

Energy and Water Utilities Regulatory Authority

Presentation of Review of Gas Policy 2013 to ICC/NARUC

by

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Introduction (1)

- ❑ The Gas Policy, 2013 intends to provide the comprehensive framework for guiding development of the gas industry;
- ❑ It intends to ensure optimal benefits to the nation and Tanzanians at large;
- ❑ Seeks to align with the Tanzania Five Year Development Plan (2011/12-2015/16), the National Strategy for Growth and Reduction of Poverty 2010-15; and other cross-sectoral policies.

Introduction (2)

Recent challenges which the policy want to address:-

- ❑ Legal and institutional framework to manage the natural gas industry;
- ❑ Human resources with requisite skills and knowledge of the industry;
- ❑ Development of Natural gas infrastructure;
- ❑ Development of domestic markets and Management of export market;

Introduction (3)

- ☐ Natural Gas Revenue Management;
- ☐ Health, Safety and Environment; and
- ☐ Management of High Public Expectations;

Chapter I

Introduction

The first chapter deals with preliminary matters:-

- a) Introduction
- b) Provides the status of Natural Gas Industry in Tanzania-
 - ✓ Status of exploration;
 - ✓ Natural Gas discoveries; and
 - ✓ Challenges faced by the industry.

Chapter II (1)

Justification of Gas Policy

The second Chapter :-

- ❑ Provides the Vision and Mission Statements of the policy;
- ❑ Outlines the main objectives of the Gas Policy - to offer guidance of how the industry should develop;
- ❑ Details ten (10) Specific Objectives which the policy intends to achieve.

Chapter II (2)

- ❑ To ensure sustainable exploration, production, processing, transport, distribution facilities and utilization of gas for domestic market and for exports.
- ❑ To strengthen human capacity development;
- ❑ To ensure effective management of gas revenue; and
- ❑ Promote linkages to other strategic industries.

Chapter III (1)

Policy Issues and Statements

Provides for Upstream Activities:-

- ❑ Comprises of the key Exploration and Production terms and conditions;
- ❑ Confirms that the detailed policy issues on upstream will be addressed under Petroleum Policy.

Chapter III (2)

- ❑ However, it states that the Government intends to participate strategically in upstream through the NATIONAL Company responsible for development of petroleum or its subsidiaries;
- ❑ Ensures competition in the grant of petroleum licenses; and
- ❑ Ensures promotion of investments in Exploration and Production (E&P) activities.

Chapter III (3)

For Midstream and Downstream activities

- ❑ The Government intends to participate strategically through its National Company responsible for development of petroleum or its subsidiaries;
- ❑ Ensures that all gas processing activities are undertaken in common facilities onshore’;
- ❑ Establishes a licensing regime for gas supplies, distributors and marketers.

Chapter III (4)

- ❑ States that there shall be a gas aggregator who will be a NATIONAL company responsible for development of petroleum or its subsidiaries.

Chapter III (5)

Natural Gas for Domestic Markets

- ❑ Provides to develop and serve the domestic market with natural gas to minimize dependency from imported petroleum products
- ❑ Promotes natural gas based LPG, LNG and natural gas to liquids (GTL) for domestic market.

Chapter III (6)

Liquefied Natural Gas (LNG) business ensures-

- ❑ effective Government participation.
- ❑ all LNG facilities are located onshore
- ❑ domestic market is given priority; and
- ❑ appropriate LNG trading for regional and international.

Chapter III (7)

Management of Natural Gas Revenue;

- ❑ The objective is to ensure effective management of natural gas revenue;
- ❑ Establish natural gas revenue fund for development of gas industry and national strategic projects; and
- ❑ Ensure local communities benefit from revenue emanating from the natural gas activities;
- ❑ Ensure inst arrangement, legal framework etc. are in place.

Chapter III (8)

Natural Gas Pricing

- ❑ Ensures that prices of natural gas are economically efficient and promote growth of the industry;
- ❑ Ensures appropriate pricing structure is in place;
- ❑ Ensures natural gas prices for strategic industries and household are affordable and predictable.

Chapter III (9)

Security of Natural Gas Supply

- ❑ The objective is to align natural gas supply and demand to ensure reliability
- ❑ Ensures sufficient production and rational utilization of natural gas;
- ❑ Ensures optimal investment for natural gas infrastructure to ensure reliability of energy supply to the country
- ❑ Ensure safety and security of gas infrastructures.

Chapter III (10)

Linkages with other Strategic Sectors.

- ❑ Promote linkages between natural gas industry with other strategic sectors of the economy to accelerate socio-economic transformation;
- ❑ Ensure growth of gas industry supports strategic investments in other sectors of the economy;
- ❑ Promote Private Sector participation in petrochemicals, steel and energy intensive industries.

