

# Birds Eye View of the Draft Petroleum Regulations, 2020

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Summarised by: EMSI & Associates



## Business Licensing and Facility Construction Permit



- Licensing of petroleum businesses & construction of petroleum logistics facilities
- Outline the processes of applying for the construction permit and business license, the duration of validity of the permit/license and the procedure for extending or renewing the permit or license.
- Will repeal the Energy (Licensing of Petroleum Logistics Business & Facility Construction) Regulations, 2013.

## Importation of Petroleum Products



- Importation of refined petroleum products which are listed in the 1st Schedule of the Draft Regulations
- do not apply to (i) the importation of petroleum products by the Kenya Defence Forces (KDF) and (ii) the procurement of petroleum products for strategic stock. .
- Will repeal the Petroleum (Amendment) (No. 2) Rules L.N. No. 197, 2003, the Petroleum (Amendment) (No. 1) Rules L.N. No. 31, 2006, and the Petroleum (Amendment) Rules L.N. No. 24, 2012

## Information and Statistics



- apply to all persons and entities that hold a license under the Petroleum Act of 2019, the intention being to create a database with information concerning stakeholders and players in the petroleum sector
- create and enforce the obligation to submit specific information to the Energy and Petroleum Regulatory Authority (EPRA)
- Will repeal the Energy Act (Petroleum Information and Statistics) Regulations of 2013

## Licensing of Petroleum Road Transportation Business, Road Tankers and Drivers



- mandatory to obtain a petroleum road transportation license and petroleum road tanker permit before undertaking the business of petroleum road transportation
- GPS tracking devices on petroleum road tankers
- Valid petroleum driver certificate
- County Governments to designate parking spaces exclusively reserved for petroleum tankers
- Will repeal the Energy (Licensing of Petroleum Road Transportation Business) Regulations of 2013.

## Minimum Operational Stock



- Regulate storage of petroleum products, particularly requiring licensed Oil Marketing Companies (OMC), Fuel Oil (FO) Importers and Liquefied Petroleum Gas (LPG) Importers to maintain minimum operational stock in order to ensure uninterrupted supply of petroleum products
- Monthly reporting obligations on closing and opening stock, location of storage facilities and sales volumes in m<sup>3</sup>
- Will repeal the Energy (Minimum Operational Stock) Regulations of 2008.

## Pricing



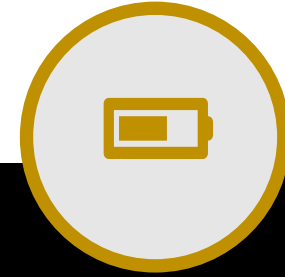
- Regulate the pricing of petroleum products.
- Apply to super petrol, illuminating kerosene, automotive gasoil or diesel and products listed within sub-regulation 1 which are for sale in and are imported through the open tendering system.
- EPRA to determine and publish the maximum wholesale and retail prices of petroleum products every month
- Will repeal the Energy (Petroleum Pricing) Regulations of 2010

## Retail Station Construction and Licensing



- govern the construction of retail dispensing sites and the licensing of petroleum retail businesses
- Mandatory to obtain valid construction permit
- Outline application process for construction permit and petroleum business license, revocation and transfer procedure and statutory obligations under such licenses.
- Will repeal the Energy (Retail Facility Construction and Licensing) Regulations of 2013.

## Strategic Stocks



- Establish the Petroleum Strategic Stocks Management Committee (PSSMC) charged with overseeing the financing, procurement, storage, maintenance and management of Strategic Stocks
- Govern the procurement process, storage and management of strategic stocks and declarations of emergency by the Cabinet Secretary
- Will repeal the Energy (Petroleum Strategic Stock) Regulations of 2008

## Operation of Common User Petroleum Facilities



- Common User Petroleum Facility includes petroleum infrastructure owned and maintained by any person which may be used by third parties.
- May include petroleum bulk storage facilities; petroleum pipeline transportation system; petroleum marine jetty system; aviation refuelling hydrant systems and dispensers; petroleum truck loading facilities and LPG cylinder refilling facilities
- New introduction to address gaps in the management and administration of petroleum sector

## Lubricants Facility Construction and Business Licensing




- Regulates business involved in the construction and licensing of lubricant facilities, making it mandatory to obtain a permit before undertaking construction works or modification of a lubricant's facility and/or obtaining a license before conducting a lubricants business or operating a lubricants facility
- New introduction to address gaps in the management and administration of petroleum sector

## Products Quality Management



- Regulates collection, sampling and testing of petroleum products to ensure that they meet the applicable standards/specifications
- Highlights roles of Kenya Bureau of Standards (KEBS), pipeline operators, oil marketing companies and Kenya National Accreditation Services (KENAS) in setting standards and ensuring that petroleum products are sampled and tested for quality
- New introduction to address gaps in the management and administration of petroleum sector



This set of 11 draft Regulations were published on December 31<sup>st</sup>, 2020 under the Petroleum Act No. 2 of 2019 by the Cabinet Secretary for Petroleum and Mining. The Energy & Petroleum Regulatory Authority has invited members of the public to make their submissions on or before **February 28<sup>th</sup>, 2021**. A stakeholder consultative meeting in Nairobi is scheduled for February 25<sup>th</sup>, 2021.

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