TAZAMA PIPELINES LIMITED

OPEN ACCESS GUIDELINES

FOR THE TRANSPORTATION OF LOW SULPHUR GAS OIL

VERSION 4.0

JULY, 2026.
TAZAMA PIPELINES LTD
NDOLA, ZAMBIA.

Version 4.0

FOREWORD

This fourth version of the *TAZAMA Pipeline Open Access Guidelines for the Transportation of Low Sulphur Gasoil* (LSG) represents an important step in the ongoing process of enhancing governance, transparency, and operational efficiency in Zambia's petroleum transportation system.

Issued under the **Energy Regulation Act No. 12 of 2019** and the **Energy Regulation (General) Regulations, Statutory Instrument No. 41 of 2023**, these Guidelines give effect to **Regulation 31**, which empowers TAZAMA Pipelines Limited to establish procedures and criteria for equitable access to the petroleum products pipeline. They reflect the continued commitment of TAZAMA Pipelines Limited, under the guidance of the **Ministry of Energy**, to fostering an inclusive, transparent, and efficiently regulated petroleum transport system in Zambia.

Since the introduction of Open Access in 2024, the framework has evolved through continuous improvements, stakeholder engagement, and close regulatory oversight by the Energy Regulation Board (ERB). Each edition has refined the principles and procedures guiding pipeline access, ensuring that the system remains transparent, fair, and responsive to the needs of the market.

Version 4.0 builds on the foundations established in earlier editions, consolidating improvements that safeguard national fuel supply security and promote equitable access to pipeline capacity. The revisions are designed to enhance clarity, strengthen compliance, and ensure that the Guidelines remain aligned with both operational realities and international best practices.

The preparation of this edition has benefited from constructive input by **Oil Marketing Companies** (OMCs), regulators, and other key stakeholders. Their contributions have helped to ensure that the Guidelines reflect the collective commitment of all parties to a competitive, accountable, and resilient petroleum supply chain.

As TAZAMA Pipelines Limited continues its transition into a modern, market-responsive transporter, we reaffirm our commitment to fairness, inclusivity, and regulatory discipline. It is our expectation that Version 4.0 of the Guidelines will provide renewed confidence to market participants and support the stability, reliability, and efficiency of fuel supply in Zambia.

MANAGING DIRECTOR
TAZAMA PIPELINES LIMITED

Dated: The 22nd day of July 2026

DOCUMENT INFORMATION

Document History:

No.	Version date	Authors	Version	Description
1.	5/12/2024	a) TAZAMA Pipelines Limited b) Ministry of Energy (MOE) c) Energy Regulation Board (ERB)	1.0	Initial guidelines establishing open, competitive access to the TAZAMA pipeline for LSG transportation.
2.	06/05/2025	a) TAZAMA Pipelines Limited b) Ministry of Energy (MOE) c) Energy Regulation Board (ERB)	2.0	Guidelines for OMCs to access the TAZAMA pipeline for LSG transport from Dar es Salaam to Ndola, in line with energy regulations.
3.	26/06/2025	a) TAZAMA Pipelines Limited b) Ministry of Energy (MOE) c) Energy Regulation Board (ERB)	3.0	Regulatory framework that incorporates feedback and recommendations to enhance transparency, accountability, and operational efficiency in the transportation and distribution of Low Sulphur Gasoil through the TAZAMA pipeline.
4.	22/07/2026	a) TAZAMA Pipelines Limited b) Ministry of Energy (MOE) c) Energy Regulation Board (ERB) d) OMCs	4.0	Designed to enhance clarity, strengthen compliance, and ensure that the Guidelines remain aligned with both operational realities and international best practices.

Document Approval:

NAME	TITLE	DATE & SIGN
Eng. Rodney Kalota	MANAGING DIRECTOR TAZAMA PIPELINES LTD.	DATE: ________________ SIGN: ________________
Eng. Elijah Sichone	DIRECTOR GENERAL ENERGY REGULATION BOARD (ERB)	DATE: ________________ SIGN: ________________

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WORKING DEFINITIONS

Term	Definition
Appeals Committee	A committee designated to handle complaints and challenges raised by unsuccessful applicants or bidders.
Berthing	The process of docking a ship to offload petroleum cargo at the designated port terminal.
Best Evaluated Bidder	The bidder ranked as first following the application of specified evaluation methodology and criteria.
Bid Security	A $600,000 USD bank guarantee submitted with the bid to demonstrate commitment and ensure participation.
Capacity Sharing	Distribution of available pipeline capacity among multiple qualifying OMCs.
CIF (Cost, Insurance and Freight)	An international commercial term where the seller bears the cost, insurance, and freight to the delivery port.
Compliance Certificate	An official document proving a company's adherence to tax, pension, and labor regulations.
Dispatching Schedule	A schedule for pipeline use and product flow, aligning tankers, berthing, and distribution of LSG.
Emergency Tender	A bidding process conducted outside the regular monthly cycle due to unforeseen events or supply failure.

Term	Definition
Energy Fund	A fund managed by ERB where financial differentials and penalties from OMCs are deposited.
Energy Regulation Board (ERB)	The statutory body regulating Zambia's energy sector, including licensing and pricing of petroleum.
Evaluation Criteria	Standards used to assess the qualifications, financial, and technical capacity of bidders.
Failure to Perform	This refers to the inability or omission by a successful Oil Marketing Company (OMC) to fulfill its contractual, operational, or regulatory obligations as prescribed in the Open Access Guidelines, the Throughput and Storage Agreement, or any directives issued by TAZAMA Pipelines Limited and / or the Energy Regulation Board (ERB). This may include, but is not limited to: • Failure to deliver the contracted volume of Low Sulphur Gasoil (LSG) within the stipulated timeframe; • Failure to submit a performance security within the prescribed period; • Non-compliance with financial remittance obligations, including the ERB transport rate and price differential to the Energy Fund; • Sale of product at prices above the ERB-regulated rate; • Abandonment or withdrawal from an awarded lot without formal notice; • Deliberate misrepresentation during the bidding process; • Any action that impedes the transparent and efficient functioning of the Open Access mechanism.

Term	Definition
Financial Proposal	A commercial offer submitted by an OMC detailing price, terms, supply and delivery for LSG transportation.
Floatation Period	The period during which applications or tenders are made available for submission.
Force Majeure	Contractual clause allowing exceptions due to uncontrollable events such as natural disasters or war.
Joint Venture (JV)	A collaborative business arrangement between two or more entities formed to participate in the bidding process.
Laycan (Lay days/Cancelling Date)	The agreed time window, expressed as a range of dates during which the vessel must arrive at the loading or discharging ports.
Legal and Factual Grounds	The specific basis on which an applicant may submit an appeal during the qualification process.
Lot	A fixed portion or batch of fuel offered for bidding under open access.
Low Sulphur Gasoil (LSG)	Diesel fuel with a reduced sulfur content, that meets the applicable Zambian standards (ZS) as issued by the Zambia Bureau of Standards (ZABS), and is suitable for cleaner combustion and compliant with environmental standards.

Term	Definition
Oil Marketing Company (OMC)	A licensed entity engaged in the importation, exportation, distribution, and marketing of petroleum products.
Operational and Financial KPI Framework	Key performance metrics used to assess the pipeline operator's efficiency and compliance.
Performance Security	This is an unconditional and irrevocable financial security issued by a licensed local commercial bank acceptable to TAZAMA Pipelines Limited, provided by a successful bidder to secure the due and proper performance of its contractual obligations under these Guidelines. Performance Security may take the form of a bank guarantee, performance bond, or standby letter of credit, and shall be payable on first written demand, without set-off or counterclaim, in accordance with the terms specified in the applicable solicitation document and contract.
Petroleum Products License	A permit authorizing companies to engage in trading and transporting petroleum within Zambia.
Pipeline User	An entity authorized to use the TAZAMA pipeline system for transportation of petroleum products.
Power of Attorney	A legal document designating a person to act on behalf of a company during bid submission or contract execution.
Pre-Qualification Committee	A committee of experts responsible for evaluating the eligibility of OMCs before financial bidding.

