

## II. ENERGY PRODUCTION AND PROCESSING

### 2.1 Imported Petroleum Products

The Ethiopian Petroleum Enterprise (EPE) imported a total of 515,641 metric tones (MT) of petroleum products during the fourth quarter of 2007/08 fiscal year. This was higher by 4.8 and 34.1 percent vis-à-vis the volume imported during the preceding quarter and the same period

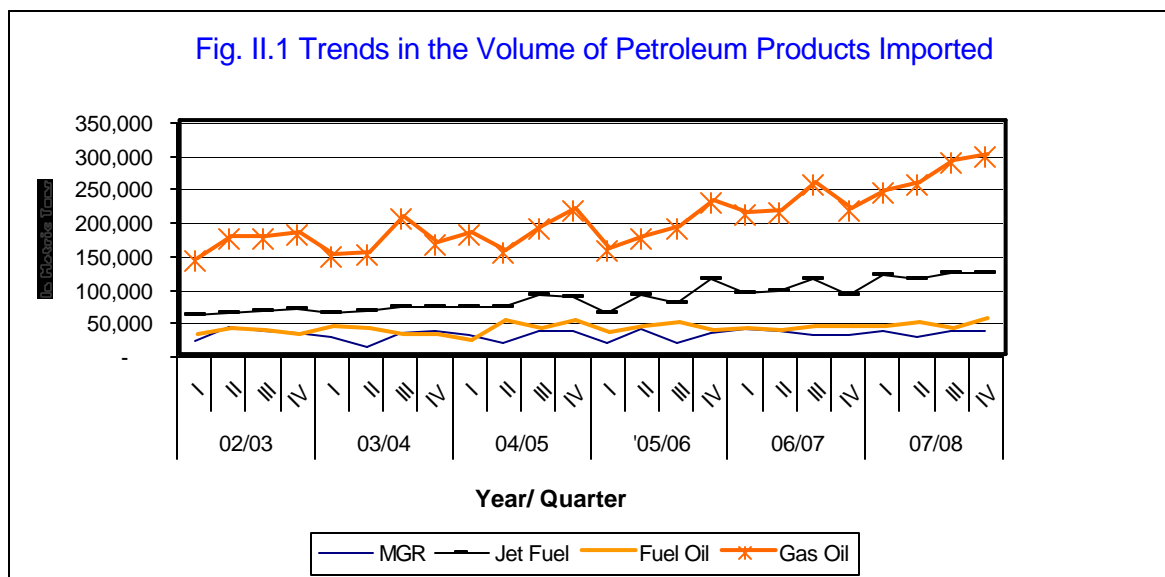
last year, respectively. Though high increment in volume was recorded for fuel oil with 41.5 percent, the volume of regular gasoline, jet fuel and gas oil imported during the reported time rose slightly (Table 2.1).

**Table 2.1: Volume of Petroleum Products Imported**

(in MT)

Petroleum products	2006/07		2007/08				Percentage change	
	Qtr. IV		Qtr III		Qtr IV		C/A	C/B
	A	Share %	B	Share %	C	Share %		
Regular Gasoline (MGR)	31,932	8	37,402	8	37,595	7	17.7	0.5
Jet Fuel	92,621	24	125,719	26	126,463	25	36.5	0.6
Fuel Oil	40,819	11	37,672	8	53,314	10	30.6	41.5
Gas Oil (ADO)	219,057	57	291,374	59	298,269	58	36.2	2.4
<b>Total</b>	<b>384,429</b>	<b>100</b>	<b>492,167</b>	<b>100</b>	<b>515,641</b>	<b>100</b>	34.1	4.8

Source: Ethiopian Petroleum Enterprise (EPE)



A total of Birr 2.476 billion was spent on petroleum imports during the review quarter, which exceeds that of the previous quarter and the same quarter of the preceding fiscal year by 44.7 and 171.6 percent, respectively. The pick-up

in the value of imports of petroleum is explained by the rise in the value of all petroleum products, i.e. fuel oil (76.2%), jet-fuel (47.6%), gas oil (42.0%) and regular gasoline (36.9%). (See Table 2.1 & 2.2)

