

*Extraordinary*



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**PETROLEUM PRODUCTS PRICING REGULATORY AGENCY  
(ESTABLISHMENT) ACT, NO. 8 OF 2003**  
**PETROLEUM PRODUCTS COMMERCIAL FRAMEWORK (PPCF),  
REGULATIONS, 2020**



ARRANGEMENT OF REGULATIONS

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SCHEDULES

S. I. No. 23 of 2020

**PETROLEUM PRODUCTS PRICING REGULATORY AGENCY  
(ESTABLISHMENT) ACT, NO. 8 OF 2003**

**PETROLEUM PRODUCTS COMMERCIAL FRAMEWORK (PPCF),  
REGULATIONS, 2020**

[5th Day of June, 2020]

Commence-  
ment.

In exercise of the powers conferred on it by section 24 of the Petroleum Products Pricing Regulatory Agency (Establishment) Act, 2003, and all other powers enabling it in that behalf, the Petroleum Products Pricing Regulatory Agency, with the approval of the President, makes the following Regulations—

1.—(1) The objectives of these Regulations are to—

Objective  
and  
application.

(a) promote efficiency, transparency and accountability in the downstream sector ; and

(b) coordinate the operational activities in the downstream sector.

(2) These Regulations shall apply to all operators in the downstream sector.

2. The following conditions shall apply to all operators in the downstream sector—

Operations  
in the  
downstream  
sector.

(a) downstream operators (including Refiners, Marketers, Depot Owners, Wholesalers, Retailers, Traders, etc.) wishing to carry out the business of petroleum products in Nigeria shall submit Expression of Interest together with all relevant documents required for registration with the Agency ;

(b) all application for registration with the Agency shall be subject to due diligence and execution of Contract Agreement, and registered Operators shall be issued a commercial license to supply petroleum products ;

(c) any Company registered and captured in the Agency's database wishing to supply petroleum products into the domestic market shall apply to the Agency for Quantity Notification (QN) ;

(d) the Agency's QN shall be a precondition for the issuance of DPR's Import Permit ;

(e) marketers' quarterly supply plan shall be submitted to the Agency, at least 2 weeks before the beginning of every quarter for planning purpose ;

(f) without prejudice to any other supply plan in the course of a quarter, marketers shall notify the Agency on LAYCAN programme for the quarter, based on the approved QN, 2 weeks before the beginning of the quarter for planning purpose and tracking supply performance ;

(g) marketers shall submit the Notice of Arrival (NOA) and other documents to the Agency at least 48 hours before a vessel's arrival and

ensure that the original/non-negotiable copies of original Mother Vessel documents are submitted by their Traders to the Agency prior to Ship-to-Ship (STS) transfer from the Mother Vessel ;

(h) marketers shall ensure that the Agency, DPR and other relevant Agencies attend to a vessel before commencement of discharge operations ;

(i) the Agency shall assign cargo Inspectors to fiscalize Arrival and Discharge of all petroleum products cargoes (including PMS, AGO, HHK, ATK, Base Oil, Bitumen, LPFO, HPFO, LPG and Ethanol) ;

(j) all Refineries, Depots, Jetties and Retail Outlets in the country shall give unrestricted access to the Agency in the course of carrying out its assignments in the discharge of its statutory mandate ;

(k) marketers shall pay the Agency Administrative Charge on all petroleum products (including PMS, AGO, HHK, ATK, Base Oil, Bitumen, LPFO, HPFO, LPG and Ethanol), not later than 3 days after discharge ;

(l) the Agency shall periodically engage Oil Marketing Companies and other downstream operators to ensure proper planning of products supply and distribution ;

(m) the Agency shall monitor prevailing market fundamentals and periodically advise on indicative prices for all refined petroleum products ;

(n) the Agency shall continue to work with Marketers in the submission of daily truck out information for the purpose of developing accurate database for proper planning and decision making ;

(o) the Agency may from to time request for information from the marketers, for the purpose of determination of indicative prices in the downstream sector ;

(p) traders shall notify the Agency of all intending buyers and submit Family Tree documentation to the Agency upon vessel arrival into Nigerian waters ;

(q) all local Refiners shall provide the Agency with monthly data on refinery production and evacuation and other relevant information on products basis ; and

(r) failure to comply with the provisions of these Regulations shall attract appropriate administrative sanctions as specified in the First Schedule to these Regulations and any other regulation issued by the Agency.

3. For the purpose of registration with the Agency, the following document shall be provided—

(a) written Expression of Interest ;

(b) proof of ownership of Storage Facility/Through-put Agreement/Retail Outlets ;

Checklist for registration with the Agency.

