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Energy and Water Utilities Regulatory Authority

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FCT throws out OMCs move to block new price formula

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Editor's Note

Mr. Titus Kaguo

WELCOME to our favourite editon of the Energy and Water Utilities Regulatory Authority, EWURA Newsletter.

This edition is among many editions that have been published, in order to meet and fulfill the requirements of EWURA Act, Cap 414 of the Laws of Tanzania.

Section 6 (e) of Cap 414 of EWURA Act, gives the Authority the responsibility to enhance public knowledge, awareness and understanding of regulated sectors on the rights and obligations of consumers and the regulated suppliers; the way in which complaints and disputes may be initiated and duties, functions and activities of the Authority.

Being the seventh edition, EWURA Newsletter has become an effective tool for public outreach campaigns, making consumers and suppliers of regulated services more aware of their rights and obligations.

Since we started publishing this friendly and readable newsletter in both Kiswahili and English, the Authority has witnessed an increase in awareness on the four regulated sub-sectors, which are Petroleum, Natural Gas, Electricity and Water and Sewerage.

In this edition, readers will continue to enjoy various interesting articles on the role of fuel marking, how Tanzania is becoming a hub of natural gas discoveries and how aged electricity wires can be dangerous to our homes.

Enjoy the edition.

From the Desk of the Director General

Mr. Haruna Masebu

Dear esteemed readers of the seventh edition of the EWURA Newsletter, it is my pleasure to once again welcome you to read and enjoy the articles contained in this newsletter which focus on issues relating to the regulated sectors, namely Electricity, Petroleum, Natural Gas and Water.

Since our last newsletter, EWURA has been focused on two key areas which are of paramount interest to the country's national security. These areas are the continued implementation of the Bulk Procurement System (BPS) in the petroleum sector and completion of the TANESCO Cost of Service Study (COSS) in the electricity sector.

As you may recall, the BPS was inaugurated in January 2012 and soon thereafter, the first shipment of petroleum products imported using the new system arrived in the country. Since then, the Petroleum Importation Coordinator (PIC) has successfully coordinated the tender process for the bulk importation of petroleum products in the country on several occasions, of which Augusta Energy won the first three consecutive tenders.

In August 2012, the PIC awarded the fourth tender under the BPS to Addax thus exemplifying the competitive nature of the tender process under BPS. In all, the BPS has proven to critics that it can and does work! BPS has also shown extensive benefits to the country as reflected in the increase of tax revenues collected by the Government for the period January to August 2012. However, challenges are abound with this relatively new system. EWURA remains committed and continues to engage all stakeholders so as to ensure that all different viewpoints are addressed and given the same due consideration for the continual improvement of the BPS.

In the electricity sector, the biggest challenge faced by the Authority is a result of drought conditions which have affected hydrology at power generation dams. This has seen resulted into the entry of emergency power plants and the subsequent 40.29% increase in tariffs, as opposed to 155% which was requested by the Tanzania Electricity Company Limited (TANESCO), due to an emergency tariff review. Consequently, EWURA opted to undertake a Cost of Service Study with a view to gaining an accurate assessment of TANESCO's cost of doing business. With this study, the Consultant, PF Mercados of Spain , was tasked to make recommendations on whether or not the current tariffs used by TANESCO accurately reflected the true cost of generating electricity. In accordance with agreed upon deliverables from the Consultant, EWURA is pleased that the Inception Report, Rate Setting Methodology (RSM) Report, COSS Report were all submitted to the Authority and subsequently sent to stakeholders for comments for the Consultants further consideration ahead of the submission of the Final Reports.

It is important to note that the findings of these Final Reports are expected to impact the Authority's final decision on TANESCO's multi-year tariff review application which was submitted in December 2011 as part of emergency measures against electricity shortages that the country experienced in 2011. The Authority's decision on TANESCO's multi-year tariff review application is expected to come out in October 2012.

Dear reader, as the regulatory authority mandated by country laws to regulate the Electricity, Natural Gas, Petroleum and Water sectors; EWURA continues to demonstrate world class standards of regulating by abiding to international best practices thus ensuring the existence of a fair competitive market and a level playing field for all participants in these sectors. In so doing, EWURA continues to be recognized as a leading regulatory authority both in Tanzania and on the African continent by its peers. In this regard, EWURA is proud to assert its Director General as Chairman of the African Forum for Utility Regulators (AFUR), a leading regional regulatory association on the African continent, for a period of three years, after unanimous voting by members of the AFUR General Assembly that was held in April 2012.

Finally, I would like to thank all stakeholders for their continued support and cooperation throughout the Authority's day to day activities.