Term	Definition
Pre-Qualification Solicitation Document	An official document outlining the requirements and process for OMCs to participate in the open access framework.
Product Lien	Product Lien is a claim or legal right to an OMC's Low Sulphur Gasoil (LSG), which will be held by TAZAMA as collateral enforcement to secure payment of the Transport Differential and TAZAMA fees.
Product Nomination	The advance notification by an OMC of the quantity of fuel they wish to uplift in a given cycle.
Product Swap	Refers to the replacement or exchange of one OMC's allocated LOT or part of it of Low Sulphur Gasoil (LSG) with another OMC's equivalent quantity stored within TAZAMA facilities.
Regulated ERB Price	The nationally approved price at which petroleum products must be sold, as determined by the ERB.
Selection Committee	A panel that evaluates financial bids and selects successful OMCs for the transportation of LSG.
Solicitation Process	The structured and formal call for OMCs participation in a tender cycle, outlining all bid requirements and conditions.
Strategic Reserves	Fuel stored by the government to ensure continuous supply in emergencies or strategic needs.
TAZAMA Pipelines Limited	A statutory company jointly owned by Zambia and Tanzania responsible for managing the petroleum pipeline from Dar es Salaam to Ndola.

Term	Definition
Technical Specifications	Standardized product requirements set by authorities (e.g., ZABS or ERB) for acceptable LSG quality.
Tender Floatation	The act of advertising a bid opportunity for public competition.
Throughput	The volume of LSG transported through the pipeline within a specific timeframe.
Throughput and Storage Agreement	A legally binding contract between TAZAMA and a selected OMC covering logistics and storage terms.
Ullage	The unfilled space in a storage tank, container, or pipeline above the surface of a liquid petroleum product.
Use-it or Lose-it Principle	A policy requiring allocated pipeline and storage capacity to be used within set limits or forfeited.
Wholesale License	A license allowing an entity to sell petroleum products in bulk to other businesses or retailers.
Zambia Tanzania Pipelines Act	The legislation that established TAZAMA and regulates the pipeline infrastructure.

LIST OF ACRONYMS

Acronym	Full Meaning
ACC	Anti-Corruption Commission
CCPC	Competition and Consumer Protection Commission
CIF	Cost, Insurance and Freight
EAZ	Economics Association of Zambia
EIZ	Engineering Institute of Zambia
ERB	Energy Regulation Board
JV	Joint Venture
LAZ	Law Association of Zambia
LSG	Low Sulphur Gasoil
MFD	Mpika Fuel Depot
NFT	Ndola Fuel Terminal
NAPSA	National Pension Scheme Authority
OMC	Oil Marketing Company
PACRA	Patents and Companies Registration Agency
S.I.	Statutory Instrument
TAZAMA	Tanzania Zambia Mafuta
TPPL	TAZAMA Petroleum Products Limited
WCFCB	Workers Compensation Fund Control Board
ZABS	Zambia Bureau of Standards
ZACCI	Zambia Chamber of Commerce and Industry
ZICA	Zambia Institute of Chartered Accountants
ZIPAR	Zambia Institute for Policy Analysis and Research
ZIPS	Zambia Institute of Purchasing and Supply
ZRA	Zambia Revenue Authority

1. INTRODUCTION

1.1 Tanzania Zambia Mafuta (TAZAMA) Pipelines Limited is a statutory body established pursuant to the Zambia Tanzania Pipelines Act, Chapter 455 of the Laws of Zambia.

1.2 TAZAMA Pipelines Limited owns and operates the TAZAMA petroleum products pipeline from the port of Dar-Es-Salaam in Tanzania to Ndola in Zambia. TAZAMA Pipelines Limited is the holder of a pipeline transportation license issued by the Energy Regulation Board (ERB), in addition to a license to import, distribute and export petroleum products. The licenses are issued in accordance with the provisions of the Energy Regulation Act No. 12 of 2019.

1.3 TAZAMA Pipelines Limited has a subsidiary, TAZAMA Petroleum Products Limited (TPPL), whose functions include the importation of LSG; management of bulk storage terminals and depots; and distribution of petroleum products.

1.4 The TAZAMA petroleum products pipeline, which was commissioned in 1968 is jointly owned by the Governments of the United Republic of Tanzania (33.3%) and the Republic of Zambia (66.7%). The petroleum products pipeline was constructed for the purpose of transporting crude oil or petroleum products from the port of Dar es Salaam into Zambia, at an affordable, sustainable and economic cost. Prior to February 2023, the TAZAMA petroleum products pipeline was used to transport crude oil from Tanzania to Zambia. However, in March 2023, the TAZAMA petroleum products pipeline was converted to transport Low Sulphur Gasoil (LSG) from Dar-Es-Salaam to the Ndola Fuel Terminal (NFT) in Zambia.

1.5 TAZAMA Pipelines Limited intends to offer pipeline transportation services to Oil Marketing Companies (OMCs) seeking to utilize the TAZAMA petroleum products pipeline to transport Low Sulphur Gasoil (LSG) from the port of Dar es Salaam to the Ndola Fuel Terminal (NFT). The right of access (capacity sharing) to the Pipeline shall be given to the OMCs in a competitive, transparent, fair and equitable manner.

1.6 The Low Sulphur Gasoil (LSG) transported through the Pipeline shall be made available to all OMCs that seek to distribute the product to the Zambian market. Distribution of LSG to the OMCs shall be done through the TAZAMA Petroleum Products Limited (TPPL), Ndola Fuel Terminal (NFT) and Mpika Fuel Depot (MFD).

1.7 Where necessary, the product shall be trans-shipped to other Government Fuel Depots as Strategic Reserves and/or for ease of access by OMCs.

1.8 The TAZAMA Pipeline Open Access Guidelines therefore provide procedures and criteria to be used by TAZAMA Pipelines Limited in providing equitable access to the petroleum pipeline by OMCs that seek to transport LSG from Dar es Salaam to the Ndola Fuel Terminal (NFT).

2. OBJECTIVES

2.1 The objectives of the TAZAMA Pipeline Open Access Guidelines are as follows:

i. To provide Oil Marketing Companies (OMCs) with equitable access to pipeline capacity for the transportation of Low Sulphur Gasoil (LSG) from Dar es Salaam to Zambia, through a competitive, transparent, and fair process.

ii. To establish a transparent and merit-based framework for the inclusion of OMCs' vessels on the official Dispatching Schedule.

iii. To support effective planning and documentation for the movement of petroleum products through the pipeline.

iv. To promote consistent and reliable availability of LSG to the Zambian market through sustainable pipeline operations.

3. EFFECTIVE DATE

3.1 These Guidelines shall become effective upon approval by the Energy Regulation Board (ERB).

4. APPLICATION OF THE GUIDELINES

4.1 These Guideline shall apply to all Oil Marketing Companies regulated and supervised in accordance with the Energy Regulation Act No. 12 of 2019, and who meet the requirements set out herein.

5. APPOINTMENT OF THE PRE-QUALIFICATION AND SELECTION COMMITTEES

5.1 There is constituted an eleven (11) member Pre-qualification Committee and Selection Committee to evaluate the applications received under these Guidelines. The Committees shall comprise individuals with adequate capacity to facilitate the review and selection of OMCs to be invited for submission of financial proposals and evaluation of the financial bids, respectively.

5.2 The Committees shall constitute the following:

(a) A Chairperson – from the private sector
(b) A representative of Zambia Institute for Policy Analysis and Research
(c) A representative of Zambia Revenue Authority
(d) A representative of Zambia Institute of Purchasing and Supply
(e) A representative of Law Association of Zambia
(f) A representative of Engineering Institution of Zambia

(g) A representative of Economics Association of Zambia
(h) A representative of Competition and Consumer Protection Commission
(i) A representative of Zambia Chamber of Commerce and Industry
(j) A representative of Zambia Institute of Chartered Accountants
(k) One person with relevant knowledge and experience in matters relating to the Petroleum sector

5.3 The institutions or organizations referred to in clause 5.2 shall nominate representatives using transparent internal nomination processes for appointment by the Minister of Energy.

Each institution shall disclose its internal nomination procedures through a transparent and documented process, including eligibility, criteria, timelines and selection outcome.

The institutions shall submit the nominees to the Ministry of Energy for issuance of formal appointment letters.

5.4 The Minister shall appoint the Chairperson of the Committee and the Petroleum expert.

5.5 The Vice Chairperson shall be elected by majority vote from among the Committee members.

5.6 The Secretariat of the Pre-qualification Evaluation Committee and Selection Committee shall comprise a minimum of three (3) representatives (two – secretariat and one technical) from TAZAMA Pipelines Limited.

5.7 The Committees may include a representative from the Attorney General's Chambers, and shall further be supported by four (4) technical officers from the Ministry of Energy serving in an advisory, non-voting capacity, for purposes of providing sectoral, policy, or energy related technical input.

