

2020
EREA CONCEPT NOTE

**CONCEPT NOTE ON THE RESEARCH ON REGULATION
OF IMPROVED FUEL SUPPLY TO REMOTE AREAS AND
MOTOR OUTBOARDS/VESSELS IN EAST AFRICA**



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8th Floor, NSSF Mafao House, Old Moshi Road

P.O. Box 1669, Arusha, Tanzania

Website: <http://www.energyregulators.org>

Tel: +255 27 2520 170/1

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P.O. Box 1669, Arusha, Tanzania: email: EREAhub@energyregulators.org

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1. Implementing entity and key partners

The Energy Regulators Association of East Africa (EREA) was established in 2008 as a non-for-profit organization with no share capital and limited by guarantee. EREA pools together National Regulatory Institutions (NRIs) in East Africa with a view of exchanging information on energy regulation and harmonizing the energy regulatory frameworks.

EREA's membership has grown from the initial four (4) to the current seven (7) members. The membership of EREA comprises Energy and Petroleum Regulatory Authority of Kenya (EPRA), Electricity Regulatory Authority of Uganda (ERA), Energy and Water Utilities Regulatory Authority of Tanzania (EWURA), Rwanda Utilities Regulatory Authority (RURA), AREEM of Burundi, Zanzibar Utilities Regulatory Authority (ZURA) and Petroleum Authority of Uganda (PAU).

2. Background

The East African region is composed of mainly undeveloped rural areas with no access to truck roads, pipelines and petroleum storage infrastructure. Most of these areas are composed of a majority of rural poor whose consumption of petroleum products is low as compared to urban areas. Further, the region is blessed with a vast shoreline with diverse marine activities such as fisheries, water sports and water transport.

Both rural/ remote areas and marine activities consume petroleum products for the propulsion of motor engines. Yet, the quantity is not significant to

attract investors to set up a fully-fledged petroleum retail station. Due to high requirements spelt out in the standards and regulations for retail petroleum stations, these areas are served by stations that operate illegally and which store petroleum in non-compliant facilities or places. It is common to find fuel being stored and sold in plastic bottles. As a result, there are potential Health, Safety and Environment (HSE) risks to consumers and the general public around. Several cases of fire incidents caused by poor handling of petroleum products in remote areas have been reported.

It is possible to ensure that petroleum products are sold to consumers at facilities that meet minimum HSE compliance while giving a reasonable return on investment for the owners/ operators.

3. Project summary

3.1. Overall objectives

- i. To ensure that petroleum products and refuelling services are available to remote areas in a manner that protects the environment and guarantees the safety of the public.
- ii. To ensure that petroleum products and refuelling services are available to marine/outboard vessels in a manner that protects the environment and guarantees the safety of the public.

3.2. Expected outcomes

The expected research outcomes are:

- (i) Data on the population of rural poor in the East African region that do not have access to petroleum pipeline or bulk storage facilities within 100 Kilometres;
- (ii) Mapping of navigable marine waters in East Africa;

- (iii) Baseline study on the storage and refuelling operations in marine areas across East Africa;
- (iv) Benchmarking report on the best practices in the developed world for marine refuelling barges and jetties;
- (v) Benchmarking report on the regulations for the business of marine refuelling barges and jetties in the developed world;
- (vi) Engineering design of a typical mobile fuelling station considering the following:
 - a. The re-fuelling station designed should observe engineering specifications of petroleum products storage and handle as per East Africa Community or any other International Standards;
 - b. The design of the Fuelling station should be in such a way that can be regulated by NRIs; and
 - c. Anticipated operational and regulatory challenges and the mitigations thereof.
- (vii) A detailed work plan for the implementation of the research outcomes.

3.3. Key target beneficiary population

Once the Research proposal recommendations are implemented, the East Africa region is projected to benefit significantly from reduced pollution and accidents in the supply of petroleum fuels in marine environments and remote areas.