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

FCT throws out OMCs move to block new price formula

By Staff Reporter

THE Fair Competition Tribunal (FCT) has thrown out appeal filed by 13 Oil Marketing Companies (OMCs) against the Energy and Water Utilities Regulatory Authority (EWURA) new petroleum products pricing formula of 2011.

The appellants were BP Tanzania now Puma Tanzania Ltd, Total (T) Ltd, Gapco (T) Ltd, Hass Petroleum (T) Ltd, Oryx Oil Company Ltd, MGS International (T) Ltd, GBP (T) Ltd, Lake Oil Ltd, MOIL (T) Ltd, Engen Petroleum Tanzania Ltd, Camel Oil (T) Ltd and Oilcom (T) Ltd and ACER Petroleum (T) Ltd.

The companies also appealed against EWURA's compliance orders to four OMCS namely BP Tanzania now Puma Tanzania Ltd, Engen Petroleum Tanzania Ltd, Camel Oil (T) Ltd and Oilcom (T) Ltd.

In its judgment, the Tribunal under its chairperson Judge Razia Sheikh ruled that the appeal was devoid of any merit and was thereby dismissed in its entirety with costs.

The judgment has put to rest a heated legal battle between the regulator and OMCs as the new formula last year precipitated an artificial shortage of oil, which was critical. Among other things, the new formula removed 7.5% buffer zone which OMCs were formerly (in 2009 formula) allowed for the purpose of taking care of uncertainties.

It also decreased transit/ocean losses from 0.5% for petrol to 0.25% and from 0.30% for diesel and kerosene to 0.15% of Cost, Insurance and Freight (CIF) value.

The appellants represented by IMMA Advocates complained that EWURA erred in law by failing to take into account relevant and international benchmarks for prices, costs and return on assets in comparable industries.

"The respondent (EWURA) erred in law and in fact by issuing a price formula that is so low that it leaves no room for competition between the appellants thus amounting to forcing the appellants into an arrangement tantamount to price fixing" reads the appeal.

The appellants also claimed that EWURA failed to take into account the consumer and investor interests; failed to protect the financial viability of the appellants and failed to promote effective competition and economic efficiency.

“The respondent erred in law and in fact by ordering the 1st, 2nd, 3rd and 4th appellants by virtue of issuing them with compliance orders to sell petroleum fuel at a loss” claimed the appellants.

Generally the OMCs claimed that EWURA decision contravened its duties and obligations under EWURA Act and that the formula was arrived at as a result of political manipulation and pressure.

Represented by GRK Advocates led by Zephrine Galeba, the respondent defended that the formula had taken into consideration the views collected/availed from/by all stakeholders including the appellants and other members of the public.

“...in determining the pricing formula, the respondent had fully complied with all the relevant statutory provisions and further that the respondent had taken into account all the factors required by the law which were exhaustively discussed during the inquiry,” EWURA responded.

Regarding compliance orders, Respondent maintained that it had not ordered OMCs to sell at a loss.

“It (EWURA) had merely ordered the four appellants to desist from their unlawful conduct of refusing to sell/supply petroleum products in accordance with the new cap prices and resume their operations” the respondent maintained.

Making the judgment, the Tribunal ruled that the respondent had properly exercised its power as a regulator when setting the new formula.

“The argument about financial viability (by appellants) is vague, misleading and misconceived sine the appellants have not shown how the respondent could have taken this into account” the Tribunal ruled further.

The Tribunal stated that in arriving at the new formula, the respondent had considered all the factors including the consumer and investor interest, the costs of supplying petroleum products, the relevant benchmarks and other factors provided in sections 6 and 17 of EWURA Act.

“In the circumstances, for the above reasons, we’re satisfied that the respondent cannot be faulted for issuing the compliance orders since it is undisputed that the four appellants had refused to comply with EWURA’s decision” the Tribunal decided.

The new formula also decreased financing charges from 1.75% CFI value to 0.25% CIF value and pegged exchange rate to those of the Bank of Tanzania.

Ewura’s Manager for communications and Public Relations, Mr. Titus Kaguo, welcomed the decision, saying it has proved the body had a point that every decision reached is always firm and fair to both service providers, consumers and the public at large.

Participatory approach: One of the best ways for a regulator to execute its duties transparently is to allow stakeholders participate fully as noticed in this picture where petroleum industry stakeholders are seen attending one of the consultative meetings on petroleum matters organised by EWURA in Dar es Salaam.

Masebu becomes Chairman of African Regulators

The election was one of its kind that did not call for a secret ballot as normally practised, as all members unanimously elected Mr. Masebu in its 9th Annual General Meeting held in Pretoria, South Africa in April 2012.