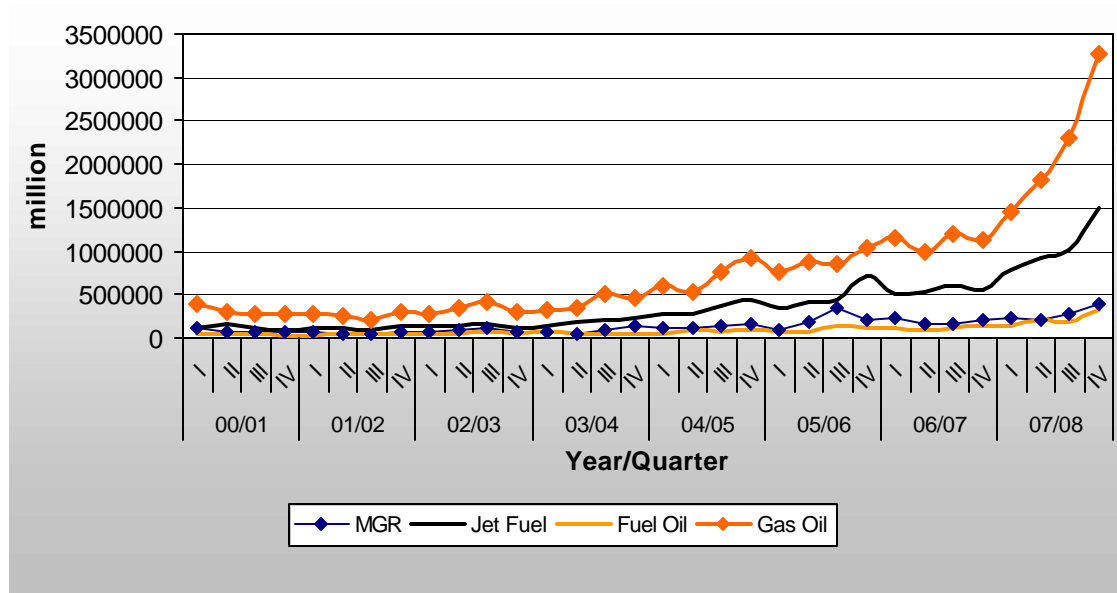
**Table 2.2 C&F Value of Petroleum Products Imported**

('000 Birr)

Petroleum products	2006/07		2007/08				Percentage change	
	QtrIV	Share %	Qtr III	Share %	Qtr IV	Share %	C/A	C/B
	A		B		C			
Regular Gasoline (MGR)	196,755	10	285,520	8	390,807	7	98.6	36.9
Jet Fuel	549,104	27	1,007,784	27	1,487,282	27	170.9	47.6
Fuel Oil	133,956	7	180,149	5	317,362	6	136.9	76.2
Gas Oil (ADO)	1,136,621	56	2,310,209	61	3,281,091	60	188.7	42.0
<b>Total</b>	<b>2,016,435</b>	<b>100</b>	<b>3,783,662</b>	<b>100</b>	<b>5,476,542</b>	<b>100</b>	<b>171.6</b>	<b>44.7</b>

Source: Ethiopian Petroleum Enterprise (EPE)

Fig.2.2: Trends in Value of Petroleum Products Imported



The average FOB price of petroleum products recorded a marginal variation in the fourth quarter of 2007/08. Compared to the previous quarter there was 30.6 percent increment and the average price further went up vis-à-vis the same quarter of last fiscal year by 74.6 percent.

