



PUBLIC NOTICE

REVISED PETROLEUM PRICING FORMULA APPLICABLE IN THE BULK PETROLEUM PROCUREMENT SYSTEM IN TANZANIA MAINLAND

BACKGROUND

SECTION 33(1) and 33(2) of the Petroleum Act (2008) states that all petroleum imports for the Tanzania local market should be procured through an efficient and competitive system. Based on that The Energy and Water Utilities Regulatory Authority (EWURA) from year 2009 had to develop a mechanism at which petroleum products would be imported by the defined system by the law, that is Bulk Petroleum Procurement System (BPS).

Further, the Minister for Energy and Minerals issued Regulations which were published on the 3rd June 2011 through Government Notice No. 164, among other things, defining that the efficient system shall mean a type of procurement or purchase made by way of Bulk Procurement System (BPS).

Consequently, Oil Marketing Companies formed a company (Petroleum Importation Coordinator-PIC) that will be handling all matters related to the operations of the BPS of which the first cargo under the system is being imported.

The previous petroleum pricing formula was made under the Energy and Water Regulatory Authority (Petroleum Products Price Setting), Rules, published as GN No. 5 of 9th January 2009. The Rules directed issuance of indicative and cap petroleum prices for the local petroleum market in Tanzania mainland. The Authority has a mandate to amend the rules upon request by regulated suppliers or on its own motion. The Rules and Pricing Formula were amended in August 2011 after conclusion of an inquiry on the matter.

The pricing Rules and formula were formulated on assumption that importation of petroleum products would be by individual companies. Now that the petroleum procurement system has changed, it is important that the pricing formula be changed to accommodate requirements of the new procurement system.

It is from this background that, in accordance with Section 9(2) (b) of the EWURA Act, Cap 414, EWURA conducted an Inquiry to seek stakeholders' comments before making a decision on the matter. The Inquiry process was initiated on 6th November 2011 by publishing a Notice in the Government and by posting public notices in newspapers and on the EWURA website. A stakeholders' meeting was held on 22nd November 2011 where further comments on the pricing formula were received. The consultation process was concluded by an exit meeting 10th December 2011 that was attended by representatives of key stakeholders, after which the Board of Directors of EWURA, in its 55th Ordinary Meeting that was held on the 15th December 2011, deliberated and approved a revised pricing formula.

MAIN FEATURES IN THE REVISED PRICING FORMULA

At the closure of the inquiry process, EWURA had gathered satisfactory and adequate information to prudently determine the various elements in the pricing formula. EWURA took into consideration all stakeholders' comments in the review of the Petroleum Pricing Formula. The revised petroleum pricing formula contains the following main features:

1. Assessment of various cost elements in the pricing formula based on actual costs incurred by OMCs as per the supply contract between the Petroleum Importation Coordinator (PIC) and suppliers.
2. Effective Wednesday 4th January 2012, petroleum prices for Tanzania Mainland will be revised after every one month.
3. EWURA will continue publishing cap prices for Wholesalers and Retailers, service providers are free to sell petroleum at any price as they will determine, provided it is not above the cap.
4. All institutions that charge fees and charges as provided in the pricing Rule shall make sure that the amount charged is as directed in the approved Rule.
5. The Wharfage charged payable to the Tanzania Ports Authority (TPA) have been increased from about USD 8.30/MT to USD 10.00/MT plus 18% VAT. The increased has been made to enable TPA implement the ongoing projects which include construction of a new Single Point Mooring (SPM), Kurasini Oil

Jetty (KOJ), a manifold and construction of a petroleum tank. The projects have significant importance for the petroleum industry as they will improve efficiency in offloading of products and lower the prices of petroleum products in future.

6. Once TPA completes the projects, wharfage charged payable to will be lowered as per formula adjustment which will further lead to decreased prices of petroleum products.

7: Based on this new formula, prices for all products in the Tanzania Mainland local effectively 4th January 2012 will be as follows:

A: RETAIL PRICES

Town	Cap Prices		
	Petrol (TZS/LT)	Diesel (TZS/LT)	Kerosene (TZS/LT)
Dar es Salaam	1,956	1,977	1,963
Arusha	2,040	2,061	2,047
Arumeru (Usa West)	2,040	2,061	2,047
Karatu	2,058	2,079	2,065
Monduli	2,045	2,066	2,052
Ngorongoro (Loliondo)	2,096	2,117	2,103
Kibaha	1,960	1,982	1,967
Bagamoyo	1,967	1,988	1,974
Kisarawe	1,963	1,984	1,970
Mkuranga	1,966	1,987	1,972
Rufiji	1,983	2,005	1,990
Dodoma	2,015	2,036	2,021
Kondoa	2,047	2,068	2,054
Kongwa	2,012	2,033	2,018
Mpwapwa	2,016	2,037	2,022
Iringa	2,020	2,041	2,027
Kilolo	2,024	2,045	2,031
Ludewa	2,086	2,107	2,093
Makete	2,079	2,100	2,086
Mufindi (Mafinga)	2,030	2,051	2,036
Njombe	2,048	2,069	2,055
Bukoba	2,171	2,192	2,178
Biharamulo	2,145	2,166	2,152
Chato	2,128	2,149	2,135
Karagwe (Kayanga)	2,187	2,208	2,194

