



Licence Number: Gala.d.F3/1001/1/2006

LICENCE FOR THE OPERATION OF GAS DISTRIBUTION FACILITIES

This licence is issued by the National Energy Regulator of South Africa, hereinafter referred to as "the NERSA", in terms of the Gas Act, 2001 (Act No. 48 of 2001). This licence is issued to:

SASOL GAS LIMITED

(Company Registration No: 1964/006005/06)

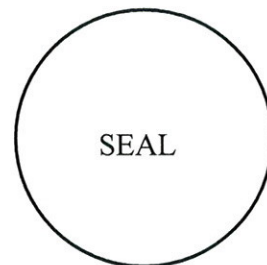
hereinafter referred to as "the Licensee", only for the purpose of operating gas distribution facilities in the Alrode area of the Ekurhuleni Metropolitan Municipality.

The distribution of gas 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 NERSA. The Licensee must comply with these licence conditions.

ISSUED at Pretoria on this the 25th day of OCTOBER 2008.



**CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR**



Licence Number: Gala.d.F3/1001/1/2006

LICENCE CONDITIONS FOR THE OPERATION OF GAS DISTRIBUTION FACILITIES IN THE ALRODE AREA OF THE EKURHULENI METROPOLITAN MUNICIPALITY

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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.

In these licence conditions, the following expressions shall have the following meanings:-

“authorised person” means any person holding a valid authorisation permit as defined by the Rules.

“eligible customer” means a customer who in the prescribed manner may buy gas directly from suppliers without the intervention of a distribution company and meets the qualifying threshold or requirements set out in regulation 3 of the Regulations.

“emergency” means a present or imminent event, outside the scope of normal operations, that requires the prompt co-ordination of resources to protect the health, safety or welfare of people or to limit damage to property and the environment.

“First Gas” means the date upon which natural gas from Mozambique was first sold and delivered on a commercial scale and a continuous basis to pipeline customers in South Africa, i.e. 26 March 2004.

“interruption” means the discontinuation of operations due to an emergency, *force majeure* (act of god) or any other external reason or threat.

“operation and maintenance plan” means a written plan developed by the Licensee in accordance with the codes listed in Annexure D hereto.

“Regulations” means the Piped-Gas Regulations made under the Act and published by Government Notice No. R.321 in Government Gazette No. 29792 on 20 April 2007.

“Rules” means rules made by the NERSA in terms of section 34(3) of the Act and Rule has a corresponding meaning.

“the Act” means the Gas Act, 2001 (Act No. 48 of 2001), and includes Regulations made under the Act.

“the Agreement” means the Agreement Concerning the Mozambican Gas Pipeline between the Government of the Republic of South Africa and Sasol Limited, including Schedule One to the Agreement, being the Regulatory Agreement between the Minister of Minerals and Energy, the Minister of Trade and Industry and Sasol Limited.

CHAPTER ONE: LICENSED ACTIVITIES AND LICENSED AREA

1 Licensed activities and licensed area

- 1.1 The NERSA grants the Licensee a licence to operate the gas distribution facilities in the Alrode area as indicated in Annexure A and demarcated by the GPS coordinates in Annexure B hereto.
- 1.2 This licence is granted to the Licensee to operate the gas distribution facilities, as indicated in Annexure A hereto, with a maximum operating pressure of seven bar gauge.
- 1.3 This licence only applies to gas conforming to the gas specifications as set out in and attached as Annexure C hereto.
- 1.4 The Licensee must carry out the gas distribution activities for which the licence is granted, and must carry out these activities in a manner consistent with the objectives and provisions of the Act.
- 1.5 The Licensee may not assign this licence to another party.

2 Duration of licence

- 2.1 The licence is valid for a period of twenty five years from the date of issue, unless revoked by the NERSA in accordance with the provisions of the Act.
- 2.2 The Licensee may apply to have its licence renewed subject to the provisions of the Act and the Rules.

3 Amendment of licence

- 3.1 This licence may be amended in accordance with the Act, the Agreement and the Rules.
- 3.2 The amendment of the licence may include the excising of the licensed area or portions thereof on or after 25 March 2009 at the discretion of the NERSA in accordance with clause 5 of the Agreement.

4 Exclusivity of the licence

- 4.1 The Licensee has exclusive rights to operate the licensed gas distribution facilities in the licensed area as defined in 1.1 and 1.2 above, but only for the gas specifications defined in 1.3 above.
- 4.2 The Licensee's exclusive geographic areas exclude direct sales via physical by-passes to Eligible Customers who may alternatively have access to the gas distribution network at a gas distributor's discretion.

