

## II ENERGY PRODUCTION AND PROCESSING

### 2.1 Imported Petroleum Products

In the third quarter of 2007/08, 492167 metric tons of petroleum products were imported into the country. This is 9.1 and 9.6 percent higher than the previous quarter and the corresponding period of last year, respectively. While volume of fuel oil import declined by 20.0 percent,

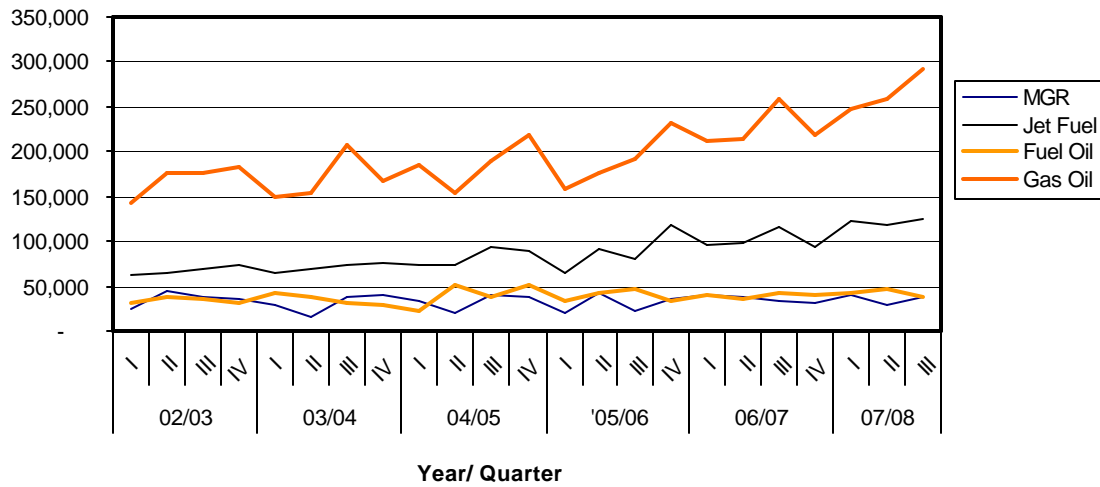
regular gasoline, jet fuel, and gas oil, however, rose 28.3, 7.4, and 13.1 percent over the preceding quarter (see Table 2.1 below). Gas oil imports accounted for about 59 percent of the total volume of petroleum imports during the review quarter, slightly higher than last year, followed by jet fuel (26 percent).

**Table 2.1: Volume of Petroleum Products Imported into the Country**

(In Metric Tons)

Petroleum Products	2006/07		2007/08				Percentage Change	
	Qtr II		Qtr I		Qtr II		C/A	C/B
	A	Share In %	B	Share In %	C	Share In %		
Regular Gasoline (MGR)	33,142	7	29,153	6	<b>37,402</b>	<b>8</b>	12.9	28.3
Jet Fuel	115,625	26	117,045	26	<b>125,719</b>	<b>26</b>	8.7	7.4
Fuel Oil	41,825	9	47,096	10	<b>37,672</b>	<b>8</b>	-9.9	-20.0
Gas Oil (ADO)	258,416	58	257,654	57	<b>291,374</b>	<b>59</b>	12.8	13.1
Total	<b>449,008</b>	<b>100</b>	<b>450,948</b>	<b>100</b>	<b>492,167</b>	<b>100</b>	9.6	9.1

Source: Ethiopian Petroleum Enterprise (EPE)

**Fig II.1: Trends in Volume of Petroleum Products Imported into the Country (MT)**

Similarly, oil import bill during the review quarter reached Birr 3.8 billion, 20.4 and 82.6 percent higher than the

