

Licence Number: PPL.sf.F3/182/2014

LICENCE FOR THE OPERATION OF A PETROLEUM STORAGE FACILITY

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

This licence is issued to

Quantum Energy CC

(Company Registration No: 2005/152357/23)

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

**Portion 21 of Farm Kromdraai, Route 23 (R23)
Standerton, Mpumalanga Province**

The operation 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 Energy Regulator.

Issued at Pretoria on this **02nd** day of **February 2015**.



**CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR**



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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 Energy Regulator in terms of section 33(3) of the Act.

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

- 1.1 The Energy Regulator grants the Licensee a licence to operate a petroleum storage facility and its auxiliary equipment which is located on **Portion 21 of Farm Kromdraai, Route 23 (R23) Standerton, Mpumalanga** (GPS coordinates: 27° 0'58.47"S and 29°22'58.18"E), consisting of:
 - a) five 83m³ horizontal diesel tanks; and
 - b) one 145m³ horizontal diesel tank.
- 1.2 This licence is issued to the Licensee for the storage of petroleum products only.
- 1.3 The layout of the storage facility is shown in:
 - **Annexure A 1: “Plan layout of storage facility”;** and
 - **Annexure A 2: “Aerial view of storage facility”.**
- 1.4 The tank details and the mode of operation are provided in **Annexure B – Storage Facility Details and Mode of Operation.**
- 1.5 The Licensee must carry out the activities for which this licence is granted from date of issue of this licence.

2. Duration of Licence

- 2.1 This licence is valid for a period of 25 (twenty-five) years, commencing on the date of issue.
- 2.2 The Licensee may, in accordance with the Act and the Rules, apply for a renewal of the licence.

CHAPTER TWO: GENERAL CONDITIONS

3. General Conditions of Licence

Sections 20(1)(b), (c), (d), (e), (n), (o), (p), (r), (s), (u), (v), (w), (x), (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, operation codes and standards, including those listed in **Annexure C – Legislation, Operation 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 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 30 (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 Energy Regulator of such changes.

8.2. The Licensee must, within 14 (fourteen) days of any change in its registered name, operating or trading name, registered address or 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. The cost of such changes must be shared equitably between the Licensee and the party requesting the change.
- 9.2. Changes to the storage facility 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, Operation Codes and Standards.**

10. Maintenance and Interruption of Operations

- 10.1. The Licensee must maintain the storage facility in a fully operational condition.
- 10.2. The Licensee must notify the Energy Regulator and the Licensee's affected customers and distributors at least 48 (forty-eight) hours prior to any:
 - (a) interruptions of or changes in normal operations; or
 - (b) maintenance or repair workthat may adversely affect the delivery of petroleum.
- 10.3. Where delivery of petroleum is adversely affected as a result of an emergency, the licensee must notify the Energy Regulator as soon as possible or within 7 (seven) days of the emergency.
- 10.4. Any maintenance or repair work done to the storage facility must be done in accordance with applicable legislation, codes and standards, including those listed in **Annexure C – Legislation, Operation Codes and Standards.**

11. Correspondence with THE ENERGY REGULATOR

- 11.1. 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.
- 11.2. The Licensee must, in all correspondence with the Energy Regulator, quote the licence number as it appears on the licence certificate.

CHAPTER THREE: SPECIFIC CONDITIONS

12. Participation of Historically Disadvantaged South Africans

The Licensee must:

- 12.1. comply with the Regulations regarding mechanisms to promote historically disadvantaged South Africans; and
- 12.2. on an annual basis and at the time of the anniversary of the date of issue of this licence, lodge with the Energy Regulator information regarding the participation of historically disadvantaged South Africans in its activities, as prescribed in the Regulations.

13. Regulatory Reporting

The Licensee must comply with volume 4 of the 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 Energy Regulator from time to time.

