



Licence Number: PPL.sf.F1/169/2014

**LICENCE FOR THE CONSTRUCTION OF A LIQUEFIED PETROLEUM GAS (LPG)
STORAGE FACILITY**

This licence is issued by the National Energy Regulator, hereinafter referred to as “Energy Regulator”, in terms of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

This licence is issued to

Reatile Gaz (Pty) Ltd

(Company Registration No: 2006/003680/07)

hereinafter referred to as “the Licensee”. This licence is only for the purpose of construction of a petroleum storage facility at:

Portion 1 of Lot Sterkspruit, 150 MR385 Street, Hammarsdale, KwaZulu-Natal

The construction of the petroleum storage facility permitted under this licence is subject to the terms and conditions as contained in this licence and/or amendments to these conditions as imposed by the National Energy Regulator.

Issued at Pretoria on this ____ day of _____ **2014**.

CHIEF EXECUTIVE OFFICER

Disclaimer

The publication of these draft licence conditions for public comment should not be construed as a decision by the Energy Regulator to grant the licence applied for. The Energy Regulator does not accept any responsibility for any loss that may be sustained as a result of reliance by any person, company/organisation on the information contained in these draft licence conditions.

LICENCE FOR THE CONSTRUCTION OF A LIQUEFIED PETROLEUM GAS (LPG) STORAGE FACILITY

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DEFINITIONS

In these licence conditions any word or expression to which a meaning has been assigned in the Act shall have the meaning so assigned, unless the context indicates otherwise:

“**Act**” means the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003) and includes Regulations;

“**authorised person**” means authorised person as defined in the Rules;

“**licensed activity**” means the activity contemplated in condition 1 of these conditions;

“**Regulations**” means Regulations made in terms of sections 33(1) and 33(2) of the Act;

“**Rules**” means Rules made by the National Energy Regulator in terms of section 33(3) of the Act.

“**LPG**” means Liquefied Petroleum Gas

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

1.1 NERSA grants the Licensee a licence to construct a liquefied petroleum gas (LPG) storage facility located at Portion 1 of Lot Sterkspruit, 150 MR385 Street, Hammarsdale, KwaZulu-Natal (site GPS coordinates 29°47'37.49" South and 30°39'08.13" East).

1.2 The storage facility to be constructed consists of:

(a) One tank which will be constructed in one phase with a capacity of approximately 45m³ at Hammarsdale site.

1.3 The facility will be constructed as follows:

Phase	Start date
1	01 October 2014

1.4 The proposed site layout of the storage facility is as reflected in **Annexure A – Proposed Site Layout.**

1.5 Details of the storage facility are provided in **Annexure B – Proposed Facility Details.**

2. Duration of Licence

2.1 This licence is valid for a period of 25 years, commencing on the date of issue.

2.2 The Licensee may, in accordance with the Act and the Rules, apply for the renewal of the licence.

CHAPTER TWO: GENERAL CONDITIONS

3. General conditions of License

Sections 20(1)(a),(b), (c), (d), (e), (n), (o), (p), (r), (t) (u), (v), (w) , (aa) and (bb) of the Act are conditions of this licence.

4. Compliance with Conditions of Licence

The Licensee must comply with all conditions of this licence.

5. Compliance with Legislation, Operation Codes and Standards

The Licensee must comply with all applicable legislation, construction codes and standards, including those listed in **Annexure C - Legislation, Construction Codes and Standards.**

6. Amendment of Licence

- 6.1. This licence may only be amended in accordance with the Act and the Rules.
- 6.2. The National Energy Regulator may temporarily change these licence conditions in an emergency.

7. Revocation of Licence

This licence may only be revoked in accordance with the Act and the Rules.

8. Changes in Details of the Licensee

- 8.1. The Licensee must, within thirty days of changes in its control as contemplated in section 12(2) of the Competition Act, 1998 (Act No. 89 of 1998), notify the National Energy Regulator of such changes.
- 8.2. The Licensee must, within 14 days of any change in its registered name, operating or trading name, registered address and other contact details, notify the Energy Regulator of such a change.

9. Changes to the Storage Facility

- 9.1. When approached by interested parties, the Licensee must negotiate for changes in the capacity of the storage facility to be constructed. The cost of such changes must be shared equitably between the Licensee and the party requesting the change.
- 9.2. Any changes to the storage facility to be constructed that, in terms of the Act, may require an amendment or revocation of this licence, or a new licence, must not be effected until the Energy Regulator has amended or revoked this licence or issued a new licence.
- 9.3. Changes to the storage facility must be made in accordance with applicable legislation, codes and standards including those listed in **Annexure C - Legislation, Construction Codes and Standards.**

10. Correspondence with the National Energy Regulator

- 10.1. All official communication with the Energy Regulator must be in writing and must be addressed to the Chief Executive Officer and copied to the Regulator Member Primarily Responsible for Petroleum Pipeline Regulation.
- 10.2. The Licensee must, in all correspondence with the National Energy Regulator, quote the licence number as it appears on the licence certificate.