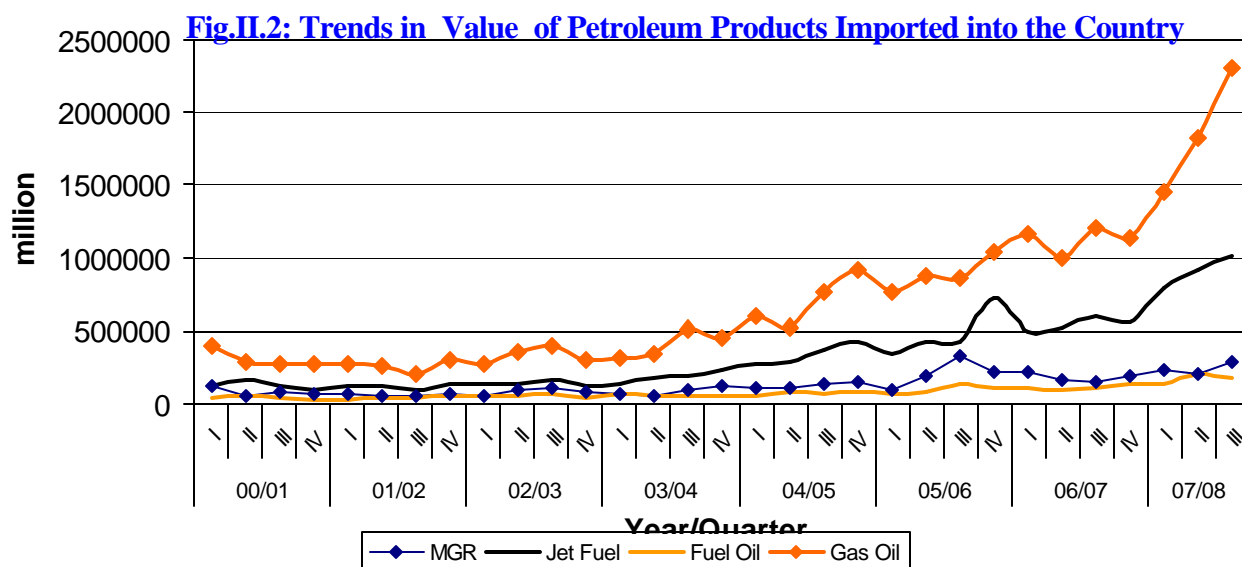
previous quarter and last fiscal year same period, respectively. The share of gas oil imports was 61 percent compared with 58 percent last year.

**Table 2.2 C&F Value of Petroleum Products Imported into the Country**

(In '000 Birr)

Petroleum Products	2006/07		2007/08				Percentage Change	
	Qtr II		Qtr I		Qtr II		C/A	C/B
	A	Share In %	B	Share In %	C	Share In %		
Regular Gasoline (MGR)	152,363	7	201,206	6	<b>285,520</b>	<b>8</b>	87.4	41.9
Jet Fuel	596,347	29	913,752	29	<b>1,007,784</b>	<b>27</b>	69.0	10.3
Fuel Oil	115,091	6	211,202	7	<b>180,149</b>	<b>5</b>	56.5	-14.7
Gas Oil (ADO)	1,207,880	58	1,816,553	58	<b>2,310,209</b>	<b>61</b>	91.3	27.2
<b>Total</b>	<b>2,071,681</b>	<b>100</b>	<b>3,142,712</b>	<b>100</b>	<b>3,783,662</b>	<b>100</b>	<b>82.6</b>	<b>20.4</b>

Source: Ethiopian Petroleum Enterprise (EPE)



The FOB prices of petroleum products on average increased 8.2 and 61.2 percent over last quarter and the same period last year. The quarterly increase in the FOB prices is attributed to the higher prices of all petroleum products; namely regular gasoline (8.8 percent), jet fuel (7.9

