

Newsletter

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Bulk Procurement becomes a reality



MT. ALPINE MONIQUE discharging the first cargo under Bulk Procurement System at Kurasini Oil Jetty, in January 2012.

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Editor's Note



Mr. Titus Kaguho

HAPPY New Year to our esteemed readers! It is with sincere gratitude that I humbly welcome you to the sixth edition of the Energy and Water Utilities Regulatory Authority (EWURA) Newsletter, which is the first issue in the year 2012.

I am pleased to welcome you to read articles from various sectors regulated by EWURA. For the first time, this Newsletter has come at the time when the Authority lost two of its prominent staff, the then Director of Petroleum, Mr. Sirili Massay and the Head Driver, Mr. Robert Nyirenda. A special tribute to contribution of two gentlemen at EWURA has been covered in this issue.

While the fifth edition came at a time when the Authority was adopting new technology to curb fuel adulteration and fuel dumping, through fuel marking, this edition comes at a time when the Authority has facilitated the operationalisation of the Bulk Procurement System (BPS) in Tanzania.

With the first cargo having arrived on 4th January 2012, BPS is expected to, among other things, curb price transferring in relation to petroleum products while enabling the Tanzania Revenue Authority (TRA) to collect more revenues from petroleum products.

This edition, also gives you an insight into EWURA's recent operations through various articles that touch on issues like taking off of bulk procurement, public's recognition on the roles of the Authority, stopping the construction of illegally constructed petrol stations, working tour of Board Members, participation into various exhibitions and many more.

You are welcome!

From the Desk of the Director General



Mr. Haruna Masebu

As we begin the New Year, it is with great pleasure that I take this opportunity to wish all of our esteemed readers a happy and prosperous 2012. In keeping with tradition, the articles found in the sixth edition of the EWURA Newsletter discuss issues related to the Authority's mandate of advancing and protecting interests of stakeholders in the energy and water sectors.

During the first half of 2011, the Authority set up a new system of classification for the different water utilities in Mainland Tanzania thus enabling cost effective regulation and improved services to consumers. The second half of 2011 was marked by domestic challenges surrounding global economic recession, struggling world markets and fluctuation in the price of crude oil. In August, the Authority undertook a review of the pricing formula of petroleum products in mainland Tanzania as a result of a public outcry against escalating prices of petroleum products and record lows in foreign exchange rates between the Tanzania Shilling and the US dollar.

The new pricing formula that subsequently came into force was disliked by some operators who decided to disrupt the petroleum supply chain. The Authority rose to the challenge and after taking stern measures against ring leaders amongst those opposed to the new dispensation, the situation has largely been contained.

Events following this review confirmed the correctness of the country's policies governing the importation of petroleum products in Tanzania. The Bulk Procurement System (BPS) was seen as the best way to go in reducing risks in the disruption of the petroleum supply chain, especially if the same is also supported by a National Oil Strategic reserve. Pursuant to this objective, in September 2011, the Petroleum Importation Coordinator (PIC) was established as a legal entity with the function of coordinating the system. The Authority has been working closely with the PIC to ensure a smooth transition from the old importation system, whereby Oil Marketing Company's (OMC) individually arranged importation of petroleum products, to the new BPS.

As we move forward in this regard, the Authority is confident of the benefits that the economy will enjoy as a direct result of the BPS which started in earnest in January 2012. These include, but are not limited to, ending transfer pricing; reducing congestion of fuel tankers at the port; getting adequate and complete data on petroleum importation; ensuring that all imported products conform to quality standards and enabling more companies (including medium sized ones) to participate on an equal footing with the 'bigger' ones in importing products without having to go through 'middle men', thus furthering competition amongst wholesalers. We understand that the Government through the Tanzania Petroleum Development Corporation (TPDC) is now working towards the establishment of a National Strategic Oil reserve.

With respect to the electricity sector, one cannot effectively discuss events in 2011 without considering the load shedding problems caused by poor hydrology and prolonged drought conditions which affected the country. In this regard, the Authority licensed emergency power plants that had been procured by TANESCO with the Government's support. Subsequently, the Authority reviewed a tariff application from TANESCO for a 155% increase with due diligence combined with a high regard for integrity and transparency. The Authority's final decision on the matter resulted in an increase of 40.29% which ensured that the electricity supply company would still be able to sustain its operations and meet its contractual obligations, while at the same time, both the economy in general and consumers, in particular, would be shielded from what would have otherwise been a very steep increase.

In 2012, the Authority is committed to maintaining world class standards with regard to transparency, integrity, professionalism and adherence to the laws of the land, while concurrently involving stakeholders in every step it takes. The Authority will also continue to facilitate the attraction of investments in the regulated sectors.

Finally, I would like to thank all stakeholders for their continued cooperation. Please join me in reading the articles found in this issue of the EWURA newsletter.

Bulk Procurement becomes a reality

By Eng. Julius Gashaza

THE Bulk Procurement System (BPS) officially commenced since 4th January, 2012, when the new prices resulting from new petroleum pricing formula that accommodates BPS implemented.

The first tanker MT. ALPINE MONIQUE carrying 33,000 and 7,000 metric tones of diesel and Jet A1 respectively berthed at Kurasini Oil Jetty on 6th January 2012.

