



GHANA CHAMBER OF BULK OIL DISTRIBUTORS

1st Floor, Right Wing, C127/21 Saflo Link Abelemkpe, Accra

**NOVEMBER
EDITION**

NEWSLETTER

ENERGY MINISTRY TO DEVELOP PETROLEUM DOWNSTREAM FINANCING POLICY

The Ministry of Energy is set to develop a Petroleum Downstream Financing Policy to boost the financial capacity of Petroleum Service Providers (PSPs) in the sector.

This, according to the ministry, will reposition PSPs to be competitive at the West African markets.

The Deputy Minister of Energy in-charge of Finance and Infrastructure, Hon. Joseph Cudjoe, said this at a stakeholder meeting held at the Ministry's conference room on October 23, 2018.

The Managing Director of Legacy Bonds Limited (LBL), Mr. Senyo Hosi, presented a paper on the Credit Practice in Trade (CREPT) and Oil FX market (OFM).

He indicated that the CREPT, which is aimed at centralising the trading activities of the PSPs, will ensure transparency in the sector. Mr. Hosi added that the OFM will provide a solution to FX challenges in the sector by

serving as the sole online platform for procurement and supply of foreign exchange for oil imports.

He requested for regulatory clearance for the projects to

enforce compliance between the OMCs and BDCs on data submission.



NPA IMPLEMENTS CABINET'S DIRECTIVES ON ATOMIC GAS EXPLOSION

The Chief Executive Officer (CEO) of the National Petroleum Authority (NPA), Mr. Hassan Tampuli, has disclosed that his outfit is on course to meeting all the nine directives that Cabinet issued after the explosion at Atomic Junction.

He noted that the nine directives were to ensure sanity within the sector's distribution chain and also to prevent future explosions.

Speaking on the Citi Breakfast Show, Mr. Tampuli indicated that the Authority has gotten hold of the report on the massive gas explosion that happened last year October.

He added that some stakeholders have met to ensure that the safety standards at the various stations are rigorously enforced.

"I am happy to report that all the directives have been attended to although some have not fully

been met. We have sought variations for others to enable us meet some market demands. For instance, with the immediate acquisition of permits, we had to go back to Cabinet through the Ministry of Energy for a review of that order," the NPA boss stated.

President Nana Akufo-Addo, at a Cabinet meeting on 12th October 2017, ordered the implementation

of interim safety measures for all Liquefied Petroleum Gas (LPG) infrastructure across the country. Key among the measures were the closure of high-risk fuel stations across the country within 30 days, and the halting of the construction of new petrol/diesel, LPG filling points nationwide and introduction of the cylinder re-circulation model.



CYLINDER RECIRCULATION MODEL STARTS IN 2019

The Director for Inspection and Monitoring at the National Petroleum Authority (NPA), Mrs. Esther Anku, has disclosed that the Cylinder Recirculation Model should take off by the first quarter of 2019.

She said there has been a consultation with the Bulk Oil Distribution Companies (BDCs), Oil Marketing Companies

(OMCs), tanker drivers, and LPG refilling plant operators to make sure the roll-out process is successful.

She added that the National LPG Policy Implementation Committee has been established and developed a roadmap with four (4) objectives; regulatory framework, cylinder recall, training and capacity building and

decommissioning of high risk refilling plants.

In an interview with Joy Business, Mrs. Anku indicated that the time for the decommissioning of the high-risk refilling plants is unclear.

According to her, it would commence "when the first bottling plant is up."

NPA CURBS 90% FUEL DIVERSIONS

The National Petroleum Authority (NPA) has revealed that it has curbed 90% of fuel diversions over the past one year.

This, according to the Authority, has led to a reduction of petroleum products exports to neighbouring countries from 30 million litres to two (2) million litres between August 2017 and August 2018.

The CEO of NPA, Mr. Hassan Tampuli indicated that his outfit is also working to clamp down on activities that rip the economy of the needed revenue.

“What this means is that significant savings have been made following the significant reduction in volumes of exported products that would have been diverted invariably for personal gains at the expense of the state.

That notwithstanding, we at the Authority are poised to ensure that protection is given to the businesses of genuine players in the industry and shall work with you to expose the fraudulent ones desperately trying to undermine the decency of the operations,” he added.