5.8 A member serving on the Pre-Qualification Evaluation Committee shall hold office for the duration of the pre-qualification evaluation.

5.9 A member of the Selection Committee shall hold office for a period of three (3) months with a possibility for renewal for a further three (3) months.

5.10 Members of the Pre-qualification Evaluation Committee shall not be the same members as the Selection Committee.

5.11 The administrative arrangements and procedures for the Pre-qualification Evaluation Committee and Selection Committee are as outlined in the First Schedule.

5.12 The Pre-qualification Committee and the Selection Committee may be tasked with responsibilities beyond the evaluation of pipeline-related applications. Such responsibilities shall include oversight, assessment, and recommendation on measures aimed at ensuring the security of petroleum product supply in the country, including emergency importation, alternative delivery methods, and other non-pipeline interventions. In performing these duties, the Committees shall exercise the same diligence, reporting and decision-making standards as for pipeline related tasks.

6. PRE-QUALIFICATION OF OIL MARKETING COMPANIES

6.1 Pre-Qualification Procedure and Application Requirements

6.1.1 OMCs shall be required to be pre-qualified in order to take part in the competitive process for transportation of LSG through the petroleum products pipeline.

6.1.2 TAZAMA Pipelines Limited shall conduct the pre-qualification procedure by inviting OMCs that are licensed by the ERB in accordance with the Energy Regulation Act No. 12 of 2019 and the Energy Regulation (General) Regulations S.I. No. 41 of 2023, to apply for pre-qualification. TAZAMA Pipelines Limited shall make the invitation for pre-qualification through a public advertisement in the national print media and other electronic media.

6.1.3 TAZAMA Pipelines Limited shall prepare relevant pre-qualification solicitation documents which shall be available to interested applicants after payment of a nonrefundable fee that will be determined by TAZAMA.

6.1.4 The pre-qualification solicitation document shall require applicants to provide information with respect to matters such as financial capability and relevant experience. The pre-qualification solicitation document shall also specify the acceptable quality of the petroleum product to be supplied as per approved specifications contained in the National Standards for LSG. In addition, the prequalification solicitation document shall require the applicant to submit the following:

a) Certificate of incorporation showing that the applicant is validly registered by the Patents and Companies Registration Agency (PACRA). The Certificate of Incorporation should be accompanied by the PACRA Computer Printout showing the shareholding structure. For foreign entities, in case of a joint venture, the equivalent documentation and information such as, an official company registry extract or certificate of good standing issued by the Registrar in the country of incorporation should be provided.

b) Valid License from the Energy Regulation Board (ERB) to import, export and distribute petroleum products.

c) Valid Zambia Revenue Authority Tax Clearance Certificate.

d) Valid National Pension Scheme Compliance Certificate.

e) Valid Workers Compensation Fund Control Board Compliance Certificate.

f) Proof of Financial Capacity demonstrated by submission of credit lines to the tune of $10,000,0000 (Ten Million US Dollars) from a reputable Bank, evidence of bank's confirmation to issue letters of credit of the equivalent amount ($10,000,000). Proof may be from local firms or supported by the Joint Venture Partner. In addition, applicants shall also provide six (6) months Bank Statements.

g) Company Profile, containing among other information, educational, professional and other competences for Senior Management Staff.

h) Litigation status from an independent/third party legal practitioner confirming that there is no existing, actual or threatened litigation that will affect the applicant's ability to comply with the performance of the contract to supply.

i) Confirmation that the applicant is not insolvent or the subject of any insolvency, receivership or winding up process as per declaration issued by a registered Insolvency practitioner.

j) Proof / Evidence of experience in international trading of petroleum products and/or in local marketing business of petroleum products.

k) Power of Attorney clearly showing both the appointing authority (ies) and appointed representative's specimen signatures, full names, and designation in the company. The Power of Attorney shall be from the Board of Directors, Chief Executive Officer or Company Secretary.

l) Applicants submitting under a Joint Venture should submit a Joint Venture Agreement. Where an application is submitted as a Joint Venture, all the parties to the Joint Venture shall sign the Joint Venture agreement. Further, either party participating in a Joint Venture will be required to submit the requirements as set out in (a) to (k), as applicable, for the application to be considered compliant.

m) The Pre-Qualification Committee reserves the right to conduct due diligence on any applicant for any factors or information that may require further determination. The outcome of such a due diligence exercise shall be used by the committee in determining final shortlisting decisions.

   Where due diligence results in a disqualification decision, the Committee shall issue a formal written justification to the applicant, stating the specific findings that led to the disqualification.

   The affected applicant shall have the right to appeal the decision within five

(5) working days in accordance with the appeal procedures outlined under Clause 6.2.7 and 6.2.8.

6.1.5 No entity shall be allowed to enter into multiple Joint Ventures.

6.1.6 An applicant seeking pre-qualification shall submit a **Letter of Clearance** issued by **TAZAMA Pipelines Limited**, confirming that the applicant:

a) has **no outstanding undisputed debts** owed to TAZAMA Pipelines Limited or to the Government of the Republic of Zambia, including but not limited to obligations arising from transport differentials, price differentials, throughput fees, or storage fees; or

b) has entered into an **approved debt settlement agreement** with TAZAMA Pipelines Limited and/or the Government of the Republic of Zambia and is compliant with the agreed terms.

6.1.7 TAZAMA Pipelines Limited reserves the right to **withdraw the Letter of Clearance** where an Oil Marketing Company issued with such clearance fails to fulfil its obligations under an approved debt settlement agreement and shall notify the Selection Committee and the Energy Regulation Board accordingly.

6.1.8 Without prejudice to any other provision of these Guidelines, **any Oil Marketing Company that is indebted to the Government of the Republic of Zambia** on account of outstanding payment of price and/or transport differentials **shall not be permitted to access or utilise the TAZAMA pipeline** until such obligations are fully settled.

6.1.9 If an entity submits a pre-qualification application in its individual capacity, it shall not be permitted to apply under the same process as part of a Joint Venture.

6.1.10 The pre-qualification document shall be floated for a period of two weeks. The floatation period may however, be extended for an additional two weeks period to cover any requests for clarification.

6.1.11 The proposals from the applicants shall be addressed to the Chairperson of the Pre-qualification Evaluation Committee and shall be submitted electronically to the email address specified in the pre-qualification solicitation document.

6.1.12 The pre-qualification floatation period shall close on the date and time designated in the pre-qualification solicitation document, unless in the event of an extension, in which case the time and date shall be advised.

6.2 Pre-Qualification Selection Procedure

6.2.1 The Pre-qualification Evaluation Committee shall open the pre-qualification applications in the TAZAMA Pipelines Limited Board room, or any other place as shall be stated in the pre-qualification solicitation document.

6.2.2 The applications shall be opened in the presence of applicants or their representatives who choose to attend the opening. Applicants and their representatives may attend physically or online through a meeting link that will be provided by the Secretariat at least 2 calendar days prior to the opening.

6.2.3 The Pre-qualification Evaluation Committee shall announce the names of applicants who have submitted applications and the type of documents submitted. The Pre-qualification Evaluation Committee shall thereafter adjourn the proceedings to evaluate the applications received.

6.2.4 The Pre-qualification Evaluation Committee will evaluate the applications within 5 calendar days after closure of application submissions. The Committee can extend the prequalification evaluation period for an additional three (3) days where more time is required to complete the exercise.

6.2.5 The Pre-qualification Evaluation Committee may invite a representative of the Anti-Corruption Commission and/or any other appropriate law enforcement agency to be present to observe the evaluation proceedings.

6.2.6 Following the conclusion of the evaluation, the Pre-qualification Evaluation Committee shall announce and publish the approved list of pre-qualified OMCs in the print and electronic media. The Committee shall ensure that all applicants are individually notified in writing on the outcome of the evaluation.

6.2.7 A period of five (5) working days shall be allowed for applicants that wish to appeal against the decision of the Pre-qualification Evaluation Committee. The said five (5) working day period shall also allow for unsuccessful applicants to seek the necessary debriefs regarding the merits or demerits of their applications.

6.2.8 The appeals will be dealt with by an Appeals Committee to be sanctioned and appointed by TAZAMA Pipelines Limited. The information to be submitted by the aggrieved OMC shall be in accordance with Clause 6.3.2 of these Guidelines.

6.2.9 Following the conclusion of the (5) working days from the initial announcement of successful applicants, the Appeals Committee shall consider the submissions and conclude the determination of any appeals or debriefs within three (3) working days.

