The Fueling MAGAZINE

Energy on the Move

2ND HALF 2023 - ISSUE 2 VOLUME 3

Is LPG the Next Fuel of Choice in East Africa?

COVER STORY

AUTO GAS ADOPTION IN EAST AFRICA

OTHER STORIES

- Petroleum Sector Outlook
- KUKi-Fri Excites Fast Foods Space
- Dar Pioneers with CNG Fueling
- Martin Chomba's Profile

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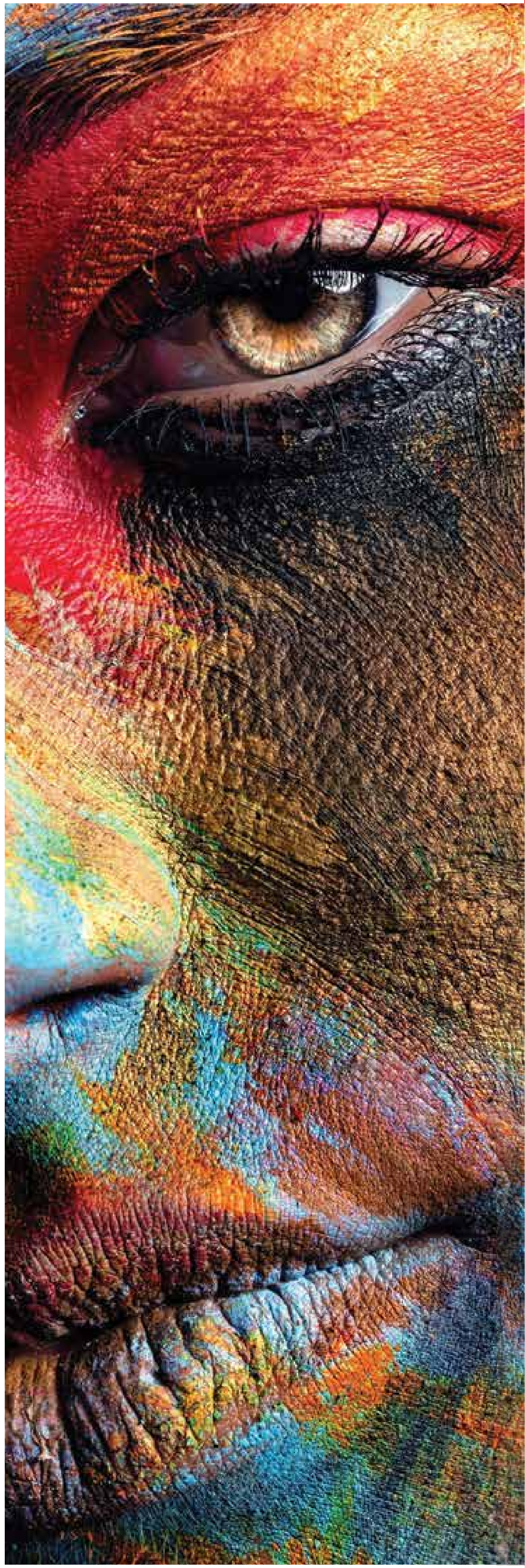

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BHACHU GAS

LPG Cylinder Manufacturer & Revalidation

WLPGA
Member since 2020

ISO 9001 SGS

UKAS MANAGEMENT SYSTEMS

Vision

At Bhachu Gas, we aim to be Africa's preferred and leading LPG Cylinder Manufacturer.

Mission

The Bhachu Gas mission is to manufacture the highest quality, safe & reliable LPG Cylinders for the African market in order to support a higher adoption of clean cooking fuel ensuring a safer, cleaner, greener world for our families.

The Bhachu Group of Companies was founded in 1976, under the flagship of Bhachu Industries Limited (BIL).

BIL is a regional pioneer in the manufacture of trailers for haulage, mechanical structures, underground fuel storage tanks and metal body building.

Over the years, the company has grown in production capacity, innovation and technology to meet the dynamic demands of the industry. Bhachu is now the leading trailer manufacturer in East and Central Africa. Since inception the group has expanded further into Steel and LPG Cylinder Manufacturing.

In 2019, the Group launched Bhachu Gas, a division that is dedicated to manufacturing Liquefied Petroleum Gas (LPG) cylinders.

Bhachu Gas was established following the global and local objectives to adopt LPG as a clean and safe energy for cooking, to better protect our families and reduce deforestation.

The Group's decades of experience and engineering excellence was instrumental in launching Bhachu Gas. Handling and distributing of LPG requires high quality, robust, reliable and safe cylinders for both domestic, commercial and industrial purposes. Bhachu Gas, an ISO 9001-2015 certified company has within four years of operations won the confidence and trust of all leading multinational LPG marketers in the region due to its emphasis on high quality and safety standards.

The company has also met the requirements set by the Kenya Bureau of Standards (KEBS), Energy and Petroleum Regulatory Agency (EPRA) and the World Liquid Petroleum Gas Association (WLPGA) allowing it to confidently supply cylinders across the region.

Located in Lukenya (along the outskirts of Nairobi), Bhachu Gas is an expansive plant which has the capacity to produce over 1.5 million new gas cylinders annually of various sizes.

The company has also invested in a strong workforce, latest technology and distribution capabilities in the East and Central African region. The company intends to enhance its operational excellence through technological advancements to meet the diverse needs of the market. With a motivated and resourceful workforce, Bhachu Gas continues to focus on training as well as health and safety.