The Bulk Procurement system can be defined as means to govern importation of a bulk petroleum or petroleum products into Tanzania from single source at same cost. It is different from the previous procurement arrangements whereby individual companies were importing from different sources at different costs.

Under BPS, international competitive tender has to be floated and companies have to compete and whoever wins the tender delivers the products to others based on their market shares.

Powers to establish BPS

The Petroleum Act of 2008 requires that the importation of petroleum products to be done through efficient procurement as prescribed in regulations by the Minister responsible for petroleum affairs.

The Minister of Energy and Minerals issued the Petroleum (Bulk Procurement) Regulations 2011 directing that all petroleum imports for the Tanzania local market should be procured through an efficient system. The Regulations which were published on Government Gazette GN No 164 of 3rd June 2011, directs that the efficient system shall mean a type of procurement or purchase made by way of Bulk Procurement System.

Immediately after the enactment of the Petroleum Act, Cap 392, in 2008, EWURA embarked on the task of formulating a mechanism at which all petroleum products for domestic use would be procured and imported in an efficient manner.

Implementation of BPS

The most challenging part of BPS was how best the system would be implemented to bring the anticipated results without jeopardizing the normal supply chain of petroleum products.

Because of that EWURA hired a consultant, Petroleum Development Corporation (PDC) of Britain to assist in design of the implementation of BPS. The consultant recommended among other things, establishment of a company, Petroleum Importation Coordinator Limited (PIC), that will be responsible for coordinating importation of petroleum products.

The company has already been established by all licensed oil marketing companies and whose board is made of six representatives depending on the market share.

Those companies whose market share are above 10 per cent are represented by three members, between five per cent and 10 per cent represented by two members and less than five per cent are represented by one member to form PIC Board of Directors.

In parallel with PIC, the Minister for Energy and Minerals formed the Bulk Procurement Technical Committee (BPTC) which amongst other things will:

- monitor administration of BPS with a view to ensuring its proper management;
- ensure that matters of national interest are observed in the BPS including the security of supply and emergency situation of major implications to the delivery of petroleum or petroleum products;
- advise the Minister for Energy and Minerals on the implementation of the BPS and the supply of petroleum and petroleum products; and
- select a supplier in the event of distortion of BPS or failure by the Petroleum Importation Coordinator to perform its functions.

The first tender award

The first tender was opened on 29th November 2011 whereby five bidders submitted their bids. These were Vitol Geneva SA of Switzerland; Addax Energy SA; TOTSA (Total International); Augusta Energy SA; and Trafigura PTE Limited. The winner of the tender was Augusta Energy SA. The supply period of the first tender is for the months of January and February 2012.

Benefits of BPS

Amongst other things, the following are the benefits of BPS:

- avoiding port congestion as ships will be arriving as per schedule, hence reducing or completely removing demurrage charges;
- accurate import data and easing collection of revenues; and
- economies of scale hence bringing down premiums the benefit of the end consumer.

Together we can build the nation!



MT. ALPINE MONIQUE discharging the first cargo under Bulk Procurement System at Kurasini Oil Jetty, in January 2012

EWURA records historic move in tariff approvals

The new tariffs resulting from the indexation formula have been accepted by stakeholders in most of the DWSSAs.

By Titus Safari

THE Board of Directors of the Energy and Water Utilities Regulatory Authority (EWURA) has made a historic move by approving tariff adjustments for 89 'small water utilities' across Tanzania.

Those utilities include District and Small Towns Water Supply and Sanitation Authorities (DWSSAs), and National Water Projects. The tariff increases were approved through 'EWURA Order No. 11-014,' and became effective on 1st June, 2011.

This is the first time EWURA has approved tariffs for such a substantial number of utilities at a go since the Regulator was established in 2006.

The tariff adjustment move is intended to enable the DWSSAs achieve cost-reflective tariffs on the one hand — and deliver good and reliable services to consumers on the other hand.

"This is in line with the National Water Policy (NAWAPO) of 2002 in which the Government has a vision that each WSSA should recover the full cost of providing services to their customers in the medium to long-term. Full cost recovery means the total cost of providing services (including Operational and Maintenance (OandM) services), depreciation and investment are met," says Mr. Haruna Masebu, the EWURA Director-General.

This move has its background in the findings of a 'Rapid Assessment Study' which was conducted by EWURA in collaboration with the Ministry of Water in 2008.

The Study revealed exclusive features of most DWSSAs in Tanzania. These include worn out and otherwise dilapidated water supply systems; lack of funds to undertake major rehabilitation projects and extensions; lack of enough managerial skills to operate water supply services; low tariffs; lack of reliable data; poor management and protection of water sources.

In view of the mentioned challenges facing DWSSAs, EWURA prepared 'Tariff Setting Guidelines for Districts, Small Towns and National Projects Water Utilities (DWSSAs)' in 2011. The Guidelines were intended to harmonize and propel DWSSAs tariffs towards full cost recovery.