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Dar es Salaam	1,956	1,977	1,963
Arusha	2,040	2,061	2,047
Arumeru (Usa West)	2,040	2,061	2,047
Karatu	2,058	2,079	2,065
Monduli	2,045	2,066	2,052
Muleba	2,171	2,192	2,178
Ngara	2,136	2,157	2,143
Misenyi	2,179	2,200	2,186
Kigoma	2,187	2,208	2,193
Kasulu	2,173	2,194	2,179
Kibondo	2,151	2,172	2,158
Moshi	2,029	2,051	2,036
Hai (Bomang'ombe)	2,033	2,054	2,039
Mwanga	2,023	2,044	2,029
Rombo (Mkuu)	2,050	2,072	2,057
Same	2,016	2,037	2,023
Siha (Sanya Juu)	2,036	2,057	2,043
Lindi	2,015	2,036	2,021
Kilwa Masoko	1,990	2,011	1,996
Liwale	2,036	2,057	2,042
Nachingwea	2,044	2,065	2,050
Ruangwa	2,042	2,063	2,049
Babati	2,078	2,099	2,085
Hanang (Katesh)	2,089	2,110	2,095
Kiteto (Kibaya)	2,089	2,110	2,096
Mbulu	2,091	2,112	2,097
Simanjiro (Orkasumet)	2,110	2,131	2,117
Musoma	2,134	2,155	2,141
Bunda	2,125	2,146	2,132
Serengeti (Mugumu)	2,180	2,201	2,186
Tarime	2,145	2,166	2,152
Mbeya	2,063	2,084	2,069
Chunya	2,072	2,093	2,079
Ileje	2,076	2,097	2,083
Kyela	2,079	2,100	2,085
Mbarali (Rujewa)	2,047	2,068	2,054
Mbozi (Vwawa)	2,072	2,093	2,079
Rungwe (Tukuyu)	2,072	2,093	2,078

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Arumeru (Usa West)	2,040	2,061	2,047
Karatu	2,058	2,079	2,065
Monduli	2,045	2,066	2,052
Morogoro	1,981	2,002	1,988
Mikumi	1,996	2,018	2,003
Kilombero	2,019	2,040	2,025
Mahenge	2,029	2,050	2,036
Kilosa	1,999	2,020	2,006
Mvomero	1,991	2,012	1,998
Mtwara	2,028	2,049	2,035
Masasi	2,054	2,075	2,060
Newala	2,060	2,081	2,067
Tandahimba	2,053	2,074	2,060
Mwanza	2,106	2,127	2,112
Geita	2,147	2,168	2,153
Kwimba	2,142	2,163	2,148
Magu	2,114	2,135	2,120
Misungwi	2,111	2,132	2,118
Sengerema	2,138	2,159	2,145
Ukerewe	2,165	2,186	2,172
Sumbawanga	2,128	2,150	2,135
Mpanda	2,163	2,184	2,170
Nkasi	2,142	2,163	2,148
Songea	2,079	2,100	2,086
Mbinga	2,113	2,134	2,119
Namtumbo	2,108	2,129	2,115
Tunduru	2,138	2,159	2,145
Shinyanga	2,084	2,106	2,091
Kahama	2,098	2,119	2,105
Bukombe	2,110	2,131	2,117
Bariadi	2,126	2,147	2,132
Kishapu	2,113	2,134	2,119
Maswa	2,117	2,138	2,124
Meatu	2,124	2,145	2,131
Singida	2,046	2,068	2,053
Iramba	2,058	2,080	2,065

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Arumeru (Usa West)	2,040	2,061	2,047
Karatu	2,058	2,079	2,065
Monduli	2,045	2,066	2,052
Manyoni	2,031	2,052	2,038
Tabora	2,110	2,131	2,116
Igunga	2,064	2,085	2,070
Nzega	2,074	2,095	2,081
Sikonge	2,122	2,143	2,128
Urambo	2,123	2,144	2,130
Tanga	2,002	2,023	2,009
Handeni	1,981	2,003	1,988
Kilindi	2,016	2,037	2,023
Korogwe	1,995	2,016	2,002
Lushoto	2,005	2,026	2,011
Mkinga (Maramba)	2,016	2,037	2,023
Muheza	2,002	2,023	2,009
Pangani	2,009	2,030	2,015

B: Wholesale Prices

Wholesale Prices - DSM	Petrol	Diesel	Kerosene
Cap Prices	1,881.92	1,903.04	1,888.59