

CHAPTER 131
THE ELECTRICITY ACT
[PRINCIPAL LEGISLATION]
ARRANGEMENT OF SECTIONS

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CHAPTER 131

THE ELECTRICITY ACT

An Act to provide for the facilitation and regulation of generation, transmission, transformation, distribution, supply and use of electric energy, to provide for cross-border trade in electricity and the planning and regulation of rural electrification and to provide for related matters.

[1st April 2009]

[GN. No. 82 of 2009]

Acts Nos.
10 of 2008
17 of 2010
23 of 2015
3 of 2020

PART I

PRELIMINARY PROVISIONS

- | | |
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| Short title | 1. This Act may be cited as the Electricity Act. |
| Application | 2. This Act shall apply in relation to electricity supply industry in Mainland Tanzania. |
| Interpretation
Act No.
3 of 2020 s. 12
Cap. 414 | 3. In this Act, unless the context requires otherwise-
“annual report” means a report issued by the Authority annually in terms of section 49 of the Energy and Water Utilities Regulatory Authority Act; |
| Cap. 414 | “authorised area” means an area in which a distribution licensee has a non-exclusive right to sell or provide services to consumers; |
| Cap. 414 | “Authority” means the Energy and Water Utilities Regulatory Authority established under Energy and Water Utilities Regulatory Authority Act; |
| | “Commissioner” means a Commissioner for electricity affairs appointed under section 5 of the Act; |
| | “cross-border electricity trade” means trading in electricity between two states sharing a common border through |

an inter-connector power line or between more than two states not sharing common border, but linked through a power pool which involves export or import of electric energy between the states;

“Customer Service Charter” means a document which sets out terms and conditions of provision of service, rights and duties of a licensee and customers;

“customer” means a person who purchases or receives electricity for own use or sale;

“decommissioning” means the dismantle, removal or disposal of power plant facilities, structure, generating units, fuel processing units and transmission equipment and environment remediation;

“Distribution Code” means the technical and procedural rules and standards issued by the Authority governing matters pertaining to the distribution of electricity;

“distribution licensee” means a licensee authorised to undertake distribution activities;

“distribution” means the transportation of electric energy and power by means of medium to low voltage lines, facilities and associated meters, including the construction, operation, management and maintenance of such lines, facilities and meters;

“economic regulation” means an intervention to modify, as and when deemed appropriate, the economic behaviour of a regulated supplier aimed at narrowing choices in certain areas including prices, rate of return and methods of procurement;

“electricity supply industry” means electricity generation, electric power transmission, electricity distribution and electricity retailing;

“electricity supply installation” means a facility used to generate, transmit, distribute or supply electricity;

“eligible customer” means any person who is authorised by the Authority to enter into contract for the supply of electricity directly with any person licensed to generate electricity;

- Cap. 414 “EWURA Act” means the Energy and Water Utilities Regulatory Authority Act;
- Cap. 285 “Fair Competition Commission” means the Commission established by the Fair Competition Act;
- “franchise area” means the area within which a distribution licensee has the exclusive right to provide service to any customer who is not an eligible customer in that area;
- “generation licensee” means a licensee authorised to undertake electricity generation activities;
- “generation” means the production of electric energy and power from any primary source of energy;
- “Grid Code” means the technical and procedural rules and standards issued by the Authority on transmission and system operation;
- “high voltage” means ac or dc voltage of the amount equal or above to sixty six thousand plus or minus ten percent;
- “licence” means a licence issued by the Authority pursuant to the EWURA Act, relating to the electricity supply industry;
- “licensed activity” means the activities specified under section 9;
- “licensee” means a person authorised by the Authority to undertake a licensed activity;
- “low voltage” means ac or dc voltage less or equal to four hundred plus or minus five percent;
- “market operator” means a person licensed to administer wholesale trade in electricity;
- “market rules” means the technical and procedural rules issued by the Authority on the administration of wholesale trade in electricity;
- “medium voltage” means ac or dc voltage between or above four hundred voltage plus or minus ten percent and less or equal to thirty three thousand voltage plus or minus ten percent;
- “Minister” means the Minister responsible for electricity matters;

“off-grid” means an electricity supply system that is not electrically connected, directly or indirectly to any part of the transmission system;

“Performance Agreement” means an agreement between a licensee and the Authority which establishes incentives and penalties related to the measurable performance of the licensee, and which is designed to improve the efficiency and effectiveness of the licensee;

“Power System Expansion Plan” means a planning document prepared by the Minister and updated on an annual basis by the system operator, dealing with indicative medium and long-term plans for the expansion of the transmission system to cater for expected generation and demand developments;

“priority customers” means customers of a distribution licensee who, due to the essential nature of their activities, are prioritised by the Authority to receive supply when the licensee suspends electricity supply services;

“related business” means any business or company which directly or indirectly, in whole or in part, is owned by the licensee, or is owned by a company which owns or is owned by the licensee;

“Rural Electrification Strategy and Plan” means the document prepared by the Minister dealing with strategies and plans to promote access to electricity in rural areas;

Cap. 321 “Rural Energy Agency” means the agency established under Part IV of the Rural Energy Act;

Cap. 321 “Rural Energy Fund” means the fund established under Part V of the Rural Energy Act;

“service” means production and supply of electricity;

“Standardised Small Power Purchase Agreement” means the agreement between a utility entity and a developer entered for purposes of selling power to the grid not exceeding 10MW but not less than 100kW;

“Standardised Small Power Purchase Tariff” means the tariff agreed on in the Standardised Power Purchase Agreement;

“supply” means the sale of electricity by licensee to customers;
“system operator” means a person licensed to provide system operation services;

“transmission” means the transportation of electrical energy and power by means of high-voltage lines, facilities and associated meters, including the construction, operation, management and maintenance of such lines, facilities and meters; and

“transmission licensee” means a licensee authorised to undertake transmission activities.