6.2.10 Following the conclusion of the appeals process, the Pre-qualification Evaluation Committee will notify the successful OMCs in writing of their shortlisting to participate in the monthly bid process for offers to supply LSG for a period of 12 months.

6.2.11 In the event that an applicant is not satisfied with the outcome of the decision of the TAZAMA Appeals Committee, the matter shall then be referred to the ERB for final determination on the appeal.

6.2.12 The approved list of qualified OMCs shall be valid for a period of twelve (12) months from the date of final notification as provided in 6.2.10.

6.2.13 Notwithstanding Clause 6.2.12, **TAZAMA Pipelines Limited shall conduct a mid-cycle pre-qualification process**, solely for the purpose of considering **new applicants**. This process shall apply the **same eligibility, evaluation, and assessment criteria** set out in Section 6 of these Guidelines.

6.2.14 Any new applicant successfully pre-qualified pursuant to Clause 6.2.13 shall be admitted to the **pre-qualified list only for the remaining period** of the current **twelve (12) month validity period**.

6.2.15 The Pre-qualification Evaluation Committee shall commence the pre-qualification process **at least three (3) months prior** to:

a) the mid-cycle review; and
b) the expiration of the twelve (12) month validity period.

Upon the expiration of the validity period, the Committee shall commence the **next pre-qualification process** in accordance with these Guidelines.

6.3 Appeal Mechanism

6.3.1 An applicant that is aggrieved by the decision of the Appeals Committee sanctioned and appointed by TAZAMA Pipelines Limited may appeal to the Energy Regulation Board against that decision within five (5) working days from the date of notification of the decision.

6.3.2 The Appeal documents should simultaneously be copied to the Pre-qualification Evaluation Committee and shall include the following information:

a) the name and contact details of the applicant;
b) details to which the appeal relates, including the reference number of the pre-qualification;
c) the legal and factual grounds upon which the appeal is being lodged stating the areas that they feel aggrieved;
d) information establishing that the applicant is the actual or prospective participant to the process; and
e) the remedy being sought.

6.3.3 The appeal from an applicant should strictly focus on their individual bid and grievance. The Appeals Committee shall not be obliged to make any determination on an applicant that submits a matter that focuses or attempts to bring out the demerits of another applicant.

6.3.4 Upon receipt of an appeal on a decision, the ERB Appeals Committee shall within three (3) working days of receipt of the appeal determine the appeal with or without a hearing.

6.3.5 In the event that an applicant is not satisfied with the decision of the ERB Appeals Committee, the aggrieved party may appeal to the Minister of Energy who shall appoint and convene an adhoc appeals tribunal to hear and determine the appeal as outlined in Part IV, Section 35, Section 36 and Section 40 of the Energy Regulation Act No. 12 of 2019.

6.3.6 All appeal outcomes shall be communicated to the aggrieved parties and subsequently published on the TAZAMA and ERB websites.

6.3.7 **Notwithstanding the foregoing appeal process**, any appeal lodged by an unsuccessful applicant for pre-qualification **shall not suspend, delay, or otherwise disrupt** the continuation of subsequent processes under the Open Access Framework.

7. SELECTION OF OIL MARKETING COMPANIES

7.1 Invitation for Financial Proposals

7.1.1 (a) TAZAMA Pipelines Limited shall, upon conclusion of the pre-qualification process, invite the successful OMCs to submit financial proposals for the supply of Low Sulphur Gasoil (LSG) through the petroleum products pipeline. The invitation to submit financial proposals shall be issued at least two (2) weeks before the scheduled bid submission deadline.

(b) The invitation to submit financial proposals shall commence at least ninety (90) days before the scheduled delivery date

(c) All proposals shall be password-protected and submitted electronically via a designated official email address. Submissions shall be addressed to the Chairperson of the Selection Committee.

7.1.2 The submission period for financial proposals shall close at 10:00 hours local time on the first Tuesday of each calendar month, or on the next working day where the first Tuesday falls on a public holiday.

The submission date, time, and electronic submission details shall also be clearly stated in the applicable Solicitation Document.
This schedule shall apply to all standard tenders, unless explicitly varied for emergency procurements in accordance with these Guidelines.

7.1.3 The invitation to submit financial proposals shall contain all relevant commercial and logistical details, including but not limited to the total quantity of Low Sulphur Gasoil (LSG) available for transport via the TAZAMA pipeline for the applicable month. The invitation shall also specify the delivery timelines, required documentation, and any applicable quality standards or compliance requirements as stipulated by the Energy Regulation Board (ERB).

7.1.4 For each monthly cycle, the available pipeline capacity shall be a single lot of **100,000 metric tons.** This defined lot shall serve as the basis for financial proposal submissions. Bidders shall be invited to submit financial proposals for the lot as outlined in the invitation to tender and the final award shall be subject to the **Selection Committee's determination of the best evaluated proposal**.

7.1.5 For each monthly cycle, the available pipeline capacity of 100,000 metric tons shall constitute a single lot, and only one award shall be made to the best evaluated bidder for that lot.

7.1.6 The Selection Committee shall determine the best evaluated bid, which shall be deemed as the successful bid for the single lot of 100,000 metric tons.

7.1.7 In the event that the best evaluated bidder withdraws the award or fails to satisfy the mandatory requirements, the Selection Committee shall offer the award to the next best evaluated bidder, provided that the difference in CIF value of the product does not exceed ten percent (10%) of the best evaluated bid.

7.1.8 In the event that the bidder withdraws their bid after notification of award, the bidder shall forfeit their Bid Security.

7.1.9 Where neither the best evaluated bidder nor the next best evaluated bidder accepts the award under Clause 7.1.7, a new solicitation for financial proposals shall be invited within seven (7) calendar days to determine the award for the single lot.

7.1.10 **Multi-Month Open Access Supply Bids**

Subject to Clause 7.1.2 of these Guidelines, TAZAMA Pipelines Limited may, where justified by operational requirements, national fuel supply considerations, or prevailing market conditions, invite and award Open Access supply bids for a period exceeding one (1) month.

Any such multi-month award shall:

a) apply only where the justification is **documented and approved** in accordance with these Guidelines; and

b) **not exceed three (3) consecutive months**.

Multi-month Open Access supply bids shall be structured in a manner that preserves transparency, competition, and regulatory oversight, and shall not prejudice the application of pricing, performance, and compliance requirements under this Framework.

7.1.11 The financial proposals submitted by the pre-qualified Oil Marketing Companies (OMCs) shall include, at a minimum, the following mandatory components:

a) A **duly completed and signed Priced Bid Submission Form**, as per the template provided in the invitation to bid clearly specifying:

- The **unit price (CIF Dar es Salaam)**,
- The **total premium value** of the proposed consignment,
- The **expected date of delivery**, and
- Any additional commercial terms or requirements as outlined in the official bid template.

b) A **Bid Security of $600,000 USD (Six Hundred Thousand United States Dollars)**, issued by a commercial bank licensed and regulated by the Bank of Zambia under the Banking and Financial Services Act, 2017. The bid security shall be valid for a minimum period of **90 days** from the date of bid submission and be in a format acceptable to TAZAMA Pipelines Limited.

c) A valid **Power of Attorney**, signed by an authorized representative of the bidding entity, explicitly authorizing the signatory to bind the company in all matters pertaining to the bid. The Power of Attorney shall include the name, designation, and specimen signature of the authorized signatory and must be issued by the Board of Directors, Chief Executive Officer, or Company Secretary.

7.1.12 The tender for LSG shall comply with the quality specifications for the Zambian market as prescribed by the Zambia Bureau of Standards and the Energy Regulation Board (ERB) Quality Control and Monitoring Guidelines.

7.1.13 **Pricing of Petroleum Products**

a) The pricing of petroleum products under the Open Access tender framework shall be determined **in accordance with the Energy Regulation (Petroleum Products Price Setting) Regulations**, as amended from time to time.

b) The Energy Regulation Board may, **where exceptional circumstances occur**, adjust the applicable wholesale price in accordance with the **Energy Regulation (Petroleum Products Price Setting) Regulations**.

c) For the purposes of this Section, **"exceptional circumstances"** means an unforeseen event that significantly affects the monthly pricing period and includes, but is not limited to:
   (i) natural disasters;
   (ii) damage to the petroleum pipeline or associated infrastructure;
   (iii) pandemics or public health emergencies;
   (iv) geo-political tensions or conflicts affecting supply; or
   (v) extreme volatility in international oil prices.