To that end, they were prepared in accordance with the procedures governing the setting up of rates and charges as provided for under the EWURA ACT (Cap 414 of the Laws of Tanzania), and have taken on board the objects of financial sustainability of WSSAs as stipulated in the 2002 National Water Sector Policy.

In the event, EWURA has made a creditable contribution to the development of the Water Sector in Tanzania by developing one of the key instruments in implementation of NAWAPO (2002). According to the guidelines, tariff adjustments for DWSSAs are made by means of a tariff indexation formula. The formula is based on benchmarking the tariffs and charges of DWSSAs with those of water utilities operating at the regional headquarters in the similar customer categories.

Rates and charges that are above the maximum charged by regional utilities will not be adjusted. But, DWSSAs which fall under this group may submit an application for tariffs adjustment in line with the Tariff Application Guidelines of 2009.

Kiosk tariffs for DWSSAs shall be equal to 70 per cent of the domestic tariff, rounded to the nearest upper TZS 5. But the upper limit should not be more than TZS 20 per 20 litres of water. The upper limit is subject to review from time to time

During development of the tariff indexation formula — which has been used to compute new tariffs in Order No 11-014 — EWURA sought and considered opinions of key stakeholders. These include DWSSAs, the EWURA Consumer Consultative Council (EWURA CCC) and the Government Consultative Council (GCC). Beside the approved tariff increase, the Order also requires the DWSSAs to submit their data/information/reports as may be required from time to time — failure of which may cause the utilities to be excluded from the next tariff indexation!

Exclusion from indexation may also occur as a result of non-compliance with such conditions as may be developed during the performance monitoring of the respective utilities. The new tariffs resulting from the indexation formula have been accepted by stakeholders in most of the DWSSAs.



Small Towns Water Utilities will now be capable of repairing dilapidated water infrastructure such as this Tukuyu overhead water tank which is used just by 25% of its capacity due to leakages.

EWURA stops construction of 25 petrol stations

Construction of the petrol stations in question was found to have failed to comply with the requirements of the Petroleum Act (2008)

By Wilfred Mwakalosi

A surprise inspection conducted by the Energy and Water Utilities Regulatory Authority (EWURA) in the regions of Coast, Morogoro, Dodoma, Singida, Tabora and Shinyanga revealed that 25 petrol stations which were under construction had violated the extant construction regulations.

The inspection, which was conducted between March and April 2011 in the six regions of Coast, is to be followed by more inspections countrywide.

The EWURA Chief Petroleum Inspector, Engineer Julius Gashaza, says the main purpose of the inspections was to identify stations under which are being constructed illegally in one way or another so that appropriate legal action could be taken in accordance with The Petroleum Act, Cap 392 of the Laws of Tanzania.

He noted that construction of the petrol stations in question was found to have failed to comply with the requirements of the Petroleum Act.

Apart from such inspections, EWURA has been conducting surprise inspections in efforts to ensure that petroleum products sold in the domestic market comply with the statutorily set standards of quality.

In regard thereto, the Authority has closed down two facilities due to failure to comply with the Health, Safety and Environment (HSE) requirements. These were the Onakiro Olomi Sakina Petrol Station in Arusha, and the Mount Meru Tabata mini-depot in Dar es Salaam.

Recently EWURA approved the construction of five new petrol stations. These are the Dar Express Petrol Station in Moshi, Kilimanjaro Region; Gapco (T) Ltd at Tunduma in Mbeya Region; MGS International at Mkuranga in the Coast Region; TOTAL (T) Ltd at Mlimani City, and Big Bon at Sinza, both located in Dar es Salaam.

EWURA's guidelines spell out the Authority's requirements, with respect to technical, infrastructure, health, safety and environment among other things for construction and operation of petroleum product retail outlets in Tanzania. The guidelines assist prospective investors in the petroleum

product retail business and further assist existing operators undertaking petroleum retail activities.

The guidelines require that site selected for construction of a petrol station should be chosen so as to minimize the potential risk the facility may pose to lives and adjacent property. It should also take into account the potential risk to the petrol station, in case of an accident at any adjacent property.

An applicant shall while selecting a site to construct a retail outlet take into account the proximity to public ways; the need to avoid being in proximity to waterways and other

surface water; risk to and from other adjacent facilities; types and quantities of products to be stored; and the need to avoid being in proximity to populated areas and the possible effects of the new service on these areas.

Minimum construction requirements of a retail outlet should take into account the fact that storage tanks and pumps together with the connecting pipes and fittings should be so

constructed as to prevent any leakage of fuel; Petrol Station forecourt is paved with impervious materials at Pump Island with drainage provision connected to the oil or water separator. The rest of the forecourt should be paved too.

It is also requires that a storage tank is fitted with vent pipe with minimum height of 3.5m; each Pump Island is protected with crush barriers with height of one meter above the ground, and Petrol Station is covered with a canopy covering at least the pump Island. The canopy should be constructed observing good petroleum industry practices.

Some specific details about methods of construction and installation of underground storage tanks, pipes and fittings, emergency power and fittings, oil separators, forecourt layout, vent pipes; etc can be obtained from such standards as TZS 1115: 2009: Tanzania Standard for the Petroleum Products Retail Outlets; and TZS 1079: 2009: Tanzania Standard for Installation of Underground Storage Tanks, Pumps/Dispensers and Pipe work at Service Stations and Consumer Installations.

