

# Newsletter

SEPTEMBER 2016

ISSN 1821 - 7273 ISSUE NO. 016

## EWURA to open three more zones this year



Previous issue:



## EDITORIAL BOARD

### CHAIRMAN

Mr. Felix Ngamlagosi

### EDITOR

Mr. Titus Kago

### ASSISTANT EDITOR

Mr. Wilfred Mwakalosi

### WRITER

Ms Tobietha Makafu

### MEMBERS

Eng. Charles S. Omujuni

Mr. Nzinyangwa Mchany

### SECRETARIAT

Ms. Hawa Lweno

Ms. Janet Mwaipopo

### EWURA OFFICE

7th Floor,  
LAPF Pensions Fund Tower,  
Opposite Makumbusho Village,  
Kijitonyama, P.O.Box 72175  
Dar es Salaam, Tanzania  
Tel: +255 (0)22 2923513 - 18  
Fax: +255 (0)22 2923519  
E-mail: info@ewura.go.tz

# CONTENTS

From the Editor.....	3
From the Desk of the Director General .....	4
Sayore: I have left behind a strong institution .....	5
Get to know new Electrical Installation Rules for Electricity Contractors .....	6
“Congratulations EWURA for efficient regulation” .....	8
Bulk Procurement Tender system for revamping .....	10
Fuel price indication data .....	12
EWURA to open three more zones this year .....	13
Petroleum consumption grows by 14% .....	14
News in Pictures.....	16



**COVER PHOTO:** Minister for Water and Irrigation, Eng. Gerson Lwenge (left) receives an Annual Performance Report of Regional Water and Sanitation Authorities prepared by EWURA from EWURA's Deputy Board Chairman Omar Bendera, during the launching of the same in Dodoma, June 2016.

## *From the Editor*



**Titus Kaguho**

*Dear our valuable esteemed readers;*

*I have a great pleasure to welcome you to our 16<sup>th</sup> edition of the Energy and Water Utilities Regulatory Authority (EWURA) Newsletter, a special publication which is always run in both languages, Kiswahili and English to suit the interest and demand of all readers.*

*In this edition, readers will enjoy interesting articles related to development witnessed in regulated areas since the last edition hit the streets. EWURA regulates four areas; Petroleum, Electricity, Natural Gas and Water and Sanitation, with special interest in the technical and economic part of regulatory dispensation.*

*EWURA Newsletter details what the Authority implements, as provided for in the EWURA Act and specifically section 6 (e) of the Cap 414. Articles covered in this edition presents regulatory decisions that have taken place between June and September 2016.*

*Among interesting articles that readers will enjoy in this edition include EWURA's move to open offices in three zones, changes in the procedure of procuring of petroleum products and increased consumption of petroleum products for the year 2015, just to mention a few.*

*EWURA also continues to encourage the public to visit the website [www.ewura.go.tz](http://www.ewura.go.tz) where most of current information can be found, and those wishing to know cap prices for petroleum products should dial \*152\*00#.*

*Karibuni!*

# *From the Desk of the* **Director General**

Dear esteemed readers,

**W**elcome to this issue of the EWURA Newsletter, which discusses matters relating to the regulated sectors of Electricity, Petroleum, Natural Gas and Water, for the benefit of Tanzanian society.

At EWURA, we are proud of our human capital as an important resource which enables us to effectively perform our regulatory functions. The Authority has a clear Succession Policy which helps to manage the Authority's Human Resources so as to maintain institutional memory. Through this, the Authority ensures a seamless transition of leadership in the event that there is a vacancy in a particular position due to various reasons such as resignation, illness, retirement or even death.

With this in mind, I take this opportunity to inform our stakeholders that EWURA has bid farewell to three founding members of the management team; Ms. Miriam Mahanyu, Eng. Anastas P. Mbawala and Eng. Mutaekulwa Mutegeki, upon their retirement from the Authority with effect from 1st September 2016. They all joined the Authority on 1st September 2006.

Ms. Miriam Mahanyu was Director of Legal Services and Secretary to the Board of Directors. During her tenure, she oversaw the development of numerous regulatory tools which formed the foundation of the regulatory framework with which EWURA is now renowned in the African continent.

Eng. Anastas P. Mbawala was the Director of Electricity, following a long and prosperous career in the electricity sector with TANESCO. During his tenure at EWURA, he successfully oversaw all technical regulatory matters relating to the Electricity Division over a period of ten years.



