



“A REJOINDER TO THE ARTICLE “PETROL SUBSIDY HITS N2.43B DAILY AS NNPC TAKES OVER CALCULATION FROM PPPRA”

Our attention has been drawn to the caption of an article published online by Sahara Reporters on Thursday 03/01/2019. The entirety of the said publication is untrue and prone to misleading the public.

The PPPRA deems it necessary to correct and clarify the rather distorted information as contained in the said publication, PPPRA as an Agency has been dispensing its obligation in line with the mandates as contained in the Act that establishes it and is not aware that another Agency has taken over its duties. The PPPRA website is regularly updated with relevant industry data except for occasional technical glitches affecting upload of the data.

Furthermore, PPPRA wishes to clarify as follows that:

- i. The Petroleum Support Fund (PSF) Scheme (subsidy) regime ended in December 2015.
- ii. There was no provision for subsidy in the National budget of the year 2016, 2017 and 2018 and as such no subsidy was computed by the Agency since 2015.
- iii. The Agency administered the Price Modulation Mechanism (PMM) for the period of January to May, 2016.
- iv. Presently, the scheme managed by PPPRA since May 2016 is the Appropriate Pricing Framework (APF). Under this scheme, the Agency regulates petroleum products supply and distribution through issuance of Quantity Notification (QN) and LAYCAN to NNPC and OMCs. It also monitors discharges at various facilities nationwide.

Due to challenges of Premium Motor Spirit (PMS) pricing in Fourth quarter 2017, OMCs withdrew from importation of the product. NNPC being the supplier of last resort stepped in to bridge the supply gap and has since then ensured adequate supply of the product to meet domestic demand.

According to NNPC, PMS import price differential resulting in under-recovery is being managed by the Corporation in line with the Act that establishes it. Most of the cargoes

brought by NNPC, are under the Direct Sale Direct Purchase (DSDP) contract which is not governed by the PSF regime. It was reported that NNPC withdrawal from NLNG dividend accounts to support the importation of PMS is in public interest. However, with the recent plunge in the price of crude oil in the international market, the Agency has observed a downward trend in the Expected Open Market Price of PMS, below the government approved pump price of N145/litre. It is expected that over-recovery could be witnessed and if this trend continues, thus will enable other marketers commence importation of PMS (Petrol).

Government ought to be commended for payment of N236 billion outstanding claims to Oil Marketing Companies (OMCs) and provision made for NNPC under-recovery in the 2019 Budget, measures which guarantee uninterrupted supply and distribution of petroleum products.

It is very important to state that PPPRA, provides daily, weekly and monthly reports on Petroleum Products Markets Fundamentals; supply and distribution data to the Office of the Honourable Minister of State for Petroleum Resources and NNPC. Also, we periodically provide the information to other government Agencies upon request, for instance, National Bureau of Statistics (NBS) and some Committees of the National Assembly. Moreover, PPPRA regularly monitors trends in the market fundamentals (Petroleum Products Prices) and makes such information available to industry stakeholders.

Based on PPPRA truck-out figures, the PMS (Petrol) National average daily supply for the year 2016 and 2017 was around 50 million liters while the estimated average for the year 2018 was about 53 million liters.

The PPPRA being the commercial regulator of the Nigerian downstream sector has maintained a cordial working relationship with all the relevant government Agencies, industry stakeholders and will continue to do same in the discharge of its mandate as enshrined in its enabling law in order to ensure efficiency and effectiveness in the supply and distribution of petroleum products.

Signed

Apollo Kimchi
For: Petroleum Products Pricing Regulatory Agency (PPPRA)
January 07, 2019