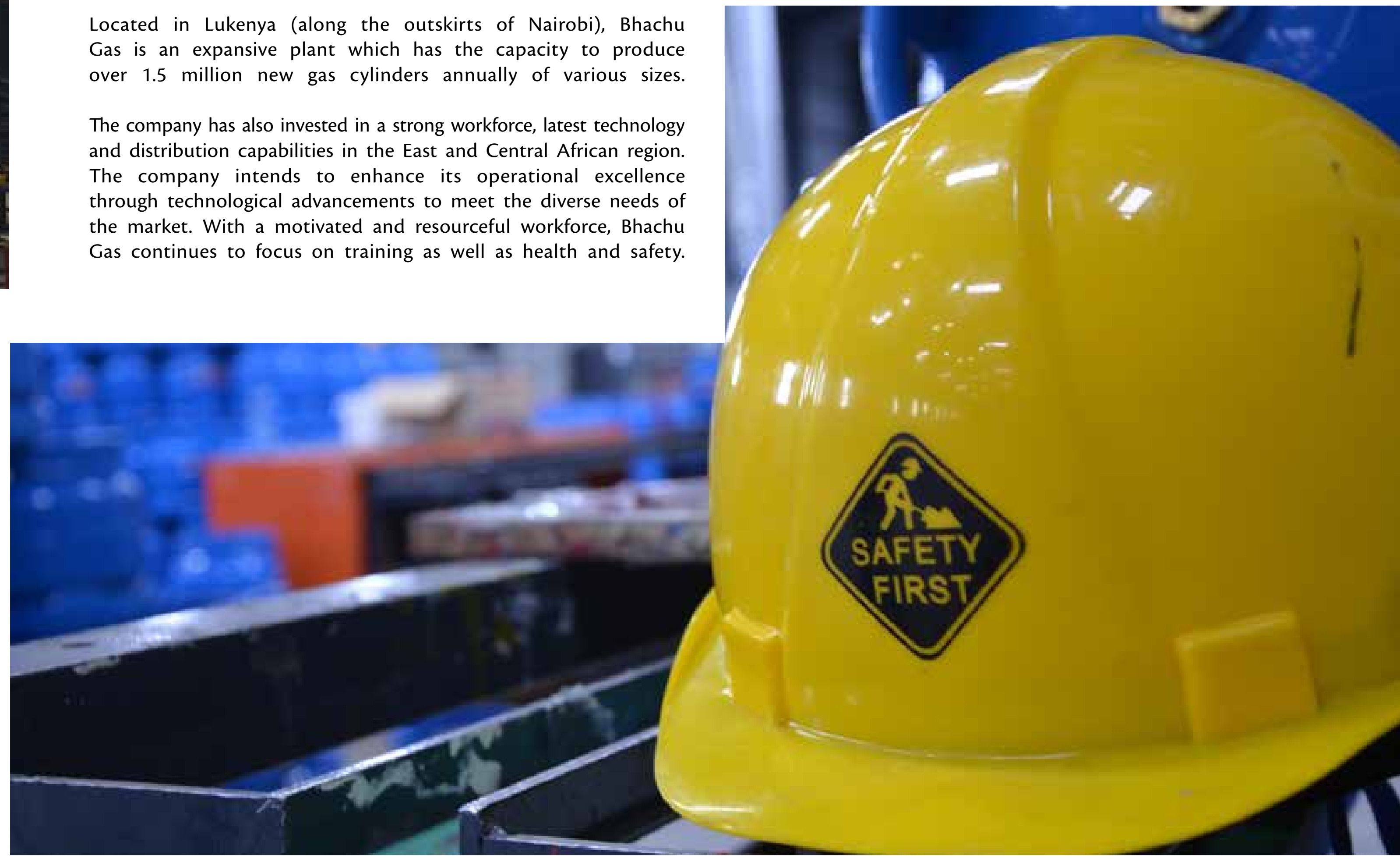
The state- of-the-art facility is also engaged in revalidation of gas cylinders on behalf of LPG marketing entities. Revalidation is the process of re-examining, restoring and re-certifying LPG cylinders after the recommended eight years of use in the market to ensure continued safety and usability of the cylinder. The process involves changing of the cylinder valve, repainting and hydro & pneumatic testing, amongst other interventions and measures meant to guarantee consumer safety.

The company's product range includes cylinders weighing between 3kgs to 50 kgs, which are commonly used in domestic households and commercials settings like factories, hospitals, restaurants and schools.

Bhachu Gas is also capable of manufacturing commercial and bulk LPG storage tanks ranging from a capacity of 1000 Litres to 10,000 litres. With future expansion plans, the facility will also enable the production of additional sizes.

Over the last few years, the industry has been impacted by global factors such as the COVID -19 pandemic, inflation and fluctuating steel prices. However, the company is confident that the importance it places on quality and safety will keep it growing in the cylinder manufacturing space.

Bhachu Gas has a strong presence in the Eastern and Central African region. Catering to the local Kenyan market, but also exporting to Uganda, Tanzania, Rwanda, Burundi, Democratic Republic of Congo, Malawi, Somalia, Zambia, South Sudan, Zimbabwe and Mozambique.



BHACHU GAS

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Note from the
PUBLISHER

In July 2023, Alison and Davis Group - an events, public relations and advertising company successfully held The AFRIPET Convention 2023 with support from key petroleum stakeholders including Petroleum Institute of East Africa (PIEA), Petroleum Outlets Association of Kenya (POAK), Gilbarco Veeder-Roots, Dover Fueling Solutions, among others.

While making his presentation, John Njogu, the CEO at POAK made an observation that elicited Fueling Magazine's interest.

His observation was that taxis, especially those subscribing to online applications were increasingly converting their engines from petrol to consume Liquefied Petroleum Gas (LPG). Fueling Magazine followed up the conversation with POAK including an interview with the CEO on the subject.

The article is published elsewhere in this edition which highlights progress that the nascent industry is making in Kenya. To our knowledge, converting petrol engines to consume LPG started in Kenya at least about a decade ago.

My personal experience with the phenomenon was as a budding writer for a PIEA newsletter. I remember interviewing an entrepreneur in Nairobi's industrial Area who was venturing into the business in 2010. Hass Petroleum also showcased an LPG consuming Toyota Probox at theEast Africa Oil and Gas Summit held at Safari Park Hotel in 2014. The company is also re-investing in the segment with an operational station currently in Rongai area and another one set to be opened in Kasarani Estate.

A spot check and industry information indicates that there are now over 50 Autogas stations in Kenya and the numbers are rising rapidly. Sources at Proto Energy confided that the company is keen to partner with landowners along strategic roads who are willing to convert their spaces into Autogas stations.

From the Fueling Magazine desk, we wish all players in the nascent industry all the best as LPG is a proven cleaner fuel that can transition the East African region mobility away from the conventional petrol and diesel fuels. We also take this opportunity to wish our advertisers, readers and all East Africans a Happy and a Prosperous Year 2024!

Very Best Regards,

Kimemia Mugo
Publisher

Happy & Prosperous Year 2024 to all our advertisers, readers and well wishers!

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Content

Hass Petroleum Group recently inked a fuel supply deal for the game-changing Isiolo- Modogashi Road construction in Kenya. This project is a part of the Isiolo-Wajir-Mandera Highway. In the picture are Mr. Feng Weibo and Maxwell Qin of CSCEC International Operations Southeastern Africa and Hass Petroleum team led by CEO Mohammed Salat and MD Yusuf Salah Allamudullahi at Hass Plaza in Nairobi.

The winner of the Puma Energy Tanzania Dealers Awards held in October 2023, Hussein Sajan of Puma Arusha Central (Manjis) service station (3rd Left) lifts the winning trophy during the awards ceremony.

Rubis Energy Uganda Country Manager, Olivier Gatera flags off a caravan during the kick off of the #RightOilRightCar promotion at RUBiS Nalukolongo in Industrial Area, Kampala.

The Permanent Secretary of the Ministry of Arts, Culture and Sports, Gerson Msigwa speaking at the Tanzania Film Awards 2023 on November 23 2023 sponsored by Lake Energies.

Rubis Energies Group MD, Jean-Christian Bergeron (Left) and Head of Specialties Kenneth Koskei (Right) with Kenyan rally drivers, Jasmeet Chana and his navigator Ravi Chana. RUBiS Energy Kenya who sponsor the team, hosted and congratulated the brothers on their inaugural win as the overall Kenya National Rally Championship 2023 winners.

