

# NEWSLETTER

SEPTEMBER 2009

ISSN 1821-7273 ISSUE NO.002

- Well done, MPs applaud EWURA
- Challenges in licensing downstream petroleum sub-sector
- Appointments
- Towards bulk procurement of petroleum products





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## FROM THE EDITOR

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WELCOME to the second edition of the Energy and Water Utilities Regulatory Authority (EWURA) Newsletter which has a number of interesting articles.

For those who have come across the EWURA Newsletter for the first time, be assured that we have chosen this method amongst many to reach out as many people as possible. EWURA shares with you an update on its duties, functions and activities pertaining to the regulated sectors, namely: petroleum, electricity, water and sewerage, and natural gas.

We would like to enhance the public knowledge, awareness and understanding of the regulated sectors. Very few of you are aware of the rights and obligations of consumers and regulated suppliers or even the role of the Consumer Consultative Council (CCC) responsible for the mentioned regulated sectors. The CCC was legally established to advocate the single voice of consumers on wide range of pertinent matters of concern to them, kindly make use of it.



**Mr. Titus Kaguo**

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In absence of customer service charters, the situation may deteriorate, and it not easy to realize the value for the bills you pay. EWURA has started with TANESCO, and will continue with many other sectors, to instill the requirement that a voluntary customer service charter is mandatory. Did you know that if unsatisfied with the services rendered by the regulated service provider, you have a right to complain and be heard? Many lodged disputes and complaints to EWURA, were heard and granted reasonable awards. Notwithstanding the aforesaid, EWURA encouraged the consumer and the service providers to amicably resolve disputes between them.

EWURA has established a website [www.ewura.go.tz](http://www.ewura.go.tz) where most of current information and guiding instructions are uploaded. It is our e-notice board. You can reach us or avail feedbacks through [info@ewura.go.tz](mailto:info@ewura.go.tz). In addition, EWURA has established the Public Register at its offices located in the Harbour View Towers, Samora Avenue, Dar es Salaam. Kindly visit our website as frequent as you can or our offices in order to remain current. Information is power! Throughout the third quarter (July to September, 2009), EWURA conducted seminars on regulatory matters. It reached the Parliamentarians, the service providers in waters and sewerage sector from all regions of Mainland Tanzania, the media houses in Dar es Salaam, and the general public in Ruvuma, Kigoma and Tabora Regions. We aim at reaching all administrative regions.

It is interesting to note that the public knowledge is enhanced from day to day. EWURA may not be everywhere, at all times, you are our eyes and ears, thus speak out or write us if in doubt or in case you have information leading improved performance on our part. We applaud members of the public, who availed us feedbacks on quality and prices of petroleum products. In deed you have played your part as patriotic citizen, and therefore saved the economy and the properties. Through you, EWURA has deterred adulteration of the petroleum products to a significant extent. To reciprocate the efforts, EWURA is taking stern measures against unscrupulous service providers. So far, the incidences are decreasing with time. It is anticipated that you will enjoy reading the articles in this second edition of the Newsletter.

## FROM THE DESK OF THE DIRECTOR GENERAL

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This edition comes at a time when the first group of EWURA staff have just celebrated the third anniversary of their having joined EWURA, on 1st September 2006. September 30th also marks the end of assistance to EWURA under the Privatisation and Private Sector Development Credit (PPSDP). This weaning off from the PPSDP has come at a time when EWURA is now well established and is able to grow and do so on a sustainable basis. We thank both the Government of Tanzania and the World Bank for the credit facility. They now have a world class regulatory authority to show for the investment that they made through the PPSDP. If the other results of the PPSDP, (i.e. the creation of TCRA, SUMATRA, TCAA, FCC and FCT), are brought into the equation, one can only say to both the Government and the World Bank: congratulations to both for a job very well done.



**Mr. Haruna Masebu**

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This edition also comes at the time when the Government has just reappointed me to serve as Director General of EWURA for a second and final four year term. It is in that regard that I take this opportunity to thank all EWURA staff and the Board of Directors for having created the necessary condition for the Government to deem it appropriate to retain the leadership of EWURA through my reappointment. This “vote of confidence”, coming as it did through none other than Hon. Prof. Mark Mwandosya, the Minister responsible for EWURA, is very heartening indeed. This is because Prof. Mwandosya is an accomplished academic who also has extensive experience in Energy matters and has had possibly the most profound influence in the shaping of the new regulatory framework for this country. For instance, he has, at one time or the other, been responsible for the appointment of the top leadership of all the regulatory authorities in the infrastructure and utility sectors, i.e. TCRA, TCAA, SUMATRA and now EWURA. Asanteni Sana.

EWURA continues to make great strides in furthering the objectives for which it was established. The regulatory environment is increasingly becoming more certain and predictable, with the promulgation of key regulatory tools (legislation rules and guidelines). EWURA’s commitment to “due process” and to stakeholder involvement in the regulation has won kudos from eminent regulatory professionals of international repute. Peers at regional (EAC, SADC) and continental levels (AFUR), increasingly draw upon EWURA to help further ideals of harmonisation of regulatory approaches. EWURA is also continuously expanding the frontiers of public awareness, engaging in the process, eminent institutions such as Parliament and key opinion leaders, such as the media and it does so on a regular basis.

Most operators now know that it is the power of their argument, and not influence peddling of any kind, that will carry the day when it comes to influencing EWURA in making its decisions. On many an occasion, EWURA’s decisions have served to insulate operators and Government from direct criticism from the public, with the “bad guy” image that is normally associated with price increases for instance, being absorbed by EWURA. Indeed, EWURA serves as a “shock absorber” to these key stakeholders.

Close monitoring of operations of regulated suppliers has resulted in higher levels of efficiency all around. Indeed EWURA is at the fore front of turning both those sectors with monopolistic characteristics (e.g. water and electricity) as well as those that used to operate as “Free markets”, into “Fair Markets” for all.



## TOWARDS BULK PROCUREMENT OF PETROLEUM PRODUCTS

*By Titus Kaguo*

THE Government of Tanzania has vowed to proceed with its plan on bulk procurement of petroleum products despite opposition from the Oil Marketing Companies (OMCs), doing so basically in the national interest. The Minister for Energy and Minerals, Honourable William Ngeleja (MP), has said preparations for bulk procurement of oil have reached a good stage, and that the system would come into operation soon.