EWURA's guidelines spell out the Authority's requirements, with respect to technical, infrastructure, health, safety and environment among other things, for construction and operation of petroleum product retail outlets in Tanzania.

Public awareness intensified



EWURA Chief Petroleum Inspector Eng. Julius Gashaza (Left) and Commercial Manager—Electricity Eng. Norbert Kahyoza, (Right), attending a stakeholder who had visited EWURA pavilion during the Dar es Salaam International Trade Fair in July 2011.

By Wilfred Mwakalosi

RECENT participation by the Energy and Water Utilities Regulatory Authority (EWURA) in various exhibitions provided an excellent opportunity for the Authority to intensify its Public Awareness Campaign, which is vital for the accomplishment of its objectives.

During the four exhibitions (events popularly known as 'Saba Saba' and 'Nane Nane,' 'Bunge' and the 'Miaka 50 ya Uhuru'), EWURA deployed at its pavilions senior officers from all its Directorates in the four sectors it regulates: Electricity, Petroleum, Natural Gas and Water and Sewerage services.

Visitors to the pavilions during those occasions said they were delighted to learn how the Authority performs its duties — and called for more education on its day-to-day activities for the general public.

In a number of cases, visitors were interested to know more about the factors which affect fuel pricing, the mechanisms behind curbing fuel adulteration, the effect of the new, higher kerosene prices on combating adulteration, as well as matters relating to natural gas.

Mr. Praygod Makundi, a visitor to EWURA's pavilion at the Saba Saba ground, commented in EWURA's the Visitors Book as follows: 'While you are doing a good job, the public is not aware of your duties. It is important that you increase public education about EWURA.'

For the Regulator — which aspires to have its functions and responsibilities known to the wider public — these were just the perfect events that EWURA should not miss, said the Authority's Head of Communications and Public Relations Department, Mr. Titus Kaguo.

In Dodoma, the week-long Nane Nane event provided an opportunity for EWURA to meet with, and talk to, people from all walks of life. Many of those who visited the EWURA pavilion expressed particular interest in the Authority's functions and its significance in their daily lives.

In late August 2011, the Authority had another opportunity to showcase its activities to Parliamentarians in Dodoma. On display was the intriguing XRF Equipment mounted on a vehicle, which works electronically to identify adulterated and otherwise substandard fuel.

Members inspect water utilities in Northern Zone

By Wilfred Mwakalosi

TWO Members of the Board of Directors of the Energy and Water Utilities Regulatory Authority (EWURA), Ms Juliana Mwalongo and Mr. Nicholas Mbwani, made a familiarization tour of water utilities in the northern administrative regions of Tanga, Arusha and Kilimanjaro. The directors were afforded an opportunity to learn firsthand about operations of the regulated water and sanitation utilities.

The familiarization tour included visits of water sources, water supply and waste water infrastructure of Tanga Urban Water and Sanitation Authority (Tanga - UWASA), Moshi Urban Water and Sanitation Authority (MUWSA) and Arusha Urban Water and Sewerage Authority (AUWSA).

At a meeting which was chaired by the Tanga-UWASA Board Chairman, Eng. Raymond Mhando, the members were briefed by the region's Tanga-UWASA on the activities of the Authority by the Managing Director, Eng. Joshua Mgeyekwa,

In Tanga, the EWURA members visited the UWASA Kange and Nguvumali water storage tanks, the Mabayani Dam, the Mabayani Raw Water Pumping Station, the Mowe Water Treatment Plant, the local sewerage pumping station, and the sea outfall.

The members were delighted to learn that water supply in the region is available 24 hours a day, and its quality conforms to the standards set by the Tanzania Bureau of Standards (TBS). About 99 per cent of the population in the Authority's service area has access to portable water.

At Mabayani, the members learnt on how water sources are conserved. These include planting appropriate trees and supervision of water catchment area by a joint committee of

villagers and the Tanga-UWASA.