Kenya's best mechanic, Khedive Gitonga Muturi who took home the TotalEnergies #QuartzGoldenSpanner Grand Prize of a brand-new Toyota Hilux single cab with TotalEnergies Kenya, Eric Fanchini (Left) and CFAO Motors Managing Director, Arvinder Reel.

The Vivo Energy TZ expert team at the Tanzania Mining Investment Forum 2023 ready to provide top-notch service. The event is a bridge between stakeholders and enabled Vivo Energy to showcase their products and services, as well as foster positive and sustainable relationships.

Petroleum Institute of East Africa (PIEA) Vice Chairman and Group Chief Operating Officer Hass Petroleum, Solomon Osundwa presents an award to Mohammed Baraka MD, Synergy Lubricants Solutions and Chairman PIEA Technical Committee and Lubricants Taskforce for his commitment and stewardship in the oil and gas industry over manyyears. The award was presented during the PIEA Annual Gala Dinner held on October 27 2023 at Movenpick Hotel, Nairobi.

Kenya Pipeline Company Acting General Manager KPRL, Tom Mailu presents a trophy to Jack Chebet, the Executive Director, Stabex International for being the highest Pan-African company exporting petroleum products into the Ugandan market through the Mombasa – Kisumu pipeline.

Ola Energy Kenya participated in the National Tree Growing Day at Karura Forest, which was proclaimed by the government. The OLA team is here represented by General Manager, Yousef Elhemmali (Centre) and other colleagues to plant indigenous trees in support of the Kenya government's objective of increasing forest cover.

From Left to Right: Kilifi Governor Gideon Mung'aro receives a gift hamper from Abdi Ali, CEO East African Gasoil Limited (EAGOL) after the Governor officiated the unveiling of the new EAGOL Vipingo service station along the Mombasa - Kilifi Highway on November 04, 2023. This is EAGOL's 09th station countrywide and affirms the company's commitment to taking petroleum products closer to the customer.

Nile Energy Gaz Fuels Team Shines at the URA Event! Proudly showcasing an AEO Certificate, a testament to Nile Energy's unwavering commitment to security and customs excellence! Among the numerous projects embarked on by Uganda Revenue Authority Customs is the Authorized Economic Operator Enterprise Risk Management (AEO ERM).

A Kenya Pipeline Company employee displays a bottom loading facility at KPC Eldoret Terminal. Over and above ensuring safety through minimal spillage of petroleum products, bottom loading facilities are a major milestone in the petroleum industry's environmental sustainability evolution owing to reduced air emissions. KPC is marking 50 years since establishment in 1973.

POAK raising awareness on heightened Autogas adoption

JOHN NJOGU | *POAK CEO*

In July 2023, the Chief Executive Officer (CEO) Petroleum Outlets Association of Kenya (POAK), John Njogu challenged participants at The AFRIPET Convention 2023 in Nairobi to take an interest in the growing adoption of Autogas on Kenyan roads.

During his presentation to industry executives, Njogu volunteered to guide investors who are willing to participate in the new business saying it is a worthwhile venture. Fueling Magazine followed up the conversation with the POAK CEO and established that already, there are investors who took up the challenge and they are currently setting up Autogas conversion units.

According to Njogu, opening a new energy mix in the mobility space is welcome at a time when fuel prices have exploded in the region and the world is keen to phase out fossil fuels for cleaner options. "Autogas conversion began in Italy and like the LPG used for cooking, it's now a phenomenon with us now. And just like the uptake of LPG in cooking has recently risen to 15kgs per capita, Autogas will too gain traction in the quest for low carbon emissions, cleaner energy and the price advantage," he says.

As at November 2023, only Proto Energy had fully operational conversion units for petrol and diesel vehicles adopting Autogas. To set up, one requires the space, installing tank, conversion and fitting kit and a skid. Given the hazardous nature of LPG, it calls for specialized expertise trained in its reticulation with health and safety as main issues.

The transition is also facing a knowledge gap since many consumers do not know the advantages that comes with converting vehilcles. Further, limited technical expertise is slowing uptake coupled by the non-availability of locally made LPG equipment. Importation of tanks and dispensers is also hindered by high costs. To enhance safety, KEBS has put measures to control sourcing of the inputs.

According to Njogu, the safety measures are good for the country and are meant to guard against substandard imports. The recommended sourcing is from Original Equipment Manufacturer, (OEM) drawn mainly from France, Italy, Poland and Turkey. Another hindrance is the multiple licensing by government agencies including KEBS, County governments, NEMA and EPRA.

To encourage more outlets country wide, POAK is encouraging its members to invest outside Nairobi. Nairobi now has about 15 Autogas outlets and 12,000 converted vehicles. For faster onboarding, POAK is helping its members in licensing and technical advice to set up outlets.

The association is planning to adopt a college or two to build a technical expertise pool. Lowering investments barriers, infrastructure expansion and capacity building will attract more investors in the Autogas segment.

POAK envisages that conversion of about 100,000 vehicles against the 3 million cars on Kenyan roads will build a critical mass for regional players to benchmark. This figure it believes will showcase benefits and be tangible for data and policy formulation. Given that fuel prices are not set to go down in the next 24-36 months, the association sees the trend as an incentive for conversion.

Conversion was initially embraced by taxis but is now moving to private including high end vehicles and trucks. The future for Autogas is bright as growth of outlets will spur increased uptake. Exchange learning, import knowledge and regulations will eventually shorten the journey to investment. Government stakeholders are also expected to play a role in evangelizing and pooling of expertise in equipment importation process. POAK is calling on players including platforms such as the Fueling Magazine to actively campaign for the cause to arm users with objective and informed decisions on the trend.

Combating Illegal Refilling of Cylinders Using Technology

By Edwin Malala

Illegal refilling of LPG cylinders is a persistent menace in the fueling eco-system. Parallel cylinder refill and distribution is done and the product passed as genuine. Oil marketing companies continue to lose significant market share to this vice. In the LPG segment, maintaining brand integrity and protecting products from illegal refiling and counterfeiting is crucial for ensuring product quality, customer trust and overall brand success. As a leading provider of brand protection and serialization solutions, Sniffer Tech offers innovative tools to combat product diversion and counterfeiting in the LPG business. Below, we explore the significance of our counter strategies and how we can help safeguard your LPG market.