7.2 The Financial Selection Procedure

7.2.1 The Selection Committee shall open the financial proposals at the **designated venue or electronic platform** stated in the invitation at **10:00 hours local time on the second Tuesday of each calendar month**, or on the **next working day** where the second Tuesday falls on a public holiday.

7.2.2 The Financial proposals shall be opened in the presence of applicants or their representatives who choose to attend the proceedings.

7.2.3 The Selection Committee shall publicly read out each financial proposal highlighting the following information:

a) Name of the Applicant;

b) Price offer for the one (1) Lot;

c) Presence of bid security in accordance with the value and format as prescribed in the invitation for the financial proposal;

d) Presence of the Power of Attorney;

e) Proposed date of delivery; and

f) A declaration that the product has not been obtained from individuals or entities listed in the United Nations Security Council Sanctions List as updated from time to time.

7.2.4 Following the public readout of all financial proposals received, the Selection Committee shall determine the least-priced offer for the single lot of 100,000 metric tons. Determination of the successful applicant at this stage shall be based on the least price offered and the submission of the documents set out in Clause 7.1.11, together with any other requirements specified in the invitation.

7.2.5 The Selection Committee shall immediately thereafter announce the successful applicant in the presence of all OMCs and their representatives in attendance. For the avoidance of doubt, the Selection Committee shall not adjourn privately for this purpose.

7.3 Public Interest and Premium Reasonableness Safeguard

7.3.1 Trigger for Review

Notwithstanding any other provision of these Guidelines, where upon opening of financial proposals the premium component of the lowest evaluated responsive bid exceeds the historical range of premiums awarded under the Open Access framework during the preceding six (6) monthly tender cycles, and such deviation is not reasonably attributable to documented market volatility or supply constraints, the Selection Committee shall suspend immediate award and initiate a Public Interest and Premium Reasonableness Review.

For the avoidance of doubt, this provision shall apply only prior to issuance of a Letter of Award.

7.3.2 Basis of Assessment

For purposes:

a) The historical pattern of premiums shall be determined using officially recorded Open Access awards during the preceding six (6) monthly tender cycles;

b) The Selection Committee shall consider documented evidence of market volatility, supply constraints, or other objectively verifiable factors that may reasonably explain any observed deviation;

c) All calculations, data references, and supporting documentation relied upon shall be recorded in writing and retained as part of the official procurement record.

7.3.3 Referral Procedure

Where a review is triggered under Clause 7.3.1:

a) The Selection Committee shall formally record the basis for initiating the review;

b) The matter shall be referred within one (1) working day to the Energy Regulation Board (ERB) for regulatory confirmation;

c) The Selection Committee shall refrain from announcing a successful bidder pending conclusion of the review.

7.3.4 **Regulatory Confirmation**

Within two (2) working days of referral, the Energy Regulation Board shall issue a determination confirming whether:

a) The deviation is reasonably supported by prevailing market conditions; or

b) The deviation is inconsistent with recent historical premium patterns and may adversely affect national fuel price stability, consumer welfare, or security of supply.

7.3.5 **Permissible Outcomes**

Where the ERB confirms that corrective action is warranted, TAZAMA Pipelines Limited may, in a transparent and non-discriminatory manner:

a) Invite all responsive bidders to submit revised financial proposals within three (3) working days; or

b) Reject all bids and re-float the solicitation in accordance with these Guidelines.

Any invitation for revised proposals shall be communicated simultaneously and equally to all responsive bidders.

7.3.6 **Prohibition of Bilateral Negotiation**

Under no circumstances shall post-opening or post-award bilateral negotiations be conducted with a single bidder.

7.3.7 **Time Limitation**

The Public Interest and Premium Reasonableness Review process shall be concluded within five (5) working days from the date of bid opening.

Where no determination is made within this period, the Selection Committee shall proceed in accordance with the standard award provisions of Section 7, as provided for in these guidelines.

7.3.8 **Preservation of Supply Security**

Nothing in this Section shall prevent invocation of emergency tender procedures under Clause 8.3 where national fuel supply security is demonstrably at risk.

8. POST SELECTION

8.1 Letter of Award

8.1.1 The Selection Committee shall immediately issue the successful OMC(s) with a Letter(s) of Award.

8.1.2 TAZAMA Pipelines Limited and the successful OMC(s) shall conclude all contractual formalities within ten (10) working days after the issuance of the Letter of Award.

8.2 Performance Security

8.2.1 The successful OMC shall avail TAZAMA Pipelines Limited with a Performance Security within five (5) working days from the date of notice of award. The Performance Security shall be in the form of a Bank Guarantee and shall be ten percent (10%) of the CIF Dar es Salaam value of the product to be supplied.

8.2.2 TAZAMA Pipelines Limited shall ensure that successful OMC furnish Performance Security issued by a Commercial bank licensed and regulated by the Bank of Zambia under the Banking and Financial Services Act, 2017. Upon receipt of Performance Security from successful OMC, TAZAMA shall in writing request for authentication of the Performance Security from the issuing Banks to ensure that enforcement is guaranteed upon demand.

8.2.3 In the event that the successful OMC fails to submit a Performance Security within the stipulated time, the second-least priced bidder will be awarded the contract, provided that the difference in CIF value of the product does not exceed ten (10%) of the least priced bid. If the second-best evaluated bidder does not meet the conditions or accept the award, the third best evaluated bidder will be considered for the award provided that the difference in CIF value of the product does not exceed ten percent (10%) of the least priced bid.

8.2.4 In the event that the third best evaluated bidder fails to meet the conditions or accept the award the bid will be re-tendered.

8.2.5 In the event that a successful bidder fails to furnish the required Performance Security within the stipulated timeframe, such bidder shall forfeit the Bid Security and shall be suspended from participating in Open Access bidding for a period of twelve (12) months. And such a bidder may only qualify for prequalification after serving the suspension.

8.3 Supply and Transportation Agreement

8.3.1 Following the submission of the performance security, TAZAMA Pipelines Limited and the successful OMC shall enter into a Throughput and Storage Agreement.

8.3.2 The successful OMC shall be required to make all arrangements for the supply of the LSG to be transported through the pipeline as shall be stipulated in the Supply and Transportation Contract.

8.3.3 The successful Oil Marketing Company (OMC) shall be required to comply with the following commercial and regulatory obligations:

i. Sell the Low Sulphur Gasoil (LSG) into the local market **at the price regulated by the Energy Regulation Board (ERB)**, in accordance with the applicable petroleum pricing framework.

ii. Remit a **transportation fee** to TAZAMA Pipelines Limited, calculated at the rate prescribed by the ERB pursuant to the **Energy Regulation (Petroleum Products Price Setting) Regulations**. TAZAMA Pipelines Limited shall, in turn, transfer the differential between the ERB-approved transport rate and its internal pumping fee into a **dedicated account at the Bank of Zambia (BOZ)**, as administered by the ERB.

iii. Remit the **price differential between the successful bid price and the ERB-regulated wholesale price** into the **Energy Fund**, following modalities to be specified by the ERB.
For the avoidance of doubt, no OMC shall be entitled to **make a claim or seek reimbursement** from the Energy Fund or any other party in the event that the successful bid price **exceeds** the prevailing ERB-regulated price.

8.3.4 **Product Title**

(i) Title to the Product shall remain with the Customer at all times (save where transferred by that Customer to a Transferee).

(ii) In case of a joint venture, all parties shall jointly hold title to the product. The parties shall not exchange custody, either through release orders or any other method.

(iii) The holding certificate will be issued only once based on the quantity of product offloaded into the TAZAMA Tanks. Thereafter, Monthly consolidated and reconciled stock reports shall be sent to the customer.

8.3.5 Failure to follow the provisions in clause 8.3.3, shall result in sanctions, such as disqualification from future tenders and penalties as prescribed in the

Energy Regulation Act, the Energy Regulation (General) Regulations and respective ERB license conditions.

8.3.6 **Emergency Tender**

Where a successful OMC fails to deliver the product within the contract period, other than as a result of a declared force majeure event or a proven failure by TAZAMA Pipelines, the Performance Security shall be forfeited to the Energy Fund managed by the ERB. In addition, the OMC shall be banned from participating in any tender under these Guidelines for a period of two (2) years. In such a case, an emergency tender may be floated to ensure continuity of supply.

