



Major Oil Marketers  
Association of Nigeria

# NEWSLETTER

Vol. 1 Issue 1 | Friday 17 April 2020

# THE WEEKLY POST

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MOMAN is an acronym for Major Oil Marketers Association of Nigeria. It consists of 6 member companies.



## NIGERIA MUST SUSTAINABLY OPTIMIZE THE VALUE EACH BARREL OF OIL BRINGS HER

Clement Isong, CEO MOMAN

The Coronavirus pandemic has impacted world petroleum consumption negatively, reducing demand significantly. The resultant reduction in crude oil prices presents us an opportunity as a Country. Nigeria must sustainably optimize the value each barrel of oil brings to her. In the petroleum downstream industry, we need to fully deregulate prices. I am not talking about price modulation. I am talking about price deregulation in order to eliminate waste and control local consumption. ***Encouraging the use of CNG (Compressed Natural Gas) as an automobile fuel will speak to the full optimization of our natural resources. In the upstream, we need to reduce our cost of production to become more efficient and competitive.***

The downstream oil industry has had a very bad couple of years. Its reputation has suffered as a result of sharp practices. Results have been bad for several years and stock market investors and equity holders in the downstream sector have taken a beating. Infrastructure has degraded and is in need of investment but poor margins and reluctant financing by banks has made this impossible. This latest drop in pump price in Nigeria has caused stock losses to the industry amounting to billions of Naira, with the worse hit being station dealers. Still, the crude oil price crash represents an opportunity to fully deregulate and eliminate this price regulation problem once and for all.

Successive governments have tried to deregulate fuel prices and have struggled to do so for socio-political reasons. ***This government has been presented with a historic opportunity to do so without the socio-political backlash as prices will go down and not up.*** Price modulation, meaning government continuing to set prices through the PPPRA will mean not taking advantage of the situation and eventually returning to a very wasteful subsidy in the near future where petroleum resources are not optimized in full for the benefit of the country. ***Alongside price deregulation, we advocate setting up the conditions for and encouraging price competition under the watchful oversight of a competition czar.*** Access to foreign exchange at the same transparent rate for all market stakeholders is as key to free competition as is eliminating market dominance. Price competition may take a little longer to bring prices down to its optimum levels, but it does so sustainably by forcing stakeholders to continuously restructure and innovate to stay competitive. ***Price competition is preferred to the setting of prices by fiat which is fraught with lack of transparency and is subject to the limited view of a few, rather than the collective sanction of the entire buying public. Price deregulation sustainably eliminates arbitrage or smuggling across the border and over time, sanitizes the entire downstream petroleum industry, saving the country billions of naira which could then be spent on social services such as education and health as well as infrastructure investments.*** ***We must have the will to do what will serve our country best. We need to deregulate prices now.***

# DEEPENING THE USE OF LPG ACROSS NIGERIA USING SKIDS IN RETAIL OUTLETS

Godwin Jarikre, Head: HSEQ & Technical MOMAN

The growing acceptance of LPG in Nigeria as the preferred energy source for homes has increased annual consumption from 140,000 MTPA in 2013 to 600,000 MTPA in 2018 representing 5% of 30 million homes in Nigeria.

***With the Federal Government's plan to further deepen the use of LPG in the country, MOMAN members have keyed into this project by vigorously investing in new storage facilities, expanding and deploying LPG ADD-ON/SKID in retail outlets to make the product accessible to the Nigerian customer.***

The Major Oil Marketers Association of Nigeria (MOMAN) supports the Federal Government planned initiatives to deepen the use of LPG in Nigerian households as a source of energy for cooking and heating. MOMAN members have invested in new storage in their various depots and will continue to invest in new facilities to make the product easily accessible to the Nigerian customer to encourage the use of the product. This is to support the Federal Government efforts of increasing LPG usage to about 15% of Nigeria homes.



***MOMAN wholeheartedly supports the deployment of LPG skid in retail outlets and believes this should be encouraged by Government as a way to deepen the use of LPG and make the product accessible, especially to end users in the hinterland.***



## Safety Guidelines:

- The expected allowable storage capacity is between one to five tons
- At least 1,300 square meters of land size is required for any retail outlet to accommodate an LPG add-on
- The add on must not have adverse impact on the operation of the retail outlet
- There must be physical demarcation (wire mesh, wire fence, bollard etc.) separating the skid from the retail outlet
- Only trained and authorized operators should have access to the demarcated area
- There must be a minimum distance of 5 meters from the underground fuel storage tanks
- All LPG vessel storage tanks intended for retail outlet must be skid mounted and of a maximum capacity of 5 metric tons
- All skid mounted LPG bottles/dispensing units must not be containerized in the LPG standalone skid
- The minimum separation distances from above ground tank from a building boundary or fixed source of ignition to the tank is 5 meters and between each storage tank is 1 meter
- To provide additional safety, the storage tank area should be protected with a fire wall
- At least two emergency shut down point should be provided, one at the entrance to the skid area and the other at key operational areas
- The storage tank area should be fitted with gas detectors with alarms Automatic Sprinklers should be provided to cool the storage tank when temperatures go above 37°C
- Pressure, temperature gauges and relief valves should be provided
- Recovery units should be provided to recover product from leaking cylinders
- Each add-on should have repair kits for minimal cylinder valve repairs
- Two (2) 25 kg dry chemical compound fire extinguisher should be provided
- Two dry sand buckets should be provided
- Safety audit should be carried annually and the integrity test of facility carried as per regulation