Honourable Ngeleja said that claims by OMCs that the Government did not conduct thorough research before embarking on the undertaking were unfounded, because the Tanzania Petroleum Development Corporation (TPDC) and the Energy and Water Utilities Regulatory Authority (EWURA), had conducted enough research to guarantee the business.

The Minister made the government's stance last August in Dar es Salaam when talking to TPDC workers, management and board members on the welfare of the corporation. "TPDC has given us (Government) good advice and we are convinced that it is an impressive move for the interest of majority of Tanzanians and not for few oil importers," he said.

He said the same people who oppose the move were the first to criticize EWURA workers' trips abroad when they went to learn from other countries on bulk

procurement, but now they are saying no research has been done. He said if implemented, the move would reduce costs between 15 and 18 per cent, which will eventually reduce pump prices – and, hence, reducing the burden on Tanzanians.

The Minister also refuted claims by the OMCs that the country had inadequate infrastructure to handle bulk oil procurement, because the facilities available were old and insufficient. "The truth is that even the available facilities which OMCs say are not enough are actually underutilized as only 70 per cent is used," he said.

Honourable Ngeleja said last year, 93 oil tankers discharged fuel at the Dar es Salaam port. However, when the new arrangements start, the number tankers docking in the harbour will be reduced to 55 per year. This would also reduce congestion and demurrage charges.

The Minister said the Government understands that OMCs are worried about losing the super profits they get out of the current system of procurement, whereby every company imports on its own. According to the Draft Final Report of the consultant there will be a new institutional arrangement to supervise the implementation of the new bulk procurement system.



*The Minister for Water and Irrigation, Honourable Professor Mark Mwandosya (MP) (right) and Minister for Energy and Minerals, Honourable William Ngeleja (MP) exchanging views before the opening of the Seminar to the Members of Parliament in Dodoma in July 2009 while EWURA's Director General, Mr. Haruna Masebu (left) and EWURA's Principal Communications and Public Relations Officer, Mr Titus Kaguo follow the discussion.*



### By Titus Kaguho

IN an effort to support the Head of State, President Jakaya Mrisho Kikwete, in the war on HIV/AIDS in general, and prevention of HIV spread in Tanzania in particular, the Energy and Water Utilities Regulatory Authority (EWURA) has embarked on the provision of education (training) on HIV/AIDS prevention to its staff.

The training was launched by the Authority's Director-General, Mr. Haruna Masebu, and was attended by all staff. In the event, Mr. Masebu encouraged them to undergo voluntary testing and counselling (VTC), doing so on the grounds that early understanding of one's health status is all-important.

The DG assured health assistance to any member of the staff who would be found HIV-positive.

"The Authority will give the best support through good medical care to all staff who would be proven infected," said the DG adding "we will also make sure they are provided with good diet and continue with their duties as the law spells out,"

Mr. Masebu said the training was in response to President Jakaya Mrisho Kikwete's call that Tanzania without HIV/AIDS is possible: '*Tanzania bila UKIMWI inawezekana.*' He hopes that, once proper education is imparted upon EWURA staff, they would be in a better position to stay clear from what is seen as a national disaster.

According to Mr. Masebu, the Authority would provide the requisite training on HIV/AIDS to its staff every six months – and, as such, called on all staff to make sure they attend such training.

Apart from those who would be proven infected, Mr. Masebu requested those found to be HIV-negative to donate blood to support the blood bank.

The first case of HIV/AIDS infection in Tanzania was detected in early 1983. This prompted the Third Phase Government under retired President Benjamin William Mkapa to declare the pandemic a national disaster in 1999.



*EWURA DG Mr. Haruna Masebu volunteering screening during a training session to staff on the prevention of HIV/AIDS.*



## DAWASA GIVEN TIME LIMIT TO IMPROVE ITS SERVICES

### *Ms Violet Iramu & Mr. Walter Geoffrey*

ONE of the functions of the Energy and Water Utilities Regulatory Authority (EWURA) is to monitor and ensure the improvement of services being regulated by EWURA including the water sector.

In discharging this function on 10th July 2009, EWURA through its Board of Directors directed the Dar es Salaam Water Supply and Sewerage Authority (DAWASA) to improve its water supply and sewerage services to customers within its operational areas which include the Dar es Salaam City and parts of Kibaha and Bagamoyo in Coast Region.

EWURA's Board directed that before the end of June 2010, DAWASA has to review the existing operator tariff and the indexation formula taking into account the changes and trends in economic and technical conditions as specified in the Lease Agreement between DAWASA (the asset holder) and DAWASCO (the Operator). This condition was set to ensure that DAWASA set realistic and affordable water tariff to the customers that will enable DAWASA to cover its operation and maintenance cost.

Furthermore, in making sure that DAWASCO's services improve to the satisfaction of DAWASA and its customers' needs in general, EWURA through the Order directed DAWASA to review performance targets in the Lease Contract between DAWASA and DAWASCO to EWURA's satisfaction before 30th June 2010.

In order to ensure that customers are charged according to their actual consumption, the order directed DAWASA to increase the number of metered customers from the available 39,000 to 104,000 before 31st January 2010 and the conditions insisted further that all customers in Kimara, Kibaha, Dar es Salaam City centre and Boko areas are metered by end of January 2010.

In the course of implementation of this condition, DAWASA is also instructed to review and make available to the public the Codes of Practice as stipulated in the Lease Contract between DAWASA and DAWASCO. In order to guarantee quality services to its customers in all its operational areas and to make sure that high level of water leakages and commercial

losses are reduced, the Order requires DAWASA to submit to EWURA its plan to reduce unaccounted for water from the current 53% to less than 35% by 31st December 2013.

The conditions insisted further that DAWASA shall reduce unaccounted for water from the current 53% to 40% by June 2010, as stipulated in DAWASCO budget for the financial year 2009/10. The order insist that it shall be deemed that the unaccounted for water of 40% has been achieved, in determining any tariff application beyond 30th June 2010.

In ensuring good relationship between customers and the Operator (DAWASCO) and reduction of customer complaints, the Order has included a condition requiring DAWASA to provide evidence to EWURA of designing and implementing a pro-active programme of customer outreach (customer education on their obligations, communications etc) before 31st December 2009. In the course of implementing this condition DAWASA is instructed to submit to EWURA a status report on the implementation of the programme annually and will be included with all future applications for tariff adjustment to be considered by EWURA in evaluating its reasonableness.

