

GOVERNMENT OF THE KINGDOM OF ESWATINI



MINISTRY OF NATURAL RESOURCES AND ENERGY

PRESS STATEMENT

COMMENCEMENT AND IMPLEMENTATION OF THE PETROLEUM ACT NO. 18, 2020.

The Ministry wishes to inform the public and all key stakeholders in the petroleum sector about the coming into effect of the Petroleum Act, 2020 on the 1st of February, 2021. The Act consolidates and updates all existing pieces of legislation governing the petroleum sector to ensure that the sector is well regulated. It creates a holistic regulatory framework for the petroleum sector in the entire value chain from the upstream activities of exploration and production of crude oil and natural gas, midstream activities of refinery development, bulk storage and pipeline transportation to the downstream activities of wholesaling and distribution of petroleum products.

To promote and ensure safe use of all petroleum products in the country, the Act has introduced the licencing of some activities, which were previously not regulated, such as wholesaling and retailing of Liquid Petroleum Gas (LPG) known as handy gas. The Act also recognises and licences fuel distributors, fuel storages, supply of Natural Gas, fuel blending, and petrochemical production.

In line with best regional and international regulatory practices and SADC requirements to ensure transparency and efficient regulation of the petroleum sector, the Act allocates some responsibilities, which were previously undertaken by the Ministry to the Eswatini Energy Regulatory Authority.

The Eswatini Energy Regulatory Authority (ESERA) is now responsible for the licencing and inspection of downstream petroleum activities. The Regulator will be responsible for issuing the following licences; wholesale, retail, commercial consumers, Liquid Petroleum Gas (LPG), distribution, storage, blending,

Natural Gas and Petrochemical licences. ESERA will commence the licencing of these instruments immediately and will communicate with the public on the licencing modalities. The public should, however, note that the downstream activity of pricing of fuel products is still the responsibility of the Ministry. Government intends to transfer some of these activities to the Regulator once all modalities have been put in place.

The Act also completes the process establishing the National Oil Company (which shall be commonly known as the Eswatini National Petroleum Company (ENPC)). This will enable Government's participation in the petroleum sector. The National Oil Company is 100% owned by Government and will, amongst other objectives, be responsible for ensuring security of fuel supply in the country through various methods including the establishment of national strategic stocks and shall ensure availability of adequate and affordable fuel in rural and remote areas. Government is pleased that one key national project that the company is tasked with is the development of the strategic oil reserve facility.

It is worth emphasizing that in the allocation of the petroleum activities, the Ministry will still be responsible for policy formulation and monitoring as well as the regulation of all upstream activities and midstream activities.

We appeal to the public to cooperate with the Ministry and the Regulator during the transitional period. We will ensure that all relevant stakeholders are engaged and updated on all changes in order to enable a smooth transitioning.

Peter Bhembe (Senator)

MINISTER OF NATURAL RESOURCES AND ENERGY

15 February, 2021