Mr. Tampuli revealed that the Authority has, in collaboration with the security agencies, arrested and detained 43 Bulk Road Vehicles (BRVs) and one canoe for engaging in all manner of illegal activities.

He stressed that a committee established to develop guidelines to curb illegal fuel activities is investigating the issue and the perpetrators will be duly sanctioned.

NPA TO ISSUE NEW LICENSING REQUIREMENTS FOR BDCS

The Chief Executive Officer (CEO) of the National Petroleum Authority (NPA), Hassan Tampuli has hinted of a new licensing requirement to be issued to the Bulk Oil Distributors (BDCs).

He said, per the new licensing requirements, category 1 BDCs license holders will be authorised to import crude oil as well as procure, store, distribute and sell petroleum products wholesale to Oil/LPG Marketing Companies as per the current scope of the BDC license.

He said this at the Petroleum Downstream Industry Meeting organised by the Authority for

stakeholders to discuss issues within the sector, the solutions and progress.

Mr. Tampuli added that category 2 BDC license holders will not be permitted to import petroleum products into the country.

According to him, they will however, be authorised to procure petroleum products in-tank from the refineries or Category 1 BDC license holders for sale to the OMCs and LPGMCs.

Additionally, he noted that they will be permitted to market condensates and export

petroleum products to neighbouring countries under Customs seal.

The CEO said this is to ensure that financially distressed BDCs remain in business and honour various financial obligations to the state and banking industry.

Hassan Tampuli stressed that the Authority has put in several measures to commence the installation of electronic sealing and tracking devices on Bulk Road Vehicles (BRVs) without tracking devices. The BRV tracking systems will also be integrated with the ERDMS.

“These measures will provide an effective control and monitoring of petroleum product distribution activities within the Downstream Petroleum Industry,” he posited.

The CEO added that the Authority is currently collaborating with DVLA and Road Safety Limited (RSL) to train and certify drivers which will lead to issuance of additional license for hauling of petroleum products.

“This is part of efforts to improve the safety of transportation of petroleum products in the country,” he intimated.

According to Mr. Tampuli, the Authority will review the Price

Deregulation Policy on the operations of Petroleum Service Providers.

He said areas to be reviewed include competition, cost of operation, service delivery, pricing methodology and their business models.

Mr. Tampuli noted that the review of the Oil Loss Control Manual has been completed and copies have been made available to all stakeholders for views and comments.

“It is expected that the manual will improve and ensure accurate reporting of receipt and delivery of petroleum products from the depots. As part of today’s programme, relevant portions of

the manual will be discussed. I therefore urge you all to make valuable inputs towards the finalization and adoption of the manual for the industry,” he stated.

According to him, the Authority has issued directives to depot operators to ensure that the operations and measuring systems are compliant with the industry requirements.

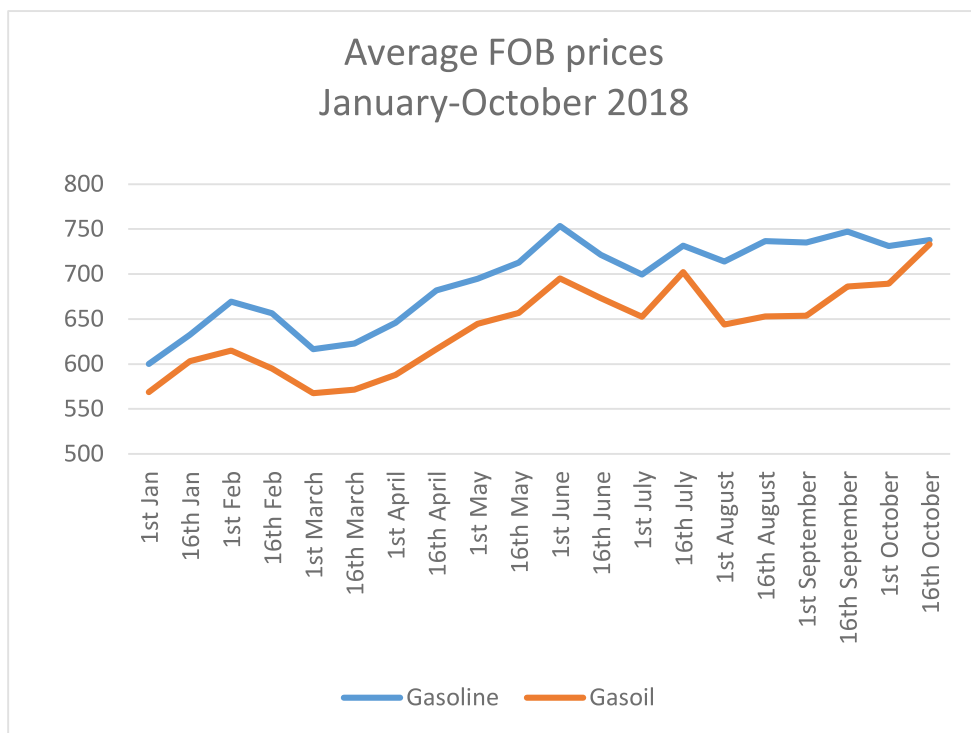
“They are further required to automate their processes and we hope to integrate same with the Authority’s Enterprises Relations Database and Management Systems (ERDMS),” he intimated.