PART II

POWERS OF THE MINISTER AND THE AUTHORITY

Powers of
Minister
Act No.
3 of 2020 s. 13

4.–(1) The Minister shall provide supervisory and oversight in the electricity supply industry and shall in that respect-

- (a) develop and review Government policies in the electricity supply industry;
- (b) prepare, publish and revise policies, plans and strategies for development of the electricity subsector;
- (c) take all measures necessary to reorganise and restructure the electricity supply industry with a view to attracting private sector and other participation in such parts of the industry, phases or time frames as he deems proper;
- (d) through the Rural Energy Agency, prepare, revise and publish the Rural Electrification Plan and Strategy;
- (e) promote the development of the electricity subsector, including the development of indigenous energy resources;
- (f) take measures to support and promote rural electrification in accordance with the Rural Energy Act, including the provision of funding for the Rural Energy Fund;

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- (g) formulate policy by which electricity may be imported or exported;
- (h) cause to be conducted inquiries into accidents or disasters caused by electricity; and
- (i) any other function as he may deem necessary.

(2) Without prejudice to subsection (1), the Minister shall exercise emergency powers and co-ordinate emergency responses in close co-ordination with the Authority and a licensee.

(3) For the purpose of this section, “emergency powers” means the mandate of the Minister to declare any situation as an emergency where the situation is characterised by an immediate unforeseen shortfall in electricity supply leading to an inability to meet electricity demand.

Commissioner
responsible for
electricity affairs
Act No.
3 of 2020 s. 14

5.-(1) There shall be a Commissioner for Electricity Affairs appointed by the President.

(2) The Commissioner for Electricity Affairs shall be the advisor of the Minister on matters referred to under section 4.
[s. 4A]

Powers of
Authority

6. The Authority shall have powers to-

- (a) award licences to entities undertaking or seeking to undertake a licensed activity;
- (b) approve and enforce tariffs and fees charged by licensees;
- (c) approve licensees’ terms and conditions of electricity supply; and
- (d) approve initiation of the procurement of new electricity supply installations.

[s. 5]

Functions of
Authority
Act No.
3 of 2020 s. 15

7.-(1) The functions of the Authority in relation to electricity supply industry shall be to-

- (a) protect customer’s interests through the promotion of competition;

- (b) promote access to, and affordability of, electricity services particularly in rural areas;
- (c) promote least-cost investment and the security of supply for the benefit of customers;
- (d) promote improvements in the operational and economic efficiency of the electricity supply industry and efficiency in the use of electricity;
- (e) promote appropriate standards of quality, reliability and affordability of electricity supply;
- (f) take into account the effect of the activities of the electricity supply industry on the environment;
- (g) protect the public from dangers arising from the activities of the electricity supply industry; and
- (h) promote the health and safety of persons in the working environment employed in the electricity supply industry.

(2) The Authority shall, in the exercise of its functions, consult the Minister on matters of common concern, including-

- (a) matters of security nature;
- (b) matters involving-
 - (i) preservation of the environment;
 - (ii) cross-border trade in electricity; and
 - (iii) development of other sources of energy in the electricity supply.

(3) A person who contravenes an order issued, direction or condition given by the Authority in relation to performance of its regulatory functions shall, on conviction, be liable to a fine of not less than three million shillings.

(4) A person who is aggrieved by the decision under subsection (3) may, within twenty one days from the date of the decision, appeal to the Fair Competition Tribunal.

[s. 6]

Reports

8. The Authority shall submit to the Minister-

- (a) an annual report as prepared in accordance with the requirement of section 49 of the Energy and Water Utilities Regulatory Authorities Act; and

Cap. 414

- (b) other reports on its activities relating to the electricity supply industry as the Minister may request.

[s. 7]

PART III OPERATING LICENCE

(a) Provisional Licences and Licences

Duty to obtain
licence

9.-(1) The following activities shall require a licence, namely-

- (a) generation;
- (b) transmission;
- (c) distribution;
- (d) supply;
- (e) system operation;
- (f) cross-border trade in electricity;
- (g) physical and financial trade in electricity; and
- (h) electrical installation.

(2) Any person intending to conduct any of the activities stipulated in subsection (1) shall be required to apply to the Authority for a licence, unless-

- (a) that person has been exempted by the Authority; or
- (b) the activity is exempted, under subsection (3) or (4) of section 20.

(3) The Authority shall, by rules, make procedure for application of a licence.

(4) The issuance of a licence to a person in relation to a certain activity shall not limit the Authority's power to grant a licence to another person providing the same or similar activity within the same area, unless the licence states otherwise.

(5) A person who contravenes the provisions of this section commits an offence and on conviction, shall be liable to a fine not exceeding ten million shilling or to imprisonment for a term not exceeding five years or to both.

[s. 8]

Contents and
consideration of
licence

10.—(1) The licence issued under section 9 shall, among others, contain-

- (a) the name and address of the licensee;
- (b) the licence term;
- (c) the licensed activities;
- (d) the basis for the determination of tariffs and fees;
- (e) the licensee's reporting requirements;
- (f) the area of operation; and
- (g) technical, financial and other necessary information as may be required by the Authority.

(2) The Authority shall, when considering application for a licence take into account-

- (a) the contribution of the proposed activities to meet the future electricity needs of customers;
- (b) the consistency of the proposed activities with the Power System Expansion Plan and Strategies and the Rural Electrification Plan and Strategies;
- (c) the contribution of the proposed activities to competitive conditions in the electricity supply industry;
- (d) the social and environmental impacts of the proposed activities;
- (e) the impact that the proposed activities may have on health and safety of employees and the public;
- (f) the legal, technical, economic and financial capacity of the applicant to conduct the proposed activities;
- (g) the costs of the activities and the effect on electricity prices to customers;
- (h) any representations and objections to the proposed activities made by the public; and
- (i) other public interests which may be affected by the proposed activities.

(3) The Authority shall not issue a licence for any activity where the applicant exhibits evidence of likelihood of the applicant to fail to comply with-

- (a) technical requirements provided by the Authority;

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- (b) the requirement to obtain water rights pursuant to the provision of the Water Resources Management Act, and other relevant laws, where such requirement is applicable to the activity; and
- (c) applicable environmental, consumer protection and public safety standards and requirements.
- (4) In issuance of a licence, the Authority may attach such conditions including-
 - (a) a requirement to maintain separate accounts for a licensee's separately licensed activities;
 - (b) the licensee's debt limits; and
 - (c) any other condition which the Authority may deem necessary.