14. Uncommitted Capacity

14.1. The Licensee must:

- (a) comply with section 20(1)(n) of the Act and the regulations regarding third party access;
- (b) lodge with the Energy Regulator its allocation mechanism for uncommitted capacity within 6 (six) months of receipt of this licence;
- (c) publish its allocation mechanism for uncommitted capacity on its website and keep a copy at the storage facility to enable potential customers to understand the procedure for obtaining access;
- (d) comply with its allocation mechanism for uncommitted capacity and, in accordance with that allocation mechanism, allow third

- parties to have access to uncommitted capacity in the storage facility on commercially reasonable terms;
- (e) on request by the Energy Regulator, submit any information that the Energy Regulator requires to determine uncommitted capacity in the storage facility;
 - (f) allow the Energy Regulator or any authorised person to have access to:
 - a) The storage facility; and
 - b) records pertaining to the licensed activity; and
 - (g) submit information regarding third party access as prescribed in the Regulations and in a format determined by the Energy Regulator.

14.2. When the Licensee makes any changes to its allocation mechanism, it must lodge the amended allocation mechanism for uncommitted capacity with the Energy Regulator within 7 (seven) days of making the changes.

14.3. The amended allocation mechanism for uncommitted capacity must also be published on the Licensee's website and a copy thereof must be kept at the storage facility to enable potential customers to understand the procedure for obtaining access.

14.4. The Licensee may elect to give users access to the facility on the basis that the capacity is shared among all users in proportion to their needs.

15. Tariffs

15.1. Within 3 (three) months of the date of issue of this licence, the Licensee must submit a tariff application to the Energy Regulator for approval of its proposed tariffs.

15.2. The tariff applications submitted by the Licensee must comply with:

- (a) the Energy Regulator prescribed Minimum Information Requirements for Petroleum Pipelines Tariff Applications; and

(b) the relevant tariff methodology.

15.3. Once tariffs have been approved by the Energy Regulator, the Licensee must only charge those tariffs until the Energy Regulator approves different tariffs.

16. Non-discrimination

16.1. The Licensee may not discriminate between customers or classes of customers.

16.2. Without limiting the generality of provision 16.1, the Licensee specifically shall not discriminate in respect of:

- (a) the manner, content and timing of the provision of any information to customers or prospective customers;
- (b) the manner and timing of processing of applications and granting of capacity;
- (c) the terms and conditions of any grant of capacity and any other service to be provided to any customer or prospective customer;
- (d) tariffs, including without limitation, the offering and granting of any discount and the imposing of any surcharge;
- (e) nominations and balancing; and
- (f) scheduling of maintenance activities.

16.3. In the sales or purchases of petroleum by the Licensee or by related undertakings, the Licensee must not abuse commercially sensitive information obtained from third parties.

17. 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.

18. Provision of Information to THE ENERGY REGULATOR

The Licensee must:

- 18.1. comply with the Regulations in respect of information required to be submitted to the Energy Regulator; and
- 18.2. on request from the Energy Regulator, provide all other information the Energy Regulator may require to perform its functions under the Act.

19. Operation and Maintenance Plans

When the Licensee amends or makes changes to the operation and maintenance plans submitted as part of its application for this licence, the Licensee must, within 30 (thirty) days of such amendment or changes, submit the revised operation and maintenance plans to the Energy Regulator.

20. Emergency Plan

The Licensee must annually submit to the Energy Regulator:

- 20.1. an emergency plan for implementation in the event of system failures, accidents and other emergencies; and
- 20.2. proof that it has:
 - (a) trained its operating and maintenance employees with regard to the applicable portions of the plan; and
 - (b) established liaison with the appropriate emergency response officials with respect to the plan.

21. Rehabilitation of Land

- 21.1. The Licensee must comply with the Regulations regarding the rehabilitation of land on which the licensed activity is taking place.
- 21.2. Within three months of the date of issue of this licence, the Licensee must:

- (a) submit to the Energy Regulator an estimate of the costs of rehabilitating land used in connection with the licensed activity in Rands of the day;
- (b) submit an explanation of the basis for that estimate;
- (c) submit to the Energy Regulator, for approval, its proposed mechanism to provide financial security for the purposes of rehabilitating land used in connection with the licensed activity;
- (d) submit a short explanation of how that mechanism will work and what measures will exist to prevent such financial security from being used for other purposes;
- (e) submit a funding plan for that financial security for purposes of rehabilitating land used in connection with its licensed activity; and
- (f) submit the date on which it expects to draw down such financial security.