The Order also requires DAWASA to continue providing EWURA with information about its financial and operating condition in accordance with the requirements of EWURA. The information will be used by EWURA to evaluate DAWASA's performance in comparison with other utilities and the improvement of its performance over a period of time.

Furthermore, the evaluation will be considered by EWURA in evaluating the reasonableness or otherwise of all future requests for tariff adjustment.

The EWURA order has been issued to DAWASA following approval of DAWASA's application for water services tariff increase from Tsh 654 per cubic Metre (CBM) to Tsh 850 per cubic metre (cbm) for drinking water and increases to Tshs 227 per cbm for wastewater. The new rates were effective 1st August, 2009.

## APPOINTMENTS



THE Minister for Water and Irrigation, Honourable Professor Mark Mwandosya has re-appointed Mr. Haruna Masebu to lead the Energy and Water Utilities Regulatory Authority (EWURA) for a second term of four years effective 1st January 2010.

The re-appointment will enable, Mr. Masebu to consolidate various interventions which he initiated to ensure that our country has the best system of regulating petroleum, electricity, natural gas and water and sewerages which is transparent, fair, effective and efficient.

Mr. Haruna Masebu was first appointed Director-General of EWURA and member of the Board of Directors of EWURA in January, 2006.



THE Minister for Water and Irrigation, Honourable Professor Mark Mwandosya has appointed Dr. Geoffrey Mariki a new member of the Board of Directors of EWURA.

Dr. Mariki who has 35 years of experience as an Electrical Engineer was appointed in August 2009. He has experience in electricity power generation, distribution and supply. For the last 23 years he has been working in the industrial sector at the international level covering different aspects of energy and water supply and utilization for industrial development. He has experience in project and programme planning, implementation, management, monitoring and evaluation.



The Energy and Water Utilities Regulatory Authority (EWURA) has recruited a new Finance and Administration Manager (FAM), Ms. Margareth Naiunguishu Soikan Mollel who has the longest professional on finance.

Ms Mollel a holder of Master of Business Administration majoring in Finance, from Charles Sturt University, Australia (2006) is expected to streamline financial and administration issues within the Authority. Ms. Mollel will be responsible for the financial performance, goals and planning of the Authority that involves supervising the finance and administration team and overseeing the production of financial and management reports. Furthermore she will work closely with other divisions to provide financial information to enable the organisation to make timely decisions.



## EWURA CONDUCTS TRAINING FOR WATER UTILITIES

### ***Mr. Karim Ally & Eng. Nyirabu Musira***

EWURA Water Division has started conducting regulatory training for water utilities in Tanzania. Two phases of the training were conducted in Mwanza and Morogoro between June and July 2009, and a third phase was conducted in Mbeya on September 2009.

The training sessions are funded by the Ministry of Water and Irrigation through the Water Sector Development Programme (WSDP). The objective of the trainings is to disseminate information on the duties and functions of EWURA to the management of the water utilities, as well as to inform them of their various regulatory obligations.

The training in Mwanza Region which was conducted at La Kairo Hotel from 8th to 12th June 2009, brought together management staff and officers from regional and district water utilities in Kagera, Kigoma, Mwanza, Mara, Tabora and Shinyanga Regions.

The training in Morogoro Region was conducted at B-Z Hotel from 20th to 24th July 2009 and brought together participants from water utilities in Morogoro, Lindi, Mtwara, Arusha, Manyara, Kilimanjaro, Tanga region and DAWASCO (Dar es Salaam Water Supply and Sewerage Company) from Dar es Salaam. Each utility was represented by at least three staff at Management level and one officer who deals with preparation of reports to be submitted to EWURA or Ministry of Water and Irrigation.

Various topics were presented by EWURA staff including some Divisional Directors, Managers and other Senior Staff. The topics presented aimed at imparting knowledge on regulatory activities to the participants as well as informing them of their regulatory obligations as Service Providers.

The topics presented included Roles and Functions of EWURA; Procedure and Requirements for License Application, Performance Agreement between EWURA and Water Utilities, Tariff Application Guidelines and Evaluation Process, Reports

Preparations and Reporting Deadlines, Business Plans Guidelines and using Majls Software as a Management Tool.

The participants discussed and raised various issues on the topical presentations which received clarifications and responses from EWURA staff and representatives of the Ministry of Water and Irrigation (MoWI).

At the end of the trainings participants expressed their appreciation having understood the importance and the use of various documents required by EWURA and the Ministry of Water and Irrigation. They made resolutions to ensure timely submission of the reports and documents as required by EWURA and the Ministry of Water and Irrigation.

Also those utilities, which had not applied for a license, were urged to fill in and submit to EWURA the license application by the end of September 2009. Participants were also required to evaluate the training by filling in questionnaires and in their response most of them had a view that the trainings were good.

Some participants went further suggesting that EWURA should conduct similar training at least once annually.

## EXPOSURE TO THE BEST PRACTICE AND SYNERGY BUILDING IS A MUST



**By Sirili Massay**

HONOURABLE Prof. Mark J. Mwandosya (MP), the Minister for Water and Irrigation, who also is the Minister responsible for the Energy and Water Utilities Regulatory Authority (EWURA), led official delegation to Guyana, Jamaica and Brazil. The objective of the visit to Latin America countries was to get exposure on the best practices in regulatory and competition matters in countries which were role model of privatisation and regulatory framework during mid 1980s. There is a lot one can learn from small countries like Jamaica and Guyana, as well as from big countries like Brazil. Equally, one can learn a lot from the countries where privatisation failed, and from those countries where independent regulation succeeded.

The delegation of the policy and decision makers in Tanzania included: the Ambassador to Brazil, Dr. Joram Biswaro, EWURA Director General, Mr. Haruna Masebu, Member of EWURA Board of Directors, Mrs Lucy H. Sondo, and other senior officers of EWURA and the Ministry of Water and Irrigation. Prof Mwandosya has been actively engaged in energy and water sector reforms. He is amongst the architects of regulatory framework in Tanzania. He has been the Minister responsible for SUMATRA, TCRA, TCAA, and now EWURA. He is the right person to look back and assess whether or not Tanzania is moving towards the best practices.

In Guyana, water and electricity privatization program collapsed. The ministries reverted back to granting licences and approving tariffs and the regulator has not been fully empowered, while in Jamaica the regulator lacks full enforcement mechanism. In Brazil, the government, regulators and even the service provider are on the same page. They respect and realize the role of each other. They seem to be working towards one goal in a harmonious way. They have agreed to allow the prescribed systems to work in a certain way, if they do not deliver, together they go back to the drawing board. No one is doing any seek and hide game so as to fix one another. A lot were learnt from

the three countries and the recommendations of the Tanzanian delegation will find their ways to influence and enhance our systems where we can.