[s. 9]

Suspension,
modification and
revocation of
licence

11.-(1) The Authority may suspend, vary or revoke a licence if the licensee violates terms and conditions of the licence, or any rule or regulations made under this Act, whereby-

- (a) the violation causes significant damage on public or private interest;
- (b) the violation occurs in a place repeatedly or persists for considerable period of time; or
- (c) the Authority determines that, as a consequence of the violation, the licensee is unable to fulfil his obligations.

(2) The Authority may change terms and conditions of any licence issued under this Act, provided that-

- (a) the licensee has been informed of the change; or
- (b) the modification is in the public interest, where the benefits to the public significantly exceed any disadvantages to the licensee.

[s. 10]

Transfer of
licence

12.-(1) A licensee seeking to transfer his licence shall, in writing, apply to the Authority.

(2) An application for transfer of a licence shall be made to the Authority and be accompanied by an application of the

person to whom the licensee intends to transfer the licence and the prescribed fee.

(3) The Authority shall satisfy itself of the legal, technical, economic and financial capacity of the transferee in undertaking the proposed activities and shall not withhold the consent to any application unless it has reasons to believe that the transferee is unable to adequately undertake the licensed activities or the public interest shall be prejudiced by such transfer.

(4) A licensee shall not transfer his licence without prior written consent of the Authority, where-

- (a) the transfer is made to another person who is not a licensee;
- (b) the transfer relates to the assets which the licensee requires to conduct its licensed activity; or
- (c) a third party becomes, by virtue of the transfer, a majority shareholder to the licensee.

(5) The transfer of any licence in violation of this section shall be void.

[s. 11]

Provisional
licence

13.-(1) The Authority may issue a provisional licence to carry out assessments, studies and any other activities necessary for application of a licence.

(2) The Authority may, in consultation with the Minister and by way of a public tender, invite applications for a provisional licence to undertake activities specified in subsection (1) and issue such a licence with condition that the holder shall, upon receipt of the provisional licence, apply to the Authority for a licence.

(3) Where a licensee intends to expand his licensed activities, he shall apply to the Authority for an approval to do so.

(4) The Authority shall make rules-

- (a) to determine when an expansion of licensed activities shall be considered significant;
- (b) prescribing criteria upon which provisional licence shall be required and be granted; and

- (c) terms and conditions of provisional licence.
- (5) The Authority may revoke a provisional licence if the holder-
 - (a) violates any provision of the licence;
 - (b) is unable to fulfill his obligations pursuant to the provisional licence; or
 - (c) fails to initiate work required within the time specified in the provisional licence.
- (6) A licensee seeking a transfer of a provisional licence issued by the Authority shall apply to the Authority to do so.
- (7) A provisional licence holder shall not transfer the same in the absence of a written approval by the Authority.
- (8) The transfer of any provisional licence in violation of subsection (7) shall be void.

[s. 12]

(b) Rights and Obligations of Licensees

- Rights of licensee **14.** A licensee shall be entitled to-
- (a) conduct his licensed activity;
 - (b) plan, develop, install, maintain and refurbish the facilities and equipment required to undertake his licensed activity;
 - (c) earn a fair return on his investment, provided that his investment has been approved by the Authority;
 - (d) collect revenues in accordance with his lawfully approved tariffs and fees;
 - (e) provide, at the request of his customers, metering and data collection equipment; and
 - (f) open access to transmission and distribution systems, where such access is permitted by the Authority.

[s. 13]

General
obligations of
licensee
Act No.
3 of 2020 s. 16

- 15.**-(1) A licensee shall purchase or sell electricity on the basis of contracts to be approved by the Authority.
- (2) The Authority may, where necessary, inspect licensed activities at any reasonable time.

(3) The Authority may, in consultation with the Minister, waive any requirement relating to a licensee's licensed activity pursuant to this Act.

(4) A licensee shall, at all time during the term of his licence, comply with the provisions relating to-

- (a) terms and conditions of his licence;
- (b) the provisions of this Act; and
- (c) all other relevant laws.

(5) Subject to rules established by the Authority and applicable contract provisions, a licensee shall-

- (a) safely and reliably provide services arising from his licensed activities to other customers;
- (b) provide access to its transmission or distribution assets on an open and non-discriminatory basis;
- (c) employ a sufficient number of qualified personnel to ensure compliance with the licence terms;
- (d) conclude a Performance Agreement with the Authority; and
- (e) prior to concluding any contract with another licensee or a customer, submit such contract to the Authority for its approval.

(6) In the conduct of his business, a licensee shall-

- (a) ensure that his customers are treated on a non-discriminatory basis;
- (b) ensure that comparable services are provided to all customers;
- (c) not engage in any activities that disrupt or inhibit competition; and
- (d) ensure that none of his separately licensed activities give any subsidy to, or receive any subsidy from any other separately licensed activity or any related business.

(7) A licensee shall pay licence fees to the Authority pursuant to this Act and the Energy and Water Utilities Regulatory Authority Act.

(8) A licensee shall take into account a need to preserve natural beauty, flora and fauna, buildings and sites of geological, archaeological or cultural significance.

(9) A licensee may require a consumer to make account, deposit commensurate with the consumer's estimated electrical energy consumption for a period agreed upon before electrical energy is supplied.

(10) The licensee may, taking into consideration the consumption and change of electrical energy tariffs, revise the amount of the deposit.

(11) In this section "account deposit" means a payment or payment assurance made by the consumer to the licensee as assurance for electric energy consumed for an agreed period in the form of cash, letter of credit, escrow account, bank payment guarantee or any other similar arrangements.

(12) A licensee who does not intend to renew his licence shall be required to give a notice to the Authority twelve months before the expiry of the period of licence or within such period as the Authority may prescribe.