- (c) DPR Storage License ;
- (d) Certified True Copy (CTC) of Certificate of Incorporation ;
- (e) Certified True Copy (CTC) of Memorandum and Articles of Association ;
- (f) Certified True Copy (CTC) of Forms CO2 and CO7 (allotment of Shares and Particulars of Directors) ;
- (g) Annual Returns for 3 years ;
- (h) evidence of Bank Financing/Bank Reference Letter ;
- (i) Company Profile ;
- (j) FIRS Tax Clearance Certificate for 3 years ;
- (k) copy of Audited Reports for 3 years ; and
- (l) any other relevant document as may be required by the Agency.

**4.—(1) The Agency shall—**

- (a) issue Quantity Notification (QN) to Oil Marketing Companies and NNPC ;
- (b) monitor petroleum products supply during the quarter, based on LAYCAN programme forwarded by OMCs and NNPC ;
- (c) advise on periodic indicative pump prices of petroleum products ;
- (d) maintain a reliable databank on the Industry ;
- (e) ensure a level playing ground for all Operators ;
- (f) collaborate with PEF (Management) Board and other Stakeholders on products movement to ensure efficient products supply and distribution to every part of the country ;
- (g) embark on wide publicity and enlightenment programmes to educate Stakeholders and the public on the benefits of the Petroleum Products Commercial Framework (PPCF) ;
- (h) monitor petroleum market fundamentals, Indicative Prices and supply performance ;
- (i) perform conciliatory and mediatory roles among Stakeholders/ Operators ; and
- (j) set regulations on holding of strategic and commercial petroleum products stock and ensure compliance.

Role of parties.

**(2) The Department of Petroleum Resources (DPR) shall—**

- (a) issue import permits upon receipt of the Agency's QN to Oil Marketing Companies ;
- (b) ensure compliance with products quality specifications ;
- (c) oblige the Agency with necessary information and data relating to products supply (imports and local productions) and distribution ; and

(d) collaborate with the Agency and PEF (Management) Board on intelligence monitoring to check malpractices.

(3) The Petroleum Equalization Fund (Management) Board shall—

(a) regularly provide the Agency with data on products distribution (local and bridging) ;

(b) ensure that local and bridged products are received and acknowledged at invoiced destinations ; and

(c) collaborate with the Agency and DPR on intelligence monitoring to check malpractices.

(4) Oil Marketing Companies (OMCs) and NNPC shall—

(a) supply and distribute petroleum products nationwide ;

(b) comply with rules and regulations set by the Agency, DPR and PEF concerning products scheduling, shipment to Jetties, products transportation through the pipeline network, trucks or rail to storage Depots and evacuation to Retail Outlets ; and

(c) submit on a daily basis, data on products supply and distribution.

(5) The Petroleum Products Traders shall—

(a) be either local or international Companies duly registered in Nigeria ;

(b) sign an agreement with the Agency upon clearance, guaranteeing strict observance of international standards on trading in petroleum products in Nigeria ;

(c) disclose the sources of their supplies to the Agency for every shipment ;

(d) submit to the Agency on a quarterly basis, quantity of products supplied into the country and the beneficiaries ;

(f) submit to the Agency the Family Tree of each mother vessel at the end of her discharge ;

(g) confirm independently to the Agency, the quarterly supply to each Marketer for planning and tracking purpose ; and

(h) submit original/non-negotiable copies of original Mother Vessel documents to the Agency prior to Ship-to-Ship (STS) transfer from the Mother Vessel.

(6) the Agency's Independent Cargo Inspectors shall perform the following functions in collaboration with the Agency's staff—

(a) carry out Shore Tank inspection before discharge ;

(b) carry out on-board marine inspection of vessel, on arrival ;

(c) carry out inspection of vessel after discharge ;

(d) carry out Fiscalisation of shore tanks and inspection after vessel discharge ;