By Staff Reporter

Mr. Haruna Masebu

THE Director General for the Energy and Water Utilities Regulatory Authority (EWURA), Mr. Haruna Masebu, has been unanimously elected the Chairman of the African Forum for Utility Regulators (AFUR) for the next three years.

According to EWURA's Manager for Communications and Public Relations Mr. Titus Kaguo, the nomination was moved by the Electricity Regulator of Cameroon (ARSEL) and seconded by all twenty plus members of AFUR in attendance. The election was one of its kind that did not call for a secret ballot as normally practised as all members unanimously elected Mr. Masebu in its 9th Annual General Meeting held in Pretoria, South Africa in April 2012.

Mr. Masebu who was accompanied by EWURA's Board Chairman, Mr. Simon Sayore, said after election that the unanimous support from member countries gives him confidence that AFUR will be taken to another, and certainly, higher level.

"As we build this Forum of Regulators, everyone needs to take on their respective roles with responsibility in order that we perpetuate the heritage that has been beset to us as we shape the future of this great organization. I am optimistic about the future of the AFUR," said Mr. Masebu adding: We only need to further our cooperation, sharing and learning from one another for the benefit of our countries and the African continent in general."

In 2010, Mr. Masebu was voted as the best Chief Executive Officer (Boss of the Year) with an excellent performance for the year 2010 from 18 CEOs from various organizations across Tanzania.

Mr. Haruna was appointed the Director General of EWURA and Member of the Board of Directors of EWURA in January, 2006.

He has championed the establishment of a new regulatory dispensation for Tanzania since year 2001, when he joined the then Presidential Parastatal Sector Reform Commission (PSRC) as a Regulatory Coordinator.

In that regard, he spearheaded the establishment of regulatory authorities in the infrastructure and utilities sectors, such as the Tanzania Communication Regulatory Authority (TCRA); Air Transport (Tanzania Civil Aviation Authority (TCAA); Surface and Marine Transport Regulatory Authority (SUMATRA) and EWURA. He also facilitated the establishment of the Fair Competition Commission (FCC) and the Fair Competition Tribunal (FCT).

For the past 17 years, he has held Senior Management positions at national and international levels, including the Regional Manager for the Nairobi-based African Housing Fund; Director General of the National Housing Corporation and at the Ardhi Institute (now Ardhi University), where he rose through the ranks to become Senior Lecturer and Vice Principal by 1991.

AFUR was officially launched in November 2002 with its own status, as an Association of utility regulators with its Head Quarters in Pretoria, South Africa. It aims to establish and strengthen effective cooperation among utility regulators on the African continent, as well as its socioeconomic development and economic growth.

It focuses on issues related to the regulation of energy, telecommunications, transport, and water and sanitation industries, with a particular emphasis on issues that are common across sectors, but not necessarily limited to the primary focus sectors. The other mission of the AFUR is to promote an effective regulatory system which would facilitate the development of infrastructure services in Africa.

AFUR membership consists of more than 30 regulatory agencies from 20 African countries and 7 observers from 5 other countries.

The reality about fuel prices

"If it were not for this system, the pump prices would have been increased for an average of five per cent to make it 9 per cent...we have managed to reduce this by taking advantage of fewer vessels delivering fuel"

By Wilfred Mwakalosi

Although Petroleum products retail and wholesale prices for all products in the Tanzania Mainland local market have recently increased, the price increase is largely due to changes in the world market prices, where various products have had their prices revised upwards.

Retail price for all products increased in May 2012, whereby Petrol, Diesel and Kerosene prices increased by TZS 87/ litre or 4.06%, TZS 3/litre or 0.14%, TZS 12/litre or 0.59% respectively. According to the Energy and Water Regulatory Authority (EWURA), the prices change has been caused by changes in the world market prices whereby petrol prices increased by an average of USD 95.7/MT or 9.09%, Diesel USD 27.1/MT or 2.76% and Kerosene USD 34.04/MT or 3,28%.

The Manager for Communications and Public Relations of EWURA, Mr. Titus Kaguo, said however, fuel prices affect many countries in Africa and the world in general, and that EWURA has been doing extra efforts to ensure that only prudent costs contribute to fuel price increase.

"Comparatively, fuel price in Tanzania is either still cheap compared to many countries in East Africa and its southern neighbours, or is in uniformity with some countries in the region, contrary to popular belief that many countries which uses our port have cheaper fuel than us," he said.

Mr. Kaguo said for instance, in its latest review, Kenya, which owns an oil refinery, its Energy Regulatory Commission put the maximum retail price of super petrol at Sh118.50 (Tsh 2,255.78), and diesel at Sh108.80 (Tsh 2071.13) in Nairobi.
In Uganda, Petrol sells at an average of $ 1.70 (Tsh 2,686.00), diesel at around $ 1.34 (Tsh 2,117.20), while in Malawi the same sells at $2.05 (Tsh 3,239.00) and $ 1.85 (Tsh. 2,923.00) respectively.