In Guyana, and by recognising his expertise, Prof. Mwandosya was invited to attend the Steering Committee meeting on Guyana's Low Carbon Development Strategy that took place during the time of his visit. He was availed a privilege to meet H.E. Bharrat Jagdeo, the President of Guyana, Hon. Samuel Hinds (MP), the Prime Minister of Guyana; and Hon. Irfaan Ali (MP), the Minister for Housing and Water. The delegation visited a quite number of regulators, the service providers, including Petrobras University in Brazil. The delegation established the networks for progressive capacity building with a number of institutions it met, the follow ups to be made by the Tanzania Embassy in Brazil.

The need to train regulators so that they have the capability and can make good and balanced decisions that are comprehensive is very clear, especially for the new regulators in a nascent body such as EWURA. There are myriads of issues within the multi-sectors which confront a regulator. Regulation is a new paradigm and not well understood and will initially face challenges from many corners even when its benefits may seem obvious. It is imperative therefore that a regulator must do the right things from the beginning and do them very well so that the long term success can be achieved. It is therefore very important to train regulators in the areas of best regulatory practices and decision making in regulatory matters especially during this critical formative years.

Some of the challenges that a regulator faces in many countries come from regulated suppliers that were big monopolies whether state or private. Private sector participants in a free unregulated market may resist to changes that are aimed at customer protection by ensuring that they get value of their money in terms of quality and standards of goods and services and in terms of environmental protection. Most entities find

information disclosure as undue costly interference in their business. Sometimes, even the government policy makers may find some discomfort in allowing the regulator to function properly, especially where legislation maybe ambiguous in assigning the functions of a regulator clearly.

The sectors that EWURA regulates are critical: water is essential to life; electricity for lightning and essential for the welfare of people; petroleum and gas as a source of fossil energy providing fuel for transportation industry, fuel for electricity, and essential in basic commercial energy. If these critical sectors to the economy and well being of Tanzanians are not well regulated by carefully selected capable people, the economy of the country will be in danger of being paralysed from havoc that can be created.

All over the world the one of the acceptable ways of learning fast is to share experience with peer countries

and find out worked in their situation which is similar to your needs. As the saying goes “you do not have to invent a wheel .....while wheels are running!” Some of these mechanisms will involve establishing partnerships with regional, national, and local training institutions to build up on their existing programs as well as to strengthen their training curriculum.

EWURA has succeeded in creating a network for information exchange and assistance among the energy and water regulators with the aim of understanding how to improve the overall consistency of energy and water policies with the legislation and regulatory matters. Equally the service providers especially from Brazil, such as Electrobras are eager to look at investment opportunities available in Tanzania. At the conclusion of the official visit to the Caribbean and Latin America countries, Prof. Mwandosya said “exposure to the best practices and synergy building is the must”.



*President Bharrat Jagdeo of Guyana (left) exchanging views with the Minister for Water and Irrigation, Honourable Professor Mark Mwandosya (MP) in Georgetown-Guyana in September 2009.*

## CHALLENGES IN LICENSING DOWNSTREAM PETROLEUM SUB-SECTOR



*By Amina Shamte*

THE Energy and Water Utilities Regulatory Authority (EWURA) has targeted that, by the beginning of 2010, all operators in the downstream petroleum sub-sector are licensed. To some extent, the licensing exercise has been positive. For instance, as of mid-August 2009, the Authority had managed to process and issue 430 licences out of 1,101 retail and wholesale licence applications submitted to EWURA between November 2006 and August 2009. Among these are 386 retail licenses (out of 983 applications), and 44 wholesale licences of 118 applications.

On the other hand, the licensing exercise is facing major challenges. To date majority of the retail license applicants have failed to meet one of the mandatory requirements, namely submission by the applicant of relevant authorization as to ownership and use of the land concerned for retail business.

Unfortunately, most of the Title Deeds submitted by the applicants do not approve the development of the respective petrol stations and no approval on the change of land use is submitted in that regard. Therefore, such applications could not be considered for issuance of retail licences.

Some applicants submitted copies of Title Deeds which were not certified, making it difficult for the Authority to determine their authenticity.

Other applicants submitted 'certified true' copies which contained multiple uses, or which were inconsistent with the use of land. For instance, where the Town and Country Planning (Use Classes) Regulations as amended in 1993 specify that Use Group F, Class (a) is for Petrol Stations, some applicants submitted Title Deeds which make reference to Use Group P – contrary to that law.

Furthermore, most wholesale licence applicants fail to meet minimum licensing criteria requiring submission by the applicant of proof of financial capability and ownership of an oil terminal, or hospitality arrangement with operators with operational oil terminals.

Despite the above challenges, the Authority has taken several measures to ensure that the applicants submit all the required information to EWURA before the deadline. One of the measures was revisiting the licensing criteria for retail licences, with a view to allowing the issuance of conditional licences.

Another was formally informing all the applicants on the mandatory licensing requirements and conditions which need to be fulfilled within a specified time-frame – sending reminders through letters, newspaper advertisements and radio programmes.

Some of the applicants who submitted Title Deeds which do not approve development of the respective Petrol Stations have been advised by EWURA to apply for change of land use at the Ministry of Lands, Housing and Human Settlements Development. However, it should be noted that the process of change of land use is lengthy and the final approval of change of land use is issued by the respective Minister.

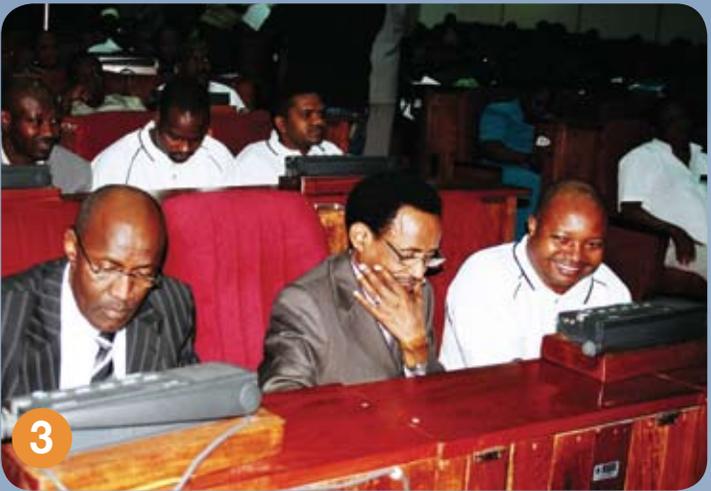
It should be emphasized that, in order to meet its target of licensing all operators in the downstream petroleum sub-sector by 2010, the Authority has also taken an initiative of submitting a list of all applicants to the Ministry of Lands, Housing and Human Settlements Development to confirm whether or not the applicants obtained the necessary approval to construct petrol stations on respective plots.