The pervasive issue of illegal refilling of LPG cylinders

Illegal refilling—or unauthorized distribution of the cylinders, going well against the set-out Petroleum (Liquefied Petroleum Gas) Regulations of 2019, is a widespread challenge in the industry. It not only compromises the integrity of brands but can also lead to various negative consequences, including:

- Quality Control Issues: Illegally refilled cylinders mainly don't meet the quality standards and safety regulations set by the brand and the regulators hence potentially endangering the health and satisfaction of consumers.
- Market Erosion: Illegally refilled cylinders are often sold at the same prices with genuine filled ones, which can undermine the perceived position of the brand's products and affect overall revenue generation for the company.
- Brand Dilution: The presence of illegal refilled cylinders in unregulated markets can diminish brand exclusivity and premium perception.
- Consumer Confusion: When consumers unknowingly purchase illegally refilled cylinders, it can lead to confusion and mistrust, affecting brand loyalty.

How Sniffer Tech can help address diversion

We offer a range of brand protection tools and technologies to combat illegal refilling effectively. Here's how their solutions can help the industry:

- **Serialization:** Sniffer Tech's serialization solutions enable brands to assign unique identifiers to each product. This approach allows for real-time tracking and monitoring, making it challenging for illegal refilled cylinders to go unnoticed or get introduced into the market.
- **Track and Trace:** With Sniffer Tech's track and trace capabilities, brands can monitor the movement of their products throughout the supply chain. This monitoring helps identify and address any unauthorized distribution. An illegally refilled unit cannot be added into the distribution network.
- **Digital Authentication:** Sniffer Tech provides a product authentication solution that works with unique tags that are welded onto the cylinders to deliver immediate counterfeit and diversion detection. Using a simple smartphone app or our USSD platform, brands, their trading partners, and customers can instantly verify product authenticity—anywhere in the supply chain.
- Geo-Fencing: Brands can set up geo-fencing to control the distribution of products within specific regions, ensuring that products are only available where they are intended to be.
- Consumer reward scheme: Through the Sniffer Tech system, companies can reward their customers for purchasing genuine products. Consumers will be enabled to verify their purchase. This is a big win in brand confidence.

Key benefits of implementing diversion detection solutions

By incorporating Sniffer Tech's illegal refill counter measures solution into their operations, brands can reap numerous benefits, including:

- Protecting Brand Integrity: Maintain the quality, authenticity, and exclusivity of products, preserving a brand's image and reputation.
- Reducing Revenue Loss: Minimize revenue loss due to diverted products and price erosion.
- Enhancing Consumer Trust: Provide consumers with the means to verify product authenticity and safety, strengthening their trust in the brand.
- Streamlined Supply Chain: Improve supply chain efficiency with real-time tracking and visibility, leading to cost savings and improved overall performance.

Sniffer Tech's solutions play a vital role in safeguarding the supply chain from the challenges of illegal refilling and unauthorized distribution. Implementing these advanced tools not only protects brand integrity but also enhances consumer trust, ensures product quality, and streamlines supply chain operations. In an industry where authenticity and quality are paramount, Sniffer Tech is a powerful ally in the fight against diversion and illegal refilling of cylinders so that brands can thrive with confidence.

Way forward for oil marketing companies.

Illegally refilled LPG cylinders impact revenue, introduce consumer and trader safety risk and threaten brand equity. Current measures to prevent illegal refiling of these products typically involve additive elements to product packaging like special seals and marks. The ever-expanding gray market has shown us that these types of tactics are inefficient in preventing illegal refiling. This is an opportune time for LPG marketing companies to introduce new digital protection technologies that leverage the core benefits of mobile authentication and verification.

The only way LPG brand owners can ensure that their consumers, brand, and revenue are safe is to introduce the layers of product protection needed for today's supply chain. Sniffer Tech delivers a solution that cannot be duplicated but can be authenticated at every step along the supply chain, all the way through to the customer.

The writer is Managing Director, Sniffer Tech Company Limited
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Petroleum Sector Outlook 2023

A Case Study on The Petroleum Industry in East Africa
Kenya, Uganda and Tanzania

Background Study

- Oil demand was forecasted to grow globally in the second half of 2023 by 2.4 million barrels per day as of July according to an audit by Opec.
- East Africans are experiencing a fresh spike in fuel prices during this second half of 2023, as Saudi Arabia opted to cut petroleum supply by one million barrels per day in July.
- The Organization of Petroleum Exporting Countries(OPEC) agreed to extend its previous oil supply cuts of 3.6 million barrels per day to the end of 2024.
- From 4.2 million barrels per day in 2021 to 4.4 million barrels per day in 2022, there was an increase in oil consumption in Africa of 4.76 percent.
- The most recent changes in the global petroleum outlook market put more pressure on regional oil prices, which are already under a lot of strain from local taxation.
- This outlook explores the growth and performance of the petroleum industry in the 2022/2023 fiscal year in East Africa.(KENYA, UGANDA AND TANZANIA) It will thoroughly analyze the consumption, pricing, overall sales and market share

Kenya Petroleum Outlook 2022/2023

The upstream, midstream, and downstream components make up Kenya's petroleum subsector. Exploration, development and production of crude oil and natural gas are included in the upstream section. The mid-stream section now consists of the storage and transportation of crude oil, but it has the potential to be expanded to include crude oil refinery. The supply, distribution and marketing of petroleum products are all part of the downstream segment.

Kenya Domestic Petroleum Consumption

- With the exception of the Covid-19 epidemic period, fuel consumption declined to its lowest levels in more than five years between January and June due to high pump costs that suppressed demand and encouraged the middle class to leave their cars at home.
- As of October 2023, use of super fuel declined by 5% to 1.01 billion litresfrom 1.075 billion litres in 2022, while usage of diesel fell by 4% to 1.31 billion litres from 1.36 billion during the same time.

2020-2023 Fuel Consumption (In billions)

YEAR	DIESEL	SUPER
2020	1.168	0.869
2021	1.337	1.026
2022	1.365	1.075
2023	1.310	1.016

Kenya-Petroleum Prices 2023 (Crude Oil)

Month	June 22	July 22	Aug 22	Sept 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23
Crude Oil Prices(US$/Barrel)	104.48	109.68	117.53	105.96	98.06	92.45	93.53	90.90	80.11	82.63	83.36	79.55
Mean Exchange Rates (Kshs/US$)	118.53	119.92	120.64	123.88	124.06	124.20	128.58	130.64	133.98	139.61	138.96	141.39

Kenya- Petroleum Prices (Pump Prices) June 2023-September 2023 *Nairobi

Product	June	July	August	September
Super petrol (PMS)(Ks hs/l)	182.04	194.68	194.68	211.64
Diesel (AGO) (Kshs/l)	167.28	179.67	179.67	200.99
Kerosene (IK)	161.48	169.48	169.48	202.61

Kenya-Petroleum Subsector Competition Analysis 2023

OMC	% Share
Vivo Energy Kenya	23.8
Total Energies	17.3
Rubis	10
OLA Energy Kenya	6.8
Oryx Energies Kenya	4.2
Be Energy	3.3
Tosha Petroleum	2.6
Galana Oil	2.4
Hass Petroleum	2.1
Gapco Kenya	2
Fossil Supplies	1.9
Gulf Energy	1.5
Lake Oil	1.4

Uganda Petroleum Outlook 2022/2023

- The Ugandan petroleum sector continues to grow immensely. The pearl of Africa seeks to start its own production in Lake Albert under the Tilenga oil project. This will be in the first half of 2025.
- The project is operated by French energy giant Total Energies in partnership with China National OffshoreOil Corporation and the Uganda National Oil Company.