Zambia, another country which owns a refinery and a major user of Dar port, sells Petrol at around $1.82 (Tsh. 2,875.00) and diesel at $ 1.40 (Tsh 2,212.00), while Burundi, a land locked country which uses the Dar es Salaam port sells petrol at an average of $ 1.72 (Tsh 2,717.60) and diesel at $ 1.7 (Tsh 2,686.00). Rwanda sells the two respective products at average of $ 1.96 (Tsh. 3,096.80) and $ 1.95 (Tsh 3,081.00).

"Comparatively, fuel price in Tanzania is either still cheap compared to many countries in East Africa and its southern neighbours, or is in uniformity with some countries in the region, contrary to popular belief that many countries which uses our port have cheaper fuel than us," he said.

Mr. Kaguo said however, Angola, one of oil producers in the continent sells petrol at an average of $ 0.78 (Tsh 1,232.00) and diesel at $ 0.52 (Tsh 821.60), while Ghana sells the same at $ 0.99 (Ths.1564.20.00) and $. 1 (Tsh.1,580.00) —a lot cheaper than Tanzania.

Asked why prices would still be higher contrary to beliefs that Bulk Procurement System would result into lower pump prices, Mr.Kaguo said pump price is only a fraction of major benefits of Bulk Procurement System.

"If it were not for this system, the pump prices would have been increased for an average of five per cent to make it nine per cent...we have managed to reduce this by taking advantage of fewer vessels delivering fuel, thereby little demmurrage charges passed over to final consumers," he said, adding that weakening of Tanzanian shilling is another major determinant of final fuel price.

However, he noted that EWURA is optimistic that the BPS system is still of many benefits which are to be seen in the near future as the country's fuel offloading infrastructure at TPA is modernised to handle much bigger ships.

Tanzania to become a hub of Natural Gas production

The BG Group, Petrobras and Statoil, have made four discoveries off the coast of Tanzania, together estimated to hold over 33 trillion cubic feet (tcf) of gas.

By Eng. Thobias Rwelamila

TANZANIA is becoming a global natural gas hub in East Africa following a string of recent natural gas discoveries in the country.

The BG Group, Petrobras and Statoil, have made four discoveries off the coast of Tanzania, together estimated to hold over 10 trillion cubic feet (tcf) of gas. It is expected that these three companies will continue to add to the country's already available natural gas resource base, which presently stands at 1.5 tcf.

Such discoveries of natural gas reserves in Tanzania represent a unique opportunity as well as a risk for the country. Natural gas and potentially oil can be the stimulus for enhanced growth or could unravel all the socio-economic and political advancements the nation has made.

Basically, our greatest challenge in few years to come is how Tanzania as the country use its stock of gas and replace it by another capital-- (physical, human, and social, through effective investments –otherwise the country may lose its total wealth in the long term.

Looking at other resource endowed countries like Nigeria this challenge is not trivial as most gas or oil dependant countries have and continue to deplete their wealth over time without any significant socio-economic development.

With recent huge gas discoveries, there is a need to find ways to increase the domestic demand by preparing the Industrialization road map with emphasis on petrochemical industries. There is need to encourage local and foreign investments to industries which use gas to feed ammonia, urea and/or methanol production in order to tap the global fertilizer and petrochemical industries

The current domestic market structure

The gas produced from SongoSongo is utilized for power generation (currently 100 million scf/d) and as fuel to cement manufacturing kilns and small captive power plants (TCC and Urafiki Textiles).

36 industries in Dar es Salaam are also connected to the gas pipeline and use gas for boilers and furnaces. Recently the use of compressed natural gas (CNG) into vehicles and buildings has been introduced. The combined industrial use of gas is approximately 10 million scf/d, but due to limited power demand in the Southern Regions of Lindi and Mtwara, only two million scf/d from Mnazi Bay field is used to generate around 12 MW of electricity.
The industrial gas market in Dar es Salaam is currently saturated, but it may be anticipated that the market will grow with further economic development and availability of reliable power. The market for CNG still has the potential for expansion. The potential for a petrochemical industry and other industries based on gas as a feedstock or a fuel have not yet been investigated. In the past, a number of potential investors have indicated their interest in developing a methanol and fertilizer industry.

The demand for power is expected to grow by between 10% to 15% per annum, which will further contribute to gas demand growth. These figures have inspired a rush of projects, including 340 MW of gas-fired generation expected to come online by 2013 and a USD460 million electricity distribution expansion scheduled for completion in 2015.