Chapter III (11)

Local Content and Capacity Building

- ❑ Develops capabilities of Tanzanians to participate strategically in the natural gas value chain;
- ❑ Ensure them opportunities of supply of goods, employment and investments;
- ❑ Ensure capabilities of Tanzanians are developed;
- ❑ Establish oil and gas center of excellence

Chapter III (12)

Corporate Social Responsibility

The objective is strengthen Social responsibility mechanism in gas activities-

- ❑ ensures there is contractual obligation to undertake community development programmes; and
- ❑ ensures companies and local authorities enter into agreements to implement projects.

Chapter III (13)

Cross-Cutting Issues- Efficiency and Conservation

The objective is to ensure rational use of natural gas in all sectors of the economy

- ❑ Ensure prioritization of natural gas utilization based on Gas Utilization Master Plan.

Chapter III (14)

Cross-Cutting Issues- Transparency and Accountability

The objective is to ensure transparency and accountable system in the management of the natural gas industry-

- ❑ Promote transparency and accountability;
- ❑ Facilitate collection and dissemination of information related to natural gas industry.

Chapter III (15)

Cross-Cutting Issues- Management of the Environment, Health and Safety

The objective is to ensure that all activities in the gas value chain are undertaken in a manner that protects people's health, safety and environment

- ❑ Ensure health, safety and environment issues are mainstreamed into all operations in the industry; and
- ❑ Ensure compliance to environmental protection

Chapter III (16)

Cross Cutting Issues- Regional and International Cooperation

The objective is to benefit from regional and international community in the development of natural the development of natural gas infrastructures.

- ☐ Promote cross border projects and investments to max benefits;
- ☐ Consider regional markets in gas industry.

Chapter III (17)

Cross Cutting Issues- Gender Mainstreaming and HIV and AIDS

The objective is to promote and support women to participate actively in natural gas activities and addressing HIV and AIDS issues.

- ☐ Promote women participation;
- ☐ Ensure gender equality and equity in all programmes; and
- ☐ Provide education on HIV and AIDS .

Chapter III (18)

Cross-Cutting Issues- Public Private Partnership (PPP)

The objective is to ensure minimum risks allocation for PPP projects to maximize Government benefits from the industry.

- ❑ Promote PPP arrangements to facilitate investments;
- ❑ Promote development of gas infrastructure, petrochemicals etc under PPP arrangements.

Chapter III (19)

Public Awareness and Managing Expectations in the Natural Gas Industry

The objective is to manage public expectations on benefits from natural gas activities

- ☐ Provide accurate and timely information on activities implemented;
- ☐ Improve communication mechanism and flow of information;

Chapter IV (1)

Fiscal, Legal and Regulatory Framework

Due to increasing mid and downstream activities it requires strengthening of fiscal, legal and regulatory framework for comprehensive governance of industry.

- ❑ Policy seeks to enhance existing fiscal discipline in managing the revenue- generated from natural gas (taxation regime)

Chapter IV (2)

Legal an Regulatory Framework for Midstream and Downstream

- ☐ Ensure appropriate regulatory authority for natural gas is established
- ☐ Ensure stable and predictable legal framework for natural gas industry;
- ☐ Ensure the regulatory authority for natural gas is strengthened.

Chapter V (1)

Institutional Framework

The chapter on institutional framework articulates major roles of key institutions. The policy outline the roles of-

- ☐ the Government and Local Governments
- ☐ the National Oil and Gas Company;
- ☐ Regulatory Authority;
- ☐ Private Sector;
- ☐ Academic and Research institutions

Chapter V (2)

- ☐ NGOs and Civil Societies;
- ☐ BoT
- ☐ Media; and
- ☐ Community.
- ☐ Monitoring and Evaluation framework.

Chapter VI

The Way Forward

Outlines how the Policy will be implemented

- ❑ Establishment of Implementation Strategy Document;
- ❑ Enactment of Laws and Regulations;
- ❑ Amendment of existing Laws
- ❑ Restructuring of existing institutions and public companies and establishing of new ones to implement the policy.

The Role of EWURA -new Policy

(1)

- ☐ Develop regulations for licensing for construction, operations and pricing of natural gas
- ☐ Develop operating rules, tariffs, terms and conditions of services;
- ☐ Assist the government to make incremental decision about downstream mega projects, locations and timing;
- ☐ Prepare the Transport and domestic Tariff framework



The Role of EWURA Based on New Policy (2)

- ☐ Do further market Analysis (size and depth) to evaluate the potential, implications of specific projects identified in Gas Master Plan
- ☐ Work with the government to revisit Gas Master Plan and make adjustment on specific projects;
- ☐ Work with the government- in developing a plan for process and institutions through which gas taken in kind will be allocated to competing uses

The Role of EWURA Based on New Policy (3)

- ❑ Implement programs to monitor and enforce compliance with environment impact mitigation;
- ❑ Work with the government to assess actual demand of gas in different regions and mega-projects based on price, costs and willingness to pay;
- ❑ Initiate various studies

Thanks!