STATISTICS

INTERNATIONAL MARKET PRICE REVIEW

The average FOB price of Gasoline and Gasoil in the 2nd window of October stood at \$737.93/mt and \$733.14/mt, representing a year-to-date increase of 22.97% and 28.91% respectively.

As the average FOB prices of Gasoil has been increasing since the second window of August, the average FOB prices of Gasoline has been undulating within the same period. The average International Market Price (IMP) of Gasoline for the first window of October experienced a decline of 2.16% from the previous window. The average IMP of Gasoline saw an increase of 0.94% in the second window of October.



The average FOB price of Gasoil continues to increase in both the first and second window of

October. The average FOB price of Gasoil stood at US\$689.25 in the 1st window of October,

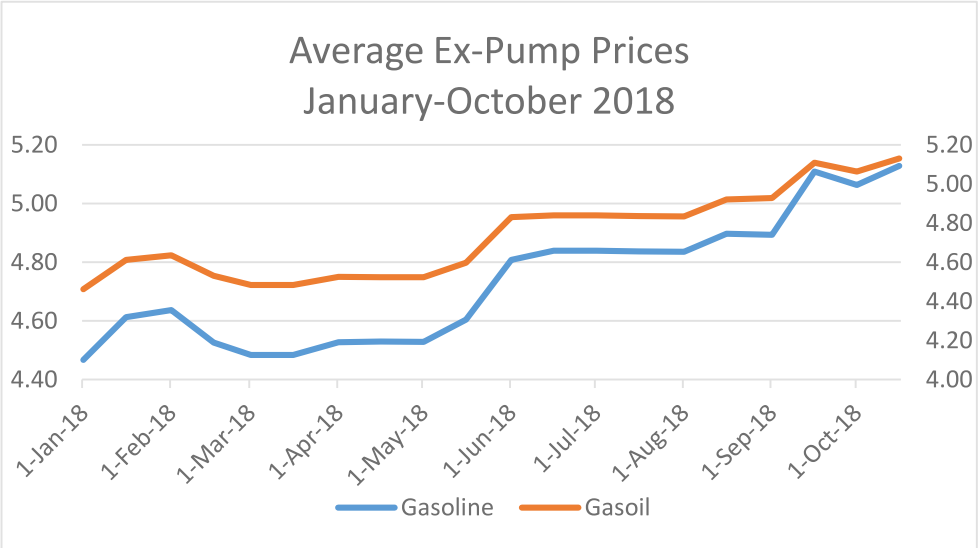
representing 0.43% increase from the previous window. The average FOB prices of Gasoil was US\$733.14 in 2nd window of October, representing 6.37% increase.

The surge in IMP of the Gasoil and Gasoline could be associated to the Iranian sanctions imposed by the US. Initially, analysts expected 500,000 bpd of oil to be lost as a result of the sanction.