Orca Exploration and Production, which through its subsidiary PanAfrican Energy operates Songo Songo, has plans to raise production by 60% to 144 mmcf/d. The move requiresexpansion of existing pipeline infrastructure and processing capacity. But domestic demand for gas, despite projected growth, will absorb only a fraction of Tanzania's proven reserves unless concerted efforts are made to increase domestic demand through power generation and industrialization. Short of domestic capacity to absorb more gas means producers must look further afield in order to monetize existing and new field discoveries.

Gas Monetization through Exports

Exports to regional markets (East Africa Community) would require an expansion of the existing processing plant and installation of compressors on Songas pipeline to increase its capacity. Alternatively, construction of a new pipeline will be needed, together with a likely extension beyond Dar es Salaam to access other gas buyers. Once reserves reach "critical mass", many International Oil Companies(OICs) in Tanzania will look to monetization options that capture higher margins in the global market. What the policy makers and other gorvernment agencies should be aware is that for IOCs with reserves over 3 tcf, Liquidfied Natural Gas (LNG) is likely to be the monetization option of choice.

Even with such gas discoveries the government must ensure that it does not overcommit gas resources to export projects well into the future lest we find ourselves short of domestic supply, as is the case with Egypt..

Although not usually as profitable as pipeline or LNG exports, urea/ammonia and methanol projects can be usefully employed where gas resources are too small to justify an LNG project, or when capital is constrained, which may be the case in Tanzania.

Tanzania is strategically located to supply the major fertilizer-consuming regions which include South Asia, North Africa and East Asia. Methanol, which serves as a feedstock in the production of petrochemicals, could be pursued in tandem with urea/ammonia or separately.

While traditional petrochemical markets in North America and Western Europe are presently stagnant, robust demand in China and other Asian markets offers opportunities for methanol exporters. With additional reservoirs being discovered, Tanzania need to look at how this resource could be monetized to support more discoveries and make IOCs undertake full-scale natural gas production to make Tanzania a new regional gas hub for East Africa.

EWURA board member, Mr Nicholaus Mbwanji (2nd from left), EWURA's Director of Natural Gas Eng. Charles Omujuni (2nd right), EWURA's Manager for Gas Distribution Eng. Thobias Rwelamila (right), inspect Natural Gas distribution infrastructure at the Tanzania Cigarette Company Limited, in Dar es Salaam, as their host (far left) looks on.

How fuel marking boosts national revenue colletion

By Staff Reporter

The Singida Regional Commissioner, Dr. Parseko Ole Kone (3rd from left) listens attentively to EWURA's Chief Petroleum Inspector, Eng. Julius Gashaza (partly hidden), on how the XRF Machine works to determine the quality of fuel, through fuel marking programme during the Nane Nane Exhibitions in Dodoma, in August 2012. Looking on is the Manager for Communications and Public Relations, Mr.Titus Kaguo (in white T Shirt).

BY the time the Energy and Water Utilities Regulatory Authority (EWURA) started to regulate the petroleum sub-sector business in Tanzania 2006, fuel adulteration had reached alarming levels in the country. Vehicles were spewing out heavily polluting toxic materials as a result of using poor-quality fuel.

Not only that... It is estimated that fuel adulteration was also denying the Government of its revenues to the tune of about Tsh 300 billion a year.

In a bid to tackle the problem, EWURA came out with an innovative fuel-marking programme code-named 'DNA.' Implementation of this programme has, in the course of time and events, made it possible for the government to increase public revenue collections on the one hand, and raise the quality of fuel on the other.

To that end, EWURA entered into a contract with Global Fluids International (T) Ltd (GFI), under which the company brought X-Ray Fluorescence (XRF) machines into the country to implement the Fuel Marking programme, which started in earnest on September 1st, 2010.

On revenue collection side, statistics show that the percentage of fuels that have been caught in the tax net as a result of the programme has increased as follows:-

On a monthly average, tax was being collected on 34,589,906 litres of petrol before the programme was started. This increased by 9,422,454 litres — rising to 44,010,360 litres: a 27 per cent increase — within a single month of implementation of the programme!

Statistics also show that, after the start of the programme, government revenue collections during that single month increased by Tsh5,078,702,706 (i.e. TSH539/litre times 9,422,454 litres). On average, this is the equivalent of a TSH60, 944,432,472 increase in government tax revenues a year!

Before the programme started, tax was being paid on 69, 221,971.73 litres of diesel a month. Following the launching of the programme, monthly taxable diesel rose by 17,843,838 litres, reaching 87, 065,810 litres... An increase of 26 per cent.