To a large extent, the petroleum sub-sector licensing activity has been very challenging. But one should appreciate the fact that, before EWURA came into existence, only petroleum wholesalers were being licensed. As of today, 39% of the petroleum Retail Outlets in Tanzania are licensed and the exercise is ongoing.

Furthermore, petrol stations are now operating on standards set by EWURA, and which are regularly checked upon through regular site inspections.



## EVENTS IN PICTURES





1. EWURA's Director General, Mr. Haruna Masebu gives his key note address before the Members of Parliament immediately after the official opening done by Minister Ngeleja at a seminar organised by EWURA on July 12, 2009 in Dodoma.
2. The Permanent Secretary of the Ministry of Energy and Minerals, Mr. Arthur Mwakapugi (left) exchanging views with a member of the Board Directors of EWURA, Mrs. Lucy Sondo (right) before the Seminar on EWURA operations was opened to Parliamentarians in Dodoma in, July 2009. Second left from Mr. Mwakapungi is the Commissioner for Energy and Petroleum Affairs, Mr. Bashiri Mrindoko and Director of Petroleum, EWURA, Mr. Sirili Massay.
3. EWURA's Director of Corporate Affairs, Mr. Paskali Massawe laughs as the Director of Petroleum, Mr. Sirili Massay gives him soft words probably he was joking: " Will I manage to convince MPs in my Presentation?". Mr. Massay presented a wonderful analysis on Petroleum industry thus attracting all MPs to listen attentively. Left is the Commissioner for Energy and Petroleum Affairs, Mr. Bashiri Mrindoko.
4. Editors listen to EWURA's head of Communications and Public Relations Unit, Mr. Titus Kaguo (right) as he gives introductory remarks before the Authority's Director General, Mr. Haruna Masebu (not in picture) spoke during an Editors Forum in September 2009.
5. The MP for Sumve Richard Ndassa (CCM), makes a contribution during the seminar.
6. HabariLeo Newspaper, Chief Editor, Mr. Joseph Kulangwa asks a question to EWURA's DG, Mr. Haruna Masebu during the Editors Forum. Others are Mr. Denis Msacky, Deputy Managing Editor of Mwananchi, Mr. Theophil Makunga, Managing Editor of Mwananchi and Gabby Mgaya Assistant Editor of Daily News.
7. Members of EWURA Board of Directors, Consumer Consultative Council (CCC), Government Consultative Council (GCC) and EWURA staff paying attention on the presentation to the Members of Parliament on EWURA duties, functions and roles.
8. EWURA's Director General, Mr. Haruna Masebu, (right) clarifies on various issues during Editors Forum that was organized by the Authority in September 2009 aimed at exchanging views with Media Editors on EWURA operations. Others from left are Chief Internal Auditor Mr. Fred Msemwa, the Director of Petroleum, Mr. Sirili Massay (center) and the Finance and Administrative Manager, Ms Naiungishu Mollel.
9. The Director of Regulatory Economics, Mr. Felix Ngamlagosi (right) shares a point with The Manager Financial Analysis & Modeling, Mr. James Andilile (center) and The Director of Water and Sewerage, Eng. Mutaekulwa Mutegeki on how to display power point presentation inside Pius Msekwa Hall in Dodoma.



## EWURA MAKES SIGNIFICANT LEAP IN CONSUMER PROTECTION

*By Michael Mshighwa*

THE Energy and Water Utilities Regulatory Authority (EWURA) has made a significant leap in consumer protection. By 30 June 2009, EWURA had received a total of 120 complaints, out of which 53 were from water consumers – and 27 of those were successfully resolved.

The power sector registered 34 complaints, out of which 12 were resolved. Petroleum downstream sub-sector registered a total of 33 complaints out of which 23 were successfully resolved. Figure 1 below indicates percentage of complaints received versus resolved for the period ended 30 June 2009



Figure 1 above indicates the percentage of complaints resolved versus received for the period ended 30 June 2009.

Complaints from consumers of EWURA regulated sectors vary in their complexity and seriousness of the issues being raised. Some complaints are easily and quickly resolved. Others, however, may be more complex, requiring inputs from a range of parties involved as a result they can be more time-consuming and difficult to deal with.

EWURA complaints facility is currently accessed through letters, faxes, telephone, internet or by personal visit. EWURA manages complaint internally

using an escalating process from Customer Service Unit to Division of Authority followed by Board of Directors' decision. The Order of the Board with respect to the complaint is enforceable as those by the High Court of Tanzania. The nature of complaints received is as shown in Figure 2 .

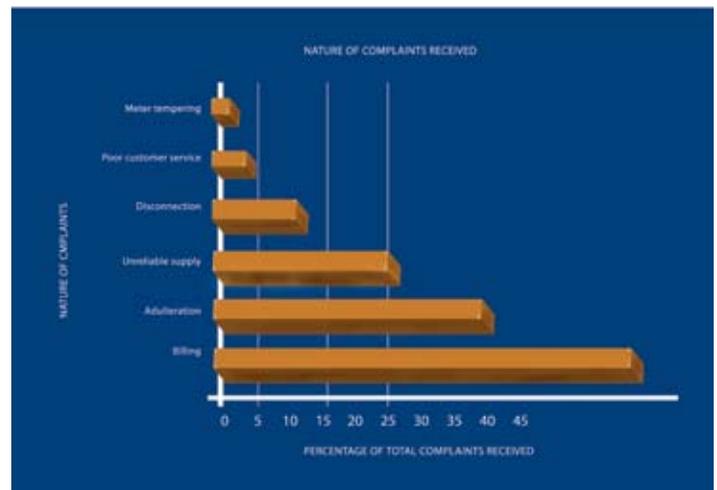


Figure 2: Nature of complaints received as of 30 June 2009

At initial stages complaint resolution involves a series of letters, faxes, e-mails or phone calls. Letters are dominant mode of communication. In most cases a letter and a copy of complaint is referred to service provider requesting an explanation of its position.