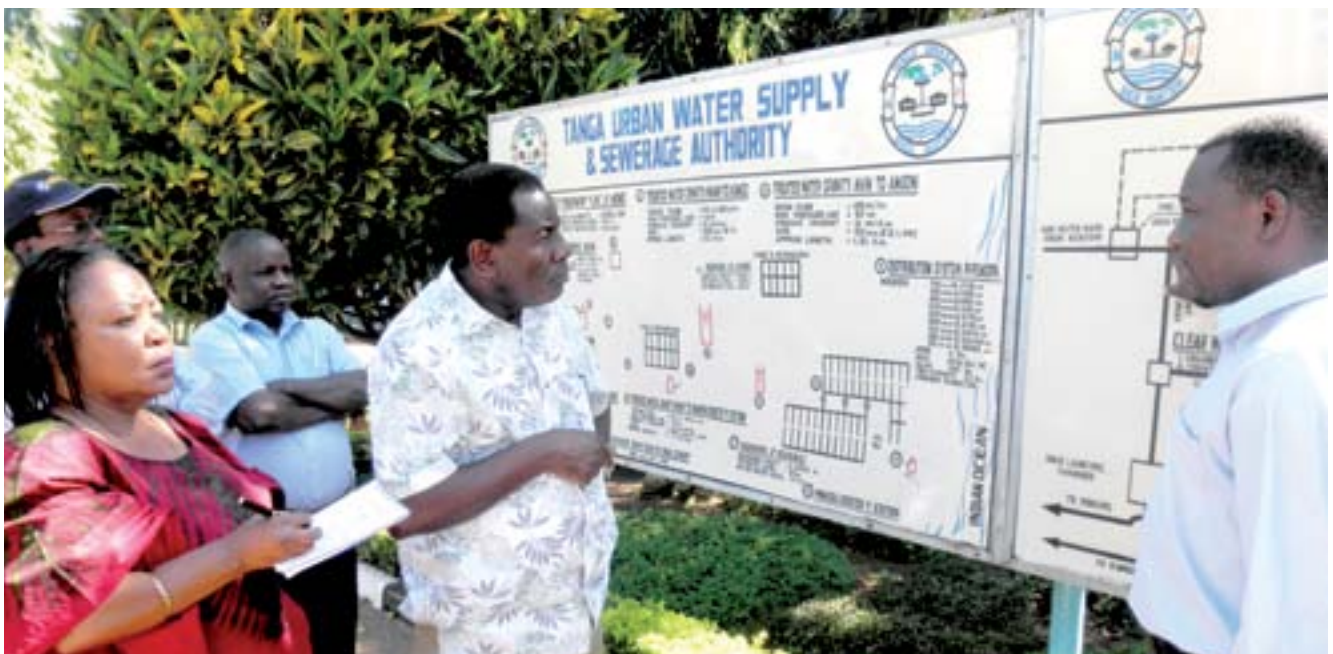
Eng. Mgeyekwa told the members that the utility has a revenue collection efficiency of 98 per cent, and that Tanga-UWASA is ISO 9001-certified, which means that operational procedures of all activities are documented, followed up, and checked for compliance by internal and external auditors.

However, despite the utilities achieved performance, the two EWURA Board Members recommended that — despite Tanga-UWASA having attained almost 100 per cent water service coverage — it should nonetheless consider as a part of a business strategy, measures to expand its customer base through research and development so as to further improve its operational efficiency.

The EWURA members also visited the MUWSA where, led by the Authority's Managing Director, Mr. Anthony Kasonta, and the MUWSA Board Chairman, Mr. Paul Chikira, visited Nsere and Shiri Spring water sources, as well as a 2,000m³ Kilimanjaro water tank; the Mabogini waste water treatment plant, and a prepayment meter installation at a water kiosk in Kiboroloni.

MUWSA has managed to provide 98 per cent of the population with access to water in its service area, where 100 per cent of water consumers are metered, and water bills are delivered to them by hand.

The authority boasts of a revenue collection efficiency of 96 per cent, sewerage services cover 44 per cent of the Authority's area of jurisdiction, which is the highest coverage rate in the country.



EWURA Board members, Ms. Juliana Mwalongo (left) and Nicholas Mbwani (2nd right) pay attention to Tanga UWASA's official briefing on the Mowe Water Treatment Plant when the duo toured the Authority in June 2011.

Likewise, waste water service quality complies with TBS standards. Furthermore, waste water is treated, and is used in irrigation.

The Members observed and commended MUWSAs' good performance and its water quality conforming to TBS standards.

They also observed that water source conservation, which include planting the appropriate trees and fencing water catchment areas is a good practice.

In Arusha, the members were led by the AUWSA Acting Managing Director, Eng. Ruth Koya, to visit the Nduruma river water intake and its water treatment plants, as well as the Olesha Masama, Kiranyi and Sekei springs.

Much like the other two water utilities of Tanga and Moshi,

water supply coverage by AUWASA is 98.5 per cent of the population in the service area, with 100 per cent metering. Water bills are delivered by hand, while the water source is adequately conserved by planting appropriate trees and fencing the areas. Revenue collection efficiency was 96.5 per cent.

In order to guarantee water availability from the local water sources which are mainly located in Arumeru District, the visiting EWURA Board Members suggested that AUWSA should look into the possibility of expanding its area of operation to also cover the areas neighbouring its present and future water sources.

Overall, the members recommended that the utilities in the three regions secure loans from financial institutions with which to fulfill their investment obligations, instead of depending on Government grants or tariff increase.



Water falls at Nduruma River. The river is an important source of water supply for Arusha population.

We are now recognised: Communications Chief



EWURA staff in a group picture on September 1st 2011 as they were marking the fifth year of anniversary since it started regulatory operations on September 1st 2006. The public is now recognising the roles and duties of the Authority.

By EWURA Reporter

THE Energy and Water Utilities Regulatory Authority (EWURA) maintains that regulatory bodies in Tanzania have helped the Government to increase revenues and stabilize prices rather than being a burden upon taxpayers.

The EWURA Head of Communications and Public Relations Department, Mr. Titus Kaguo, made that remark recently in response to assertions by critics that supervisory bodies had become a burden.