Uganda- Fuel Consumption 2023

- The petroleum market in Uganda is liberalized, according to market dynamics and prices are set by supply and demand under the guidance of the Petroleum Supply Act 2003 and accompanying regulations. Since it is a net importer, the price of its fuel is influenced by changes in the global market.
- In the second half of 2023, the local pump prices have increased from 182 to 216.33 for petrol and 171 to 206.41 for diesel. This has been illustrated below;

Uganda- Petroleum Pump Prices 2023

MONTH	JUL-23	AUG-23	SEPT-23	OCT-23
PETROL (KSH/L)	182	202.46	197.49	216.33
DIESEL (KSH/L)	171	198.45	189.4	206.41

Uganda-Annual Petroleum Imports

YEAR	BMS	BIK	AGO	JET	TOTAL
2017	894,072,306	56,526,813	945,083,916	125,962	1,895,683,036
2018	930,541,768	57,658,460	982,220,283	133,518,534	1,970,420,511
2019	1,006,824,202	53,466,003	1,030,057,910	131,099,506	2,090,348,115
2020	939,529,043	45,871,200	992,229,532	69,607,710	1,977,629,774
2021	1,073,231,791	53,620,231	1,067,935,867	103,340,693	2,298,128,589

Uganda-Petroleum Market Share 2023

OMC	% MARKET SHARE	SQUARES OF MARKET SHARE
Vivo Energy	16.86	286.6249
Total M&S UG	13.31	234.7024
Nile Energy	5.6	30.9136
Gasline Petroleum	4.5	19.8916
Stabex International	3.7	13.3956
Hass Petroleum	2.8	8.0089
Rubis Energy Ltd.	2.0	3.8809
OTHERS	51.23	72.7621
TOTAL	100	670.18

Uganda-Petroleum Market Share 2023

2023

As of 2023, Vivo Energy Uganda Ltd and Total Uganda Limited held the majority of the market share for oil, with Vivo Energy holding 16.86% and Total claiming 13.31% respectively.

2025

Uganda hopes to start production and exportation of its own oil as of 2025 under the Tilenga oil project.

Tanzania Petroleum Outlook 2022/2023

- The production of natural gas and the consumption of natural gas and petroleum products have both increased in Tanzania over the past few years. Tanzania generates enough natural gas to meet domestic consumption and has the fifth-largest recoverable natural gas reserves in Africa.
- The Tanzanian government recently hosted a government agreement in February with Norwegian company Equinor and British company Shell to operate the gasfields and LNG plant. The LNG will be exported to Asia and Europe while some will be used locally for power generation.
- Below is the petroleum outlook for 2022/2023 in Tanzania.

Tanzania-Fuel Consumption 2023

- Tanzania's petrol prices have increased drastically over the course of 2023 by 17% as a result of the present shortage of US dollars, making it necessary for drivers to make even greater financial sacrifices.
- According to the Energy and Water Utilities Regulatory Authority, the price of importing petrol has increased, as have cap prices for petroleum products. This has contributed to the reduction in consumption of fuel.

Tanzania- Domestic Petroleum Pump Prices 2023 (Tshs/L)-Dar-Es-Salaam

MONTH	PETROL	DIESEL
JANUARY	2,819	3,295
FEBRUARY	2,819	3,105
MARCH	2,968	3,130
APRIL	2,781	2,847
MAY	2,871	2,871
JUNE	2,873	2,662
JULY	2,736	2,544
AUGUST	3,199	2,935
SEPTEMBER	3,213	3,259

Tanzania-Petroleum Prices International

- In comparison to the average crude oil price of 43.34 USD/BBL in the year 2020, which increased by 63% the price of crude oil in 2021 was 70.76 USD/BBL.
- The price of refined goods also increased as a result of the rise in crude oil prices. Petrol, gasoline, kerosene and Jet A-1 FOB prices climbed by 58%, 43% and 49% respectively, in 2021 compared to 2020.

YEAR	USD/BBL
2020	43.34
2021	70.76

Tanzania-Petroleum Prices: FOB (USD/MT)

YEAR	PETROL	DIESEL	JET A-1/ KEROSENE
2020	426	403	390
2021	671	575	580

Tanzania-Petroleum Market Share 2023

OMC	% MARKET SHARE	SQUARES OF MARKET SHARE
PUMA	14.0	579,070,070
TOTAL Energies	13.1	541,372,442
GBP	8.5	350,487,290
MOIL	8.5	349,139.649
ORYX	7.5	308,568,376
OILCOM	5.9	244,916.175
CAMEL OIL	5.2	215,600,330
ACER	4.3	178,324,700
MT MERU	4.3	178,795,400
LAKEOIL	4.8	199,140,227
OTHERS	23.9	986,146,301
TOTAL	100	4,131,560,960

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EPRA- KENYA | MINISTRY OF ENERGY AND MINERAL DEVELOPMENTUGANDA | EWURA- TANZANIA

KUKi-Fri excites the fast foods space in Kenya

Promises to take the flavour across the region

By John Kamau

A desire by Powell Maimba to set up an African, top quality fast-food brand led to the launch of KUKi-Fri in Nairobi in November 2022. And in just about a year, KUKi-Fri is tantalizing consumers with delicacies and changing the fast foods culture in Nairobi and the outskirts!
Already and within a short time, KUKi-Fri now has eight branches spread across Nairobi and its suburbs with a target of at least 10 outlets by December 2023, according to Mr Maimba.

"Unlike other older brands, KUKi-Fri is deliberate in positioning itself in residential areas with customers' proximity at the heart of the strategy," the brand's co-founder says. Powell reveals that the idea was born out of a need to cater for the demand of international quality yet affordable food while utilizing local inputs.

KUKi-Fri started with two branches in Kibera Slums, a testimony that the brand has space for everyone to dine finely and at a fair price. They are now in Kitengela, Jogoo Road, Utawala, Zimmerman and Thika Road. The latest outlets on Thika Road and Utawala are located inside Astrol Service Stations following a pact agreed upon between the petroleum company and KUKi-Fri.

Contrary to the conventional approach of starting a business just to make money, Powell says that entrepreneurs should first identify a need in the market and seek to satisfy it then the money will flow in automatically. True to this idea, KUKi-Fri's customer base is organically growing. A true testament of a gap in the fast foods space.

The brand has also created employment with each outlet having a team of about five employees each. There are also indirect jobs created such as suppliers of chicken, potatoes and other associated inputs. Powell emphasizes that KUKi-Fri is sourcing quality products with guaranteed traceability from the farm to plate.