[s. 14]

Obligation to
decommission
Act No.
3 of 2020 s. 17

16. A licensee shall, except where the decommissioning infrastructure is reverted to the Government, decommission an electricity supply installation upon cessation of the licensed activities in a manner prescribed in the rules.

[s. 14A]

Information
and reporting
obligations

17.-(1) A licensee shall maintain confidentiality of information and data under his custody relating to other licensees or his customers.

(2) A licensee shall keep proper records and books of accounts as may be prescribed by the Authority.

(3) The Authority may specify simplified record keeping and reporting requirements for licensees or persons exempted from the requirements of section 20.

(4) A licensee shall submit to the Authority in a true and correct form all data and information relating to performance of his functions as may be required by the Authority.

(5) A licensee shall, annually or within a prescribed time, submit a report to the Authority on his licensed activities, which shall include-

- (a) financial data;
- (b) technical data related to systems and equipment;
- (c) operational parameters; and
- (d) customer service information.

(6) A licensee who possesses more than one licence shall keep separate books of accounts and submit separate reports for each licence.

(7) A licensee shall notify the Authority annually of any accident that has occurred in any part of the work or in connection with the licensed activities but the notice of loss of life or serious personal injury occasioned by an accident shall immediately be reported to the Authority.

(8) A person who contravenes any provision of this section commits an offence and, on conviction, shall be liable to a fine not exceeding four million shillings or to imprisonment for a term not exceeding three years or to both.

[s. 15]

Generation
licence

18. Subject to subsection (1) of section 10, every generation licence shall include-

- (a) the source, capacity and technology of the generation facilities;
- (b) the location of the generation facilities; and
- (c) all applicable licence conditions.

[s. 16]

Transmission
licence

19.-(1) Subject to subsection (1) of section 10, transmission licences shall include-

- (a) the nature, capacity and technology of transmission facilities;
- (b) service territory within which a licensee is licensed to provide transmission services on an exclusive basis or the specific transmission facilities to which the licence applies; and

(c) all applicable licence conditions.

(2) Subject to subsection (1) of section 10, a transmission licensee shall be required to-

- (a) comply with all applicable requirements of the Grid Code;
- (b) maintain, improve and expand his transmission facilities in an economical manner, taking due account of the Power System Expansion Plan; and
- (c) provide transmission services to all users of his facilities on a non-discriminatory basis.

(3) Within three months of receiving a licence, a transmission licensee shall establish and publish procedures governing requests to connection access to its transmission facilities, which shall be subject to review and modification by the Authority.

(4) A transmission licensee shall not refuse an applicant a right to connect to its transmission facilities, provided that-

- (a) the applicant has fulfilled the requirements set out in the procedures provided for under subsection (3);
- (b) the Authority finds that the licensee is able to provide a connection while maintaining transmission services at charges, terms and conditions consistent with the public interest.

[s. 17]

Exemptions

20.-(1) The Authority may exempt any person from application of the requirements of section 9.

(2) An exemption under subsection (1) may be of a general or specific application, and be subject to such terms, conditions and limitations as the Authority may deem proper.

(3) A person who undertakes generation activities in rural areas where the installed generation capacity at a single site is less than one *megawatt* shall be exempted from the requirement to obtain a licence.

(4) A person who undertakes off-grid distribution and supply activities in rural areas where the maximum demand on

the off-grid system is below one *megawatt* shall be exempted from the conditions stipulated under section 9.

(5) The Authority may make rules in respect of activities which are exempted from the requirement as provided for under section 9.

(6) A person exempted under this section shall, in a manner to be provided by the Authority, report to the Authority such information on his activities as the Authority may require.

[s. 18]

Duration of
licence

21.—(1) A licence issued under this Act shall remain in force for a period prescribed therein.

(2) A licensee shall, within the period prescribed by the Authority, apply for a new licence.

(3) The Authority may renew a licence on such terms and conditions as it may determine.

[s. 19]

System and
market
operations

22.—(1) The Authority shall designate a person to be a system operator and licence such person to—

- (a) co-ordinate the power supply system, to obtain instantaneous balance between generation and consumption of electricity;
- (b) be responsible for dispatching all generation installations connected to transmission facilities;
- (c) co-ordinate planned generation and planned transmission outages;
- (d) monitor the cross-border trade of electricity;
- (e) recommend amendments to the Grid Code; and
- (f) perform such other functions as may be prescribed in its licence or in rules issued by the Authority.

(2) The system operator shall update on an annual basis, a Power System Expansion Plan taking into consideration—

- (a) policies, plans and strategies for the electricity sub-sector; and
- (b) proposed developments in generation and demand.

(3) In the performance of his licensed activities, the system operator shall abide by the Grid Code.

(4) The Authority shall designate a person to be a market operator and license such person to-

- (a) administer the operations of the wholesale electricity market;
- (b) admit members to the wholesale electricity market and require the lodging of securities from such members;
- (c) receive bids and offers to buy and sell electricity in the wholesale electricity market;
- (d) clear, reconcile and settle the wholesale electricity market;
- (e) collect such contract and metering information as may be required by his licence; and
- (f) recommend amendments to the market rules.

(5) The market operator shall, at all times in the performance of licensed activities, abide by the market rules.

(6) The Authority shall establish a criteria for designation of the system operator and market operator.

[s. 20]

Distribution
licence

23.-(1) Subject to subsection (3) of section 9, distribution licences shall include, among others-

- (a) the authorised area and the franchise area of the licensee;
- (b) the duration of the licence; and
- (c) all applicable licence conditions.