Component wise, the FOB prices of jet fuel increased by 35.7 percent, gas oil

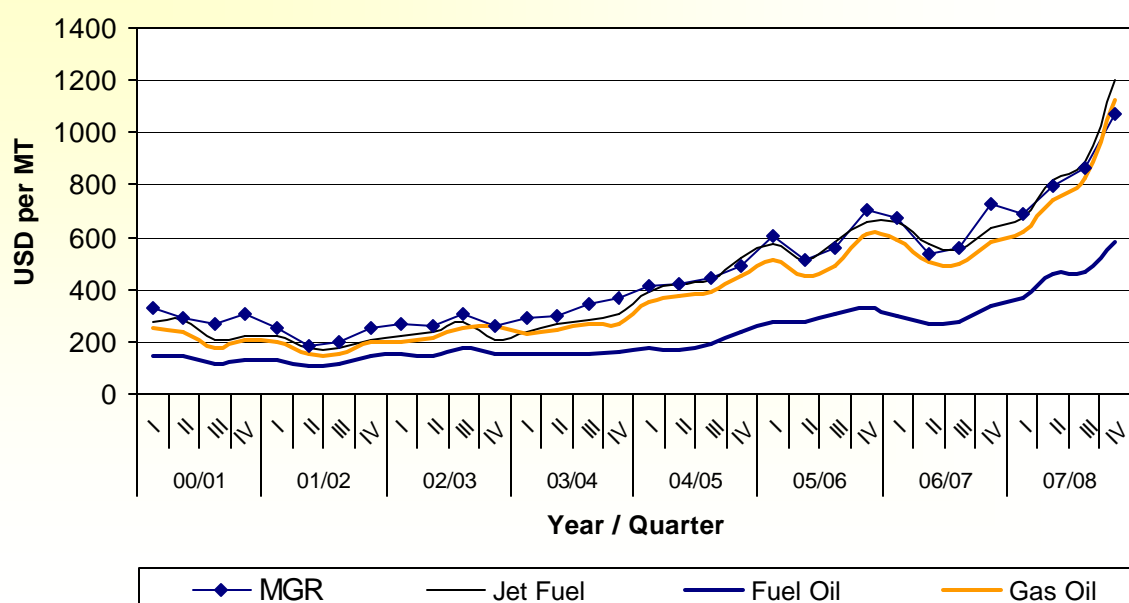
(35.6 percent), regular gasoline (24.4 percent) and fuel oil (23.6 percent) respectively. The hike in world oil prices is even more visible when seen against year-on-year basis, where the FOB prices of all oil products mounted by a wider margin (Table 2.3).

**Table 2.3: FOB Price of Petroleum Products Imported**

(USD/M T)

Petroleum Products	2006/07	2007/08		Percentage Change	
	Qtr IV	Qtr III	Qtr IV	C/A	C/B
	A	B	C		
Regular Gasoline (MGR)	726.1	863	1,073	47.8	24.4
Jet Fuel	632.2	884	1,200	89.8	35.7
Fuel Oil	334.2	468	578	73.0	23.6
Gas Oil (ADO)	584.5	829	1125	92.5	35.6
<b>Average</b>	<b>569</b>	<b>761</b>	<b>994</b>	<b>74.6</b>	<b>30.6</b>

Source: Ethiopian Petroleum Enterprise (EPE)

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

Despite the rising world oil prices, domestic average retail prices of oil products remained the same as the previous quarter level. This is due to

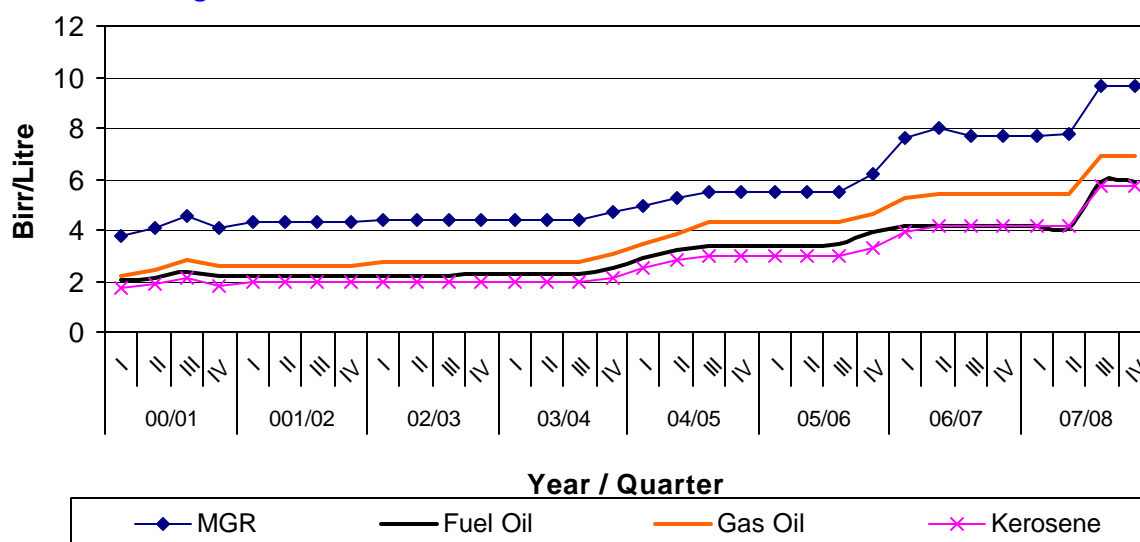
government's stabilization scheme to minimize the wide-ranging negative impact of the soaring prices on the domestic economy.

