

Licence Number: Gala.d.F3/1001/16/2006

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 Olifantsfontein 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 27th day of OCTOBER.....2008.



CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR





Licence number: Gala.tr.F1/1002/16/2006

**LICENCE CONDITIONS FOR TRADING IN GAS IN THE OLIFANTSFONTEIN
AREA OF THE EKURHULENI METROPOLITAN MUNICIPALITY**

TABLE OF CONTENTS

DEFINITIONS.....	2
CHAPTER ONE: LICENSED ACTIVITIES AND LICENSED AREA.....	4
CHAPTER TWO: GENERAL CONDITIONS	6
CHAPTER THREE: SPECIFIC CONDITIONS	10

ANNEXURES:

Annexure A	Licensed area defined by Geographic Information System (GIS) grid (in map format)
Annexure B	GPS coordinates for the Geographic Information System (GIS) grid defining the licensed area (in table format)
Annexure C	Specifications of natural gas permitted for trading under this licence

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.

“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.

“trading” means the purchase and sale of gas as a commodity by any person and any services associated therewith, excluding the construction and operation of transmission, storage and distribution systems, and "trade" has a corresponding meaning

COPY

CHAPTER ONE: LICENSED ACTIVITIES AND LICENSED AREA

1 Licensed activities and licensed area

- 1.1 The NERSA grants the Licensee a gas trading licence in the Olifantsfontein area as indicated in Annexure A and demarcated by the GPS coordinates in Annexure B hereto.
- 1.2 This trading licence only applies to gas conforming to the gas specifications as set out in and attached as Annexure C hereto.
- 1.3 The Licensee must carry out the gas trading 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.
- 1.4 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 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 gas trading area or portions thereof on or after 25 March 2009 at the discretion of the NERSA, in accordance with clause 5 of the Agreement read with section 21 of the Act.

4 Exclusivity period of the licence

The Licensee has exclusive gas trading rights in the licensed area as defined in 1.1 above, but only for the gas specifications defined in 1.2 above, from the date of issue of this licence until 25 March 2009.

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 and 1.2 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 the 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 trading 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 trading activities and compile gas trading 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 Monitoring and provision of information

11.1 The Licensee must keep records relating to the compliance or non-compliance with the conditions of this licence.

11.2 The Licensee must make the records referred to in 11.1 above available to the NERSA within fourteen days of receipt of a written request for such records.

11.3 The Licensee must furnish the NERSA with 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.

11.4 The information that the Licensee must furnish the NERSA with must include, but is not limited to, the following –

(a) for each of the Licensee's customers consuming less than ten million Gigajoules of gas per annum, the full name, physical address, annual volume supplied (in Gigajoules of gas per annum) and average charge (in Rands per Gigajoule of gas) for that financial year. This information must be furnished within three calendar months of the end of the Licensee's financial year;

(b) 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 within six calendar months of the end of the Licensee's financial year; and

- (c) sufficient information as required by the NERSA for it to determine maximum prices.

11.5 The data supplied by the Licensee in terms of 11.4(a) above must–

- (a) be limited to piped gas;
- (b) separately reflect actual prices and tariffs, as well as any other charges paid by the end-consumer excluding taxes;
- (c) include meter rental, standing charge and the initial installation charge to the customer, where applicable; and
- (d) be reported in Rands per Gigajoule of gas.

12 Correspondence

12.1 All official communication by the Licensee with the NERSA must be in writing, unless specifically directed otherwise by the NERSA.

12.2 The Licensee must in all correspondence with the NERSA quote the licence reference number as it appears on this licence certificate.

13 Temporary amendment of conditions of licence

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

CHAPTER THREE: SPECIFIC CONDITIONS

14 Advisory service to customers on safety, efficient use, handling and storage of gas

14.1 The Licensee must provide an advisory service, as approved by the NERSA, to customers other than Eligible Customers on the safe and efficient use, handling and storage of gas.

14.2 The advisory service to customers must include, but is not limited to, the provision of the following information-

- (a) information on the technical specifications and chemical properties of gas relevant to its use;
- (b) the proper procedure for the reporting of gas leaks or equipment defects; and
- (c) safety procedures to be followed and the appropriate dedicated telephone numbers to call in case of an emergency, at any hour on any day.

15 Tariffs and pricing

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

15.2 The Licensee must, for the duration of the Special Regulatory Dispensation Period as determined in accordance with the Agreement, comply with clauses 8, 9, 10, 11, 12, 13 and 14 of Schedule One to the Agreement.

15.3 The Licensee must, for the duration of the Special Regulatory Dispensation Period as determined in accordance with the Agreement, inform each of its customers of the elements used to calculate the customer's maximum gas price and of-

- (a) the cost of the available alternative fuel delivered to the customer's premises or anticipated place of use (in the case of Greenfields customers as defined in Schedule One to the Agreement);
- (b) the difference between all the operating costs of the customer's continued use of the alternative fuel and all the operating costs of using natural gas; and
- (c) the difference between the Nett Present Value of the capital costs of the customer's continued use of the alternative fuel and the Nett Present Value of the capital costs involved in switching to natural gas.

15.4 When gas is sold, the Licensee must, in the accompanying sales invoice, itemise the constituent elements of the total price reflected on the invoice, including at least the cost of gas, any transport tariffs and any other charges.

15.5 The invoices issued by the Licensee to customers and consumers must indicate:-

- (a) the acquisition or production cost of the gas; and
- (b) details of all tariff charges applied, including metering and other charges.

16 Non-discrimination

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

17 Eligible Customers

17.1 The Licensee must inform each individual customer and the NERSA in writing when a customer meets the qualifying thresholds or requirements of an Eligible Customer as set out in regulation 3 of the Regulations.

17.2 The Licensee must annually furnish the NERSA with the names and physical addresses of all customers that met the qualifying thresholds or requirements of an Eligible Customer during that financial year. This information must be furnished to the NERSA within three calendar months of the end of the Licensee's financial year.

18 The Agreement

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

18.2 When the Agreement is no longer in force, the Licensee must not charge prices in excess of the maximum prices for distributors, reticulators and all classes of consumers as approved by the NERSA in terms of section 21(1)(p) of the Act.

19 Whole licence

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

19.2 This licence must not be construed as authorising the licensee to:

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

COPY