



MINISTRY OF ENERGY AND PETROLEUM

Press Release on Petroleum Pump Price Stabilization

Petroleum pump prices have since December 2010 been regulated by the Energy and Petroleum Regulatory Authority (EPRA) in line with the Energy (Petroleum Pricing) Regulations, 2010 and later the Petroleum (Pricing) Regulations, 2022. The computation is undertaken through a formula outlined in the Pricing Regulations.

In April 2021, a spiking trend was witnessed in international oil prices due to accelerated demand as a result of recovery of major world economies after the COVID-19 lockdowns. This resulted in increasing landed costs and subsequently local pump prices. The Government then implemented a petroleum subsidy program to cushion the economy from the effects of high pump prices in line with the Petroleum Development Levy Order of 2020. The subsidy program was implemented till September 2022 when subsidies on Super Petrol were withdrawn. The subsidies on Diesel and Kerosene were thereafter withdrawn in May 2023.

In July 2023, as the spike in international oil prices resumed, the Government reintroduced a petroleum pump price stabilization mechanism to cushion the increases applied to petroleum pump prices. So far in FY2023/24, the Government has cleared all outstanding arrears in the FY2022/23 petroleum subsidy program using the monies from the Petroleum Development Levy budgeted for the FY2023/24 and incurred KShs. 9.9 Billion on account of petroleum pump stabilization, which will be financed through budget reallocations.

The petroleum pump price stabilization process is critical in cushioning the economy especially during instances of escalated international oil prices and hence the need to identify and secure resources for this purpose. The Ministry of Energy and Petroleum and the National Treasury will therefore work collaboratively to ensure that all future pump pricing decisions are aligned to the budgeted resources at all time.

.....ENDS.....



Davis Chirchir
Cabinet Secretary
Ministry of Energy & Petroleum



Prof. Njuguna Ndung'u, CBS
Cabinet Secretary
National Treasury & Economic Planning

22nd November, 2023