**Felix Ngamlagosi**

Similarly, Eng. Mutaekulwa Mutegeki was the Director of Water and Sanitation, after a successful career in the water sector when he worked with water and sanitation utilities. Most notably, he served as the Director General of the Tanga Water and Sewerage Authority prior to joining EWURA. During his tenure at EWURA he successfully oversaw all technical regulatory matters relating to the Water and Sanitation Division over a period of ten years.

All three members of the Management team brought immense technical skills and vast experience which greatly contributed to the development of the necessary regulatory tools in their respective areas of work over the last ten years. It is my expectation that EWURA shall continue to make great strides as it builds upon the foundation of regulatory excellence that it is renowned for.

Once again, please join me in congratulating the retiring members of management and to wish them well with their future endeavours. And as always, please join me in reading the articles found in this issue of the EWURA Newsletter.



# SAYORE: I have left behind a strong institution

By Wilfred Mwakalosi

The first chairman of the board of Directors of EWURA, Mr. Simon Fundi Sayore says he is proud that upon his retirement, he is leaving behind a strong and credible government institution which he has spent eight years putting his energy and expertise to make it a success.

“As I look back to where we started, I am proud that this organization has grown to be one of the strongest public institution that the country has to work for its people,” said the retired chairman at a recent official function to bid him farewell.

Mr. Sayore, an accountant, retired in June 2015. He is credited with a leadership that set high benchmark for running the board, characterized by hard, unwavering stance on regulatory decisions. In some cases, such decisions would constantly ignite complaints and hate campaign by some powerful but unscrupulous business persons whom might have come across the regulator’s wrath.

He was replaced by Professor Jamidu Katima, a Dar es Salaam University don in Chemical and Processing Engineering.

Speaking at the function, Prof. Katima said EWURA Board and Management remain with the same quality and delivery capability left behind by his predecessor. “When you hear others discuss the need to start another “EWURA” for sugar regulation that is quite impressive, it means we have done a good job that can be replicated by others,” he noted.



**Mr. Simon Fundi Sayore**

Alhaj Ahmed Kilima, a board member of EWURA said he has learnt from Mr. Sayore that “one needs to be consistent and strong defendant of ones’ stance, provided that he is right, even if that means he will be the only one.”

Alhaj Kilima, who has in the past also served as a Director General for Surface and Marine Transport Regulatory Authority (SUMATRA), emphasized that regulatory function needs people doing it to be very good professionals and honest. “If one thinks there is money to be made in the regulatory industry, then he must find another job to get money...” he said.

# Get to know new Electrical Installation Rules for Electricity Contractors

By **Tobietha Makafu**

**T**he Energy and Water Utilities Regulatory Authority (EWURA) has issued new electrical installation rules (2015), for all electrical contractors who are doing electrical installation activities within Tanzania mainland. The rules require all electrical contractors to have licenses issued by EWURA.

The rules give EWURA the mandate of issuing electrical installation licenses to qualified electrical contractors who possess the required skills and are using better electrical equipments in doing their installation activities, so as to make sure there is safety to the people and their properties.

Electrical activities which require a contractor to have license from EWURA includes all electrical installation works including additions, alterations, repairs and adjustments to existing installations works except activities such as replacements of lamps, fans, fuses, and other parts of installation, which in no way alters the capacity and characteristics of an installation.

The reasons for regulating installation activities, according to EWURA's Director of Electricity, Eng. Anastas Mbawala, is to make sure contractors with license abides the rules and the regulations, so as to perform their duties in a professional manner, in order to avoid accidents which may occur due to poor electrical installation practices.

"The competent and licensed electrical installation personnel are responsible to conduct/perform regular inspection to the installations after a specified period of time so as to detect hazardous and unsafe installations which are operating and which may appear normal to ordinary people" he added.

**EWURA will continue to issue licenses and monitor the conduct of licensees by visiting project sites in order to ascertain if electrical installation licensees are working within the scope of their licenses and that they are observing the requirements of the rules.**

Eng. Mbawala said utilities may outsource some activities/tasks and therefore require competent licensed electrical personnel because they are obliged to accept installations done by EWURA licensed personnel only before connecting the premises to their networks.

