



THE PETROLEUM (LIQUEFIED PETROLEUM GAS) REGULATIONS, 2019

**Consumer Dialogue Forum on Legal Notice 100 of 2019
Merica Hotel, Nakuru**

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Regulatory Regime- LPG

- ❖ Guided by The Petroleum Act No.2 of 2019 and Legal Notice No. 121 of 2009 – The Energy (Liquefied Petroleum Gas) Regulations, 2009 – Repealed
- ❖ The Petroleum (Liquefied Petroleum Gas) Regulations, 2019. Gazetted and now in force.

Brief History...1/6

Challenges prior to gazzement of LN 121/2009:

1. Low per capita consumption of LPG
2. Mushrooming of illegal LPG filling plants
3. Low customer mobility due to:
 - Non-standard LPG valves
 - Non-standard cylinder capacities
4. Suppressed demand/ consumption due to (3) above
5. High barriers to entry and exit
6. Poor investor confidence leading to slow investments in the LPG supply chain infrastructure
7. Erratic supply and periods of stock-outs due to (6) above
8. LPG cylinder business was dominated by fewer LPG players, notably about six (6)

Brief History...2/6

Road to realization of a stable and vibrant LPG market:

- LN 121/2009 was gazetted into law by the then Minister for Energy in 2009
- Key features were:
 - Unified LPG cylinder valves for capacities below 13Kg
 - Standardization of domestic LPG cylinder capacities for 1, 3, 6 and 13 Kg
 - Unbundling of the LPG market into Import, Wholesale, Retail, Storage and Transport (all in bulk and in cylinders)
 - Introduction of the LPG Cylinder Exchange Pool to facilitate handling and exchange of empty cylinders
 - Making it an offence to fill a competitors cylinders without his/her express consent

Brief History...3/6

Achievements post LN 121/2009:

- Vibrant LPG market
- Consumer choice and mobility
- Over 60 new Brand Owners
- Over 100 new entrants to the LPG transport business
- Entry of a major LPG receipt facility easing supply constraints
- Entry of over 60 LPG storage and filling plants in the country
- Competitive prices in the market
- Increased local and Export market for cylinders attracting cylinder manufacturers/ investors (now 7 operational)

Brief History...4/6

Challenges post LN 121/2009

1. Accumulating LPG Cylinder Exchange Pool Debts
2. Delayed or non-collection of LPG cylinders
3. Hoarding of competitors LPG cylinders
4. Four (4) companies going under due to unpaid Pool debts
5. Mushrooming of illegal LPG facilities
6. Rampant cross-filling
7. Due to (5) and (6) above, there have been cases of LPG cylinder accidents in domestic settings attributed to filling unsuitable LPG cylinders
8. Gaps in LN 121/2009 that leave consumers at a loss such as:
 - ✓ Failure to insure cylinders against domestic accidents
 - ✓ Failure to protect cylinder exchange deposit

Brief History...5/6

Review of LN 121/2009....

Technical committee was selected from key stakeholders following industry meeting of 16th November 2016, namely:

- MOP&M
- EPRA
- NOCK
- KEBS
- DOSHS
- OMCs
- Three upcoming/ new LPG cylinders business entrants
- PIEA
- EDA (Energy Dealers Association)

Brief History...6/6

Terms of Reference:

- Determine the need to retain the unified valve and standard capacity cylinders as required by the regulations and the Kenya Standards;
- Determine cylinder ownership and the implications thereof;
- Enhance the licensing criteria to ensure that the weakness identified in the current regulations are addressed;
- Determine if the LPG Cylinder exchange pool should be retained; and in either case how the interests of the consumer such as choice and mobility will be retained; and
- Review the regulations with the intention to amend any other part of the regulations that will enhance compliance and consumer safety.

The Petroleum (Liquefied Petroleum Gas) Regulations, 2019

LN 100/2019 ... 1/3

Key Changes

- Clarity on the requirements for various categories of LPG licences (as listed in the 1st and 2nd Schedules)
- Determination of duration of LPG licences (R. 6)
- Requirement for reporting of data of the imported LPG (R.8)
- Prohibition against using un-licenced transporters, tankers or drivers (R. 11)
- Requirement to declare newly acquired LPG cylinders (R. 12)
- Requirement for safety information on LPG cylinders (R. 13)
- Definition of illegal refilling and prohibition thereof (R. 14)
- Prohibition against willful damage of another brand owners' cylinder(s) (R. 15).

The Petroleum (Liquefied Petroleum Gas) Regulations, 2019 LN 100/2019 ... 1/3

Key Changes ... cont'd

- Requirement to obtain a licence for Transport of LPG cylinders (R.17)
- Requirement for wholesalers and retailers to record details of custody of transfer of cylinders they sale e.g. serial numbers among others (R.18 & 19)
- Requirement for reticulation of LPG (R. 20)
- Guidelines on reporting of LPG accidents (R. 23)
- Replacement of mandatory LPG cylinder exchange pool to voluntary mutual LPG exchange pool (R. 25)
- Determination of cylinder ownership and definition of “deposit” (R. 26)
- Enhanced penalties in line with the Petroleum Act (R. 28)
- Requirement for brand owners to increase cylinder population

LN 100/2019, Transition Clause ... 3/3

Transition

- These regulations were effective on the date of being gazetted, namely 25th June 2019.
- The pool stands dissolved
- Reconciliation of the outstanding debts should be completed within four (4) months
- All are required to collect declared cylinders from another brand-downers premises
- All brand owners are required to declare to EPRA points of collection/exchange for cylinders
- EPRA has determined the exchange price for brand owners to return and claim cylinders in their possession belonging to others.
- After 12 months, all brand owners are required to report their stock of cylinders in their possession to EPRA
- Renewal of LPG cylinder licences shall be on clearing of debts

Thank You

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