(2) Subject to conditions of licence and rules issued by the Authority, a distribution licensee shall-

- (a) comply with all applicable requirements of the Grid Code;
- (b) comply with all applicable requirements of the Distribution Code;
- (c) comply with all application requirements or rules issued by the Authority in respect of customer service standards;

- (d) comply with all application requirements or rules issued by the Authority in respect of safety and technical standards;
 - (e) maintain, improve and expand his distribution facilities in uneconomical manner in order to provide universal access within his franchise area; and
 - (f) provide distribution services to all users of his facilities on a non-discriminatory basis.
- (3) A distribution licensee shall, within three months of receiving a licence-
- (a) establish and publish procedures governing requests to connect to his distribution facilities, which shall be subject to the Authority's review and approval;
 - (b) not refuse an applicant the right to connect to his distribution facilities provided that the applicant has fulfilled the requirements set out in this Act;
 - (c) establish and publish systems and procedures to receive, register, investigate, resolve and report complaints made by his customers;
 - (d) establish and publish a standard contract for the distribution of electricity to a customer, which shall include the customer's rights and duties, and be subject to the Authority's review and approval; and
 - (e) establish and publish a Customer Service Charter, which shall reflect the complaint procedures, customers' rights and duties provided for under paragraphs (c) and (d).
- (4) The Authority shall make rules on the terms and conditions of licences for supply of electricity to customers.

[s. 21]

Cross-border
licences of
electricity

24.-(1) The Authority shall make rules on the terms and conditions of licences for cross-border trade of electricity.

(2) All application for cross border trade of electricity shall be accompanied by relevant agreements which shall be the basis for such application.

(3) Where a licensee amends the agreements referred to in subsection (2), or enters into new agreements, the amended or the new agreements, as the case may be, shall be submitted to the Authority for verification.

[s. 22]

PART IV

TARRIFS AND CHARGES

Tariffs regulation **25.**—(1) The Authority may regulate—

- (a) tariffs for the sale of electricity by licensees to other licensees, unless the electricity is sold in markets determined by the Authority to be competitive;
- (b) tariffs for the sale of electricity by licensees to customers other than eligible consumers;
- (c) charges for connection to, and the use of any transmission system;
- (d) charges for connection to, and the use of any distribution system;
- (e) prices and charges in respect of goods and services provided by licensees determined by the Authority to be subject to tariff regulation.

(2) Subject to the provisions of subsection (1), the Authority shall be guided by the principles that—

- (a) tariffs shall reflect the cost of efficient business operation;
- (b) tariffs shall allow licensees to recover a fair return on their investments, provided that such investments have been approved by the Authority;
- (c) costs covered by subsidies or grants provided by the Government or donor agencies shall not be reflected in the costs of business operation;
- (d) tariff adjustments shall, to the extent possible, ensure price stability;
- (e) access charges for use of a transmission or distribution system shall be based upon comparable charges for comparable use;

- (f) no customer class should pay more to a licensee than is justified by the costs it imposes upon such a licensee; and
 - (g) tariffs shall enhance efficiency in electricity consumption and shall encourage adequate supply to satisfy demand.
- (3) Regulated tariffs and charges may include automatic tariff adjustments, as approved by the Authority to reflect periodic changes in-
- (a) the cost of fuel;
 - (b) the cost of power purchases or the rate of inflation; and
 - (c) the currency fluctuation.
- (4) Notwithstanding the provisions of subsection (2), the Authority may prescribe maximum tariffs of a generic nature or simplified tariff methodologies, applicable to licensees or persons exempted under section 20.
- (5) Pursuant to rules made by the Authority, a licensee may require an advance financial deposit from a customer as security for the customer's future obligations.

[s. 23]

Tariff applications
and tariff changes
Act No.
3 of 2020 s. 18

26.—(1) A licensee shall submit proposed regulated tariffs to the Authority for approval.

(2) The Authority shall make amendments or review the regulated tariffs charged by a licensee once in every three years, and such amendments shall not be applied retrospectively.

(3) Where the Authority discovers that any tariff, charge term or condition of electricity service is not in compliance with this Act, it may require-

- (a) changes of the tariff, charge, term or condition of electricity service; and
 - (b) the licensee to compensate the affected customers in amounts established by the Authority.
- (4) A licensee shall not change a regulated tariff, unless-
- (a) such change has been approved by the Authority; and

(b) the licensee has provided a ninety days notice of his intention to make such change to the public.

(5) A licensee's notice under paragraph (b) of subsection (4) shall clearly indicate the change and the date on which such change shall become effective.

(6) The Authority may, when circumstances dictate, allow the tariff change provided for in subsection (4) to take effect on less than ninety days.

(7) A licensee shall indicate a change of circumstances or assumption that underlies an existing regulated tariff in its application for a tariff change.

(8) Notwithstanding any payments made for supply of electrical energy, electric supply lines shall be property of the licensee and may be used to supply other persons:

Provided that, such use does not prejudicially affect the supply of electrical energy to the person who first required such electric supply lines to be laid down or erected.

(9) A person who made payment in terms of subsection (8) shall be entitled to repayment by the licensee through reimbursement of cost of the electricity purchased or consumed at the rate and in the manner specified in the regulations.

[s. 24]

Power purchase
agreements

27.-(1) This section shall be applicable only to legally binding agreements concluded subsequent to the entry into force of this Act.

(2) A licensee may, by rules made by the Authority, conclude agreements for the purchase and sale of electricity.

(3) An agreement under subsection (1) concluded without an approval of Authority shall be void, unless such agreements relate to-

- (a) the sale of electricity to eligible customers;
- (b) electricity purchase and sale in markets determined by the Authority to be competitive; or
- (c) Standardised Power Purchase Agreement and tariffs for small power projects.

(4) The costs incurred by a licensee arising from its obligations pursuant to a power purchase agreement may only influence a licensee's regulated tariffs if the Authority deems that the costs were prudently incurred.

[s. 25]

Customer Rights and Public Protection¹

Service
obligations
Act No.
3 of 2020 s. 20

28.—(1) A licensee may suspend electricity supply services to its customers due to-

- (a) danger to life, health or safety;
- (b) danger or risk of damage to property;
- (c) instruction of the system operator;
- (d) insufficient supply of electricity;
- (e) instruction of the Authority, in the event of an emergency;
- (f) operational breakdowns in electrical facilities;
- (g) in order to carry out-
 - (i) connections to its distribution facilities;
 - (ii) scheduled or unscheduled maintenance;
 - (iii) repairs, inspections or refits;
 - (iv) tests or control measurements;
 - (v) network expansion; and
 - (vi) other activities which cannot be accomplished without a suspension of service.