This assures customers of quality, fresh and tasty food from all KUKi-Fri outlets consistently. Having understood the dynamics of the food business through his experience in the non-fuels business while running petroleum marketing companies, Powell is strategically positioning KUKi-Fri as a futuristic brand that is set to conquer the Eastern Africa region in the years to come.

The KUKi-Fri co-founder points out that like in most businesses, financing and prudent financial management is critical to the business in order to survive economic turbulence. He notes that the technical aspect of running a business encompasses cash, margins, volumes and controls factors.

Staff training is also a key impetus to the growth and sustainability of the business since it assures standardization of services and goods. The ability to learn and adapt to the changing customers' needs is also key to survival in the dynamic food industry. For now, KUKi-Fri is betting on organic growth through exciting customer experience and word of mouth as opposed to aggressive advertising.

Powell's vast experience in different capacities in the Eastern and Southern Africa retail petroleum industry is a big plus for KUKi-Fri as the brand entrenches itself in the competitive fast food industry. Fueling Magazine wishes the innovative African brand all the best as it quickly expands into the future!

Powell Maimba | *Chairman & CEO EDML Distribution & Marketing & Co-founder KUKI-Fri*

Powell Maimba's Background

Powell is currently the Chairman and CEO EDML Distribution and Marketing Limited as well as KUKi-Fri. He has a Bachelor of Business Administration from the Polytechnic University of Malawi and an Executive MBA from Jomo Kenyatta University of Agriculture and Technology.

Born in Malawi and a permanent resident in Kenya and South Africa, he is also an Arbitrator (Member pursuing Fellowship) and accredited Mediator with the Chartered Institute of Arbitration. After university, Powell started off in Blantyre as a logistics manager at BP Malawi in charge of 36 filling stations managers.

In 1997, he became the Retail Network Developer for BP in Malawi, Mozambique and Tanzania. In August 2009, Powell landed a new role at Engen Kenya as its Managing Director. He also served as Chairman, Petroleum Institute of East Africa (PIEA) over this period.

In 2015 – 2018, Powell was at Galana Oil Kenya where he successfully developed and started implementing the company's 5 Year Strategic Plan (2016 – 2020).

In 2018, Powell became the Group Projects Manager for Vivo Energy after which he was promoted to be the Managing director, Vivo Energy Tanzania in January 2020. During this time he also served the Tanzanian petroleum industry as Chairman, Tanzania Association of Oil Marketing Companies.

TAQA Dalbit commissions first CNG Fueling station in Dar

Hon Dr Doto Biteko, Deputy Prime Minister & Energy Minister, Tanzania (Centre) cuts the ribbon to commission TAQA Dalbit first CNG Fueling Station in Dar es Salaam

TAQA Dalbit, a Joint Venture (JV) between Janus Continental Group (JCG) Oil & Gas and TAQA Arabia recently announced the commissioning of Tanzania's first integrated online Compressed Natural Gas (CNG) Station and Conversion Center located at Pugu Road, Airport Area in Dar es Salaam.
The project was undertaken with the aim of bolstering the Tanzania Petroleum Development Corporation's resolve to increase the use of the nation's natural gas reserves.

The CNG Station and Conversation Center is the first of a series of 12 stations TAQA Dalbit is planning to deploy by 2027 in Tanzania to support the government's strategic plans. The launch event was graced by Hon. Dr. Doto Mashaka Biteko – Deputy Prime Minister and Minister of Energy, Tanzania together with Timothy Skudi, Board Member TAQA Dalbit and Pakinam Kafafi, CEO TAQA Arabia.

From Kerosene to Gold; Martin Chomba's inspiring rise

Martin Chomba | ***Chairman POAK***

When he left Kamuiru Boys High School in Central Kenya in 1996, Martin Chomba says in his own words that he was diving into a very uncertain future. He came from a very poor background and only survived through secondary education courtesy of bursary allocations by the school's Principal who supported him especially because of his stellar performance in the biology subject.

An invitation by a former classmate whose mother had a shop in the outskirts of Nairobi City opened a window of hope for the rural bred young man who had just turned 19. His burning curiosity and ambition would soon drive him to Nairobi's expansive and vibrant Kibera Slums where he was employed to sell kerosene to residents earning a meagre KES40 as daily wages. While here, his zeal took him to the depths and breaths of the sprawling informal settlement and he made a name as a reliable kerosene vendor.

In 1998, Martin and his "employer" decided to move out of Kibera to the somewhat formal Kangemi neighborhood where they also thrived through grit and toil. Unfortunately, at some point, the employer lost money and assets to con artists driving the duo out of business.

With KES 600 and the power of persuasion, Martin convinced a landlord to allow him erect a makeshift steel structure still in Kangemi thus opening another kerosene kiosk now on his own. He would buy kerosene from a petrol station along the Nairobi – Naivasha highway and resell in smaller quantities to local households.

Over time, he got to source from cheaper suppliers achieving better margins and business growth. To ferry stocks to his premises, he would hire a handcart puller and sometimes he would pull the cart himself. He was to suffer losses again when an attendant he had engaged also lost money to con artists. At this point, he recalled where they sometimes used to get supplies with his former employer at the oil depots in Nairobi's Industrial Area.

This marked a turning point for the young man. He became an errand boy for fuel transporters and resellers in Industrial Area building networks progressively until he became a reseller himself. Resellers connect independent petroleum dealers and last mile retailers with multinationals.

His thirst for knowledge saw him pursue a Clearing and Forwarding Diploma at the Kenya Institute of Cargo Forwarders in 2005. Later, he enrolled for a Bachelor's Degree in International Relations at the United States International University – Africa (USIU-A). His stellar performance saw him graduate with a First Class Honours in 2019. This earned him an opportunity to attend a fellowship programme at the prestigious Harvard University in the US. His performance also enabled him to enroll for a Master's degree in the same course at USIU-A and he graduated in 2021.

Martin Chomba is now the Founder and current Chairman, Petroleum Outlets Association of Kenya (POAK), an umbrella body for players in the Kenyan downstream petroleum sector. The association members comprise of retailers, resellers, transporters and local oil marketing companies that make up 68 percent of the retail footprint in Kenya.

P-Smart to transform petroleum logistics

The Petroleum Outlets Association of Kenya is in the process of rolling out a digital platform that will transform the petroleum supply chain and address the challenges of adulteration and other malpractices.

The Association says the P-Smart Platform enables tracking of members' petroleum products from the point of loading to the pump thus curbing interference with products and unethical practices.

According to the chairman Mr Martin Chomba, when fully operational, the system will allow members to transact business through an app from making orders, transporting, insurance payments and other auxiliary services. The association is tapping on the technology to enhance outlets management.

POAK is also pursuing outlets consolidation which would allow members to negotiate a better trading platform, grow and contribute to the government kitty through tax. The formalization will also ease access to credit, enable licensing by EPRA among other benefits.