CHAPTER TWO: GENERAL CONDITIONS

5 Revocation of licence

This licence may be revoked by the NERSA in accordance with the provisions of the Act.

6 Compliance

6.1 The Licensee must comply with the conditions of this licence, the Agreement, the Act and the Rules.

6.2 This licence is granted only in terms of the Act and does not exempt the Licensee from compliance with any other legislation.

6.3 This licence refers only to the activity as specified and described in 1.1, 1.2 and 1.3 above. Any other activity listed in section 15 of the Act that is not specified above, is not authorised by this licence.

7 Changes in the details of the Licensee

7.1 The Licensee must notify the NERSA if control of the licensed company, as contemplated in section 12(2) of the Competition Act, 1998 (Act No. 89 of 1998), changes.

7.2 The Licensee must provide the NERSA with the details of any changes in its registered name, operating or trading name, registered address and other contact details, including but not limited to the names, telephone numbers, facsimile numbers and email addresses of contact persons.

- 7.3 The notifications contemplated in 7.1 and 7.2 above must be provided within fourteen days of the event giving rise to them.

8 Entry, inspection and gathering of information

The Licensee must permit any authorised person, at all reasonable times, to enter and inspect any property on which a licensed activity is taking place, and inspect any facility, equipment, machinery, book, account or other document and gather any information in accordance with the Act and the Rules.

9 Participation of Historically Disadvantaged South Africans

- 9.1 The Licensee must annually provide the NERSA with the information contemplated in regulation 5 of the Regulations regarding Historically Disadvantaged South Africans.
- 9.2 The Licensee must submit the information contemplated in 9.1 above to the NERSA within thirty days of its financial year end.

10 Transaction recording and Regulatory Financial Reporting

- 10.1 The Licensee must keep detailed records of all gas distribution transactions and agreements entered into.
- 10.2 The Licensee must from 01 July 2009 comply with the requirements on Regulatory Financial Reporting as prescribed by the NERSA in the Regulatory Reporting Manuals.
- 10.3 The Licensee must maintain separate accounts for its gas distribution activities and compile gas distribution data separately from any other

accounts or data collection. These separately maintained accounts must be prepared in accordance with the Regulatory Reporting Manuals as prescribed by the NERSA.

11 Correspondence

- 11.1 All official communication by the Licensee with the NERSA must be in writing, unless specifically directed otherwise by the NERSA.
- 11.2 The Licensee must in all correspondence with the NERSA quote the licence reference number as it appears on this licence certificate.

12 Monitoring and provision of information

- 12.1 The Licensee must keep records relating to the compliance or non-compliance with the conditions of this licence.
- 12.2 The Licensee must make the records referred to in 12.1 above available to the NERSA within fourteen days of receipt of a written request for such records.
- 12.3 The Licensee must furnish the NERSA with any information in such form and manner and at such times as the NERSA may require in the performance of its duties or functions under the Act and the Agreement.
- 12.4 The information that the Licensee must furnish the NERSA with must include, but is not limited to, the following -
 - (a) detailed audited annual financial statements, consisting of a balance sheet, income statement and cash flow statement for each licensed gas facility and activity. This information must be furnished

to the NERSA within six calendar months of the end of the Licensee's financial year;

- (b) an updated plan of the gas distribution network, including details of any gas distribution facilities that are no longer operational (including gas distribution facilities that have been converted to gas transmission facilities), as well as details of the availability of this network plan for public inspection. This information must be furnished to the NERSA within three calendar months of the end of the Licensee's financial year; and
- (c) details of any changes to the Licensee's health, safety and emergency plans. Details of changes to these plans must be submitted to the NERSA within three calendar months of such changes being effected.

13 Changes to the licensed facilities

- 13.1 The Licensee must notify the NERSA of any change to the licensed facilities in advance of the change being effected.
- 13.2 The Licensee must not effect any change to the licensed facilities that requires an amendment of this licence or a new licence, until an amended or new licence has been issued by the NERSA.
- 13.3 Any change to the licensed facilities must be done in accordance with the standards listed in Annexure D hereto.

14 Temporary amendment of conditions of licence

The conditions of this licence may be temporarily changed by the NERSA in an emergency.