Telephone contact is frequently used to discuss the complaint, to ask questions, or to make specific requests. Response from service provider determines further action to be taken, if necessary. The outcome may include a reduction in a bill, an apology or explanation or work performed at no charge to fix a mistake.

In the event that the Unit fails to do so it refers the matter to Division of the Authority for hearing. During hearing a complaint proceeding is still quasi-conciliatory in nature and an amicable settlement can be achieved. In the event that there is no amicable

settlement, parties shall appear before the Division of the Authority in person or by its principal officer or the authorized representative. The Division will present its findings and recommendation to EWURA Board of Directors for action. The Board will make a ruling on the complaint which will be carried out by the Division.

Where a party is not satisfied with an award by the Board, the party has the right to appeal to the Fair Competition Tribunal (FCT).

EWURA is currently faced with several challenges as far as complaint resolution is concerned. Lack of proper documented evidence on the side of complainant that there has been appreciable effort to resolve the matter with service provider as required by the law is one of the serious setbacks.

As a result EWURA is, in most cases, obliged to refer the matter to service provider for consideration, resolution and or explanation. Another challenge is on poor response and cooperation received from utilities with regard to complaint resolution. In most cases utilities either respond very late or never respond at all even after being served with letter of reminder. EWURA will not allow utilities to abuse the legal process and will always remain committed to its core values by ensuring high level of professionalism and timely delivery of services including timely determination of disputes.

By so doing, the Authority is, inter alia, upholding one of the cardinal principles in the administration of justice, that is, justice delayed is justice denied.



*Service providers and consumers attend a public hearing session on petroleum matters.*



## WELL DONE, MPs APPLAUD EWURA

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**By James Andilile**

It was on 12th July 2009 when EWURA had a momentous time with Members of the Parliament in Dodoma. The MPs commended EWURA's efforts in discharging its obligations as a regulator for energy and water sectors. These acknowledgements were aired at a one day seminar to MPs in Dodoma. During the seminar the Director-General, Mr. Haruna Masebu, explained how far EWURA has implemented the Energy and Water Utilities Regulatory Authority (EWURA) Act Cap 414, Laws of Tanzania.

Commenting on the evolution of regulations in Tanzania, Mr. Masebu explained that, economic regulation in Tanzania was propelled by Government's decision to embark on a free market economy.

"The paradigm shift on the way the economy should be handled called for the redefinition of the role of the Government" he said. He added that, as a result of Government's role being redefined, the Government became responsible for policy setting, leaving the private sector to drive the economy of the country.

Amid embracing free market, in 1999 the Government took a deliberate decision to develop and introduce a Competition Policy which, among other things, aimed at setting the rules of the game in the free market environment," he explained.

Mr. Masebu further stated that, the Competition Policy categorically had noted the importance of a fair competition in spearheading efficiency in the market. Making reference to the policy he explained that the policy had indicated that where there is sufficient competition in the production and provision of services, the market will be left to regulate itself.

He, however, expressed firmly that, the same policy had articulated that where there is deficient competition, regulatory bodies will be established. This advent leads to the establishment of EWURA, TCRA, TCAA, SUMATRA, FCC and FCT. "The establishment of these organs aimed at balancing the interests of three pillars in the regulation that is

consumers, investors and policy makers" he added. Mr. Masebu told participants that, regulation mimics of market competition. Regulation ensures that a free market operates in a fair manner for the betterment of all. "It is through regulation where the interests of all stakeholders are balanced," he explained. Mr. Masebu stressed that "in today's world people are no longer talking of the free markets but a fair markets".

Mr. Felix Ngamlagosi, Director of Economics Regulation at EWURA also said that "in today's world, regulation is important regardless of whether the utility is private or publicly owned, for the reason that regulation is geared at stirring up efficiency".

Mr. Ngamlagosi further explained that, in the course of implementing EWURA Act Cap 414, EWURA is confronted with several challenges, including a lack of cost-reflective tariffs, low services access to many Tanzanians, absence of sectoral legislation, the need for EWURA to respect all agreements signed prior to its existence.

Speaking at the seminar, Mr. Massay – who is the Director for Petroleum at EWURA – said the Government has made a decision to go for bulk importation of petroleum products in Tanzania. "As of now EWURA in collaboration with other stakeholders is articulating on the best way of implementing the same" he said. Also, Mr. Massay explained that EWURA plans to acquire mobile laboratory and introduce fuel marking, so as to contain the on-going fuel adulterations practices in the country.

"EWURA is doing well," Hon. Daniel Nsanzugwako (MP) explained. He however, cautioned that the implementation of bulk importation of petroleum products be taken by any howler will lead into market shocks and will frustrate investors. On the other hand, Hon. Mhonga focusing on the same sector pointed out that, penalties sanctioned on traders found trading defect products are too lenient to halt the device. "Petrol stations found trading in adulterated products should be closed for good and a poster

stating reasons for the closure should conspicuously be placed at the petrol station to awaken the public on this malpractice,” She said. Moreover, Hon. Ndasas called on EWURA to open zonal offices across the country to make its services accessible to many. “EWURA and the Government should expedite bulk fuel importation for the well being of our economy”, he stressed.

Hon. Zamboni – focusing on electricity tariffs – asserted that “EWURA should look into ways of making electricity affordable to poor Tanzanians and should stiffen efforts in making itself known to the public because at present it is not known to many”.

Commenting on EWURA functions, Hon. Zitto Kabwe called on the Government to come with structure of Gas Act in a manner that will bring maximum benefit for the nation. This includes separation of the roles of policy making and regulation between government and the regulator respectively.

“National interest should be accorded high priorities in due course in enacting such legislation,” he cautioned.

On the other hand, Hon. Malomba was of the view that since most of the sectors that are regulated by EWURA fall in the Energy sector, EWURA should report to the Minister for Energy. In response, Hon. Professor Mark Mwandosya, who has been involved in the process of establishing regulatory activities, explained the background that resulted in the President placing EWURA under the Ministry responsible for Water. Prof. Mwandosya said that the law was structured in such a manner that EWURA is obliged to consult with relevant sector ministers with regard to the policy matters in each sector.