Eng. Mbawala said an applicant must fill in an application form with his/her referee which is available on EWURA's website ([www.ewura.go.tz](http://www.ewura.go.tz)) and submit to EWURA for authentication and processing. It should be submitted with applicant's certified copies of relevant certificates, a Curriculum Vitae and list of projects the applicants has participated.

The licenses have been categorized into classes depending on the scope of work, (the level of voltage which a contractor can work with) and also includes qualifications of the applicant which is the level of education and the work experience.



*The Director of Electricity at EWURA, Eng. Anastas Mbawala (Left) displays contractors and wiremen, electricity license issued by EWURA, at an awareness seminar on application of new Electricity Rules for the Contractor's and Wireman which was held in Arusha, August, 2016. Eng. Mbawala is now retired.*

Class A license requires one who can work in all voltage levels, education level of NTAL6 or FTC, experience of at least seven years. Class B is for those working in medium voltage level up to 33,000 education of NTAL6 or FTC and experience of six years. Class C is for those working with the low voltage level up to 400V (3 phases), education level NTAL4 or trade test Grade I which is level III and experience of four years.

Others are Class D for those working in low voltage up to 230V(single phase) with a Trade Test Grade III or Level I, experience of three years. Class W no experience required, must work under supervision of a person with class A, B, C and D licence. Class S is for specialized electrical works. However, Eng. Mbawala said, a two year fees must be paid to each class of the license, whereby for the lowest class initial license fee is

Tsh 40,000 and for the highest class the initial fee is Tsh 150,000. For the renewal is Tsh 20,000 for the lowest class and Tsh 100,000 for the highest class. It is the responsibility of the license holder to make sure that they provide service with high quality which comply with standards set, also must ensure that all electrical installation works are done in accordance with the IEEE (Institute of Electronics and Electrical Engineers) regulations and the installations are inspected and tested after completion.

He concluded by saying, EWURA will continue to issue licenses and monitor the conduct of licensees by visiting project sites in order to ascertain if electrical installation licensees are working within the scope of their licenses and that they are observing the requirements of the rules.



# “Congratulations EWURA for efficient regulation”

By Tobiettha Makafu

Water stakeholders have expressed their appreciation and satisfaction for EWURA's participatory approach in regulatory decision making. At a recent public hearing meeting in Masasi and Nachingwea Districts, in favour of adjusting the water services price in the area, stakeholders hailed the EWURA for including local residents' opinions in the tariff adjustment process.

Ms. Mwanaidi Selemani, a resident of Nachingwea, said at the consultative meeting held in Nachingwea recently: “We are very happy for EWURA to involve us in the process of decision-making for tariff adjustments, since we are the users of water services. We are obliged to pay for these services fully and in a timely manner so we have the right to get services in time, valid prices, questioning the quality of service.”



*A stakeholder discusses a point at a Public Hearing Meeting organized by EWURA, to collect public opinion on tariff adjustment application lodged by Masasi and Nachingwea Water and Sanitation Authority, in June, 2016 in Masasi..*



**“We are very happy for  
EWURA to involve us in the process of  
decision-making for tariff adjustments,  
since we are the users of water services.  
We are obliged to pay for these services  
fully and in a timely manner so we have the  
right to get services in time, valid prices,  
questioning the quality of service.”**

**Ms. Mwanaidi Selemani**

The former Nachingwea District Commissioner Mr. Pololet Mgema, congratulated EWURA for efficient regulation of water authorities in service delivery and for the transparency shown in the process. He said this has stimulated sustainable investments and compliance with the rules and procedures, resulting in increased productivity.

In his opening speech during the public inquiry meeting held in Masasi, EWURA's Director of Regulatory Economics, Mr. Nzinyangwa Mchany said the process of collecting views from stakeholders is one among seven steps that must be taken in implementation of price adjustments process.

He listed the steps to be followed as receiving of application, to go through the application and ask for clarification, public inquiry, receiving of written opinions, making a detailed analysis and submit recommendations to the Board; publishing of

Board decisions in the Government Gazette and in daily newspapers whereby EWURA will specify the grounds and arguments that led to the decisions.

Water authorities may decide to apply for tariff adjustments in order to afford the rising operation costs and maintenance, electricity costs and to increase the water distribution network in areas that are not covered.