(2) Notwithstanding subsection (1), suspension of electricity supply services by a licensee shall-

- (a) be as brief as possible;
- (b) affect the fewest number of customers possible; and
- (c) minimise suspension of supply to priority customers in accordance with the licensee's contingency plans referred to in subsection (5).

(3) A licensee shall, in non-emergency situations, give advance notice of the suspension of electricity services pursuant to rules established by the Authority.

¹ This subheading was introduced by Act No. 3 of 2020, s. 19.

(4) The Authority shall, where there is insufficient supply of electricity to meet the demand of all its customers, require a licensee to suspend electricity services in order to establish and follow contingency plans to supply priority customers.

(5) Subject to rules made by the Authority, a licensee shall be liable to compensate the customer who suffers loss of property or physical injury as a result of an act of a licensee which amounts to-

- (a) unlawful disconnection of electricity;
- (b) unlawful suspension of electricity services; or
- (c) poor quality of supply.

(6) The licensee shall be entitled to recover from the customer from loss suffered as a result of-

- (a) loss or damage in the licensee's equipment or properties which are in the custody of the customer or customer's premises;
- (b) loss or damages occasioned as a result of the licensee undertaking to rectify or repair the damage unlawfully caused by the customer;
- (c) loss or damages resulting from the customer tempering with licensee's installations or equipment, or maliciously or negligently causing physical or financial loss directly or indirectly to the licensee; or
- (d) other loss or damage which, in the natural course of things, does not require proof of having been caused by the customer.

(7) The amount of electrical energy consumed by the customer or the number of hours during which the supply is given, the quantity or time connected with the supply shall be ascertained by meters of a type approved by the Tanzania Bureau of Standards or determined in a manner agreed upon by the licensee and the customer.

(8) The Minister may make regulations prescribing the manner in which subsections (6) and (7) may be implemented.

[s. 26]

Licensee's rules
Act No.
3 of 2020 s. 21

29. The Authority shall make rules in respect of a licensee's obligations to-

- (a) serve other licensees and customers;
- (b) connect other licensees and customers; or
- (c) disconnect other licensees and customers.

[s. 27]

Disconnection of
electricity service

30.-(1) A licensee may disconnect the supply of electricity to a customer who-

- (a) unlawfully connected to the electricity system; or
- (b) is in breach of his contractual obligation in respect of electricity supply:

Provided that, disconnection does not violate contract or rules made by the Authority.

(2) A licensee shall reconnect a customer's electricity service upon full payment of a past due account and reconnection fees.

(3) In the event of a dispute relating to a payment obligation, reference for resolution may be made to the Authority.

[s. 28]

Service standards
and customer
complaints
Act No.
3 of 2020 s. 22

31.-(1) A distribution and supply licensee shall prepare-

- (a) customer protection standards;
- (b) service quality standards;
- (c) performance standards;
- (d) procedures that are appropriate to the customers of the licensee, including simplified procedures for the licensee's customers in rural areas;
- (e) programmes to inform customers on electricity related issues.

(2) A distribution and supply licensee shall establish-

- (a) an office to receive and respond to customer questions, concerns and complaints; and
- (b) maintain trained staff to address the issues under paragraph (a) timely and transparently.

(3) The Authority may conduct customer education programmes and require licensees to conduct the same.

[s. 29]

PART V

MONITORING, INSPECTION, INVESTIGATIONS AND COMPLIANCE

Monitoring
Act No.
3 of 2020 s. 23

32.–(1) The Authority shall establish systems and procedures to monitor and measure a licensee’s performance and compliance with this Act.

(2) Where prices in a part or all of the electricity market have been deregulated, the Authority shall monitor the behaviour of licensees participating in such parts of the market.

(3) The Authority may require the market operator to assist the Authority in fulfilling the function specified in subsection (2).

(4) The Authority may collect from a licensee any information it reasonably requires to fulfil its functions pursuant to this Part.

(5) Upon reasonable notice, authorised representatives of the Authority shall be given access to inspect the licensee’s premises, installations, books and accounts and other documentation for the purpose of investigating the licensee’s compliance with this Act.

(6) Information provided by a licensee to the Authority shall be treated as public information unless upon specific request by the licensee, to treat such information as confidential.

(7) The Authority shall, by rules, publish periodic reports on the performance of licensees, including the quality, reliability and security of supply, progress with electrification, investment, efficiency of operations and other standards of customer services.

[s. 30]

Inspection
Act No.
3 of 2020 s. 24

33.–(1) The Authority shall, in order to monitor and assess compliance with this Act, have right to-

- (a) inspect the construction of electricity facilities and works;
- (b) inspect existing facilities to ensure conformity with regulations, rules and standards; and

(c) test metering facilities to ensure their adequacy and accuracy.

(2) In carrying out inspection and test pursuant to subsection (1), an officer or an authorised representative of the Authority may, on reasonable notice, enter a licensee's premises at reasonable time.

[s. 31]

Investigations
and inquiries

34.—(1) The Authority may, upon receipt of a complaint or on its own motion, investigate—

- (a) a licensee for non-compliance with this Act; or
- (b) any aspect of a licensee's tariff.

(2) The Authority shall consult with the Fair Competition Commission in any investigation into anti-competitive behaviour.

(3) The Authority may conduct inquiries into the cause of any accident relating to electricity facilities which affect the safety of electricity sector operation, consumers or the public; and may order necessary corrective measures.

[s. 32]

Compliance

35.—(1) Where the Authority is of the opinion that a licensee has violated or is in violation of a condition of his licence, any requirement or order under this Act, the Authority may—

- (a) direct the licensee to comply with that condition, requirement or order;
- (b) suspend or revoke the licence in accordance with this Act; or
- (c) impose penalties.