POAK was born out of a desire to have a vehicle for engaging the government and other relevant stakeholders by non-franchised entities in the Kenyan petroleum business. The association has a SACCO and also registered a trading entity; POAK Energy Limited, whose majority shares are owned by the Sacco. This vehicle intends to participate in the importation of petroleum products.

New Kipevu Oil Terminal enhances petroleum products' offload at Mombasa Port

The flow of petroleum products into the East African region is now fast and efficient following the onboarding of Kipevu Terminal II (KOT II) by Kenya Ports Authority (KPA). The terminal whose construction began in 2019 was commissioned in August 2022 and will eventually replace old KOT which was constructed in 1963.
The terminal has a total length of 770 Metres with; 4 berths with 3 fitted with Marine Loading Arms, Central platform housing the control room and Subsea and Onshore oil pipelines for five products. Other key terminal structures are Offshore Beach Valve Station (BVS), a Common User Manifold (CUM) and a Workboat Jetty for operations and supply.

The terminal is currently evacuating PMS (Petrol) and AGO (Diesel) while DPK (Kerosene) trial operation was scheduled to start in December 2023. The terminal is capable of discharging and backloading hydrocarbon products simultaneously. Other products to be discharged at the terminal are, Heavy Fuel Oil and Liquefied Petroleum Gas.

The offshore facility is capable of discharging and backloading three petroleum tankers with a length overall of up to 300 metres and tankers with tonnage of 120,000. The berths have a dredged depth of 15 Metres and can be dredged deeper up to 19 metres.

KOT II is equipped with an enabling infrastructure which includes; Process equipment, Electrical installations, SCADA and control systems, Telecommunications, CCTV Surveillance, access control and fire suppression and detection systems. There are proposed additional works at the terminal to enhance efficiency. These entail;

- Operation and Maintenance (O&M) Support base. The building and its associated structures will be located at the Westmont Area adjacent to the workboat Jetty to provide storage warehouse, offices and support to KOT II.
- Change of pipeline from Crude Oil to Automotive Gas Oil.
- KOT II Berth 4 fittings - This will equip Berth 4 with fenders, Quick release hooks and its associated structures and bollards to make the Berth usable as a layby or queuing berth.

Expected Benefits

The infrastructural interventions will come with huge benefits since the oil industry is a key driver and main artery to business and economic growth of the region. The designed capacity of the new KOT is 24,960,000 Metric Tonnes (MT) per annum. Further, marine oil terminals operations will be streamlined to create synergy, enhance safety and operational excellence reducing vessels' delays, improve turnaround time and eliminate demurrage. Overall, the new terminal has increased total port capacity to 27,560,000 Metric Tonnes against demand forecast of 8,413,474 for the 2022/23 period representing a 31 per cent marine terminal utilization.

Vessel Performance Vs Terminal Design

The new terminal design has improved the Vessel Turnaround Time (VTAT) for any product up to 80,000 MT to 24 hours against an average VTAT of 114 hours (4.75 days) between July 2022 to June 2023. There is need for increased storage facilities in Kenya Pipeline Company (KPC /KPRL) to meet the designed pumping rate of between 4,000-5,000 M3/hr against the current rate of 1,000 M3/hr. The undercapacity of the storage facilities has increased VTAT, vessel waiting time and demurrage instead of reducing as earlier envisaged.

Annual Performance Analysis

KOT II

During the year under review, a total of 72 tankers were handled at KOT II with different petroleum products amounting to 5,377,619 MT. However, the VTAT of 24 hours was not achieved due to ullage constraint at the KPC storage facility.

KOT I

The terminal was constructed in 1963 and designed for a tanker of maximum 80,000 DWT. In 2022/23 period, KOT I handled a total of 29 tankers with 1,823,517.57 MT of different petroleum products. Overtime, the terminal has dilapidated through natural attrition and is due for decommissioning since it has outlived its economic lifespan.

Shimanzi Oil Terminal (SOT)

A total of 65 tankers were handled at SOT with a total of 563,335.66 MT of different petroleum products during the year under review. Constructed in 1948, the terminal has outlived its economic lifespan.

Mbaraki Wharf

A total of 32 tankers with a total of 405,156.02 MT of different petroleum products were handled during the year under review.

Africa Gas Oil Limited (AGOL) Terminal

A total of 27 tankers with 243,845.27 of LPG products were handled during the year under review.

Night pilotage of tankers

Night pilotage of petroleum tankers was officially commissioned by the KPA Managing Director in July 2023. It was the first time in the Port's history and the launch was done after meeting the required standards. This has reduced vessel waiting time thus saving demurrage charges. The authority invested in appropriate infrastructure and resources to reduce the risks to acceptable operating levels.

EAPTA supports self-regulation to spur members' progress

The East Africa Petroleum Transporters Association (EAPTA) sees self-regulation as an effective mechanism for the association's members to navigate the volatile petroleum transportation business.

Mohamed Abdulle, the EAPTA Secretary General and Dakawou Transport Managing Director says players in the petroleum transportation segment are keen on enhancing models that make their operations responsive to emerging trends in the petroleum industry.

The EAPTA Sec-Gen notes that the Association has played a lead role in the streamlining of petroleum products' transportation through policy development, advocacy, self-regulation and compliance. For instance, during the height of products adulteration, the government through EPRA imported and sold testing kits to transporters to curb the adulteration vice.

The Kerosene marker kit, used to test the presence of kerosene in diesel and other fuels and the introduction of adulteration tax on kerosene has drastically reduced product adulteration in the region.

"While siphoning and adulteration remain a challenge, we believe the malpractices can best be handled from within. This would work well with the help of international oil marketing companies who understand the dynamics of the business well," Mr Abdulle says.

Amongst measures the association is taking to contain the malpractices during transportation is blacklisting drivers caught in the act. Drivers are a vital resource in transportation and through training and sensitization they can help solve many challenges in the industry. EAPTA members have also been sensitized by NEMA on environmental impact assessment, environmental management tenets and responding to emergencies while carrying out their businesses.

The East Africa Petroleum Transporters Association was started in 2018 and draws its members from the wider East African region. Its key stakeholders include EPRA (Energy and Petroleum Regulatory Authority), National Environment Management Authority (NEMA), Kenya Ports Authority (KPA), Kenya National Highway Authority (KENHA), Kenya Revenue Authority (KRA) and the Kenya Bureau of Standards (KEBS). Others are National Transport and Safety Authority (NTSA), Kenya Private Sector Alliance (KEPSA), Bhachu Industries and the Northern Corridor Transit and Transport Coordination Authority.

Despite the collaborative nature between the association and government agencies, there is still need for further interventions to address issues that makes the association unable to deliver on its mandate smoothly due to barriers and duplication.

Mr Abdulle gives an example where EPRA issues safety licence for cargo transportation countrywide and the County governments also require players to get licences from their respective jurisdictions resulting in double taxation. In addition, the current delays in good conduct certificates issuance by the Directorate of Criminal Investigations have rendered many drivers jobless.