- (e) carry out cargo quantity reconciliation;
- (f) forward all reconciled data and relevant documents to the Agency ;
- (g) carry out nationwide stock taking exercise at the beginning of the year, mid-year, end of the year and on request by the Agency ; and
- (h) endorse all relevant documents submitted to the Agency.
5. The following three petroleum products procurement or supply sources are recognized by the Agency and the Certificate of Origin presented shall reflect any of these three sources—
- (a) Refineries ;
- (b) Blending Plants ; and
- (c) Certified Floating Storage.
6. All Importers shall furnish the Agency with the documents specified in the Second Schedule to these Regulations before the arrival of vessel.
7. The following shall be the checklist of supply document—
- (a) the Agency QN / DPR Import Permit ;
- (b) financial documents (Form M, Letter of Credit, Proforma and Final Invoice) ;
- (c) Notice of Arrival ;
- (d) Daughter Vessel (Original duplicate copies of Bill of Lading, Certificate of Origin, Cargo Manifest, Quality and Quantity certificates and other relevant documents on the checklist) ;
- (e) Mother Vessel (Original documents / duplicate copies of Bill of Lading, Certificate of Origin, Cargo Manifest, Quality and Quantity certificates and other relevant documents on the checklist) ; and
- (f) depot license, valid throughput or valid LPO.
- 8.—(1) The Agency shall appoint Independent Cargo Inspectors to fiscalize petroleum products vessel arrival and discharge.
- (2) Upon the satisfactory verification of documents by the Agency, Cargo Inspection Mandate (Nomination) shall be released to the Zonal Offices and the Marketer immediately.
- (3) The inspection process shall be carried out in the presence of the Agency and other relevant party.
9. The pricing template of the Agency is based on an Import Parity principle to—
- (a) encourage global competitiveness of local operators and adequate supply of petroleum products ;
- (b) guarantee full cost recovery ; and
- (c) ensure that consumers are not over charged.

Sources of supply.

Supply plan.

Checklist of supply document.

Cargo reception and inspection process.

Pricing template of the Agency.

Factors that determine the pricing template of the Agency.

Purpose of the pricing template of the Agency.

Interpretation.

Citation.

10. The pricing template of the Agency shall take into consideration the factors specified in the Third Schedule to these Regulations to determine prices of petroleum products.

11. The purpose of the pricing template of the Agency includes—

- (a) full recovery of cost of refining/blending or importation ;
- (b) prompt response to the dynamics of market fundamentals ;
- (c) transparency and ease of administration ;
- (d) sustainable margins to all stakeholders, such as Depot and Jetty owners, Retailers, Transporters and Dealers ;
- (e) consistency with the nation’s economic and social policies ;
- (f) elimination of hoarding and diversion of petroleum products ;
- (g) competitive cross-border pricing of products leading to elimination of products smuggling ; and
- (h) fairness to the end users and stability in Nigeria.

12. In these Regulations—

“Act” means the Petroleum Product Pricing Regulatory Agency (Establishment) Act, 2003 ;

“Agency” means the Petroleum Product Pricing Regulatory Agency ;

“AGO” means Automotive Gas Oil ;

“PPCF” means Petroleum Products Commercial Framework ;

“ATK” means Aviation Turbine Kerosene ;

“DPR” means Department of Petroleum Resources ;

“HHK” means House-Hold Kerosene ;

“LAYCAN” means Lay days /Lay time Cancelling ;

“MTA” means Marine Transport Average ;

“NNPC” means Nigerian National Petroleum Corporation ;

“NOA” means Notice of Arrival ;

“OMCs” means Oil Marketing Companies ;

“PEF(M)B” means Petroleum Equalisation Fund (Management) Board ;

“PMS” means Premium Motor Spirit ; and

“QN” means Quantity Notification.

13. These Regulations may be cited as Petroleum Products Commercial Framework (PPCF), Regulations, 2020.



## SCHEDULES

## FIRST SCHEDULE

[regulation 2(r)]

## LIST OF APPLICABLE SANCTIONS

## 1. OIL TRADING/SUPPLY COMPANIES

<i>S/No.</i>	<i>Default</i>	<i>Sanctions</i>
1.	Supply of petroleum products to the Nigerian market without the Agency approval.	Penalty of ₦1,500,000.00 (One Million five hundred thousand naira) and registration of company before commencement of further operations.
2.	Failure to disclose required documentation to the Agency as at when needed.	Penalty of ₦500,000.00 (Five hundred thousand Naira) and provision of required document (s).
3.	Submission of Forged Vessel and other Documents to the Agency.	Suspension from operations for a period of 3 months, and matter referred to the appropriate government Agency (s) for investigation and prosecution. Payment of Re-admission fee of ₦5,000,000.00 (Five Million Naira) to the Agency.

## 2. OIL AND GAS JETTIES/DEPOT OWNERS

<i>S/No.</i>	<i>Default</i>	<i>Sanctions</i>
1.	Failure to Register or renew registration with the Agency.	Penalty of ₦500,000.00 (Five hundred thousand Naira) to obtain approval to discharge the cargo and completion of registration processes within one month.
2.	Unauthorized Discharge Operations	Collaborate with other relevant Agency of government to seal off the Terminal until discharge approval is secured with a penalty of ₦2,500,000.00 (Two million five hundred thousand naira).
3.	Failure to pay the Agency Admin. Charge Three (3) days after issuance of Demand Note.	No Evacuation/ Truck out of Product until payment of the Admin Charge and penalty of ₦250,000.00 (Two Hundred and Fifty thousand Naira).
4.	Failure of third party Marketer to pay Agency Admin. Charge Three (3) days after issuance of Demand Note.	Penalty of ₦300,000.00 (Three Hundred Thousand Naira) by the product owner and full payment of Administrative Charge prior to commencement of evacuation. Depot owner shall ensure payment by the third party Marketer before commencement of evacuation.
5.	Casting off Vessels from the jetty without empty tank certification by the Agency Staff/nominated Surveyor.	(a) Penalty of ₦1,000,000.00 (One Million Naira) by the product owner. (b) Suspension for a period of 3 months.