8.3.7 An emergency tender shall be a tender called outside the pre-determined monthly schedule of tenders arising from circumstances described in clause 8.2.3, clause 8.3.5 and any force majeure events outlined in the contract of supply with TAZAMA Pipelines Limited.

8.3.8 In the event of an emergency tender, pre-qualified OMCs shall be invited for an emergency bidding process which shall be conducted in line with the provisions of Section 7 within seven (7) calendar days.

8.3.9 In the event that an emergency tender fails, the Selection Committee shall, in consultation with the Ministry of Energy and the Energy Regulation Board, convene to propose the best option to avert the risk of security of supply.

8.3.10 In the event where an emergency tender has been validly invoked under this clause, where time constraints make the standard tender floatation impracticable, TAZAMA pipelines may conduct a direct bidding process provided that the invitation is issued only to pre-qualified bidders.

8.3.11 Nothing in these guidelines shall preclude the Government of the Republic of Zambia, in consultation with the ERB, from procuring petroleum products through Government to Government arrangements for purposes of safeguarding national fuel supply or strategic reserves. Where such arrangements involve use of the TAZAMA pipeline, TAZAMA pipelines Limited shall provide access and operational support.

9. MANAGEMENT OF OPERATIONS FOR SUPPLY OF LSG THROUGH THE PIPELINE

9.1 Following the signing of the Throughput and Storage Agreement with TAZAMA Pipelines Limited, the execution of the Agreement shall proceed in accordance with TAZAMA Pipelines Limited’s Standard Operating Procedures, relevant guidelines, and the terms outlined in the contract. Where necessary, the parties may consult to ensure alignment on operational timelines, roles, and responsibilities to facilitate efficient implementation.

9.2 **Berthing Arrangements and Discharge Accountability:**

(a) The arrangement for laycans and berthing of vessels shall be coordinated by the **Government through the relevant port authorities**, in line with applicable port regulations. The successful Oil Marketing Company (OMC) shall be responsible for notifying all stakeholders of the granted laycan and berthing slots, and for ensuring that all documentary and regulatory requirements are duly met.

(b) **The Government of Zambia and TAZAMA Pipelines Limited shall not be held liable for any costs, charges, or penalties associated with berthing delays or port handling operations.** Any delays occasioned by berthing, clearance, or other port-related processes shall **not entitle the OMC to make any financial or contractual claims** against Government of Zambia or TAZAMA.

(c) TAZAMA Pipelines Limited shall, however, provide operational support to facilitate timely discharge of product in accordance with the provisions of the Throughput and Storage Agreement.

(d) In instances where delays in vessel discharge are directly attributable to TAZAMA Pipelines Limited, such as inadequate ullage, equipment malfunction, or scheduled maintenance, Clause 9.9 shall apply.

(e) In the event that a laycan is not secured within the planned delivery window, resulting in berthing or discharge delays, the affected OMC shall formally notify TAZAMA Pipelines Limited and the Ministry of Energy.

(f) Upon verification, TAZAMA in consultation with the Energy Regulation Board (ERB) and the Ministry of Energy, shall convene a resolution meeting to assess the cause, and propose the most appropriate course of action to avert any risk to national fuel supply security.

9.3 **Submission of Bank Guarantee**

(a) To facilitate effective and efficient supply chain management and demand forecasting, Oil Marketing Companies (OMCs) intending to uplift product shall submit binding volume nominations to TAZAMA Pipelines Limited, with the Energy Regulation Board (ERB) in copy, at least one (1) month prior to the start of the intended month of upliftment.

(b) All nominated quantities shall be supported by a Bank Guarantee at a value of 5% of the value of the nominated quantity calculated at ERB wholesale price

(c) The nominations shall be submitted using the standard template appended to these Guidelines. The volumes nominated shall be considered final and binding, and OMCs shall be required to uplift the exact quantities as submitted, subject to any force majeure conditions or operational constraints as may be determined by TAZAMA Pipelines Limited.

9.4 Sales to OMCs shall be made in accordance with the order of nominations submitted and published by TAZAMA.

9.5 In accordance with clause 9.4 above, only holders of wholesale licenses shall be permitted to sell product.

9.6 Notwithstanding clause 9.4 above, the nominated product shall be sold based on the following priority order:

i. Retail outlet sites
ii. Commercial (Business to Business) sites
iii. Transit or re-export

9.7 TAZAMA Pipelines Limited shall operate as per the approved ERB Operational and Financial KPI framework.

9.8 To ensure optimal utilization of capacity and discourage hoarding or inefficient tank usage, any product stored in the TAZAMA storage facilities by a supplier or OMC which remains unused, unwithdrawn, or unrotated for a continuous period of thirty (30) days or more, the Use-it or Lose-it principle will be applied.

9.9 In instances where an OMC is aggrieved by a decision or delays directly attributable to TAZAMA pipelines Ltd:

(i) The affected OMC shall lay the complaint before TAZAMA and request for a mutual resolution of the matter.
(ii) If TAZAMA is not responsive and the matter is not settled with the OMC within 5 working days, the affected OMC shall raise a complaint of the matter with the Energy Regulation Board.
(iii) The Energy Regulation Board (ERB) will investigate and determine the matter within 10 working days.

9.10 Notwithstanding Clause 9.9, where TAZAMA makes a decision that threatens the security of supply, the ERB shall, in line with the existing regulatory framework, intervene.

10. COMMERCIAL AND OPERATIONAL PROVISIONS

10.1 DISTRIBUTION OF PRODUCT AND ACCESS TO THE MARKET

To ensure equitable and efficient access to Low Sulphur Gasoil (LSG) transported through the TAZAMA pipeline, the following distribution framework shall apply:

(a) Priority of Distribution

Distribution of product shall prioritize supply to the domestic market in the following order, in line with Energy Regulation Board (ERB) regulations:

(i) Retail outlet sites;
(ii) Commercial (Business-to-Business) sites;
(iii) Export/Transit markets.

(b) Ullage Constraints and Export Permission

In the event of excess supply that leads to ullage constraints, defined as 80% or more tank capacity utilization at the Ndola Fuel Terminal (NFT) and Mpika Fuel Depot (MFD), and such condition threatens pipeline shutdown, TAZAMA Pipelines Limited shall notify ERB. Upon **recommendation by ERB to the Minister**, permission may be granted for sales to the export market to relieve storage congestion.

(c) Monthly Product Market Access

Monthly access to product shall be based on the **quantities awarded for the respective tender cycle**.

(i) Access shall be provided in accordance with the order of nominations submitted and published by TAZAMA.

(ii) Any rolled-over quantities from previous months shall only be accessed after the current month's awarded lot has been fully concluded.

(d) ERB Intervention Authority

The Energy Regulation Board (ERB) reserves the right to revise or override the above arrangements based on prevailing **national demand parameters**, fuel security concerns, or other regulatory priorities affecting supply continuity.

10.2 Tripartite Operational Acknowledgement

TAZAMA Pipelines Limited may, where operationally necessary, execute a tripartite operational acknowledgement with a successful Oil Marketing Company and its nominated supplier strictly for the purposes of coordination of delivery schedules, discharge procedures, and pipeline operations.

Such acknowledgement shall:

(a) not constitute a contract of supply, guarantee, or payment;

(b) not create privity of contract between TAZAMA Pipelines Limited and the nominated supplier; and

(c) not derogate from the rights, obligations, or risk allocation set out in the Throughput and Storage Agreement.

(d) require the nominated supplier to adhere to the approved delivery schedule and not engage in conduct intended to delay, restrict, or withhold product allocated for transportation through the TAZAMA Pipeline in a manner that compromises domestic supply continuity.

Any such acknowledgement shall expressly state that all commercial and contractual risk remains with the successful Oil Marketing Company.

10.3 Product Swaps

To enhance operational coordination and flexibility among Oil Marketing Companies (OMCs), TAZAMA Pipelines Limited shall permit product swaps under the Open Access Framework subject to the following conditions:

(a) **Eligible Inventory**

Swaps shall be limited strictly to **product held under Open Access arrangements**, already received and stored in the designated TAZAMA facilities in Dar-es-Salaam Tank Farm, Ndola Fuel Terminal (NFT), Mpika Fuel Depot (MFD), or any other officially designated TAZAMA storage site.

(b) **Notification and Approval**

All swaps shall require a **joint written notification** to TAZAMA Pipelines Limited from the parties intending to enter the arrangement, with a **copy submitted to the Energy Regulation Board (ERB)**. TAZAMA shall approve the swap but shall not be a party to its terms.