The Minister responsible for EWURA provides overall administrative oversight, but the authority is independently to reach decisions on regulatory matters with regard to the regulated sectors. In support of this view, the EWURA Director-General confirmed that the current arrangement has so far worked well and it should therefore be allowed to continue. The Minister for Energy, Hon. William Ngeleja thanked Hon. Mwandosya for the explanation.



*Msekwa Hall was fully packed by Members of the Parliament who looked forward to learn about EWURA functions and duties*



## EWURA SENSITISATION CAMPAIGN TAKES SONGEA AND TUNDURU

**By Michael Mshighwa**

THE main stand and two other adjacent stands of Majimaji stadium were fully packed with more than 2000 Ten-Cell leaders and Ward Secretaries from Songea town and its suburbs who had gathered for the purpose of learning about EWURA activities, regulated sectors and how complaints are initiated and resolved. The occasion was graced by the presence of prominent political and government leaders from the national, regional, district and local levels.

Among them were the ruling party (CCM) Secretary-General, Hon. Yusufu Makamba (MP); Hon. Dr. Diodurus Kamala (MP), Minister for East African Cooperation; Hon. Dr. Emmanuel Nchimbi (MP), and Hon. Christine Ishengoma, the Songea Regional Commissioner (MP) – just to mention a few.

In Tunduru town, the famous Skyway Hall was packed with more than 150 participants – mainly women leaders from Tunduru District. The presence of Hon. Stella Manyanya (MP) and other Youth and Ward leaders was a most welcome sight to EWURA public awareness campaign in the District.

Section 6 (e) of EWURA Act (Cap. 414, Laws of Tanzania) provides that one of the duties of EWURA was to enhance public knowledge, awareness and understanding of the regulated sectors including the rights and obligations of consumers and regulated suppliers, the ways in which complaints and disputes may be initiated and resolved and on the duties, functions and activities of the Authority.

For the fiscal year 2009/10, EWURA has set aside funds to educate the public on activities of the Authority. Songea and Tunduru public awareness is the first assignment for this financial year of 2009/10. A team of four EWURA staff led by the Director of Electricity, Eng. Anastas P. Mbawala, travelled to Songea and Tunduru for conducting public awareness meetings to groups of stakeholders.

Other members of the team included the Principal Customer Service Officer, Mr Michael Mshighwa, a Customer Service Officer, Ms Mariam Mmbaga, and Robert Nyirenda, the team's driver.

In his presentation, Eng. Mbawala started by narrating the historical, social economic factors

which necessitated the evolution of regulatory bodies. He said the quest for better services, reliable and accessibility of the same to society was the major factor which leads to separation of policy and law making tasks from regulatory and monitoring functions.

The Government remained with the responsibility of creating policy and enacting legislation while the regulatory functions were handed over to regulatory bodies.

Eng. Mbawala told the audience that EWURA's vision is on quality, affordable and sustainable energy and water services for all. Eng. Mbawala said in making sure the vision is achieved; EWURA has set its mission to champion the delivery of energy and water services through world-class regulation for the enhancement of welfare of the Tanzanian society.

He said during the three years of existence, EWURA has made significant contribution to the national economy, especially in making sure that the market is not only 'free and competitive' but also 'fair' to all stakeholders. Eng. Mbawala informed the audience on the existence of complaint facility at EWURA and that consumers of energy and water services should feel free to file their dissatisfactions whenever necessary.

After a well-presented speech by Eng. Mbawala, participants raised a number of issues for clarification from EWURA. They were eager to be educated on the reason behind fuel price fluctuation and why fuel prices in Tunduru has risen from TZS750 to 1000/- in less than one year?

Another area of concern was on statistics regarding fuel adulteration and action taken against culprits. The audience also wanted to know strategies deployed by EWURA in combating fuel adulteration.

This public awareness campaign held in Songea and Tunduru is part of the ongoing campaign that is designed to reach out as many constituencies as possible. Some of the constituencies already benefited on this financial year 2009/2010 include Kigoma North, Nzega, Urambo West, Urambo East, Tabora Urban, Kigoma Urban, Kasulu, Ukonga and Illala.

## LIGHT-HANDED REGULATION TO PROMOTE DEVELOPMENT OF SMALL POWER PROJECTS (SPP) IN TANZANIA



**By Eng. Norbert Kahyoza**

THE power sector in Tanzania is dominated by a single, vertically integrated national utility, the Tanzania Electric Supply Company (TANESCO). By end of 2008, the total installed generation capacity in the country was 1006MW.

Hydro-power accounted for 55.7% of this capacity, while the balance was from thermal sources, namely natural gas and liquid petroleum). This capacity, (which was earlier backed up by 185MW from emergency plants) provided electricity to about 740,954 metered consumers, estimated to represent about 11% of the population accessing electricity in Tanzania – whereby ‘electricity access’ means household connection.

Peak demand was a little over 690MW. In early 2006, TANESCO had to introduce a load shedding program to address shortage in power supply which was further mitigated by hiring emergency plants. The high-voltage grid covers only a small portion of the country, leaving several urban centers relying on diesel stations which provide low quality, high cost (over US\$20/kWh) service and are a drain to TANESCO because of a uniform national tariff approach.

The Government of Tanzania, upon recognizing the inadequate provision of electricity as one of the major bottlenecks to growth, vowed to come up with relevant policies that will foster development of small power projects based on renewable energy sources. The renewable energy industry was noted to be in its infant stage of uncoordinated development (i.e. no specific legislation or guidelines were in place).

A few projects developed were only appraised on sponsor’s own energy requirement and not on commercial merits. Thus players in this industry were only limited to religious organizations, and to a lesser extent, TANESCO. There were no strategic project promoters, renewable energy finance providers, service companies, or planners.

Why Small and Renewable Energy Now? Renewable energy is the energy generated from natural resources—such as sunlight, wind, hydropower, tides, Biomass, geothermal heat, etc, which are naturally replenished. There are many reasons and advantages

of promoting exploitation of renewable resources in small sizes at this particular moment than later. The principal ones are briefly discussed herein below.

**Abundant resources**

Renewable energy sources contribute less than 1% of the national energy requirements; however, several studies show good potential including the recently completed rural electrification study supported by AfDB.

- The potential of various sources are assessed as follows. Small hydro power generation (less than 10 MW); estimated at about 250MW of which only 8MW has been exploited so far. Several studies have been conducted over the last decades mainly providing insight in the technical feasibility. Studies that have included economic analyses show a limited number of sites which could produce electricity at competitive cost in areas where demand is available.