S/No.	Default	Sanctions
6.	Non-Submission of documents for vessels at berth.	Penalty of ₦500,000.00 (Five Hundred Thousand Naira) and submission of documents within 24 Hours.
7.	Submission of Forged Vessel Documents to the Agency.	(a) Suspension for a period of 3 months, and matter referred to appropriate government Agency (s) for investigation and prosecution. (b) Payment of ₦5,000,000.00 (Five Million Naira) for re-admission.

## 3. OIL MARKETING COMPANIES/NNPC

S/No.	Default	Sanctions
1.	Failure to Register or renew registration with the Agency.	Penalty of ₦500,000.00 (Five Hundred thousand Naira) to obtain approval to discharge the cargo and completion of registration processes within one month.
2.	Importing/Supplying products without Agency QN.	Suspension for a period of 3 months and Payment of ₦1,500,000.00 (One Million, Five Hundred thousand Naira) as penalty.
3.	Submission of Forged Vessel and other documents to the Agency.	Suspension for a period of 3 months, and matter referred to the appropriate government Agency (s) for investigation and prosecution. Payment of ₦5,000,000.00 (Five Million Naira) re-admission fee.
4.	Failure to pay Agency Admin. Charge Three (3) days after issuance of Demand Note.	No Evacuation/ Truck out of Product until payment of the Agency Admin Charge and fine of ₦250,000.00 (Two Hundred and Fifty thousand Naira).

## SECOND SCHEDULE

[regulation 6]

## DOCUMENTS REQUIRED TO BE FURNISHED BY IMPORTERS

Stage	NNPC and Other Marketers	Time frame
STAGE 1	Quarterly Supply Plan	2 weeks before the beginning of every quarter.
STAGE 2	Submission of Quarterly LAYCAN	2 weeks before the beginning of every quarter.
STAGE 3	Notification of Arrival of Vessel (NOA)	48 hours prior to vessel arrival

## THIRD SCHEDULE

[regulation 10]

## DOCUMENTS REQUIRED TO BE FURNISHED BY IMPORTERS

<i>S/No.</i>	<i>Items</i>	<i>Description</i>
1.	Freight	The average clean tanker freight rate. It is the Average Cost of transporting (30kt) cargo from North West Europe (NWE) to West Africa (WAF).
2.	Product Cost (\$/MT)	The cost of gasoline as quoted on Platts. The reference spot market is FOB Rotterdam Barge.
3.	Exchange Rate (N/\$)	Exchange Rate of Naira to USD, Using the applicable CBN window.
4.	Lightering Expenses	STS/Local Freight Charge is the cost incurred on the transshipment of imported petroleum products from the mother vessel into daughter vessel, to allow for the easy navigation of the vessel to the Jetty.
5.	NPA	It is the cargo dues (harbor handling charge) charged by the NPA for use of Port facilities. The charge includes VAT and other related expenses.
6.	NIMASA Charge	Maritime Safety Administration, Marine Pollution Prevention & Control, Cabotage enforcement.
7.	Jetty Thru-put	This is the tariff paid for the use of facilities at the Jetty by Marketers, to move products from the Jetties to storage depots.
8.	Storage Charge	Storage Margin is for depot operations covering storage charges and other services rendered by the depot owners.
9.	Financing Cost	It refers to stock finance (cost of fund) for the imported product.
10.	Wholesale Margin	Allowable margin for importers of petroleum products.
11.	Transporters Margin (NTA)	Allowable margin for local transportation (Within the PEF(M)B Zones).
12.	Bridging Fund	Fund for maintenance of uniform pricing nationwide.
13.	MTA	Fund for transportation of products to Floating mega stations.
14.	Retailers Margin	Allowable margin for retailing of petroleum products.
15.	Admin. Charge	Administrative Charge collections for downstream sector commercial regulation.

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MADE at Abuja this 5th day of June, 2020.

ABDULKADIR SAIDU  
*Executive Secretary*  
*Petroleum Product Pricing Regulatory Agency*