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REF: HAT/ENERGY/TANESCO/032011

The Minister of Energy and Minerals
Ministry of Energy and Minerals
P.O Box 2000
Dar es Salaam.

Dar es Salaam, March 16 2011

Dear Hon. Minister,

RE: PERSISTENT BURDEN OF POWER CUTS TO THE HOTEL SECTOR

Since November last year we are experiencing serious power cuts in Tanzania. For the Hotel business, where guests arrive and leave almost during the full 24 hours of the day, that means a lot of substituting the power supply by the usage of generators.

The official schedule for power cuts in Dar es Salaam shows that during the day the power is cut between 8AM and 6PM, meaning a black out of 10 consecutive hours and during the evening there is a cut from 6PM to 11PM, meaning 5 hours.

Even if the power comes back, there are times when the voltage is too low (only 1 phase returning for instance) so generators still need to be run to compensate for the power fluctuation. In the early weeks of this year, we had a report from one of our members who had to run his generator for 6 days in a row, because of this problem.

Another hotel reports that their current daily costs of just running the generator to support all the features in their hotel when the power is cut, totals up to TSH 1.000.000/= per day! And others are reporting a 20% increase in costs compared to last year and a 50% increase in fuel consumption, compared to last year.

Last January, Tanesco increased the electricity prices by 18%.

Fuel prices are increasing every day and we have not seen the end of these increases yet!

So what we are asking of you, on behalf of all the hotels in Tanzania, is to please intervene in this situation and:

1. Assess the possibility to ease the financial strain of both the high Tanesco rates and increase in Diesel prices;
2. Assess a stimulation package for investment in alternative electricity methods

Please do not hesitate to get in touch for any further clarification.

Thanking you in advance for your kind consideration.

Yours sincerely,

D. Mfugale
Chairman Hotels Association of Tanzania

CC: Chief Secretary – State House
CC: Managing Director TANESCO