In tariff adjustment evaluation, EWURA concentrates on cost of production and distribution of a particular service, recovery of investment costs, comparison of operating costs and investment to other water authorities in the country and abroad that provide water supply and sanitation and essential foremost is to protect the interests of customers and with continuity of the service provided.

# Bulk Procurement Tender system for revamping

By Wilfred Mwakalosi

**T**he Petroleum Bulk Procurement System (BPS) is set to undergo significant changes that will see bidders vying to supply individual product (cargo by cargo) in the petroleum market.

This new arrangement seeks to guarantee an increased participation of local companies (local content) because of its reduced financial requirement—as opposed to supply of the three products in one tender

“The proposed change is expected to increase competition in the supply of petroleum products in the country which would consequently lead to a decreased quoted premiums,” said the Director of Petroleum at EWURA, Eng. Godwin Samwel.

The move is a response to requests from various stakeholders who wanted a review of the methodology of implementing tenders floated by the Petroleum Bulk Procurement Agency (PBPA) under the Petroleum Bulk Procurement System.

According to Eng. Samwel, some stakeholders in the downstream petroleum industry have raised concerns that the current BPS tenders have limited competition. “This is due to the limited financial capacity of most prequalified suppliers

for products that worth approximately US\$ 120 million,” he said.

He added: “given the 60 days credit period advanced to Oil Marketing Companies, suppliers of petroleum products are further constrained financially. It is thus suggested that the tenders be floated on a cargo or vessel basis rather than floating tenders for the total monthly requirement”.

“He further stated, “Stakeholders are of the view that implementation of tenders by cargo will result into low premiums similar to those achieved in Kenya where BPS is also implemented by floating tenders by cargo.”

Eng. Samwel said following such requests, the Authority analysed the proposal and noted that there is a possibility to improve efficiency and effectiveness of tenders floated based on a cargo or vessel.

PBPA has already floated 44 competitive tenders as of May 2016. Throughout the period of BPS implementation, Tanzania has observed almost the same bid participants in each tender. The highest participation of eligible suppliers was achieved in tender number 3 with bid submissions numbered to 7 suppliers.



*Petroleum stakeholders in discussion at a public hearing meeting to discuss improvements in the Bulk Procurement System. This was July 2016 in Dar es Salaam.*

In three occasions, there was the lowest participation with only two suppliers submitting bids in each tender. Generally, it is observed that there have been five bidders in average, who participate in the floated tenders, as compared to more than 25 pre-qualified bidders.

“Based on the foregoing, it is evident that the level of competition is low and therefore raises attention,” said Eng, Samwel.

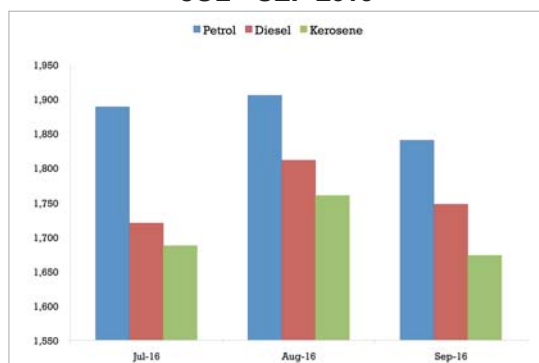
One thing for sure is that tenders by cargo will increase competition. However, as for the reduction in premiums to the levels attained in Kenya, there could be more issues to look into, according to analysts. BPS implementation in the two countries varies in key parameters such as business risk allocation between supplier and buyer, the quantity of products imported, available receiving infrastructures, tax system and product pricing mechanism.

## FUEL PRICE INDICATION DATA

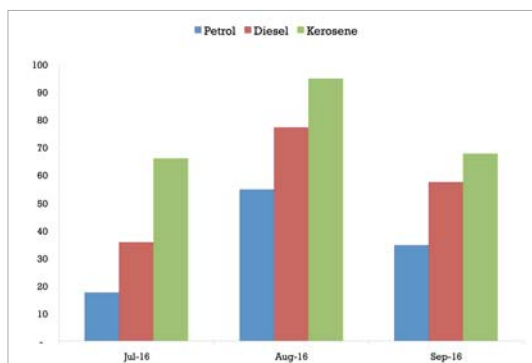
### SUMMARY OF KEY STATISTICS FOR PETROLEUM PRODUCTS PRICING FOR THE MONTH OF JULY - SEPT 2016