(c) **No Liability Clause**

TAZAMA Pipelines Limited shall **not be held liable** for any commercial, contractual, or operational disputes arising from swap agreements between OMCs, nor shall it mediate or enforce such agreements.

(d) **Default and Sanctions**

Should either party to a swap fail to honor the agreed terms, TAZAMA shall impose appropriate sanctions as permitted under law, including—but not limited to—restriction or suspension of pipeline access. The ERB may also invoke regulatory penalties as it deems necessary.

(e) **Restriction on Pre-arrival Swaps**

Swaps involving product that is not yet in-country or not yet delivered to TAZAMA storage facilities shall be deemed invalid and shall not be recognized under the Open Access regime.

10.4 Product Fungibility

(a) **Principle of Fungibility**

(i) All petroleum products received into, stored within, or transported through TAZAMA facilities shall be deemed **fungible**.

(ii) For the avoidance of doubt, fungibility means that all product of the same specification may be **commingled, substituted, or exchanged** without distinction as to origin.

(b) **Operational Treatment**

(i) TAZAMA Pipelines Limited shall handle, store, and transport fungible products on a **collective basis**, provided that the integrity of volumes and quality specifications is maintained at all times.

(ii) Commingling shall not affect the underlying contractual or ownership rights of Oil Marketing Companies (OMCs).

(c) **Entitlements and Rights**

(i) Each Participant's entitlements shall at all times remain **equivalent in quantity and quality** to the volumes allocated under the Open Access framework.

(ii) Fungibility shall not extinguish the **right of entitlement** or the obligation to deliver product to the respective Participant in accordance with the Throughput and Storage Agreement.

(d) **Risk and Accountability**

(i) TAZAMA Pipelines Limited shall be responsible for ensuring that commingled products meet the **minimum quality standards** as prescribed by the Energy Regulation Board (ERB) and Zambia Bureau of Standards (ZABS).

(ii) In the event of a dispute relating to product loss, quality, contamination, or specification compliance, such dispute shall be determined through sampling and testing by an independent, accredited inspector or laboratory, mutually agreed by the parties, in accordance with procedures set out in the applicable throughput and storage agreement.

(e) **Regulatory Oversight**

(i) The Energy Regulation Board (ERB) shall retain supervisory authority to review and monitor fungibility practices.

(ii) ERB may, where necessary, issue directives to safeguard market confidence, equity of access, and product quality integrity.

10.5 Storage of Product

Product shall be stored in-tank in accordance with the terms and conditions set out in the Throughput and Storage Agreement. However, any product that remains in storage for more than thirty (30) days shall attract a higher storage rate as may be specified in the Throughput and Storage Agreement.

10.6 Product Offtake Reporting and Transparency

(a) TAZAMA Pipelines Limited shall prepare and submit to the Energy Regulation Board (ERB) a monthly **Product Offtake Report** detailing:

- Volumes dispatched to each Oil Marketing Company (OMC) from the Ndola Fuel Terminal (NFT) and Mpika Fuel Depot (MFD);
- Dates of dispatch;
- Corresponding LOT reference; and
- Product uplift location.

(b) ERB shall publish a **Monthly Summary of Offtake Volumes** on its website, disaggregated by OMC. The summary shall include volumes accessed and uplifted under Open Access but may anonymize sensitive pricing data to protect commercial confidentiality.

(c) The data shall be used to monitor equity in the access to the product supplied through the pipeline, detect hoarding behavior, and inform future LOT awards and regulatory decisions.

10.7 Product Lien

Product Lien is a claim or legal right to an OMC's Low Sulphur Gasoil (LSG), which will be held by TAZAMA as collateral enforcement to secure payment of the Transport Differential and TAZAMA fees. TAZAMA shall hold this product and shall sell it if the obligations are not met within seven (7) calendar days of exhausting the sale of the lot.

(a) Lien shall be placed on the allocated quantity of product for a period of one week, and the quantity under lien shall be priced at the prevailing ERB wholesale price and will factor in applicable risks, including price reduction and exchange losses. Any amounts realized beyond the stipulated obligations shall be remitted back to the supplier.

(b) All products that roll over (i.e., remain in storage for over thirty (30) days) shall be subject to the conditions of the TPPL hospitality agreement, except for handling fees, which shall remain excluded.

(c) Prior to the enforcement or sale of any product subject to a lien, TAZAMA Pipelines Limited shall issue a written notice of default to the affected Oil Marketing Company, allowing a reasonable opportunity to dispute the claimed obligation or remedy the default. Any sale of liened product shall be conducted in a commercially reasonable and transparent manner, and any surplus proceeds after settlement of the outstanding obligation shall be promptly remitted to the affected Oil Marketing Company.

10.8 Contractual Requirement for Cargo Delivery at the TAZAMA Dar es Salaam Tank Farm

(1) Upon determination and award of contract to the successful Oil Marketing Company (OMC), TAZAMA Pipelines Limited shall determine the proposed delivery period for the awarded cargo under the tender cycle, for purposes of tracking and contract monitoring.
Upon submission of the Performance Security by the successful OMC, TAZAMA shall, at a specified time prior to delivery, confirm the berthing slot, cargo scheduling, and compliance with contractual requirements at the TAZAMA Dar es Salaam Tank Farm.

The process shall be as outlined below:

(a) The successful OMCs shall nominate a delivery vessel at least **thirty (30) days** prior to the first day of the delivery date range.

(b) The **Tanzania Ports Authority (TPA)**, in consultation with **TAZAMA Pipelines Limited (TPL)**, shall vet and either approve or reject the nominated vessel based on **INTERTANKO's standard Tanker Chartering Questionnaire 88 (Q88)** and other relevant requirements, within **twenty-four (24) hours** of receipt of the nomination.

(c) After vessel approval, the successful OMCs shall submit shipping documents from the load port to TAZAMA Pipelines ten (10) days before the first day of the delivery date range. Required documents include:

- Invoice
- Certificate of Origin
- Certificate of Quantity & Quality issued by an Independent Inspector at the load port
- Bill of Lading
- Cargo Manifest

(d) TPL shall issue **Discharge** Instructions to the successful OMCs indicating the receiving tanks at the TAZAMA Dar es Salaam Tank Farm, **five (5) days** before the first day of the delivery date range.

(e) The successful OMCs or their shipping agent shall lodge the vessel's manifest online with the Tanzania Revenue Authority (TRA) and Tanzania Ports Authority (TPA) seventy-two (72) hours before the vessel tenders Notice of Readiness.

(f) **Sampling of the cargo** on board shall be conducted by TPL, the Independent Inspector, and the Surveyor appointed by the successful OMC prior to discharge.

(g) Product with **non-conforming quality** shall be rejected and shall not be discharged. The respective vessel shall carry the product back to its original loading port. This shall constitute **failure to deliver** by the OMC, and **Clause 8.3.5** shall apply.

(h) The TPL-contracted Independent Inspector shall certify the **quantity and quality** of the product received and issue the respective survey reports (**Outturn Reports, Certificate of Quantity, and Certificate of Quality**) for each vessel.

(2) In the event that a successful OMC does not satisfy the above requirements, TAZAMA shall write to the OMC **requesting written confirmation** on the status of cargo delivery arrangements. Such written confirmation shall be retained and reviewed against the **stipulated delivery period** proposed by the OMC.

If the OMC fails to meet the delivery obligation **within the specified period**, TAZAMA shall consider invoking **punitive provisions** contained in the Guidelines, including **termination and sanctions** leading to the suspension of the OMC from access to the pipeline.

10.9 **Export Permit, Oversight, and Transparency**

(a) Oil Marketing Companies (OMCs) seeking to export product shall apply to the Ministry of Energy, and shall include the proposed export volume, destination, and proof of domestic nomination fulfillment.

(b) The Ministry shall only approve the export of Low Sulphur Gasoil (LSG) under the Open Access Framework where TAZAMA Pipelines Limited, in consultation with the Energy Regulation Board (ERB), confirms that domestic demand has been satisfied and that ullage thresholds have been exceeded in accordance with Clause 10.1(b).

(c) All approved export permits shall be published on the Ministry of Energy website and the ERB website and shall include the following details:

- Name of the OMC;
- Volume approved for export;
- Destination country;
- Beneficial Ownership (BO) disclosure of the OMC.

11. REVIEW OF GUIDELINES

11.1 These Guidelines shall be subject to a comprehensive review **every two (2) years** to ensure continued relevance, operational efficiency, and alignment with prevailing legal and policy frameworks.