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

(Birr/Liter)

Petroleum Products	2006/07	2007/08		Percentage Change	
	Qtr IV	Qtr III	Qtr IV	C/A	C/B
	A	B	C		
Regular Gasoline (MGR)	7.70	9.61	9.61	24.8	0.0
Fuel Oil	5.16	5.89	5.89	14.1	0.0
Gas Oil (ADO)	5.44	6.90	6.90	26.8	0.0
Kerosene	4.10	5.72	5.72	39.5	0.0
<b>Average</b>	<b>5.60</b>	<b>7.03</b>	<b>7.03</b>	<b>25.5</b>	<b>0.0</b>

Source: Ethiopian Petroleum Enterprise (EPE)

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

## 2.2 Electric Power Generation

The total amount of electric power generated during the review period was 803 million Kilo Watt Hour (KWH).

This was lower than the preceding quarter and the fourth quarter of FY

2007/08 by 12.2 and 4.4 percent, respectively (Table 2.5).

Out of the total amount of electric power generated during the reported time, hydropower accounted for 90.1 percent; whereas the remaining 9.9 percent originated from thermal source.

With regard to system category, 99.1 percent of electric power generated was from the Interconnected System (ICS) and the remaining 0.9 percent from Self Contained System (SCS).

During the review quarter, hydro electric power 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 as Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) (2005/06 – 2009/10) 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 is expected to grow from 791

MW in 2005/06 to 2218 MW in 2009/10.

The 2006/07 annual progress report on PASDEP indicated that a total of 3386.71 GWH of electric power was generated exceeding the plan by 10 percent.

Besides, the government has created conducive environment for the private sector to engage in power generation activities. The private sector, local communities and cooperatives are also encouraged to engage in off-grid transmission, distribution and sales of power.

One of the major goals of PASDEP is Universal Electrification Access Program (UEAP). Under this program, over 6,000 rural towns and villages will get electrified thus creating electricity to some 24 million people. The Ethiopian Electric Power Corporation (EEPCo) also envisages exporting electric power to neighboring countries such as Kenya, Djibouti and the Sudan in the near future

**Table 2.5: Electric Power Generation**

('000KWH)

Power Source	2006/07		2007/08				Percentage Change	
	Qtr IV	Share	Qtr III	Share	Qtr IV	Share	C/A	C/B
	A	%	B	%	C	%		
Hydropower	830,031.5	98.7	861,405.1	98.8	723,876.4	90.1	-12.8	-16.0
Thermal Power	10,880.4	1.3	54,091.0	1.2	79,676.0	9.9	632.3	47.3
<b>Total</b>	<b>840,912</b>	<b>100</b>	<b>915,496</b>	<b>100</b>	<b>803,552</b>	<b>100</b>	<b>-4.4</b>	<b>-12.2</b>

Source: Ethiopian Electric Power Corporation (EEPCo)

**Table 2.6: Electric Power Generation from ICS and SCS**

('000KWH)

System of Power Supply	2006/07		2007/08				Percentage Change	
	Qtr IV	Share	Qtr III	Share	Qtr IV	Share	C/A	C/B
	A	%	B	%	C	%		
<b>ICS</b>								
Hydro Power	830,032	98.7	858,672	93.8	723,876	90.1	(12.8)	(15.7)
Thermal Power	3,518	0.4	47,271	5.2	72,201	9.0	1,952.6	52.7
<b>Sub-Total</b>	<b>833,549</b>	<b>99.1</b>	<b>905,943</b>	<b>99.0</b>	<b>796,077</b>	<b>99.1</b>	<b>(4.5)</b>	<b>(12.1)</b>
<b>SCS</b>								
Hydro Power	-		2,733	0.3		-		
Thermal Power	7,363	0.9	6,820	0.7	7,476	0.9	1.5	9.6
<b>Sub-Total</b>	<b>7,363</b>	<b>0.9</b>	<b>9,553</b>	<b>1.0</b>	<b>7,475</b>	<b>0.9</b>	<b>1.5</b>	<b>(21.7)</b>
<b>Grand Total</b>	<b>840,912</b>	<b>100.0</b>	<b>915,496</b>	<b>100</b>	<b>803,553</b>	<b>100</b>	<b>(4.4)</b>	<b>(12.2)</b>

Source: Ethiopian Electric Power Corporation (EEPCo)