EXCHANGE RATE	Jul-16	Aug-16	Sep-16
	2197.81	2191.78	2186.164
PETROLEUM PRODUCTS CAP PRICES			
Month	Petrol	Diesel	Kerosene
Jul -16	1,888	1,720	1,687
Aug -16	1,905	1,811	1,759
Sep -16	1,839	1,747	1,673
FOB PRICES			
Month	Petrol	Diesel	Kerosene
Jul -16	806	744	737
Aug -16	841	869	874
Sep -16	777	807	791
AVERAGE PREMIUM			
Month	Petrol	Diesel	Kerosene
Jul -16	18	36	66
Aug -16	55	77	95
Sep -16	35	57	68

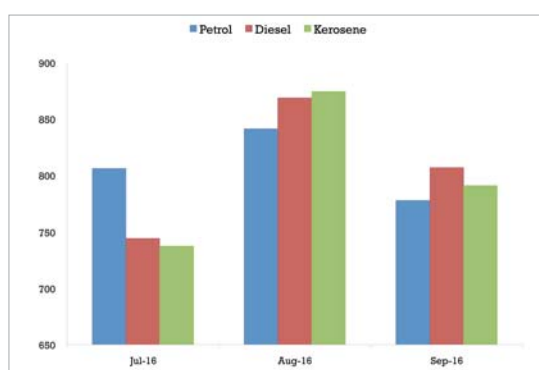
**PETROLEUM CAP PRICES  
JUL - SEP 2016**



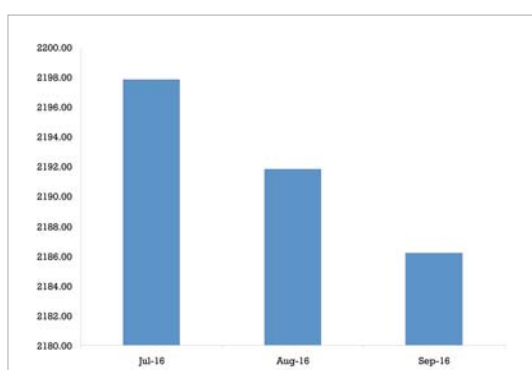
**AVERAGE PREMIUM**



**AVERAGE FOB PRICES**



**DECREASING EXCHANGE RATE TREND**



Compiled by Radhia Ahmed



# EWURA to open three more zones this year

By Titus Kaguho

**T**HE Board of Directors of the Energy and Water Utilities Regulatory Authority (EWURA) has endorsed establishment of three more zonal offices, signalling the beginning of implementation of the Authority's up country expansion programme.

The offices will be established in Arusha, to serve the Northern Zone of Arusha, Kilimanjaro, Manyara and Tanga regions, while another office will be opened in Mbeya, to serve the Southern Highlands Zone of Mbeya, Rukwa, Katavi, Ruvuma, Njombe and Iringa regions.

The Authority will also open the third office in Dodoma that will serve regions covering central zone and particularly Tabora, Singida and Morogoro.

Key staff who will take responsibilities in the newly opened offices have already been appointed. With the launching of the zonal offices, EWURA will have already opened four offices, after last year's successful launching of Lake Zone Office in Mwanza. It serves seven regions of Mwanza, Kagera, Mara, Geita, Shinyanga, Simiyu and Kigoma.

The office in Mwanza is headed by a Zonal Manager, Engineer Nyirabu Musira, while that of Arusha will be headed by a learned Lawyer, Ms. Kapwete John, as a new and first lady Zonal Manager.

For Mbeya, the Authority's Board of Directors has appointed Engineer Karim Ally to act for the position of Zonal Manager, until a substantive Zonal Manager is recruited.

Engineer Norbert Kahyoza, a seasoned electrical engineer with a vast experience on regulatory matters, is expected to man the office in Dodoma, the Capital City, after several years of secondment to the Ministry of Energy and Minerals from EWURA.

Major roles of Zonal offices, among other things, include to receive, check completeness and dispatch licence and tariff review applications to Head Office and to receive and respond to correspondences and enquiries in the Zone.

The Zonal offices are also responsible for receiving customer complaints, conducting performance and compliance monitoring, organising and facilitating Authority's meetings with stakeholders and public awareness campaigns.

Other duties will also include the dissemination of information on EWURA functions, represent the Authority at various events and enhance public relations with the community within the Zone.