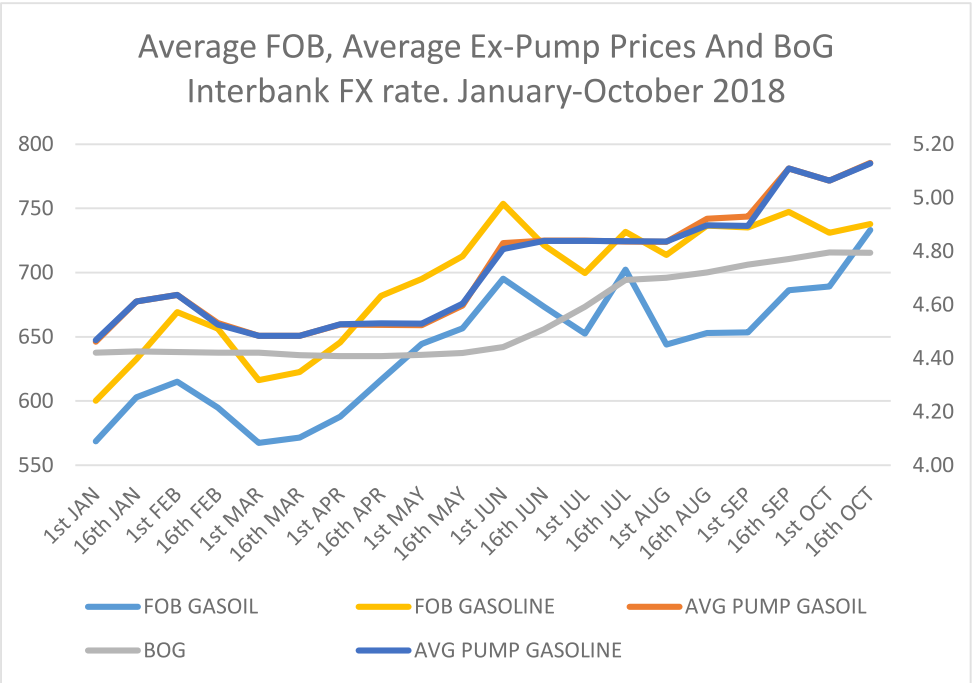
Currently, more analysts expect that the losses could be more than 1 million bpd as US toughens their policies on Iranian oil customers causing them to cut off trade with Iran as noted by the investment bank, JP Morgan.

AVERAGE EX-PUMP PRICES REVIEW

The ex-pump prices of Gasoline and Gasoil averaged GHS 5.128/ltr and GHS 5.131/ltr in the 2nd window of October respectively, representing 1.27% and 1.32% increase from the previous window. Average ex-pump prices of Gasoline and Gasoil experienced 14.78% and 14.99% year-to-date increase relative to 8.56% and 7.83% increase respectively in the same period last year.



The ex-pump price for Gasoline and Gasoil averaged the same at GHS5.064/ltr in the first window of October but the average ex-pump price of Gasoil surpassed the ex-pump price of Gasoline in the second window at a marginal difference of GHS 0.002/ltr.



As seen in the figure below, the unanticipated appreciation of the Ghana Cedis against the US Dollar by 0.04% in the second window of October had no or insignificant

effect on the local market prices of Gasoil and Gasoline. The increment of local market prices of Gasoil and Gasoline in the second window of October was

caused partly by the market forces (demand and supply).

OMC PERFORMANCE

Total and Vivo Energy, who were among the top three highest selling OMCs in October, sold Gasoil and Gasoline at a high of GHS4.72/ltr on average from January to October. They have served as the price leaders of the sector from January to October of this year.

The lowest price for Gasoline and Gasoil in October were GHS5.16/ltr and GHS 5.19/ltr respectively. The highest price for Gasoline and Gasoil in October were GHS5.18/ltr and GHS 5.21/ltr respectively.

The continual increase in international market prices coupled with the interaction of the domestic market forces of Gasoil and Gasoline and the lack of confidence in the local currency led to the upward revision of the local market prices of Gasoil and Gasoline in the second window of October.

Average Top 10 Pump Prices

OMC	GASOLINE (GHS/ltr)		GASOIL (GHS/ltr)	
	OCT 2018	JAN-OCT 2018	OCT 2018	JAN-OCT 2018
Goil	5.18	4.71	5.21	4.71
Total	5.18	4.72	5.21	4.72
Vivo Energy	5.18	4.72	5.21	4.72
Glory Oil	5.17	4.68	5.20	4.68
Radiance	5.17	4.67	5.20	4.68
Petrosol	5.16	4.70	5.19	4.70
Puma Energy	5.16	4.70	5.19	4.70
Star Oil	5.16	4.69	5.19	4.70
Allied Oil	5.16	4.70	5.19	4.70
Frimps Oil	5.16	4.67	5.19	4.68



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