“For instance, since EWURA introduced fuel-marking (in September 2010) to check on adulteration and dumping of transit fuel in the local market, the quantity of imported fuel—as well as taxes payable to the Government – have increased significantly,” Mr Kaguo said.

Fuel-marking has enabled the watchdog Authority to effectively check on adulteration and dumping of fuel that is supposed to be in transit through Tanzania to neighbouring landlocked countries.

On the other hand, the measure has helped the Tanzania Revenue Authority (TRA) to increase tax collections to the tune of 170.9bn/- per annum, the EWURA head publicist noted.

Elaborating on EWURA's efficacy, Mr. Kaguo maintained that before the Regulator introduced the fuel-marking system, Tanzania imported about 34.6 million litres of petrol a month. This has today increased by almost ten million litres, to about 44.01 million litres per month!

“The 27 per cent increase per month has resulted in increased revenues to the tune of 60.9bn/- per annum,” he said.

Again, some 69.2 million litres of diesel were imported each month before the marking system was introduced. Thereafter, the amount rose to 87.06 million litres, representing an increase of 26 per cent. This has led to an average collection of 110.061bn/- in taxes per annum.

What is intriguing is that, while the oil marketing companies (OMCs) were importing around 30.025 million litres of kerosene a month before fuel-marking was introduced; they now import just 19.005 million litres — a decrease of 11.020 million litres, about 37 per cent, a month!

“This trend proves that kerosene was being used in the adulteration malpractice. This compromised the quality of fuel — and also denied the Government billions of shillings in tax revenues annually,” Mr Kaguo explained.

An assessment of oil importation has revealed that there are eight separate levies on fuel imports that are paid to public enterprises. Another 13 are levies by the oil companies—let alone taxes and importation costs!

Government institutions which collect levies on imported oil include EWURA, the Tanzania Revenue Authority (TRA), the Tanzania Bureau of Standards (TBS) and the Tanzania Ports Authority (TPA).

Mr Kaguo explained that an assessment by EWURA concluded that oil levies by public enterprises are just 2.6 per cent of the fuel retail price, while local charges; including those to the oil companies, are just 4.26 per cent of the price!

“In this scenario, if we were to scrap the 2.6 per cent levies, we would be doing away with just 47/- on a litre! Do we really want to eliminate regulation just for this insignificant levy?” he queried.

According to Mr Kagu, four African countries have come to Tanzania to learn how EWURA has so successfully managed to regulate the four usually sensitive sub-sectors of the economy under one-roof, so to speak. These are Electricity, Petroleum, Water, Natural Gas and Water and Sewerage Services.

He mentioned the countries as Lesotho, Uganda, Mozambique and Kenya.



Demonstration on testing of fuel samples: Fuel marking has enabled EWURA to check on adulteration and dumping of fuel, while on the other hand it has helped the Tanzania Revenue Authority to increase taxes to the tune of 170.9bn/- per annum. Before the Regulator introduced fuel marking system, imported petrol was about 34.6 million litres per month, but it has now increased by almost 10 million litres to about 44.01 million litres per month.

JK congratulates EWURA

The President commended EWURA for being firm and tough on the issue, urging them to continue with the same spirit and punish those who continue to refuse to comply with the directives.



President Jakaya Kikwete in a jovial mood when he met EWURA's Director General, Mr. Haruna Masebu at the Dar es Salaam International Trade Fair grounds to mark the 50th year of Independence on December 2011.

By EWURA Reporter

President Jakaya Kikwete has appealed to petroleum traders to co-operate with the Energy and Water Utility Regulatory Authority (EWURA) as it fulfills its responsibilities.

Addressing the nation on New Year's eve, as the country was ushering in 2012, President Kikwete said the trend of petroleum dealers refusing to accept decisions made by EWURA, especially on reduction of fuel prices, has become a problem. "Petroleum product dealers are not ready to reduce fuel prices once they go down, they are not ready to see consumers' lives ease up even just a little bit," he added.

The President noted that the traders either continue selling fuel at hiked prices or create an artificial shortage of the commodity so that prices remain high. "However, once EWURA announces a hike in fuel prices, we do not see all

these issues of artificial shortages of petroleum products," he explained. He stressed that refusing to reduce local prices of fuel while prices in the world market have gone down, is going against the rights of the people.

The President commended EWURA for being firm and tough on the issue, urging them to continue with the same spirit and punish those who continue to refuse to comply with the directives. Mr Kikwete noted that the country has embarked on bulk procurement of petroleum products in a move that will ease up import costs that will eventually result in reduced fuel prices at consumer levels.

"This mode of importation will begin this month. I believe it will help, unless it is sabotaged. Let's wait and see how the traders handle it," Mr Kikwete noted. The President directed the responsible ministry and authorities to ensure the system of bulk procurement of petroleum products succeeds as expected.

Five petrol stations were closed down and their licences suspended for failing to comply with EWURA's new indicative prices announced mid December. The filling stations are GBP Petrol Station (Sinza), Camel Oil (Veterinary), Camel Oil (Tabata), GAPCO (Mbagala Rangi Tatu) and Camel Petrol Stations (Arusha) owned by Madar Enterprises. However, these petrol stations were later allowed to do business.