# PETROLEUM

consumption grows by

**14%**

14

By Jessica Kimosso

Tanzania's petroleum product consumption during the year 2015, registered a growth of 14 per cent compared to year 2014. A total consumption in the year 2015 was 3,304,653,807 litres compared to 2,907,823,216 litres consumed in the previous year.

According to the Downstream Petroleum Sub Sector Performance Review Report for the Year 2015, such growth is likely to have attributed by the growth of the key sectors of economy such as agriculture, construction and transportation.

The Report says that consumption of diesel, petrol and Heavy Fuel Oil (HFO) increased by

10%, 18%, and 38%, respectively, while kerosene decreased by 4%. Nevertheless, the same year, a total of 5,163,565,034 litres of petroleum products were imported into the country, and out of which, 3,380,097,164 litres equivalent to 65% of the total import were for the local market. This is an equivalent to an increase of 27% in comparison to 2014.

The report, which was released recently by EWURA, indicates that a total of 1,825,467,870 litres, equivalent to 35% of all petroleum products imports (5,163,565,034 litres) were transited to neighbouring countries, which represents an increase of 2% compared to 2014.

As for the Liquefied Petroleum Gas (LPG), a total of 70,061 metric tonnes were imported for the local market as compared to 65,522 metric tonnes imported in 2014, which is equivalent to an increase of 7%.

In order to ensure the efficiency of the petroleum sector, EWURA monitors all new Petroleum installations to make sure they were issued with relevant construction approvals before constructions start.

In the year 2015/16, a total of 83 petrol stations and one Liquefied Petroleum Gas (LPG) filling and storage plant were found without construction approvals and were fined in accordance with

refined petroleum products. In 2015, prices of crude oil in the World market were almost stable but relatively low compared to prices during the same period in 2014.

The highest crude oil price was observed in May 2015 where it reached 64 USD per barrel, and the lowest was 38 USD per barrel in December 2015.

The average (annual) Free on Board price for refined petroleum products in the world market in the period under view stood at 556 USD per metric tonnes, 469 USD per metric tonnes, and 495 USD per metric tonnes for petrol, diesel and kerosene, respectively, as compared to 907



the applicable law. The law demands that any person who intends to undertake a regulated activity, should apply to EWURA for a licence in a prescribed manner and form, upon payment of the prescribed fee. It is also the duty of EWURA to ensure that, the emerging and existing petroleum facilities meet the requirements before being licenced.

From January to December 2015, the Authority licensed 124 operators of facilities who met the requirements. By 31st December 2015, the country had a total of 755 licenced petroleum storage facilities, with total storage capacity of 867,639CM, which could meet the demand of the local market for 96 days. For petroleum prices, EWURA continued to monitor in accordance with the global market prices for both crude oil and

USD metric tonnes, 813 USD per metric tonnes attained in 2014. This drop is equivalent to 39% for petrol, 42% for diesel and 43% for Kerosene/ Jet A1.

Due to compliance monitoring by the Authority, there is a hope that, the standard of retail outlets in the country will improve, the malpractice of dumping transit and tax exempted petroleum products in the local market will gradually decrease, and customers will be served in satisfaction of the amount given in purchasing petrol.

This is also a step forward in ensuring fair competition among the petrol stations owners in terms of tax payment, and relevant fixed prices as given by the Authority.

# PICTORIAL NEWS



Technical Manager for Water and Sanitation Division at EWURA, Eng. Exaud Fataeli (in glasses) explains a point to the Permanent Secretary in the Ministry of Water and Irrigation, Eng. Mbogo Futakamba (right), when the latter visited EWURA exhibitions pavilion, on the sidelines of the 6th Africa Water Week, held in Dar es Salaam, July, 2016.

Some participants to the Electricity Contractors' Seminar for Northern Zone, organized by EWURA in Arusha, August 2016.



Minister for Water and Irrigation, Eng. Gerson Lwenge (left) receives an Annual Performance Report of Regional Water and Sanitation Authorities prepared by EWURA from EWURA's Deputy Board Chairman Omar Bendera, during the launching of the same in Dodoma, June 2016.



The Deputy Board Chairman of EWURA Board, Mr. Omar Bendera, (second left), Congratulates the Managing Director of Tanga Water Supply and Sanitation Authority, Mr. Joshua Mgeyekwa, after his Authority was awarded a class 'A' license.