(2) The Authority shall make rules prescribing penalties for—

- (a) engagement in any licensed activity without a licence;
- (b) breach of licence conditions;
- (c) tampering with or adjusting any installation or part of an installation;

- (d) manufacturing, importation or sale of any equipment so as to cause or likely to cause harm to human life or damage equipment or property;
- (e) affixing or causing to be affixed any advertisement, bill, notice or any paper against or upon, or otherwise defacing any building, post, bracket, other equipment or an enclosure thereof used for, or in connection with any electrical installation, without a consent of the licensee or the Authority;
- (f) offences relating to-
 - (i) negligently cause of injury or damage to any person or property in respect of any electrical supply, installation, equipment or any part thereof;
 - (ii) damage to any meter or other instrument used on or in connection with any licensed installation for recording the output or consumption of energy;
 - (iii) fraudulently-
 - (aa) abstracting electricity;
 - (bb) consuming electricity;
 - (cc) altering the index of any meter or other instrument used on or in connection with any installation for recording the output or consumption of electricity; or preventing any such meter or instrument from duly recording the output or consumption of electricity;
 - (dd) abstracting any oil, lubricant, additive from a transformer or any other part of an electrical installation.

(3) A person who fraudulently abstracts, consumes or uses any electricity shall be deemed to have committed theft; and the existence of artificial means for such abstraction shall be *prima facie* evidence of such act.

[s. 33]

PART VI

ACCESS TO LAND FOR INSTALLATIONS

Compulsory
access

36.—(1) A licensee may, upon issuance of a written notice to the landowner and to the Authority, enter private property for purposes of operating, repairing or maintaining his facilities.

(2) A licensee entering a property pursuant to subsection (1) shall—

- (a) use his best efforts to protect the rights and property of the landowner; and
- (b) upon completion of the work, keep such property to its former condition.

(3) A licensee shall remove or trim trees or other high vegetation which may pose threat to the safe and reliable operation of his facilities.

(4) Upon application by the owner of land on which a licensee has placed an electric supply line, the Authority may order the licensee, subject to any condition, alter the position of the line or remove the same.

(5) An electrical supply lines, meters, fittings, works or apparatus belonging to a licensee and lawfully placed or installed in or upon any premises which does not belong to the licensee, whether or not it is fixed to any part of such premises shall—

- (a) remain the property of, and may be removed by the licensee;
- (b) not be subject to the land road's distress for rent; and
- (c) not be the subject of execution arising from any process of law or legal proceedings in insolvency or liquidation against the owner or occupier of such premises.

[s. 34]

Wayleaves
Act No.
3 of 2020 s. 25

37.—(1) The licensee shall acquire a wayleave for electricity facilities.

(2) Owners of property on or bordering a wayleave shall not interfere with a licensee's rights related thereto.

Cap. 118

(3) A licensee shall compensate a property owner for any wayleave granted, and any dispute related to the amount of compensation shall be settled as if the wayleave had been obtained pursuant to the Land Acquisition Act.

(4) Subject to the relevant laws, a licensee shall be entitled to the free use of public bridges, roads, streets, pavements and other infrastructure for the purpose of laying, connecting, running or maintaining-

- (a) overhead power lines;
- (b) underground cables;
- (c) gas pipelines;
- (d) water pipelines;
- (e) oil pipelines; and
- (f) other installations as the Authority may approve.

[s. 35]

Compulsory
acquisition of
land

38.-(1) A licensee may, if there is a need to acquire land for the purpose of providing or maintaining electricity supply in accordance with this Act and with the consent of the Authority, request for allocation of land to the Minister responsible for lands in accordance with this section.

(2) The Authority shall provide a copy of its approval to the Minister responsible for lands and to the owner of the land or the person having interest in the land.

Cap. 113

Cap. 118

(3) The Minister responsible for lands shall, if is satisfied that the land or interest in land is required for the purpose of providing or maintaining electricity supply services to the public, pursue the acquisition of the land on behalf of the licensee in accordance with the Land Act and the Land Acquisition Act.

[s. 36]

PART VII

RURAL ELECTRIFICATION

Rural
Electrification
Plan and
Strategies

39.—(1) The Minister shall, in consultation with the Rural Energy Agency and the Authority, prepare a Rural Electrification Plan and Strategies for Mainland Tanzania, and periodically amend and update such plan.

(2) The Minister shall submit annually to the National Assembly a report on the progress and achievement of the Rural Electrification Plan and Strategies which shall contain information relating to—

- (a) expansion of the main grid in rural areas; and
- (b) development of off-grid electricity supply systems in rural areas, including new and renewable energy systems.

[s. 37]

Monitoring and
evaluation

40.—(1) The Minister shall, in consultation with the Rural Energy Agency and the Authority, cause to be established and maintained a rural electrification database for Mainland Tanzania to assist in the monitoring of progress and establishment of the targets of rural electrification.

(2) The Minister shall periodically evaluate the impact of the rural electrification program on economic and social development.

(3) The Authority may delegate its monitoring functions in respect of electricity supply in rural areas to the Rural Energy Agency, provided that the Rural Energy Agency submits reports on its activities to the Authority.

[s. 38]

Implementation
measures

41.—(1) The Minister shall cause to be adopted specific policies and may impose specific requirements, levies, relief and regulations for the promotion and development of rural electrification, in accordance with the Rural Energy Act.

Cap. 321

(2) The Authority may make rules prescribing different technical, quality of supply and reporting standards applicable to licensees' activities in rural areas, where such standards can reduce the costs of, and promote investment in rural electrification.

(3) The Authority may, in accordance with licence conditions or exemption under section 9 and 20, provide enough time for compliance with the specified standards and regulations under this section.

(4) For the promotion of the National Energy Policy in relation to rural electrification, a licensee shall be required to supply electrical energy to the local communities where electrical supply installations are located or along transmission lines.

(5) Where electrical generation is done by using natural resources obtained in Mainland Tanzania, the licensee shall be required to participate in development projects initiated by communities located near the generation point.

(6) The Minister may make regulations prescribing the manner in which subsection (4) and (5) may be implemented.

[s. 39]

PART VIII

REORGANISATION OF THE ELECTRICITY MARKET

Restructuring of
electricity market

42. The Minister may, in consultation with the Minister responsible for finance and the Authority, restructure the electricity supply industry in order to foster competition for increased efficiency, enhance development of private capital investment and promote regional electricity trading.