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CHAPTER THREE: SPECIFIC CONDITIONS

15 Obligation to supply

15.1 For the duration of the Special Regulatory Dispensation Period as determined in accordance with the Agreement, the Licensee must comply with clause 6 of Schedule One to the Agreement.

15.2 The Licensee must supply gas to customers in the licensed distribution area -

- (a) without interruption, unless the interruption is in accordance with a supply agreement with a customer, or is necessary for the maintenance of equipment or other facilities or results from *force majeure*;
- (b) at no higher pressure than the maximum pressure stated in condition 1.2 above; and
- (c) within the gas specifications outlined in Annexure C hereto.

16 Operation and maintenance of the distribution facilities

16.1 The Licensee must operate, maintain, decommission, recommission or abandon the licensed distribution facilities in accordance with the standards as listed in Annexure D hereto.

16.2 The Licensee must develop implement and maintain the following management plans-

- (a) an operating and maintenance plan;

- (b) an emergency plan; and
- (c) a decommissioning plan, where applicable,
in accordance with the applicable and relevant standards, codes and legislations as listed in Annexure D hereto.

16.3 The Licensee must submit the management plans contemplated in 16.2 (a) and (b) above to the NERSA within three months of the date of issue of this licence.

16.4 In the event of amendments to or changes in the requirements of the standards and codes listed in Annexure D hereto, the Licensee must submit the consequent amendments or changes to the plans mentioned in 16.2 above to the NERSA within three months of such amendments to or changes in the requirements of the standards and codes.

16.5 The Licensee must comply with regulation 11 of the Regulations regarding the rehabilitation of land.

17 Maintenance and interruptions of operations

17.1 The Licensee must notify the NERSA and its affected customers of any planned or unplanned:

- (a) interruptions in the supply or delivery of gas; and
- (b) maintenance and repair work that may affect the supply or delivery of gas.

17.2 Notifications of all planned interruptions or maintenance and repair work must be provided in writing to both the NERSA and the affected customers

at least three days in advance of the planned interruption or maintenance and repair work.

17.3 Notifications of all unplanned interruptions or maintenance and repair work due to unforeseen events must be provided in writing to both the NERSA and the affected customers within 48 hours of the occurrence of the interruption or maintenance and repair work.

17.4 Any maintenance or repair work to the licensed activity must be done in accordance with the standards listed in Annexure D hereto.

18 Non-discrimination

The Licensee may not discriminate between customers or classes of customers regarding access to gas distribution facilities, tariffs, prices, conditions or service, except for objectively justifiable and identifiable differences as approved by the NERSA.

19 Ancillary obligations

19.1 The Licensee is responsible for compliance with all licence conditions during any contracted work on the gas distribution facilities or services that are the subject of this licence.

19.2 The Licensee must ensure that reasonable publicity is given to the ways in which the public can contact the Licensee for the purpose of reporting emergencies.

20 Eligible Customers and reticulators

- 20.1 The Licensee must not prevent or hinder Eligible Customers and reticulators within the licensed distribution area from purchasing gas from any other gas supplier.
- 20.2 The Licensee must comply with regulation 3(4) of the Regulations.
- 20.3 The Licensee must, in writing, inform each individual customer and the NERSA when a customer meets the qualifying thresholds or requirements of an Eligible Customer as set out in regulation 3 of the Regulations.
- 20.4 The Licensee must annually furnish the NERSA with the following information regarding Eligible Customers within three calendar months of the end of the Licensee's financial year:
- (a) the full names and physical addresses of all customers that met the qualifying thresholds or requirements of an Eligible Customer during that financial year;
 - (b) the volume of gas (in GigaJoules of gas per annum) supplied via distribution pipelines to each of the Eligible Customers in (a) above in that financial year; and
 - (c) the volume of gas (in GigaJoules of gas per annum) supplied via transmission pipelines to each of the Eligible Customers in (a) above in that financial year.

21 The Agreement

For the duration of the Special Regulatory Dispensation Period as determined in accordance with the Agreement, the Licensee must comply with the relevant provisions of the Agreement, including Schedule One thereto.

22 No cross-subsidisation

The Licensee must not cross-subsidise between its gas distribution activities and any other activities.

23 Whole licence

23.1 This licence constitutes the entire licence and supersedes all prior understandings and agreements between the Licensee and the NERSA.

23.2 This licence must not be construed as authorising the Licensee to:

- (a) distribute gas in any area other than that identified in Annexure A and B hereto; or
- (b) distribute any gas that does not conform to the range of gas specifications as set out in and attached as Annexure C hereto.