# Marketers Call For Price Liberalisation of Petrol Against Price Modulation

News Agency of Nigeria (NAN), Published 16th April 2020

The Oil marketers, under the umbrella of Major Marketers Association of Nigeria (MOMAN), on Thursday called for full price liberalisation of Premium Motor Spirit (PMS), commonly known as petrol, instead of price modulation. It's Chairman, Mr Tunji Oyebanji, who made the call in a statement on Thursday in Lagos, said that declaring full price deregulation would bring about long term stability in the downstream sector. According to him, it becomes necessary for the association to state its position on the matter. He said the Minister of State for Petroleum Resources, Chief Timipre Sylva, had recently announced that the Federal Government would implement a policy of "price modulation". The Chairman said that price liberalisation would give effect to existing legislation, and enable it to set prices in line with the market realities through the Petroleum Products Pricing Regulatory Agency (PPPRA) as provided in its Act.

***"The clear and obvious risk is that the country has never been able to increase pump prices under this law, leading to high and unsustainable subsidies and depriving other key sectors of the economy of necessary funds." "Our current situation laid bare by the challenges of Coronavirus to the health of our citizens in particular, and the economy of our country in general, demand that we are honest with ourselves at this time." "A fundamental and radical change in legislation is necessary,"*** Oyebanji said.

He said that the government had always been unable to increase pump prices for socio-political reasons when crude oil prices go up, leading to high subsidies. Oyebanji noted that the only solution was to remove the power of the government to determine fuel pump prices altogether by law. He said: "Purchase costs and open market sales prices should not be fixed, but monitored against anti-competitive and anti-trust abuses by the already established competition commission and subject to its clearly stated rules and regulations. "There is no country or economy where governments do not have the power to influence prices. Nigeria is no different with respect to any other commodity or product.



**TUNJI OYEBANJI,  
CHAIRMAN MOMAN & MANAGING  
DIRECTOR 11PLC**

"Governments use economic tools, such as taxes or interventions on the demand side or the supply side of the market and other administrative interventions to influence prices where it needs to. "The problem here is that the government has retained for itself by law the power and the responsibility to fix pump prices of PMS. "This is what puts it under so much pressure and costs the country so much in terms of under-recoveries or subsidies when it cannot increase prices when necessary to do so. "It makes sense to relieve itself of this obligation now when crude prices are low and resort to influencing prices, using the same tools it does for any other commodity or item on the market. "Oyebanji said the market should determine the price, and there should be a level playing field. "Everybody should have access to foreign exchange to be able to import and sell petrol at a pump price taking its landing and distribution costs into consideration. "Government should no longer fix petroleum prices. Health and the educational sector should be given a higher priority than paying for subsidy on petroleum.

“We support the pronouncement of the NNPC Group Managing Director, Malam Mele Kyari, which said subsidy or under-recovery must be things of the past,” he said. According to him, downstream sector operators advocate for a market-based philosophy based on the sustainability of the petroleum industry. Oyebanji said that encompasses free-market competition where equal access to foreign exchange at competitive rates to all market players must be guaranteed.

This, he said, would mean the discontinuation of the Direct Sales and Direct Purchase (DSDP) programme and all foreign exchange proceeds from all sales of crude should be paid into the same pool for importers to access foreign exchange at the same rate. “Fuel import will, however, enjoy priority access in the allocation of foreign exchange, again through a transparent auditable and audited process of open bidding. “Conditions for accessing foreign exchange should be streamlined and specific delays before access imposed unilaterally on the downstream oil industry should be discontinued as being inequitable,” Oyebanji said.

**He said that MOMAN had recommended a legal and operational framework comprising of a downstream industry operations regulator, the Federal Competition and Consumer Protection Commission (FCCPC) for pricing issues.**

**Oyebanji said the commission would also interplay between demand and supply to ensure a level playing field and protect the Nigerian consumers.**

The MOMAN boss said it would also curb market abuse or attempts to deliberately cause inequities in the system by any stakeholder. He said the pricing system should allow internal equalisation by marketers which would be both competitive and equitable.

**“MOMAN recommends that the Price Equalisation Fund mechanism should be discontinued and its law repealed as the cost of administration of equalisation has become too high. “Also, the unequal application of payments by marketers distorts the market and creates market inequities and unfair competition. “Internal equalisation has been the practice with diesel distribution and sales since 2010 when diesel was fully deregulated in line with change management principles, consultation and engagement with market players. “This should clearly spell out the path and final destination which is full price deregulation,” he added.**



#StopTheSpread

Proper hygiene stops the spread of the virus.

# Handwashing 101

Source:  
World Health  
Organization

**01**

Wet your hands before applying soap.



**02**

Bring your palms together and rub soap all over the palms and backs of your hands, including between the fingers.



**03**

Wash your hands for at least 20 seconds.



**04**

Wipe your hands with a clean towel or paper towel and avoid rubbing too vigorously.