The 'extra' tax paid on the increased diesel sales in that single month amounted to Tsh9, 171, 732,732, calculated at Tsh514/litre x 17,843,838 litres. On an annual basis, this works out at Tsh110, 061,000,000!

Statistics show that tax was being collected on 30,025,977.11 litres of kerosene a month prior to implementation of the programme.

However, this actually fell to 19,005,580 litres — a drop of 11,020,397 litres per month, or 37 per cent!

An explanation for this sudden drop lies in the fact that imports of kerosene — which was being used in adulterating diesel for mega-profits by unscrupulous traders — fell after the tax on the item was brought to more-or-less the tax level for diesel! In the event, this removed the motive/incentive for fuel adulteration!

Based on this, and following the continued field inspection exercises performed by EWURA on regular basis, a 50% increase in the total volume of taxable fuel designated for the local market was recorded, which is translated to Hundreds of Billions of Shillings in Collectable revenue.

Implementation of Fuel Marking programme

The programme was introduced in Tanzania effectively September 1st 2010 to control the fuel business petrol, diesel and kerosene.

The programme, which is applied to the fuel soon after it has been loaded on trucks and wagons at designated depots in the country, is designed to help curb problems that had characterised the petroleum sub-sector for years.

Fuel adulteration — usually using kerosene to 'doctor' diesel or petrol in some cases — made it possible for unscrupulous traders to garner unduly huge profits at a time when kerosene was relatively dirt-cheap as a result of low tax rates.

The practice invariably causes health and environmental hazards; tax evasion; car and plant breaks-down; unfair business competition...

The problems were not confined within Tanzania; they extended beyond the borders and to neighbouring countries which imported fuel in transit through Tanzania.

The programme is also proving effective at controlling product smuggling, whereby untaxed fuel consignments are brought into the country usually via cross-border routes and entry points which are not officially-designated for the purpose.

Such consignments could conceivably also be of fuel adulterated outside Tanzania

The XRF programme also works well with fuel products destined for neighbouring countries . It not only effectively counters the dumping on the domestic market of untaxed fuel products in transit through the country, but also ensures that such consignments arrive unadulterated at the destination countries. These include Rwanda, Burundi, eastern DRC, Malawi and Zambia.

Under the programme, EWURA conducts inspections at depots, fuel stations and trucks and wagons transporting fuel in the country, using XRF computerised machines.

The computerised information so garnered is of the state-of-the-art technology. It instantly gives the results sought for, and which are tamper-proof and can be safely stored for future use over a long period of time.

The fuel sampling exercise officially started in February 2011, and ended in April 2011. In the event, 235 petrol stations in 12 regions of Tanzania were inspected and had their fuel samples drawn.

During the exercise, about 54 fuel stations were found to indulge in fuel adulteration, which is equivalent to 23 per cent of all the fuel stations inspected.

Again, 22 oil trucks were intercepted for on-the-spot inspection along the Dar-Morogoro Highway, and at the Tanzania/Rwanda and Tanzania/Burundi borders. The samples taken from three of the trucks — which is equivalent to 14 per cent of the trucks inspected — were found to be carrying adulterated fuel

In that regard, those who were found guilty were punished according to the law — and, where it was discovered that tax was evaded, the requisite information was subjected to the Tanzania Revenue Authority (TRA) for appropriate action, including recovery of the evaded tax and further penalties by EWURA.

Members of the Committee include those drawn from EWURA (one representative); GFI (one representative); and TAOMAC (one representative).

The success of the programme is also partly attributed to the fact that the fuel inspection exercise is carried out openly with full involvement of fuel dealers as required by law.

Fuel stations along Dar-Morogoro Highway

EWURA is well-aware that there are unscrupulous fuel dealers engaged in fuel adulteration in various places, along Dar es Salaam - Morogoro high way, including those operating illegal private yards, fuel stations, fuel reservoirs — and even fuel transport trucks.

In that regard, EWURA has not been resting on its laurels. For example, the Authority, working in collaboration with the Kibaha Municipal Council, destroyed several 'backyard' fuel adulteration points along the Highway under the latter's jurisdiction.

EWURA also continues to conduct strenuous inspections of fuel trucks and stations to ensure that the adulteration malpractice is brought to an end.

Again, the Authority is closely making follows-up on congested fuel stations situated along Dar-Morogoro Highway, and those situated along the Mbagala-Mkuranga Road.

The objective is to establish monthly fuel sales figures for every fuel station identifying fuel stations that sprung up after EWURA's, information, identifying distances from one fuel station to another; and satisfying itself that the fuel stations were constructed in accordance with the laws governing the petroleum downstream market.

Get to know Mufindi's Mwenga Hydro power

By Msafiri Mtepa

The dam that will generate a 4MW electricity from Mwenga Hydro power plant in Mufindi district, Iringa Region.