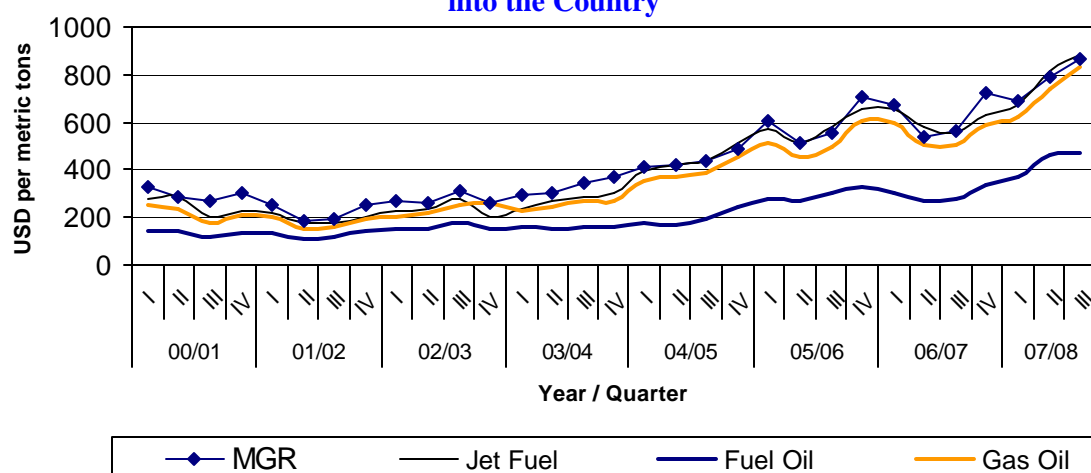
percent), fuel oil (2.1 percent) and gas oil (11.7 percent). The prices of all petroleum products have surged substantially ranging between 54 and 69 percent year-on-year basis.

**Table 2.3: FOB Price of Petroleum Products Imported into the Country**

(In USD/MT)

Petroleum Products	2006/07		2007/08		Percentage Change	
	Qtr II		Qtr I	Qtr II		
	A	B	C	C/A	C/B	
Regular Gasoline (MGR)	559.1	793.0	<b>863.0</b>	54.4	8.8	
Jet Fuel	551.2	819.0	<b>884.0</b>	60.4	7.9	
Fuel Oil	277.7	458.0	<b>468.0</b>	68.5	2.2	
Gas Oil (ADO)	500.3	743.0	<b>829.0</b>	65.7	11.6	
<b>Average</b>	<b>472.1</b>	<b>703.3</b>	<b>761.0</b>	<b>61.2</b>	<b>8.2</b>	

Source: Ethiopian Petroleum Enterprise (EPE)

**Fig. II.3 Trends in FOB Prices of Petroleum Products Imported into the Country**

Average retail oil prices, in the domestic market (proxied by Addis Ababa retail prices) rose by 31.4 and 25.5 percent over the preceding quarter and a year ago. This is due to the increase in prices of all petroleum components, ranging from 13.3 percent for fuel oil to 39.5 percent for kerosene. However, domestic

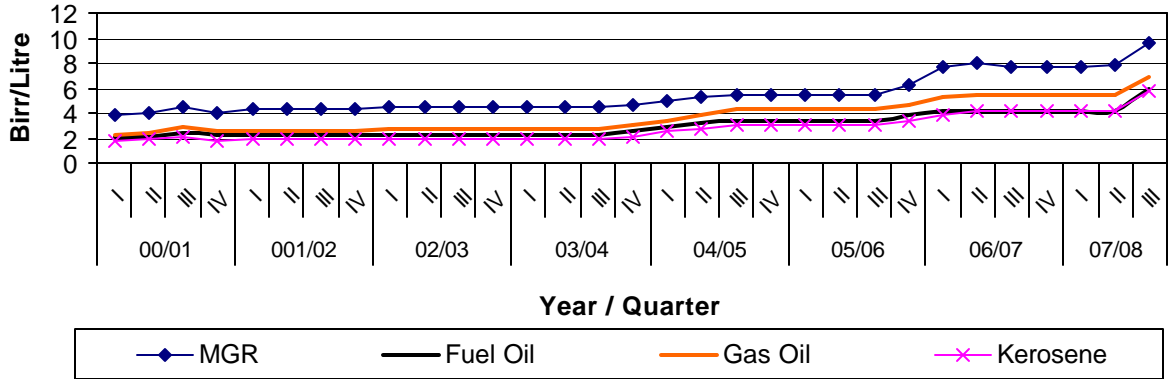
retail markets do not fully reflect movements of fuel prices in global market, due to government subsidy on selected types of petroleum product. Generally, domestic fuel prices are adjusted quarterly.