21.3. Thereafter, the Licensee must submit any information related to financial security for the rehabilitation of land used in connection with its licensed activity, whenever requested to do so by the Energy Regulator.

21.4. The Licensee must obtain from the Energy Regulator written approval to terminate that financial security mechanism before terminating that financial security mechanism.

22. 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.

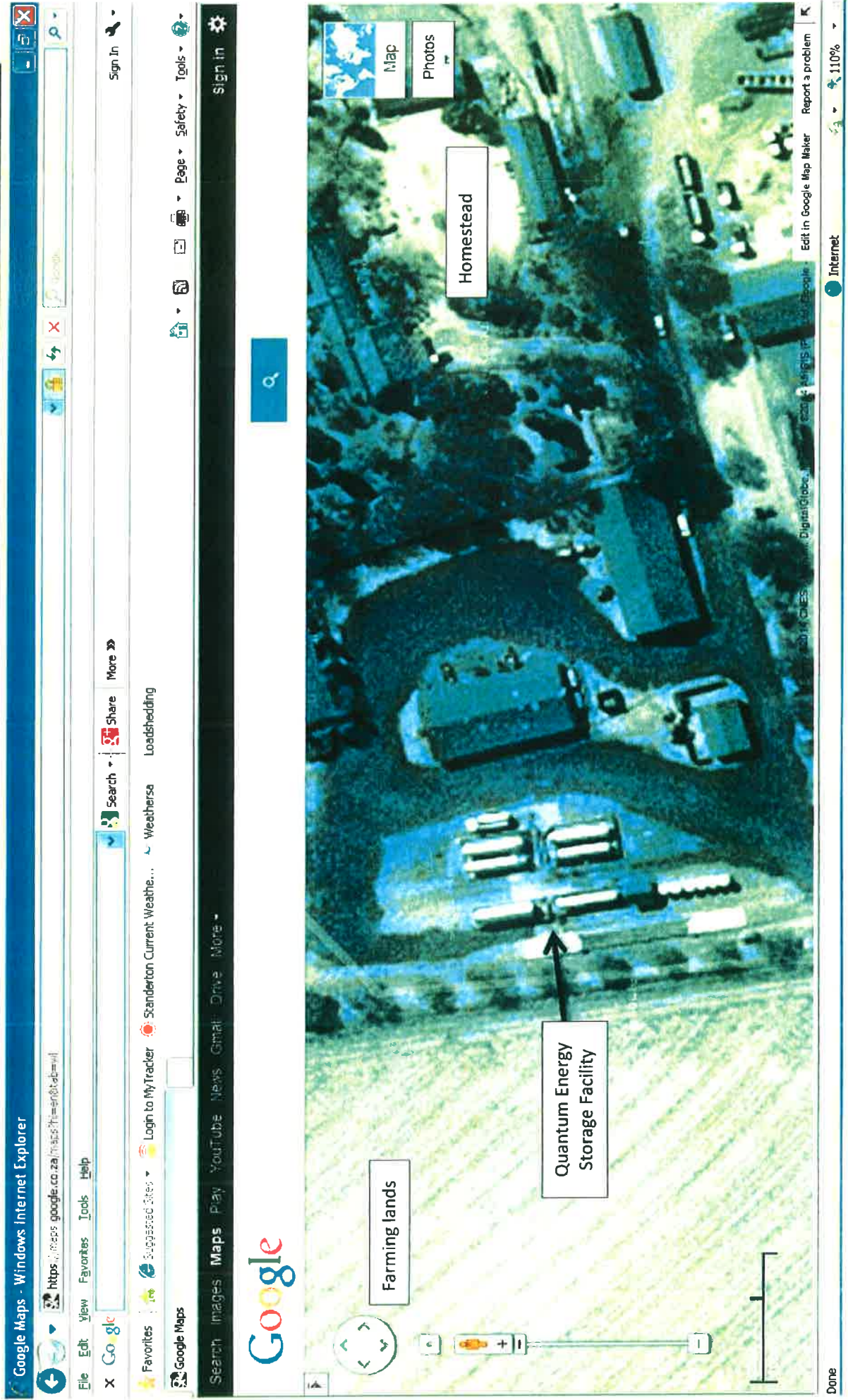
23. Whole Licence

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

ANNEXURE A 1: PLAN LAYOUT OF STORAGE FACILITY

ANNEXURE A 2: AERIAL VIEW OF STORAGE FACILITY

NERSA APPLICATION SECTION 3



ANNEXURE B: STORAGE FACILITY DETAILS

Table 1: Tank allocation and capacities

Tank ID	Tank Type	Product	Operational Capacity (m ³)	Design Capacity (m ³)
1	Horizontal AST ¹	Diesel 500	81	83
2	Horizontal AST ¹	Diesel 500	81	83
3	Horizontal AST ¹	Diesel 50	81	83
4	Horizontal AST ¹	Diesel 500	140	145
5	Horizontal AST ¹	Diesel 500	81	83
6	Horizontal AST ¹	Diesel 500	81	83
TOTAL			545	560

¹ AST = Aboveground Storage Tank

Table 2: Intake & Discharge Modes and Maximum Rates

Loading (3)		Discharge (3)	
Mode	Rate (litres/minute)	Mode	Rate (litres/minute)
Road ¹	800 (Diesel)	Road ²	800 (Diesel)
Road ¹	800 (Diesel)	Road ²	800 (Diesel)
Road ¹	800 (Diesel)	Road ²	800 (Diesel)

¹ Three road loading points; and

² Three road discharge points

ANNEXURE C: Legislation, Codes and Standards

1. The Licensee must comply with all relevant codes and standards including but not limited to the following:
 - a. API 653 – Tank inspection, repair, alteration and reconstruction;