The Mwenga Hydro Limited (MHL) has embarked on a 4 MW rural electrification project in Mufindi District, Iringa region, a move which will see the company sell approximately 80 per cent of its power to TANESCO under Small Power Project Framework. The remaining 20 per cent will be sold to Mufindi Tea Company and retail customers, through Rural Power Development Limited (RPDL).

MHL is a subsidiary of Mufindi Tea and Coffee Limited. Construction of the generation facility has reached a promising stage and its initial testing is scheduled for late June 2012. Likewise, the distribution network is also under construction.

MHL has received a grant from the European Union which is intended to cover 49.17 per cent of all eligible costs thus reducing connection fees to the advantage of retail customers.

At least 2,600 rural customers residing in 14 villages which are located in Ihanu, Luhunga and Mdabulo Wards will benefit from the grant in the form of subsidised connection fees. MHL has also requested the Rural Energy Agency (REA) to subsidise connections to the other customers after clinching the first phase 2,600 customers.

Hunger for power was witnessed at a public hearing meeting convened by EWURA, held on 18th May 2012 at Igoda Community Hall, Luhungo ward, following a tariff application by MHL to sell electricity to the referred communities.

Active participation shown by the villagers is a testimony to the fact. Despite of the fact that the meeting was held during working hours, participation was considerably attractive; everyone was like "...we need power now...the project is long overdue".

During the meeting, MHL promised to switch-on the power by early July 2012 after a successful test scheduled in late June 2012, two months late from the first plan.

The proposed date seemed a bit far to meet expectations of the people though geographical and technical limitations prevailed to the rescue of MHL to give an in-depth explanation in an attempt to convince the dark-stricken communities otherwise.

In May 2012 EWURA's Board of Directors and Management visited the project site and appreciated progress made in the implementation of the project. A hydro plant is in its final stages of completion while the distribution network is also under construction.

Electricity is a necessary, but not enough variable in the equation of socio-economic development of rural communities. Rural electrification will trigger sustainable development in a manner that will make the world habitable. Notwithstanding the fact that electrification of the rural communities is financially challenging, efforts devoted by MHL, of course with a helping hand from the EU, need to be commended.

Challenged financially and rather technically, TANESCO has been providing electricity services for the nation, however big and rather scattered Tanzania is. Still, a lion's share of Tanzania's population, especially in rural areas, has no access to clean energy, electricity, in particular.

To complement TANESCO's efforts, the Electricity Act, Cap 131 as well as the Energy Policy of 2003, has opened up participation of private players in the Electricity Supply Industry (ESI) in Tanzania. A promising number of participants have been recorded, mostly in the form of Independent Power Producers (IPPs)

New 7.5 MW Hydro Plant for Mbinga

A portion of electricity that will be generated from the power plant will be sold to TANESCO under the Small Power Producers arrangement.

By Wilfred Mwakalosi

Several villages in Mbinga district are set to access electricity once the African Benedictine Sisters of St. Agnes – Chipole Convent—completes construction of a 7.5 MW power plant.

Already the Energy and Water Utilities Regulatory Authority (EWURA) has granted power generation and distribution licence.

According to license applications advertised recently by the Regulator, the African Benedictine Sisters of St. Agnes wants to install and operate a 7.5 MW hydro-electric power plant at Tulila area on Ruvuma River, in Mbinga District, Ruvuma Region.

A portion of electricity that will be generated from the power plant will be sold to TANESCO under the Small Power Projects arrangement. The Mbinga project is the latest in a series of recent Standardized Power Purchase Agreements.

The Mbinga project comes at a time when the Mwenga Hydro Limited (MHL) recently embarked on a 4 MW rural electrification project in Mufindi District, Iringa region, in a move that will see the company sell approximately 80 per cent of its power to TANESCO under SPPA framework. The remaining 20 per cent will be sold to Mufindi Tea Company and retail customers, through Rural Power Development Limited (RPDL).

The Mbinga project run by African Benedictine Sisters of St. Agnes, apart from selling power to Tanesco, it will distribute another portion to the villages of Mpepai, Mipeta, Kihungu, Mapendano and Pacha Sita.

Other villages to enjoy the service are Kizuka, Magagura, Masangu, Nakahegwa, Matomondo, Mbinga Mwalule, National Service Camp - Mlale and Community Development Training Institute - Mlale, which are close to the project area.

Electricity connection has not been enough variable in the equation of socio-economic development of rural communities. Such electrification as this one is set to trigger sustainable development in a manner that will make the world habitable.