11.2 An ad hoc review may be initiated at any time in response to significant developments, including but not limited to a shift in government policy, amendments to applicable legislation, or a demonstrated need to improve clarity and implementation of the Guidelines. Any stakeholder may submit a written request for such a review to TAZAMA Pipelines Limited.

11.3 Upon receipt of a formal request for review, TAZAMA Pipelines Limited shall assess the submission(s), and if necessary within thirty (30) calendar days, constitute a Technical Review Committee to consider the proposed amendments. The composition of the Committee shall ensure adequate representation of key stakeholders.

11.4 Any revisions adopted by the Review Committee shall be submitted to the **Energy Regulation Board (ERB)** for approval, in accordance with **Regulation 31** of the **Energy Regulation (General) Regulations**, Statutory Instrument No. 41 of 2023.

FIRST SCHEDULE

ADMINISTRATIVE ARRANGEMENTS AND PROCEDURES FOR THE PRE-QUALIFICATION EVALUATION COMMITTEE AND SELECTION COMMITTEE

1. The office of a member shall be vacated —

   a) on the member's death;

   b) if the member is adjudged bankrupt;

   c) if the member resigns by way of written notice to the Minister of Energy stating clearly the date of resignation;

   d) if the member becomes legally disqualified from performing duties as a member; and

   e) if the member is convicted of an offence under the Energy Regulation Act or any other law.

2. Where there is a vacancy in the membership of the Pre-qualification Evaluation Committee or Selection Committee before the expiry of the term of office, the Minister of Energy shall appoint another person to replace the member who vacates office subject to the provisions in Section 5 of these guidelines. The person appointed shall only hold office for the remainder of the term.

3. Seven members of the Pre-qualification Evaluation Committee or Selection Committee shall constitute a quorum.

4. There shall preside at a meeting of the Pre-qualification Evaluation Committee or Selection Committee

   a) the Chairperson;

   b) in the absence of the Chairperson, the Vice-Chairperson; or

   c) in the absence of the Chairperson and the Vice-Chairperson, such member of the Committee as the members present may elect from among themselves for the purpose of that meeting.

5. A decision of the Committee shall be by a majority of the members present and voting at the meeting and, in the event of equal votes, the person presiding at the meeting shall have, in addition to a deliberative vote, a casting vote.

6. The Committee may invite any person whose presence, in its opinion, is desirable to attend and participate in the deliberations of a meeting of the Committee, but that person shall have no vote.

7. The validity of any proceedings, act or decision of the Committee shall not be affected by any vacancy in the membership of the Committee or any defect in the appointment of any member or by reason that any person not entitled to do so, took part in the proceedings.

8. The Secretariat of the Committee shall cause minutes to be kept of the proceedings of every meeting of the Committee.

9. A member of the Committee may be paid allowances that will be determined by TAZAMA Pipelines Limited.

10. A person who is present at a meeting of the Committee at which any matter, is subject of consideration and in which that person or any member of the person's family, relative or associate is directly or indirectly interested in a financial capacity shall, as soon as practicable after the commencement of the meeting, disclose that interest and shall not, unless the Committee otherwise directs, take part in any consideration discussion of, or vote on any question relating to that matter.

ANNEX I:

STANDARDIZED CHECKLISTS FOR IMPLEMENTATION AND COMPLIANCE

This annex outlines the key operational checklists to be used in the administration, evaluation, and compliance processes related to the Open Access Guidelines (Version 2) for the transportation of Low Sulphur Gasoil.

1. Pre-Qualification Compliance Checklist (For OMCs)

Item	Requirement	Submitted (Yes/No)	Remarks
1	Certificate of Incorporation, PACRA computer printout and equivalent documentation/information in the case of a non-resident JV partner		
2	Valid ERB License to Import, Export & Distribute Petroleum		
3	Valid ZRA Tax Clearance Certificate		
4	Valid NAPSA Compliance Certificate		
5	Valid Workers Compensation Fund Control Board Compliance Certificate		
6	Financial Reference Letter + 6 Months' Bank Statements		
7	Company Profile (incl. key management CVs)		
8	Litigation Status Letter (Independent Legal Opinion)		
9	Declaration of Solvency (by Registered Insolvency Practitioner)		
10	Proof of International or Local Petroleum Trading Experience		
11	Valid Power of Attorney (Board/CEO/Company Secretary)		
12	JV Agreement (if applicable) + Supporting Documents from All Parties		

2. Evaluation Committee Review Checklist

Item	Criteria	Compliant (Yes/No)	Remarks
1	Submission received before deadline		
2	All required documentation attached		
3	Financial capacity confirmed		
4	Legal and tax status compliant		
5	Bidding entity not in multiple JVs or conflicts		
6	Power of Attorney validated		
7	Technical scoring completed		
8	Conflict of interest declaration signed		

3. Post-Selection Contracting Checklist

Item	Requirement	Status (Received/Pending)	Remarks
1	Letter of Award issued		
2	Performance Security (10% CIF value) submitted		
3	Throughput & Storage Agreement signed		
4	Delivery schedule confirmed		
5	Confirmation of ERB-compliant sale price		
6	Financial settlement mechanism agreed (differential to Energy Fund)		

4. Monthly Tender Cycle Checklist

Item	Milestone	Target Date	Status	Remarks
1	Issue Invitation for Financial Proposals			
2	Submission Deadline (First Tuesday)			
3	Public Bid Opening Conducted			
4	Best Evaluated Bidder Determined			
5	Letters of Award Issued			
6	Contract Execution			

5. Emergency Tender Checklist

Item	Action	Completed (Yes/No)	Remarks
1	Emergency Tender Trigger Justified (e.g., failure to perform, force majeure)		
2	Notification to ERB and Ministry of Energy Issued		
3	Pre-qualified OMCs Invited		
4	Bid Floatation Period (Max 7 Days)		
5	Bid Opening and Evaluation		
6	Award & Contract Finalized		

ANNEX II:

EXPORT LICENCE APPLICATION TEMPLATE

This form shall be completed and submitted by all Oil Marketing Companies (OMCs) seeking approval to export Low Sulphur Gasoil (LSG) under the Open Access Guidelines. It must be accompanied by all supporting documentation as stipulated under Clause 10.7 of the Guidelines.

1. **Applicant OMC Name**____

   ____

2. **ERB Licence Number:** ____

3. **Company Registration Number:** ___________________________________

4. **Physical Address:** ____

____

____

____

5. **Contact Person (Name, Email, Phone):**

   Name: ____

   Email: ____

   Phone: ____

6. **Quantity of LSG Proposed for Export (in Litres):** _____________________

   ____

7. **Origin of the Product (Tank Farm, Location):**

   Tank Farm: ____

   Location: ____

8. Intended Country of Export: ____

9. Proposed Exit Border Point: ____

10. Date of Proposed Export: ____

11. Justification for Export (Attach Supporting Documents):

____

____

____

12. Confirmation of Local Market Supply Fulfilment (Attach ERB-compliant proof):

____

____

13. Confirmation that Product has been Marked per SI Requirements (Attach Certificate):

____

____

14. Additional Comments or Special Requests (if any):

____

____

15. Declaration: I hereby declare that the above information is accurate and complete to the best of my knowledge. I acknowledge that any false or misleading information may lead to rejection of the application or revocation of licence.

Authorized Signatory: ________________________

Designation: ________________________________

Date: ____________________________________

ANNEX III:

OMC PIPELINE – OPEN ACCESS LSG NOMINATION TEMPLATE

{Print on Company's Letterhead}

Ref: TOA/OMC Name**/TPL/MM/YYYY.**
………………………………………………………

Date:

The General Manager
TAZAMA Petroleum Products Limited
P.O. Box 71651
NDOLA

Dear Sir,

RE: DEMAND REQUIREMENTS FOR LOW SULPHUR GAS OIL IMPORTED VIA TAZAMA OPEN ACCESS

Please find below our Product demand requirements of Low Sulphur Gas Oil for the Month of ……………………………………………

MONTH OF SUPPLY	LOT	DELIVERY DATE PREFERENCE	NORMINATED QUANTITY (Litres @20°C)			
			Retail	Commercial	Mine	**Total**
	LOT					
	TOTAL					

Regards

Name: ____________________________

Signature: ________________________

OMC
Seal /
STAMP

Cc: The Director General - Energy Regulation Board

Successful OMCs:

i. X
ii. X