 - b. API 650 - Welded Steel Tanks for Oil Storage;
 - c. API 2350 – Overfill Protection for Storage Tanks in Petroleum Facilities;
 - d. ASME B31.3 - Code for Pressure Piping – Process Piping;
 - e. SANS 10131 - Above-Ground Storage Tanks for Petroleum Products;
 - f. SANS 10089-1 -The Petroleum Industry Part 1: Storage and Distribution of Petroleum Products in Above Ground Bulk Installations;
 - g. SANS 10089-2 Electrical Installations in the distribution and marketing sector;
 - h. SANS 10086-3: 2011 – Installation and maintenance of electrical equipment in hazardous locations
 - i. SANS 10108: 2010 – Hazardous location classification;
 - j. SANS 60079-10:2010 Explosive atmospheres – Part 10-1 – Explosive gas; and
 - k. SANS 60079-2009–Explosive atmospheres–part 17 Inspection and maintenance.

2. The Licensee must also comply with all other relevant legislation, including but not limited to the following:
 - (a) The Occupational Health and Safety Act, 1993 (Act No. 85 of 1993);
 - (b) The National Environmental Management Act, 1998 (Act No. 107 of 1998);
 - (c) The Environment Conservation Act, 1989 (Act No.73 of 1989);
 - (d) The National Water Act, 1998 (Act No. 36 of 1998);
 - (e) The Water Services Act, 1997 (Act No. 108 of 1997);
 - (f) The National Environmental Management Air Quality Management Act, 2004 (Act No. 39 of 2004);
 - (g) The Hazardous Substances Act, 1973 (Act No. 15 of 1973);
 - (h) The Health Act, 1977 (Act No. 63 of 1977);
 - (i) National Health Act, 2003 (Act No. 61 of 2003);
 - (j) The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977); and
 - (k) Construction Regulations, 2003.