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STEPHEN GITAGAMA Chief Executive Officer | MUTUMA MATHIU Group Editorial Director
NG'ANG'A MBUGUA Managing Editor

Review scrapping of LPG exchange pool

Cooking gas, technically called Liquefied Petroleum Gas (LPG), has become a must for most homes in the country. With electricity, over-taxed kerosene and charcoal—lately hit by price inflation because of anti-fuel contamination taxes—official data has shown a huge jump in usage of gas even by poor households.

Officially, the policy has been to encourage usage of the clean energy to improve public health and save the environment. To a great extent, despite stalled public investments in infrastructure, the policy can be said to be successful.

However, it has to be noted that much of the success emanates from the 2009 rules mandating exchanging of gas cylinders by oil marketers and other players who have since proliferated. The rise of the number of players has created employment and business away from the oligopolistic players who are largely foreigners.

Now that seems set to change. A situation where one walks to any seller and exchanges a cylinder for any brand is now headed for history, thanks to amendments to the Energy (Liquefied Petroleum Gas) Regulations 2009, set to be gazetted tomorrow.

That will extinguish the exchange pool that has largely

helped stabilise the price of gas by providing a standard regulator.

The oil marketing companies (OMCs) have a genuine complaint when they say their brand names are being eroded through sub-standard bottling of gas in their cylinders. Indeed, a number of explosions have been reported, which in a way goes against the spirit of the pooling.

The firms also complain that players are failing to surrender cylinders costing them heavily. That has led to a clamour

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for the companies to get back control of their branded cylinders. However, given that the tight control is likely to cause loss of jobs and price pain for users as OMCs take advantage of the control to raise prices, the new rules are a step backward for the country and not progressive.

The relevant ministries should tell us the steps they took to resolve the negative aspects of the exchange pool before they are allowed to cause further unemployment—which seems to be the inevitable outcome. Policy should be about the welfare of the common man and painful ones should be the last resort. The exchange pool should be brought back with relevant legal refinements.