The provision of the Regional Electronic Cargo Tracking (RECT) by one service provider against the initial seven has further delayed cargo movement due the long time taken during clearance. KENHA should also standardize tonnage and weighing policies to enable adherence to the prescribed Gross Vehicle Weight. Weight distribution while moving liquid live load is challenging thus calls for leniency at weighbridges since unlike other cargo, petroleum products cannot be reduced at the bridge due to their hazardous nature.

Strategic Plan

EAPTA is keen to advance its footprint in the region by collaborating with relevant agencies towards seamless transportation in the region. Through awareness campaigns, drivers are set to be trained in a school set through the Public Private Partnership model. To forestall accidents caused by random parking along the highways, the association is lobbying for the introduction of road side parking services in each county where drivers can park vehicles and access amenities such as toilets, restaurants and accommodation.

The association foresees a bright future as the push for clean fuels gain traction. The transition will not only address the thorny climate change issue but will be an avenue for growth through frequent and steady supply of Liquefied Petroleum Gas (LPG) regionally.

Dakawou scaling new heights in transportation

Dakawou is a transport and logistics company serving the downstream petroleum segment. Founded over 35 years ago by Mohamed Abdulle, the current Managing Director's father, the company has since grown to be one of the biggest transporters in the region. With only one truck and as its driver, the founder resiliently grew the company which is now run by his son. With the requisite experience and customer centric approach, Dakawou prides in being a major mover regionally.

With a fleet of over 200 vehicles and over 500 staff, Dakawou was the first transport company to be entrusted with the transportation of LPG by major oil marketing companies in East Africa. Today, it remains the biggest LPG transporter in East and Central Africa and the sole transporter for Shell in Kenya, Ola Energy Kenya, Rubis, among others.

To avoid fleet breakdown which leads to inefficiencies, Dakawou has adopted a 5,000 kilometers checkup against the recommended 20,000 kilometers stretch. This enables its fleet to undergo checkup four times within the recommended 20,000 stretch. A preventive maintenance programme is also in place where drivers attend to a variety of checklists before embarking on a journey.

Headquartered in Nairobi, off Mombasa Road, Dakawou has branches in Mombasa, Kisumu, Eldoret and Nakuru. Expansion at the head office is ongoing to create a wider yard, new administration office block and parking. Over the years, the company has won numerous awards including Top 100 Mid-sized companies by KPMG in 2019 and appeared in the Financial Times Top 100 African fastest growing companies.

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Further, Sinotruck appointed Dakawou as its ambassador in bulk cement transportation. This came after it diversified into bulk cement transportation for Bamburi during the construction of the SGR in 2014 and the Nairobi Expressway. Plans are also underway to venture into cold chain transportation in perishables and pharmaceuticals.

In an effort to empower its drivers who it considers as its biggest asset, Dakawou is planning to launch a drivers' training centre to enhance safety of cargo and personnel during transportation. Standardization of onboard cameras will also enhance safety and relaying of information to the control room. By 2024, AI cameras will be installed in all vehicles. The cameras will scan the face of drivers and determine whether they are fit to proceed with their journey based on fatigue levels. After five working days, drivers are entitled to a 36 hours rest before resuming duty.

THE KISUMU OIL JETTY; Regional Game Changer

The Kisumu Oil Jetty (KOJ) is a strategic investment critical for the development of the lake transport of petroleum products. Product transported through Kenya Pipeline Company to Uganda, Rwanda, Burundi, Eastern DRC, and South Sudan was 3,015,738m3 in the Financial Year 2022/23. Out of this, total product evacuated to Uganda in the Financial Year 2022/23 was 1,827,028m3 nearly half of the total exports (3,664,163m3) in the same period. Most of which was transported by road from KPC's Western Kenya depots.

Total product evacuated by road from the Western Depots to the East African Region makes up 94% of total exports. There was therefore a case for an alternative route to transport products reliably, safely and efficiently. Hence KPC's objective in investing in the KOJ.

The Kisumu Oil Jetty (KOJ) was commissioned on 28th February 2018. For its operationalisation, it was expected that the complementary facility in Bugiri Bukasa in Entebbe, Uganda, would be ready at the same time. This took long until 10th May 2021. The jetty was commissioned on the in December 2022. The vessel MT Kabaka was flagged off, after loading an initial commissioning product of 1,178m3 of AGO for Line fill and product for Tupesh Petroleum.

The Kisumu jetty facility has 4No. independent oil pipelines carrying AGO, IK, MSP, and Jet-A1 from the tanks to the Jetty Head with the capacity to load a 4,500m3 barge efficiently. So far, 20 customers have been onboarded and signed contracts with Mahathi Infra Uganda who built the jetty. Customers were offered a volume-based discount approved by EPRA (the energy regulator) - \$0.99/m^3 for six months.

To take advantage of the huge potential for business growth, KPC has also reviewed all its operations to ensure that KOJ receives enough products to serve the two barges that will be transporting products to Uganda.

These important projects are:

1. Increased flow rate from Mombasa to Nairobi from 950m3 to 1300m3 on 3rd April 2023 with a 37% increase in flow rates.
2. Enhanced Supply to Western Kenya Depots which entailed a change of philosophy that resulted in an improved improved from 530m3/h to 636m3/hr (20% increase). This has improved product availability in Nakuru, Eldoret, and Kisumu from two and three cover days for AGO and MSP respectively, to five days for both grades.
3. Upgrade of Line Four (4) to Western Kenya to enhance the flow rate from Nairobi to Western Kenya from 350 m^3 to 550 m^3/hr (a 57% increase). This will improve product receipt in Western Kenya. The progress status is at 23%; the expected completion date is January 2024. Line 4 supports Kisumu and this will feed into the needs of Kisumu Oil Jetty.

The Kisumu Oil Jetty's performance has been incremental, and it has an average loading uptake of 3.1 million m3 in voyage numbers two to five. The utilization equals 71% capacity utilization (4.5 million m3 barge capacity). Approximately, 27,000m3 has been loaded through Kisumu Oil Jetty.

KPC, Mahathi Infra Uganda together with the Oil Marketing Companies in Uganda and Kenya are working on ensuring there is full capacity utilization of the Kisumu Oil Jetty and the Mahathi Infra Uganda facilities. The KPC team and stakeholders have displayed outstanding commitment to the operationalization of the two jetties.

KPC undertakes annual Customer Feedback and Stakeholder Engagements, this year it happened on June 26th 2023 in PS28, Kisumu. Jane Tuitoek, Ag. Chief Customer Relations and Marketing Officer (Front row, 3rd Left) is pictured meeting KPC customers in Kisumu.

To order, visit a Galana Energies or Delta Service Station near you, or call us on **+254 709 497 000**, or email **info@galanaenergies.com**