Poor hydrological condition that has affected power sources such as this Mtera dam, calls for more efforts to invest in power projects. Mbinga Hydro power is just one of the many needed Independent Power Projects.

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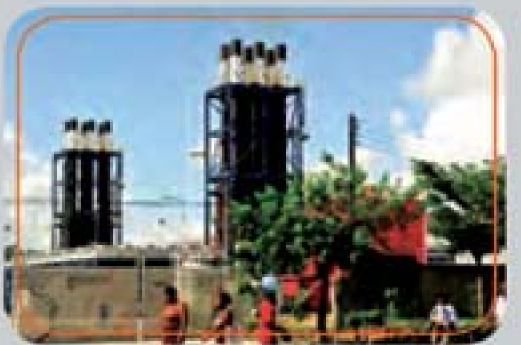
Energy and Water Utilities Regulatory Authority

Our Areas of Regulation

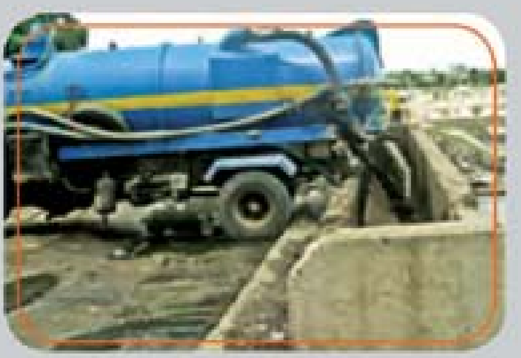
Petroleum Products

Natural Gas

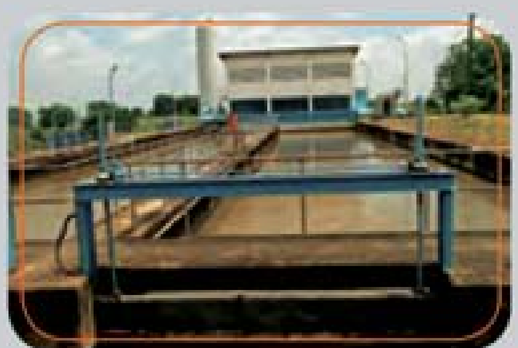


Emergency Measures against Power Shortage

Electricity



Sewarage



Water

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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 enhencement of the welfare of the Tanzanian society

Our Core Values

a) Transparency
b) Intergrity
c) Responsiveness
d) Diligence
e) Accountability
f) Courtesy
g) Honest
h) Excellence
i) Equity and
j) Professionalism

email: info@ewura.go.tz

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NEWS IN PICTURES

EWURA's Director for Economic Regulation, Mr. Felix Ngamlagosi (Left) and his colleague, the Director for Electricty, Eng. Anastas Mbawala (2nd right) are taken around the Dam by Tanesco officials, during a visit at Kidatu Hydro Plant to assess the water levels on 14th September, 2012.

EWURA's Director for Economic Regulation, Mr. Felix Ngamlagosi (Right), and the Director for Electricty , Eng. Anastas Mbawala (2nd right), discuss a point with Tanesco's officials when the duo visited the Kidatu Hydro Plant on 14 September, 2012.

NEWS IN PICTURES

The Singida Regional Commissioner, Dr. Parseko Ole Kone (in Kaunda Suit) listens attentively to EWURA's Manager for Communications and Public Relations, Mr. Titus Kaguo (in white T Shirt) on how the XRF Machine works to determine the quality of fuel through fuel marking programme during the Nane Nane Exhibitions in Dodoma, in August 2012. Right is the Chief Petroleum Inspector, Eng. Julius Gashaza.

Singida Regional Commissioner, Dr. Parseko Ole Kone (in Kaunda Suit) is being interviwed by a journalist Mr. Pascal Mayala, after a visit to EWURA Pavillion during the Nane Nane Exhibitions in Dodoma in August, 2012.

NEWS IN PICTURES

Public awareness: A section of visitors at EWURA Pavillion listening to explanations how XRF Mobile Lab detects adultrated fuel, during the Nane Nane Exhibitions held in Dodoma in August , 2012.

A section of Kidatu Hydro Dam in a photo that was taken on 14th September 2012 , showing diminished water levels that have affected power generation in the country.

NEWS IN PICTURES

Some Board Members of EWURA being briefed by Mwenga Hydro Ltd official in Mufindi, when they went for the public hearing of which Mwenga hydro Limited was requesting tariff approval.

EWURA's Director for Economic Regulation, Mr. Felix Ngamlagosi (capped), observes a power generation turbine at Kihansi Hydro Power Plant on 14th September, 2012, as the plant Manager, Eng. Pakaya Mtamakaya looks on.

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Energy and Water Utilities Regulatory Authority

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.

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