The Principal Communications and Public Relations Officer, Mr Titus Kagua, said when the traders were served with a compliance order, GBP refused to accept the order. "GBP Petrol Station refused to receive our compliance order, therefore it has automatically shut down and licence revoked," Mr Kagua said. He said the Arusha-based Camel Oil

Petrol Station will be closed down and given seven days to explain why severe punishment, including suspension of their licences, should not be taken against them. The station did not sell oil while they had enough stock.

"We have referred the matter to the Director of Public Prosecution (DPP) with a request that charges on economic crimes be instituted to the operators for hoarding petroleum products," Mr Kagua explained.

Mid December, last year, Dar es Salaam was hit by petrol shortage, causing long queues of cars to crowd filling stations, a day after EWURA's announced a decrease in the price of petrol. The President also said that TANESCO were overburdened with operational costs and therefore hiking of power tariffs was inevitable. He, however, noted that availability of natural gas and its use in power generation would ultimately reduce power tariffs.

Parliament commends fuel levies reduction...

•But warns over World Market oil prices effect

The Committee also urged the Government to increase public awareness campaigns, stressing the truth regarding the setting of oil prices vis-à-vis world market prices, an area where the Government of Tanzania has no control whatsoever!

By Wilfred Mwakalosi

THE Parliamentary Standing Committee on Finance and Economy has commended Government steps taken to tackle the fuel prices problem in the country in efforts to ease the social and economic burden upon Tanzanians.

Presenting the Committee's statement on the performance of the Ministry of Finance for the 2011/2012 financial year, the Committee Chairman, Hon. Dr. Abdallah Kigoda, noted that the Government's move to revise and regulate oil prices — and those of various goods and services — as was recommended by the his Committee in 2010 was "encouraging."

In July 2011, the Government in Dar — working through its regulatory arm the Energy and Water Utilities Regulatory Authority (EWURA) — moved to revise various levies imposed on oil imports, and adjusted its levies on kerosene and diesel imports in efforts to curb rampant fuel adulteration.

"The Committee commends the Government for its steps to reduce the prices of fuel, especially diesel and petrol, by reducing various levies imposed on oil imports," Dr. Kigoda said recently.

The Committee also urged the Government to increase public awareness campaigns, stressing the truth regarding the setting of oil prices vis-à-vis world market prices, an area where the Government of Tanzania has no control whatsoever!

Even if the Government reduced import levies on oil, the desired relief effect on consumers would not be achieved if and when the prices at the world market go up, Kigoda said.

"Economic relief would only be felt when prices at the world market decrease," he stressed, adding that Tanzania's inability to control world prices makes it suffer economically.

Hon. Dr. Kigoda said his Committee was of the opinion that full economic benefits would be felt only when the planned Bulk Importation of Oil system starts to operate.



The Minister for Energy and Minerals, Hon. William Ngeleja (Right) is welcomed by the Chairman of the Board of Directors of the Energy and Water Utilities Regulatory Authority (EWURA), Mr. Simon Sayore in one of meetings organised in year 2011 on Petroleum sub-sector.

Fuel adulteration cases fall as kerosene imports slump



EWURA's Petroleum Inspector, Nathaniel Edward (Left) demonstrates fuel testing to establish dumping and adulteration. Looking on are the Chairman of Consumer Consultative Council, Professor Jamid Katima (2nd Right) and Secretary of the Council, Engineer Goodluck Mmari (Right) and EWURA's Chief Petroleum Inspector, Engineer Julius Gashaza (3rd Right).

By Wilfred Mwakalosi

THERE have been fewer reported cases of adulterated fuel in the market in recent months than was the case before September 2010, when the Energy and Water Utilities Regulatory Authority (EWURA) commenced 'marking' petroleum products on Mainland Tanzania.

Along with the fuel adulteration checks, EWURA undertakes fuel-marking operations that deal with the problem of dumping of untaxed petroleum products which are supposedly in transit through the country onto the domestic market. Plausible results of these efforts have been recorded.

Generally, there is a notable increased compliance by the oil marketing companies (OMCs) and retailers selling petroleum products which are within the required quality specifications.

Overall, the adulteration trend had decreased from 78 per cent in May 2007 to about ten per cent by June 2011 — thanks to surprise quality checks, the adoption of fuel-marking technology, and the introduction of a higher Government kerosene levy.

Imports of diesel have jumped to 90 million litres a month, up from about 60 million litres in the past. Petrol imports have also increased to 46 million litres from 35 million litres a month.

On the other hand, kerosene imports have dropped to ten million litres a month, down from 30 million litres.

All this enables the Government to earn Tsh70 billion and Tsh106 billion a year on petrol and kerosene imports alone. During the period under review, random inspections were conducted by EWURA, and a total of 214 samples were taken for testing.

Twenty-one of the samples so taken and tested failed the quality test. In the event, punitive measures were taken against the operators of the facilities that were found with the off-specification products.

It is estimated that the Government was losing TZS300 billion a year as a result of fuel adulteration and transit fuel dumping. Both malpractices have found a remedy in the form of fuel marking.

