be a World Class Regulator of Energy
and Water Services.

MISSION:

To Regulate the Energy and Water Services
in a Transparent, Effective and Efficient
Manner that Promotes Investments and
Enhances the Socio Economic Welfare
of the Tanzanian Society.

CORE VALUES:

- Transparency
- Integrity
- Courtesy
- Accountability
- Professionalism
- Equity