

# **EWURA –ICC PARTENERSHIP**

Overview of Natural Gas Regulation

Eng. Thobias Rwelamila



# Energy Regulatory and Legal Framework

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- 1) The National Energy Policy, 2003
- 2) The Energy and Water Utilities Regulatory Authority Act;
- 3) The Petroleum (Exploration & Production) Act,
- 4) Regulations, Rules and Orders; and
- 5) Licences and Project Specific Agreements

# Gas Industry

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1. Exploration and Production (upstream) activities are regulated by the Ministry of Energy and Minerals;
2. Processing, transportation, distribution and trading (downstream) activities are regulated by EWURA;

## Setting of Tariffs (Rates) and Charges

- Section 17 of Cap. 414 empowers EWURA to carry-out **Economic Regulation**;
- The Authority has established and published **Tariff Application Guidelines**;
- EWURA **reviews applications and determines appropriate** tariffs (rates) and charges;
- The Authority **conducts public inquiries** as part of the Tariff Review Process;
- EWURA **publishes in Government Gazette** the decisions of the Board of Directors on all rates, tariffs and charges.

## Pricing Issues (Cont..)

- Different pricing methodologies:
  - Power: Wellhead price.
  - Industrial Customers: Netback calculation based on alternative fuel (landed HFO, coal etc);
- Gas pricing principle to be established after **enactment of the Gas Act**;
- EWURA establishes only infrastructure tariffs:
  - Processing;
  - Transportation;
  - Distribution; and
  - Other charges.

## **Technical Regulation**

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- Perform light-handed Technical Regulation:-
  - Establish codes and standards for goods and services in four sectors;
  - Compliance enforcement of Code of Practices and Standards; and
  - Take into account preservation and protection of the environment.
- Monitor performance of regulated sectors:-
  - Promote Security of Supply and Security of Demand at all levels (Quality and Quantity);
  - Ensure availability of Third Party Access.

## Challenges-Natural Gas Sector

1. Limited service providers: Songas, PanAfrican, TPDC, Maurel & Prom;
2. Lack of sector specific legislation hinders long term investments in new industry
3. Natural gas distribution infrastructure is limited to 53 km (serving industries) in Dar es Salaam;
4. Human Resource specialized in natural gas issues (laws, economics, finance, engineering) is limited to handful individuals;

## Challenges – (cont.)

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1. Attract foreign and local financial investments to develop a market and distribution infrastructure;
2. Attract risk investors in exploration of natural gas
3. Promote efficient competition and economic efficiency at key levels of supply chain;
4. Capacity building to local entrepreneurs and EWURA staff in technical and regulatory issues;
5. Establish a reasonable Pricing Principles, that equitably safeguard the interest of all parties.



# Conclusion

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<http://www.ewura.go.tz>