CHAPTER THREE: SPECIFIC CONDITIONS

11. Commencement and Completion of Construction

- 11.1. The Licensee must commence with the construction of the storage facility within six (6) months of the date of issue of this licence.
- 11.2. The construction of the storage facility must be completed and the storage facility must be ready for operation, within twelve (12) months of the date of commencement of construction.
- 11.3. Prior to commencement of construction of the storage facility, the Licensee must:
 - a) provide the National Energy Regulator with -
 - (i) the detailed final engineering design drawings for the storage facility; and
 - (ii) final Environmental Impact Assessment (EIA);
 - b) notify National Energy Regulator of the date on which construction will commence.

12. Information for Monitoring Purposes

- 12.1. The Licensee must provide the Energy Regulator with reports on progress in the construction of the storage facility, after every six calendar months from the date of issue of the licence.
- 12.2. The reports contemplated in condition 12.1 above, must be submitted within seven (7) days from the last day of every six calendar months.
- 12.3. The first progress report must be submitted within seven (7) days of the last day of the six calendar months calculated from the date of issue of this licence.
- 12.4. The reports contemplated in condition 12.1 above must provide updates on:
 - (a) progress towards and award of all Engineering Procurement and Construction contracts;

- (b) the progress made in the acquisition of land or any right in, over or in respect of land necessary for the licensed activity, including details on all negotiations that have been concluded and that are underway, planned or stalled;
- (c) the progress made in obtaining a Record of Decision from the relevant environmental authorities for the construction of the storage facility;
- (d) any negotiations contemplated in section 20(1)(o) of the Act;
- (e) progress in the construction of the storage facility compared to the project plan schedule contained in Annexure D (where there have been changes to the project plan schedule, the updated project plan must be submitted with the progress report); and
- (f) any other related matter.

12.5. Upon completion of construction of the storage facility, the Licensee must:

- (a) provide the National Energy Regulator with:
 - (i) the as-built maps, drawings, diagrams and schedules, identifying any deviations and differences from Annexure A and B, and must provide reasons for such deviations and differences;
 - (ii) the final audited costs of construction of the storage facility; and
 - (iii) a certificate or confirmation from a competent authority certifying or confirming that the storage facility is fit for operation.

13. Regulatory Reporting

The Licensee must comply with volume 1 and volume 4 of the National Energy Regulator's Regulatory Reporting Manuals published under GN 1118 in *Government Gazette* No. 31392 of 10 September 2008, which may be amended by the National Energy Regulator from time to time.

14. Entry, Inspection and Gathering of Information

The Licensee must, in a manner prescribed by the Rules, permit any authorised person to enter and inspect any property on which the licensed activity is taking place.

15. Provision of Information to the National Energy Regulator

The Licensee must on request by the National Energy Regulator, provide all other information the National Energy Regulator may require to perform its functions under the Act.

16. Ancillary Obligations

The Licensee is responsible for compliance with these licence conditions regarding any work on the storage facility or services that are the subject of this licence and/or that are subcontracted to other parties.

17. Whole Licence

This licence constitutes the entire licence and supersedes any prior understandings and agreements between the Licensee and the National Energy Regulator.

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ANNEXURE B: Proposed Facility Details

Annexure B-1: Tank Allocation and Capacities

Tank Identification Number	Number of Tanks	Tank Type	Product Type	Design Capacity (m ³)
01	1	Cylindrical tank	LPG	45

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ANNEXURE C: Legislation, Codes and Standards

The Licensee must comply with all relevant codes and standards including the following submitted in its licence application:

1. The applicant included a list of applicable regulations, operating and technical standards, codes and specifications, including:
 - The Petroleum Pipelines Act, 2003 (Act No. 60 of 2003)
 - ACME 6000 series
 - American Society of Mechanical Engineers, (ASME) B16 series
 - REGO A 7796
 - South African National Standards (SANS) 10087
 - SANS 1186
 - SANS 1096
 - SANS ISO 4706
 - BS 5500
 - Material Safety Data Sheet (MSDS)
 - SANS 1774 (SANS spec for LPG)