Despite calls by stakeholders to end what they term as an 'expensive' fuel marking exercise, EWURA sees it necessary to continue with fuel marking. Much as the adulteration resulting from kerosene mix up has been termed, greedy business people are keen at using transit products for the same.

If EWURA stops checking the quality of fuel, investors' playfield will not be leveled as some will use unfair advantage of selling cheaper untaxed product. This is one of key EWURA responsibilities—ensuring fair business competition. Further, the government will stand to continue losing billions of shillings in various fuel taxes.

NEWS IN PICTURES



EWURA Board Members at a briefing by Symbion officials when they toured emergency power plants in Dar es Salaam 2011.



A vehicle is filled with Natural Gas as EWURA Board Member, Mr. Nicholas Mbwangi (Right) and EWURA's Director of Natural Gas, Eng. Charles Omujuni holds discussions with Station officials in Dar es Salaam, 2011.

NEWS IN PICTURES



Hon. Deputy Minister for Water, Eng. Gerson Lwenge (MP) (2nd Left), Permanent Secretary Eng. Christopher Sayi (2nd right) and Deputy Permanent Secretary Eng Bashir Mrindoko (Right), are briefed by EWURA's Technical Manager for Water and Sewerage, Eng. Exaud Fataeli, during the exhibitions to mark the 50th year of Independence at ministerial level at Ubungu Maji, Dar es Salaam in October 2011.



Petroleum stakeholders contribute to discussions during in an event to launch the Bulk Procurement Technical Committee responsible for overseeing operations of Petroleum Importation Coordinator on 1 September 2011.

NEWS IN PICTURES



EWURA Board Members at a consultative meeting on power situation with TANESCO's Managing Director, Eng. William Mhando (3rd Right) at TANESCO's Head Quarter 2011.



EWURA Board Members touring emergency power plant implementation at Aggreko plants in Ubungo Dar es Salaam 2011.

OBITUARY



Mr. Sirili Massay



Mr. Robert Nyirenda

It is with great sorry that EWURA lost two of its first ever employees who had dedicated their strengths and lives to bring the organization to where it is today—Mr. Sirili Massay and Mr. Robert Nyirenda.

Mr. Massay, who had just completed his contract as EWURA's Director of Petroleum in August 2011, passed away in the morning of 13 October 2011 at Regency Hospital in Dar es Salaam.

In his greetings of condolences to EWURA, the Chairman of the Board, Mr. Simon Sayore said: "I have received with great shock and grief the sad news of the untimely demise of our colleague and friend Sirili Massay. Sirili has been a dedicated worker of EWURA since its inception until he retired recently. I believe we shall all remember him for his frankness and friendliness and his dedication to duty. On behalf of the Board and on my own behalf I wish to convey to Sirili's wife and family and to all staff of EWURA, our sincere condolences for Sirili's passing and wish the family the Lord's Grace and guidance during this difficult time of mourning the departing of their loved one."

However, when he was retiring, Mr. Massay had expressed his satisfaction on the organization he was leaving behind. In an e mail he circulated to those who he left behind, he wrote: "Surely I will miss EWURA. However, I am sure what I am leaving behind one of the great regulatory body that I have assisted in creating in its first five years. I have confidence with the very competent people that we have employed along the way. You have a very dedicated Management and a very strong and able Board of Directors. I am not sure of where next I will be, but my contract with EWURA has come to an end and I have got to move-on."

Mr. Nyirenda passed away on 18 December 2011 at Burhan Hospital. Until his death, he had been working for the Authority as Head Driver, responsible for driving the Director General. With a grandfatherly look who always hated to despair his children, Mr. Nyirenda was a diligent, hard worker who made tireless efforts to ensure that he provided the best services he could offer to the Authority. A few months before his death, Mr. Nyirenda had written unfinished article for this Newsletter.

In the unfinished writing, Mr. Nyirenda says he had plans to work fully on his 20 acre rice farm after retirement. As a family strategy, he wrote: "...to make sure that my last born daughter completes her university level which she is in her first year."

MAY ALMIGHT LORD OUR GOD REST THEIR SOULS IN ETERNAL PEACE, AMEN.



EWURA regulates: Electricity, Petroleum, Gas and Water Services

Our Vision

Quality, affordable and sustainable energy and water services for all.

Our Mission

To champion the delivery of energy and water services through world class regulation for the enhancement of the welfare of the Tanzanian society.

Our Duties

- Promoting effective competition and economic efficiency
- Protecting the interests of consumers
- Protecting the financial viability of efficient suppliers
- Promoting the availability of regulated services to all consumers including low income, rural and disadvantaged consumers
- Taking into account the need to protect and preserve the environment when performing its functions
- Enhancing public knowledge, awareness and understanding of the regulated sectors including rights and obligations of consumers and regulated suppliers, ways in which complaints and disputes may be initiated and resolved and the duties, functions and activities of the Authority.

Our Functions

- Issue, renew and cancel licences Initiating establishment of standards for goods and services
- Establish standards for terms and conditions of supply of goods and services
- Regulate rates and charges
- Make rules
- Monitor the performance of regulated sectors in relations to levels of investment, availability quality and standards of services, cost of services and efficiency of production and distribution of services. Facilitate the resolution of complaints and disputes.