**Table 2.4: Retail Prices of Fuel in Addis Ababa**

(Birr/Liter)

Petroleum Products	2006/07		2007/08		Percentage Change	
	Qtr II		Qtr I	Qtr II	C/A	
	A	B	C	C/A	C/B	
Regular Gasoline (MGR)	7.70	7.80	<b>9.61</b>	24.8	23.2	
Fuel Oil	5.20	4.10	<b>5.89</b>	13.3	43.7	
Gas Oil (ADO)	5.40	5.40	<b>6.90</b>	27.8	27.8	
Kerosene	4.10	4.10	<b>5.72</b>	39.5	39.5	
<b>Average</b>	<b>5.60</b>	<b>5.35</b>	<b>7.03</b>	<b>25.5</b>	<b>31.4</b>	

Source: the Ethiopian Petroleum Enterprise (EPE)

**Fig. II.4 Trends in Addis Ababa Retail Price**

## 2.2 Electricity Generation

According to the Ethiopian Electric Power Corporation (EPCO), 903 million KWHs of electric power was generated in the second quarter of 2007/08. This is about 0.4 percent lower and 10.6 percent higher than the preceding quarter and same period of last fiscal year, respectively (Table 2.5). About 98.4 percent of the total electricity produced during the reported period was from hydropower sources while the remaining from thermal power.

The review quarter hydro electricity production represented less than 3 percent of the estimated hydropower production potential of the country. As

per the country's five year development program, known otherwise Plan for Accelerated and Sustainable Development to End Poverty (PASDEP), upon completion of the ongoing projects such as Tekeze (300 MW), Gilgel Gibe II (420 MW), Fincha Amerti Neshe (97 MW), and Beles (460 MW), hydropower generations and windmill power generation (50 MW) and Yayo (100 MW), the country's power generation capacity would grow from the current 791 MW to 2218 MW in the next five years. The 2006/07 annual progress report on PASDEP indicated that a total of 3386.71 GWH of electricity has been generated exceeding the set target by 10 percent.

The government has created conducive environment for the private sector to

participate in power generation. The private sector, communities and cooperatives are also encouraged to engage in off-grid transmission, distribution and sales of electric power during the PASDEP period.

over 6,000 rural towns and villages will be electrified creating electric power access to some 24 million people. The Corporation also envisages exporting electricity to neighboring countries such as Kenya, Djibouti and Sudan.

One of the major goals of PASDEP is Universal Electrification Access Program (UEAP). Under this program,

**Table 2.5: Electric Power Generation in ICS and SCS**

(In '000 KWH)

System of Power Supply	2005/06		2006/07				Percentage Change	
	Qtr. II	Share In %	Qtr. I	Share In %	Qtr. II	Share In %	C/A	C/B
	A		B		C			
<b>ICS</b>								
Hydro Power	803,018.20	98.2	896,251.90	98.8	889,881.30	98.4	10.8	-0.7
Thermal Power	2,104.60	0.3	4,675.00	0.5	7,621.90	0.8	262.2	63.0
<b>Sub-Total</b>	<b>805,122.80</b>	<b>98.5</b>	<b>900,926.90</b>	<b>99.3</b>	<b>897,503.20</b>	<b>99.3</b>	<b>11.5</b>	<b>-0.4</b>
<b>SCS</b>								
Hydro Power	-	-	-	-	-	-	-	-
Thermal Power	12,231.20	1.5	6,344.40	0.7	6,456.70	0.7	-47.2	1.8
<b>Sup-Total</b>	<b>12,231.20</b>	<b>1.5</b>	<b>6,344.40</b>	<b>0.7</b>	<b>6,456.70</b>	<b>0.7</b>	<b>-47.2</b>	<b>1.8</b>
<b>Grand Total</b>	<b>817,354.00</b>	<b>100.0</b>	<b>907,271.30</b>	<b>100.00</b>	<b>903,959.90</b>	<b>100.0</b>	<b>10.6</b>	<b>-0.4</b>

Source: Ethiopian Electric Power Corporation (EEPCo)