- Wind potential in Tanzania has been studied and several locations identified to have useful wind regimes for power generations. These include Singida, Makambako, Dodoma, etc.

- Solar energy in Tanzania is estimated to be available at an average insolation of 5 – 5.6 kWh/m<sup>2</sup>/day according to the global solar map. This is among the highest in Africa.

- Biomass – is the most abundant and widely used source of energy in Tanzania. It is estimated that more than 90% of energy consumption in Tanzania is from Biomass, mostly as wood fuel. Biomass resources for electricity generation encompass various types such as baggase, wood residues, industrial and municipal wastes, etc. Baggase alone has been estimated to produce up to 200MW, while wood residues may have a bigger potential.

**Clean energy**

The renewable energy sources are known to be environmentally friendly (clean) and proven to have positive impact as regards to climate change. There is a global focus at the moment to exploit clean energy in place of the traditional fuels.

Supplemental capacity to the grid and mini-grids  
Due to Climate-change concerns – coupled with high oil prices and a threat of diminishing hydrocarbons reserves – alternative sources of energy are urgently required to supplement (or even sustain) the power capacity in the National Power Grid.

This would cushion the ever-increasing demand, and also bridge the long lead-time required for development of larger projects.

Large power projects are capital-intensive, and take much longer time to realize, even as demand for power grows steadily over time, inevitably resulting in increasing capacity deficit down the road.

#### Catalyst to rural electrification

Most of the renewable sources are located in remote areas close to rural people. This strategy of developing small power projects will promote electrification in the locality and create employment opportunities for unskilled and semi-skilled rural people.

#### Enabling policies

The Government of Tanzania considers growth of a renewable energy industry as an integral part of its rural energy and power sector development strategies. Several policies and legislations have therefore been strategically adopted to enable growth of the industry.

These include:

- The Rural Electrification Policy Statement, which indicates all lower cost technical options should be considered – including renewable energy.
- The Rural Energy Act (2005) established the Rural Energy Agency (REA) and a corresponding Rural Energy Fund (REF) with the main task to allocate performance-based subsidies for rural energy, including renewable energy systems;
- The Energy and Water Utilities Regulatory Authority (EWURA) Act which provides the regulator with the responsibility of tariff setting including those applied to the independent renewable energy power producers, and consideration for disadvantaged poor, who are mostly found in rural and peri-urban areas; and,
- The Electricity Act, 2008 which formally recognizes the existence of small power projects (SPPs) as generators with an export capacity of between 100KW and 10MW.

Furthermore, the National Energy Policy (2003) stipulates the need to reduce the dependency on fossil fuel for isolated grids and remote locations and suggests additional research and development of renewable energy, particularly as part of rural electrification initiatives.

Among other things, the policy states that “there is a need to create a legal framework for renewable energy development and to establish an institutional structure and mechanism to address technical, social and financial barriers for the dissemination of renewable energy technologies.”

#### Policy Implementation

Since 2006, the Ministry of Energy and Minerals (MEM) launched aggressive initiatives to implement these policies through the creation of a set of legal and technical arrangements that facilitate development by the private sector of Small Power Projects (SPPs) based on renewable energy sources.

The following have so far been achieved.

- Standardized Small Power Purchase Agreements and Tariff methodologies for both grid-connected and isolated systems have been approved by EWURA and are in use.
- EWURA is finalizing preparation of Guidelines and Rules for streamlining development of Small Power Projects.
- EWURA is finalizing preparation of standard model documents to be used in conjunction with the guidelines. These include the application forms, licence template, permits, registration form, Letter of Intent (LoI) template, etc.
- Establishment of a Working Group on Small Power Development (WGSPD) drawing members from key stakeholder institutions. The WGSPD is mandated to keep SPP data base and compute, on annual basis, applicable tariff for submission to EWURA for approval.
- By January 2009 about 27 prospective developers had already registered with REA.
- Following the publication of the 2009 tariff for Main Grid and Mini-grid connected SPPs, it is expected that by end of 2009 three SPPAs would be signed between prospective developers and TANESCO.



**By Eng. Charles Omujuni**

THERE are numerous dates in life one has to remember. Think about your first day of school life. It is a lot like the first day of a new job. On that day you have to find where water closets and cafeteria are located, a completely new workstation, sometime meeting new people, and ask yourself, who is who? No matter what, the first day impression anywhere matters a lot in human life. Never ever mess up with the first day in a new capacity, anywhere.

On Friday, the 1st day of September 2006, most of us woke up very early on that beautiful morning to walk in a new workplace called EWURA, located in the Harbour View Towers. None of us came later than 0730 hours. Everyone was overwhelmed, turning a new page in life with high expectations not only us, but even our spouses, kids, relatives and friends.

The new entrants, each put on the best attire, were received with a warm smile of the Director General, Mr. Haruna Masebu in the Board Room, cheering EUREKA, expressing triumph! HM, the founder of EWURA gave an inaugural speech almost shedding tears of joy, as his long dreams were now becoming a reality. We took memorial group photographs, and immediately transacted official businesses.

The golden word I picked from the speech made by HM, was KAIZEN, meaning a Japanese business philosophy, advocating the need for continuous improvement in somebody's personal and professional knowledge. EWURA continued to attract talented staff and expose them to world class practices.

"It is not in their stars to hold our destiny but in ourselves" said Williams Shakespeare

Throughout the past three years there have been many adventures and many stories. I have had the good fortune to not just work with good people, but great people. The EWURA family is a welcoming, inspiring and productive one, and the incredible people at EWURA turn theories into practices, woo!

New regulators all over the world, including EWURA, commonly face "teething problems" during their early days. It takes time to change the mindset and gain trust of all stakeholders. Old friends run away, and for sure:

"If the regulator is doing his job properly, at his exit from the job, the only friend left will be his dog" said Dr. Bernard Tenenbaum a seasoned regulator, World Bank expert if the converse is true, something is wrong in the regulatory systems, and must be tackled immediately. EWURA staff put public interests before theirs. We fight graft at all levels, and patriotically defend the prosperity of Tanzania.

"We shall defend our island, whatever the cost may be, we shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields and in the streets, we shall fight in the hills, we shall never surrender!" – Sir Winston Churchill. So, in wrapping, I want to thank the inspiring EWURA family for making performance of the regulatory role such a pleasure over the past three years. ALUTA CONTINUA!



Founding members of EWURA Staff in a group picture in September 2006

