



**INVITATION TO COMMENT ON NERSA'S PRELIMINARY DECISION TO EXCISE 36 UNDEVELOPED FUTURE GROWTH PIPED-GAS DISTRIBUTION AREAS LICENSED IN TERMS OF CLAUSE 5.1 OF SCHEDULE ONE TO THE AGREEMENT CONCERNING THE MOZAMBICAN GAS PIPELINE BETWEEN THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA AND SASOL LIMITED.**

The National Energy Regulator ("the Energy Regulator") is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). The Energy Regulator's mandate is to regulate the electricity, piped-gas and petroleum pipelines industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Gas Act, 2001 (Act No. 48 of 2001) and Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

The Energy Regulator issued 36 licences to Sasol Gas Limited (Sasol Gas) in October 2008 and March 2009 for the development of future growth areas as follows:

- 29 licences for the inland region (i.e. Gauteng, Mpumalanga and Free State Provinces) to enable Sasol Gas to develop gas distribution infrastructure in specific areas which were earmarked as future growth areas; and
- 7 licences for the coastal region (i.e. KwaZulu-Natal province) to enable Sasol Gas to develop gas distribution infrastructure in specific areas which were earmarked as future growth areas.

The licences were issued subject to a condition of licence requiring the development of the future growth areas in all the four provinces within a period of 5 years from First Gas (i.e. 26 March 2004). The licence conditions further provide for the excise of any areas that Sasol Gas may have failed to develop within the said 5 year period, in order to avoid foreclosure of the market to potential new entrants in these areas. After the expiry of the 5 year period, the Energy Regulator conducted a review to determine the areas that have been developed and those that have not been developed.

The areas that have been developed, and those that have not been developed, have been identified by the Energy Regulator in consultation with Sasol Gas. The Energy Regulator will accordingly excise all undeveloped areas from Sasol Gas' above mentioned licenses in terms of the licence conditions imposed by the Energy Regulator in relation to the 36 licences. This will be done in consideration of the need to allow access to potential new entrants into the gas market and to promote competition in the gas industry.

The maps depicting areas that have been identified as undeveloped and that will therefore be the subject of an excise decision are available on the Energy Regulator's website at [www.nersa.org.za](http://www.nersa.org.za) under "*Notices > Invitation to comment*" for viewing by any interested parties. On the said maps, developed areas are marked by the white boundary line. The areas that fall outside of the white boundary line are those that have not been developed and will accordingly be excised by the Energy Regulator.

In the interest of transparency, the Energy Regulator invites stakeholders and members of the public who may be affected by the Energy Regulator's decision to excise these undeveloped areas to submit their written comments to the Energy Regulator by 16h30 on Monday, 20 October 2014. Comments should be forwarded to Mr. Letsatsi Melato at:

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For further information regarding this notice, please contact: Mr. Letsatsi Melato or Mr. Dumisani Mthiyane at:

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