[s. 40]

Reorganisation of
electricity market
Acts Nos.
17 of 2010 s. 48
23 of 2015 s. 56

43.—(1) The Minister shall, within one year after coming into force of this Act, prepare and publish a policy for the reorganisation of the electricity market which policy shall stipulate—

- (a) the parts of the electricity market that shall be subject to competition;
- (b) the form of competition that shall be introduced in each relevant part of the electricity market; and
- (c) the time frames for the introduction of competition.

(2) In formulation of a policy, the Minister shall take into consideration—

- (a) international best practices regarding competition policies in the electricity sector;
- (b) the effects of competition on customer services, investment and private sector participation;
- (c) the size and nature of the electricity market in Mainland Tanzania;
- (d) any need to restructure existing entities in the electricity supply industry to give effect to competition; and
- (e) the views of the Authority, Fair Competition Commission, consumers and licensees.

(3) The Minister may, in consultation with the Authority, the Fair Competition Commission, consumers and players in the electricity supply industry, amend the policy at any time.

(4) The Minister shall take such steps as is necessary to give effect to the policy including the establishment of suitable market institutions.

(5) The Authority shall give effect to the policy by—

- (a) preparation or amendment of the market rules, grid code, Distribution Code or any other set of rules issued by the Authority;
- (b) defining eligible customers; and
- (c) deregulation of tariffs in relevant sections of the market, provided that the Authority is satisfied that competitive conditions in such sections of the market are adequate.

- (6) The Minister may make regulations prescribing for-
- (a) re-organisation of electricity market;
 - (b) promotion of competition in the generation, transmission and distribution of electricity; and
 - (c) competition in consumer services, investment and private sector participation in the electricity subsector.
- [s. 41]

PART IX

DISPUTES SETTLEMENT

Dispute
settlement

44. A dispute between the participants in electricity supply industry or between participants and the Authority or any other Government authority relating to application of this Act may be brought before the Fair Competition Commission for mediation.

[s. 42]

Appeal to Fair
Competition
Tribunal
Cap. 285

45.-(1) A person who is aggrieved by the decision of the Authority, may appeal to the Fair Competition Tribunal in accordance with the provisions of the Fair Competition Act.

(2) Notwithstanding the right of appeal conferred by subsection (1), any person aggrieved by an act of the Authority shall not have the obligation to refer the dispute to the Fair Competition Commission for mediation as a condition for being heard by the Fair Competition Tribunal.

[s. 43]

PART X

MISCELLANEOUS PROVISIONS

Regulations

- 46.** The Minister may make regulations prescribing-
- (a) assurance that supplies of electricity are sufficient to meet expected demand;
 - (b) protection of public from dangers arising from the generation, transmission or supply of electricity,

Cap. 321

- or from the installation, maintenance or use of any electrical equipment;
- (c) promotion of access to electricity in rural areas in accordance with the Rural Energy Act;
- (d) promotion of research into, and the development of new techniques relating to the electricity supply industry.

[s. 44]

Rules
Act No.
3 of 2020 s. 26

47. The Authority may make rules prescribing-

- (a) the governing activities of licensees;
- (b) the performance of its functions pursuant to this Act, including-
 - (i) determination of tariffs and fees;
 - (ii) accounting and reporting standards;
 - (iii) customer service standards;
 - (iv) non-discriminatory access to transmission or distribution facilities which are designated for common carriage;
 - (v) the operation and management of the transmission system, to be known as the Grid Code;
 - (vi) the operation and management of the distribution system, to be known as the Distribution Code;
 - (vii) the trading of electricity, to be known as the market rules; and
 - (viii) monitoring technical and safety standards;
- (c) management and benchmarking of energy use;
- (d) inspection of licensees' books of accounts and premises; and
- (e) terms and conditions for licences.

[s. 45]

Publication of
regulations and
rules

48. The regulations and rules made under this Act shall be published in the *Gazette*.

[s. 46]

Indemnity

49. No suit, prosecution or other proceeding shall not lie against any officer performing in good faith any functions under this Act or purporting to be done in the implementation of this Act.

[s. 47]

Repeal and
savings
Act No.
32 of 1931

50.—(1) [Repeals the Electricity Act.]

(2) A subsidiary legislation or notice made pursuant to the provisions of the repealed Act which was in force immediately before the commencement of this Act, so far as it is not inconsistent with the provisions of this Act, shall remain in force until they are revoked.

(3) Upon repeal of the Electricity Act, the following matters shall continue to have effect as if they were made pursuant to this Act—

- (a) provisions of the Electricity Act which require supply of electricity to continue to be given;
- (b) any tariffs fixed pursuant to the provisions of the Electricity Act;
- (c) any applications in process and anything done before this Act in relation to an application for a licence;
- (d) any meter of a pattern which was approved pursuant to the provisions of the Electricity Act;
- (e) any land compulsorily acquired or otherwise in the process of transfer pursuant to the provisions of the Electricity Act; and
- (f) a right of entry into any premises permitted pursuant to the provisions of the Electricity Act.

(4) A person who—

- (a) is in possession of a licence or permit issued prior to the enactment of the Energy and Water Utilities Regulatory Authority Act shall comply with this Act and all rules issued by the Authority pursuant thereto within one year of the coming into force of this Act;
- (b) is in possession of a licence to undertake distribution activities issued prior to the enactment of the Energy

Cap. 414

Cap. 414

and Water Utilities Regulatory Authority Act shall comply with the provisions of subsection (3) of section 23 within three months of the coming into force of this Act.

[s. 48]

General penalty
Act No.
3 of 2020 s. 27

51. A person convicted of an offence under this Act for which no specific penalty is expressly provided, on conviction, shall be liable to a fine of not less than three million shillings but not exceeding ten million shillings, and in the case of a continuing offence, to a fine not exceeding one million shillings for every day during which the offence continues after conviction.

[s. 48A]

Transitional
provisions

52. Except as otherwise provided in this Act, licences, permits, consents, orders and contract documents granted or made prior to the enactment of this Act in relation to the provision of electricity services shall remain in force for the terms set forth in such instruments or for such longer interim period as the Authority may grant.

[s. 49]